

2015-2016

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2016



5291 East 60th Avenue, Commerce City, CO 80022 www.adams14.org

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**ADAMS COUNTY SCHOOL DISTRICT 14
COMMERCE CITY, COLORADO**

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

Board of Education

Mr. David Rolla, President

Ms. Connie Quintana, Vice President

Mr. Timio Archuleta, Secretary

Mr. Harvest Thomas, Treasurer

Mr. Joseph Dreiling, Director

Superintendent of Schools

Dr. Javier Abrego

Issued by Division of Business Services

Finance Officer

Ms. Sandra Rotella CPA SFO

Director of Finance

Mr. Eduard Storz CPA

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Educational Support Services
5291 E. 60th Avenue
Commerce City, CO 80022-3203
P: 303.289.3940
F: 303.286.9753
www.adams14.org

November 22, 2016

Board of Education
Adams County School District 14
5291 E. 60th Avenue
Commerce City, CO 80022

Dear Members of the Board of Education,

I am so pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Adams County School District 14 for the fiscal year ended June 30, 2016.

The CAFR, for the fiscal year ended June 30, 2015, received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. These awards represent acknowledgement from our peers that our District has prepared and presented our fiscal information in a clear, open and user-friendly format for stakeholders that qualifies the report for its recognition of excellence. I am confident that this year's CAFR will also qualify for these prestigious awards.

The Division of Financial Services is to be congratulated for continuing to ensure the District meets the highest standards of fiscal accountability. The quality and completeness of this report is designed to continue to increase the confidence of all our stakeholders in the fiscal competence of our district.

I would also extend my thanks to the members of the Board of Education for their support and direction in establishing clear and attainable fiscal goals for the District.

Sincerely,

A handwritten signature in blue ink that reads 'Dr. Javier Abrego'. The signature is fluid and cursive, with the first letters of 'Dr.', 'Javier', and 'Abrego' being capitalized and prominent.

Dr. Javier Abrego
Superintendent



Sandy Rotella CPA SFO
ESS Bulding
5291 E. 60th Avenue
Commerce City, CO 80022
P: 303.853.3252
F: 303.853.3334
srotella@adams14.org
www.adams14.org

November 22, 2016

Citizens and Members of the Board of Education of Adams County School District 14:

We are pleased to submit the fiscal year 2016 Comprehensive Annual Financial Report (CAFR) of Adams County School District 14 (District) for the fiscal period from July 1, 2015, to June 30, 2016. The District's Division of Business Services prepared this report. Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data as presented is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

All funds within the District are required under Colorado statute (C.R.S. 1973, 29-1-603) to have an annual audit performed on its financial statements by an independent certified public accountant. The District's financial statements have been audited by RubinBrown LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. These reports can be found in the compliance section along with information related to the single audit, schedule of expenditures of Federal awards and schedule of findings and questioned costs. The Auditor's Electronic Financial Data Integrity Check required by the Colorado Department of Education is also included in this section.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the report of the independent auditors.



THE SCHOOL DISTRICT

The District lies immediately north of Denver, Colorado, and serves a population of 53,696 according to the 2015 U.S. census bureau estimate. The District boundaries cover 52 square miles and serve Commerce City, parts of the City of Thornton and unincorporated Adams County “County”. We are fortunate to enjoy culture and ethnic diversity in our school district. Our ethnic composition is .2% Asian, .6% American Indian, 2.5% African American, 82.8% Hispanic, 13.2% White and 0.7% multiple ethnicities. Adams County School District 14, a state and nationally recognized leader in innovative education, has 462 teachers, 50 administrators and 397 support staff for a total of 909 employees. The District served 7,659 students in fiscal year 2015-16, a decrease of 4 students from the prior fiscal year. These students were housed in two preschools, seven pre-kindergarten to eighth grade schools, two middle schools and two high schools.

ENROLLMENT

The District has experienced flat enrollment in school year 2015-16 after seeing growth in each of the preceding three school. Future enrollment is projected to stay flat or decline slightly in the coming years. The district currently has three schools that are below the recommended capacity, one elementary and two middle schools. The school buildings within the District with the exception of Adams City High School, which was built in 2009, were built between 1951 and 1968 and most of these have been renovated beginning in 2006, with Dupont Elementary and Adams City Middle School being the exceptions.

ORGANIZATION OF THE SCHOOL DISTRICT

A five member Board of Education (Board) serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget, certifies the property tax mill levy and appropriates all expenditures that use District revenues. One Board member is designated as the Treasurer for the District.

The Superintendent is the Chief Executive Officer and is accountable to the Board for the education and support operations within the District. The Assistant Treasurer is the Chief Financial Officer and is accountable to the Board for maintaining all financial records, issuing checks to pay the District’s liabilities, acting custodian of all District funds and investing the District’s idle cash as stipulated by Colorado law. Other Board appointed officials are the Deputy Superintendent, Chief Financial Operations Officer, Chief Human Resources Officer, Chief Communications Officer, General Counsel, School Principals and the Directors of the many various educational, operational and support services within the District, all of whom report to the Superintendent.



THE REPORTING ENTITY

The District has reviewed its reporting entity definition in accordance with the Governmental Accounting Standards Board (GASB), which defines the governmental reporting entity. This report includes all funds, organizations and activities for which the Board has oversight responsibility as further described in Note A in the Notes to Financial Statements. The District has no component units.

SERVICES PROVIDED

The District provides a wide variety of education and support services as mandated by State statute or public desires. These include regular and vocational instruction, English language development programs, special education programs, student guidance and health services, preschool and many extracurricular activities. Fee supported special revenue fund services include adult education programs and nutritional service operations.

ECONOMIC CONDITION AND OUTLOOK

According to the Legislative Council Forecast (June 2016), Economic expansion is expected to progress at a relatively modest pace in both Colorado and the U.S. in 2016 and 2017. Low unemployment rates and slowing job growth are signaling full employment, which will increase wage pressure. The tourism, services, real estate, and construction sectors continue to grow at healthy rates. Oil prices have reversed their downward trend, relieving some of the pressure on the U.S. energy industry. However, financial markets and indicators of consumer spending point to slower growth. Further, business conditions have softened and manufacturing activity remains weak.

According to the Adams County 2016 Annual Budget, the average single family home price in Adams County increased by 20% from the 2013 assessment year to the 2015 assessment year. Commercial property values increased an additional 7.5% over the same period. New construction increased 7% from the previous year in the County. Jobs growth was at 4.89% for 2014 the most current year data was available. Unemployment in the County continued to decline in 2015 compared to 2014.

The District welcomes the overall positive economic trends at a national and state level, tempered by concerns of ongoing human services needs in our own community. Further, our need to provide substantially improved instruction in the classroom for our students created an additional layer to our budget preparations. Our philosophy has been one of cautious optimism,



acknowledging fiscal constraints while addressing our legal and moral obligations to provide an exceptional education for our students.

MAJOR INITIATIVES

Because Adams County School District 14's academic achievement levels have remained low, the District was accredited with Turnaround Plan by the Colorado Department of Education in July 2011. The Colorado Department of Education places all districts Accredited with Turnaround Plan on a five-year clock to make improvements. Due to new testing standards, the five-year clock was paused for one year and as a result Adams 14 will begin year five of the five-year clock July 1, 2016.

The 2016-17 Fiscal year brings a change in leadership at the Superintendent level and the Instructional level. In July 2016 the District hired Superintendent Dr. Javier Abrego and later Araceila Burgos as the Chief Academic Innovation Officer. In addition to the change in leadership new curriculum is being implemented for our elementary schools (grades K-5) and the District is continuing to work on its Zone of Innovation planning as part of the turnaround work being completed. The District will present this work to the state board of education in spring 2017.

FINANCIAL INFORMATION

District management is responsible for establishing and maintaining a system of internal controls that are designed to provide reasonable, but not absolute, assurance that District assets are protected from material loss, theft or misuse. Furthermore, this system of internal controls shall provide accurate, reliable and sufficient accounting data to prepare financial statements in conformity with GAAP. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits that are likely to be derived from it; and (2) the valuation of those costs and benefits may require certain accounting estimates and professional judgment by District management. Accordingly, we believe that the District's internal controls do provide adequate safeguards of District assets and provide reasonable assurance that financial transactions are properly recorded.

Single Audit As a recipient of Federal and State financial assistance, the District is responsible for maintaining adequate internal controls to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by District management.

Budgeting Controls The Board adopts the annual budget (appropriation) for the District in June for the next fiscal year. Colorado statutes provide that the Board can make changes to this adopted budget through January 31st. All disbursements and transfers of cash between funds



require appropriate authorization from the Board. All purchase order requests must comply with District's purchasing practices and must be approved by the Assistant Treasurer or his designee. Upon approval, the necessary funds are encumbered and the purchase orders are released to the appropriate vendor. Appropriations within a fund that exceed the amount available are prohibited by law and rejected until additional funds have been secured. Management has the authority to modify budget line items as long as the total fund appropriation is not exceeded.

The finance system used by the District provides interim financial reports which details year-to-date expenditures and encumbrances with comparative data to the original appropriation plus any authorized additional appropriations. Every administrator and school principal has the ability to retrieve financial and budgetary information about their department or school that they are responsible for. These reports detail monthly transactions and summarize the amounts available for future expenditures of goods and services among the various programs. In addition, the Board of Education receives quarterly General Fund financial reports as required by law.

Cash Management District funds are deposited and invested in accordance with the Public Deposit Protection Act of 1975 and other applicable Colorado statutes. Income on investments for all government wide funds for the fiscal year ended June 30, 2016, was \$54,136.

OTHER INFORMATION

Awards The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to Adams County School District 14 for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2015. These certificates are awarded to government units that publish an easy-to-read and well-organized Comprehensive Annual Financial Report, whose content conforms to the program standards. Such reports must satisfy both generally accepted accounting principles and any other applicable legal requirements.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to Adams County School District 14 for its comprehensive annual financial report the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Certificates from both ASBO and GFOA are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Excellence and Certificate of Achievement Programs' requirements and we are submitting it to both ASBO and GFOA to determine its eligibility for another certificate.



Acknowledgment We want to extend a special thanks to our independent certified public accountant, RubinBrown LLP, for their professional assistance helping us prepare our Comprehensive Annual Financial Report.

In closing, we commend the Board for their continued interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

Sandra L. Rotella

Sandra Rotella CPA SFO
Chief Financial Operations Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Adams County School District 14

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

**Adams County School District 14
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

ADAMS COUNTY SCHOOL DISTRICT 14

5291 E. 60th Avenue
Commerce City, CO 80022-3203

BOARD OF EDUCATION

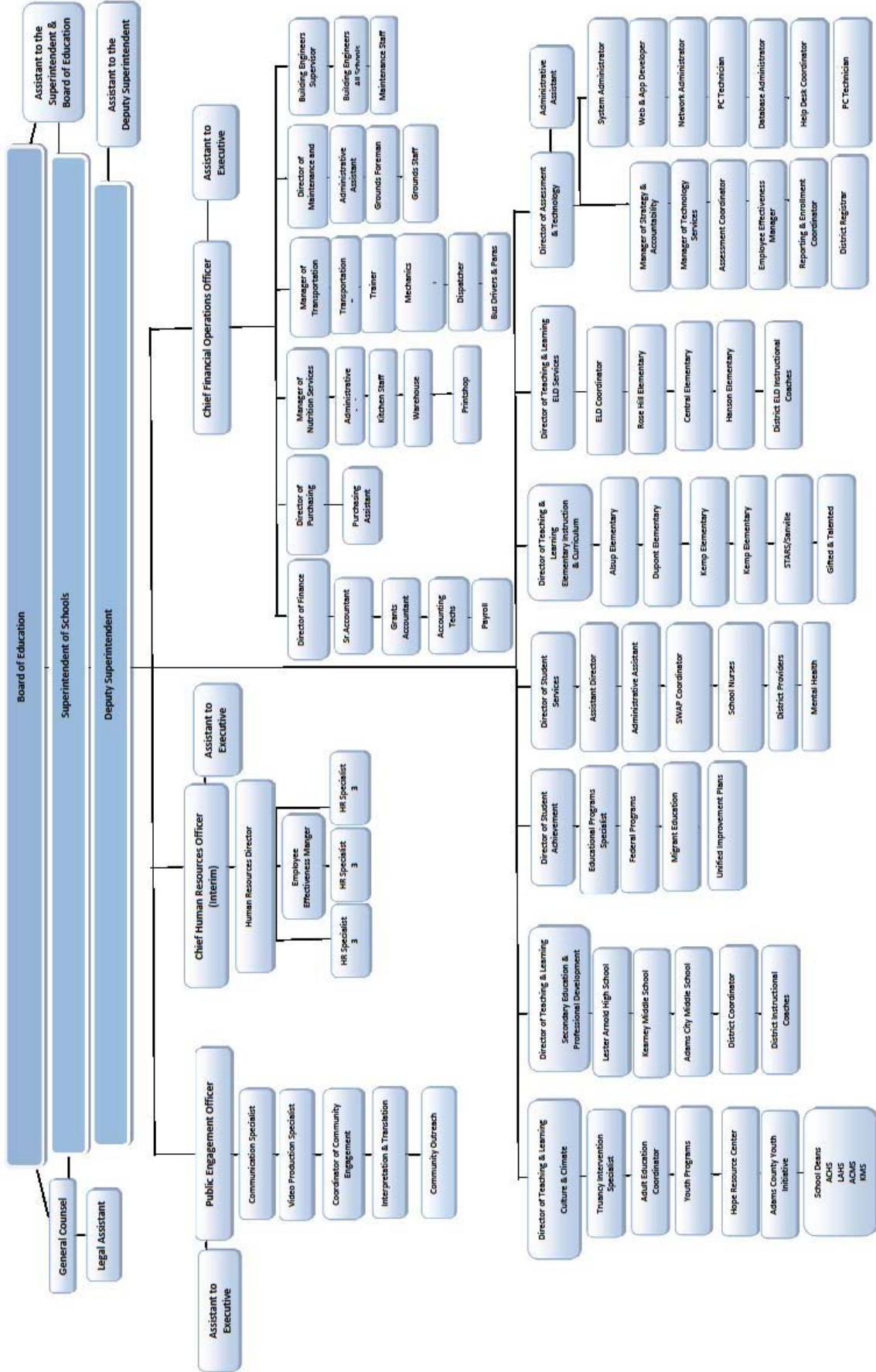
- Mr. David Rolla President
- Ms. Connie Quintana Vice President
- Mr. Harvest Thomas Treasurer
- Mr. Timio Archuleta Secretary
- Mr. Joseph Dreiling Director

DISTRICT INSTRUCTIONAL TEAM

- Dr. Javier Abrego Superintendent of Schools
- Ms. Aracelia Burgos Chief Academic and Innovation Officer
- Mr. Gionni Thompson Secondary Education Officer
- Ms. Teresa Hernandez Director of Assessment and Technology
- Mr. Edilberto Cano Director of English Language Development
- Mr. Ruben Chacón Director of Teaching and Learning
- Mr. Robert Frantum-Allen Director of Special Education

DISTRICT OPERATIONAL TEAM

- Ms. Sandy Rotella Finance Officer
- Ms. Linda Shamlin Human Resources Officer
- Ms. Janelle Asmus Communications Officer
- Mr. Walter Kramarz General Counsel







RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Board of Education
Adams County School District 14
Commerce City, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Adams County School District 14 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, each major fund and the aggregate remaining fund information of the District as of June 30, 2016 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 24, budgetary comparison information on pages 55 through 57, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of the District's Contributions to the Pension Plan on pages 58 through 59 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; the Colorado Department of Education Auditor's Integrity Report; combining and individual fund financial statements and schedules; the statement of changes in fiduciary assets and liabilities and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the Colorado Department of Education Auditor's Integrity Report, the combining and individual fund financial statements and schedules and the statement of changes in fiduciary assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the Colorado Department of Education Auditor's Integrity Report, the combining and individual fund financial statements and schedules and the statement of changes in fiduciary assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RubinBrown LLP

November 17, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Adams County School District 14 (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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letters of transmittal on pages 1 - 7 of this report.

FINANCIAL HIGHLIGHTS

- The liabilities, including long term bonds payable exceeded total assets of primary government, including land, buildings and equipment at the close of fiscal year 2015-16 by \$99,589,742 (*Net Position*). This amount is further reduced by, \$23,562,485 representing the net investment in capital assets, \$4,998,817 restricted for debt service, \$2,553,486 restricted for emergencies, \$546,444 restricted for Food Services and \$58,827 restricted for use in the Colorado preschool program. This leaves the final Unrestricted Net Position at a negative \$131,309,801.
- The District's total Net Position for the primary reporting entity decreased by \$658,815 while unrestricted Net Position increased by \$3,480,174. This change is mainly a result of the General fund revenues exceeding budgeted amounts while amounts restricted for debt service and emergencies also decreased.
- The District's Governmental Funds fund balance increased by \$7,889,500 to an ending fund balance of \$26,202,803.
- The Governmental Funds reported combined unassigned fund balance of \$7,384,414.

At June 30, 2016, \$2,612,313 of the \$14,399,285 fund balance of the General Fund was restricted for the Colorado Preschool Program and the emergency contingency required by Article X, Section 20 of the Colorado Constitution. In addition, \$212,225 was considered nonspendable as it was held in inventories, prepaid items and a deposit in the insurance pool. The \$7,384,414 unassigned portion of the fund balance is equivalent to 11.9% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers a broad overview of the school district's financial activities in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the District's assets, liabilities, deferred outflows and deferred inflows of resources. The difference between assets and liabilities is reported as Net Position. Over time, changes in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the Net Position of the District changed during the current fiscal year. Changes in Net Position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are

reported in this statement for some items that will result in cash flows in future fiscal periods (example: levied but uncollected property taxes and earned but unused employees' vacation leave).

The government-wide financial statements reflect that the district has no business-type fund, with all funds on the government-wide statements being governmental (supported by taxes). The Districts Governmental type funds include the General Fund, Grants Fund, Food Service Fund, Bond Redemption Fund, Athletics Fund, Fee Supported Fund and Capital Projects Funds.

The government-wide financial statements include not only the District itself (known as the primary government), but also a foundation for which the District is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26 - 27 of this report.

FUND FINANCIAL STATEMENTS

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governments, uses fund accounting to ensure and demonstrate compliance. All of the funds of the District are considered governmental funds with the exception of one fiduciary fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term financial resources and fund balances (which are spendable resources available at the end of the fiscal year). Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five governmental funds that are classified as major funds. They are the General Fund, the Grants Fund, Capital Projects Fund and the Nutrition Fund and the Bond Redemption Fund. The General and Grant funds account for funds received from other government entities. The Food Service Fund accounts for the revenues and expenditures generated by the Districts food service program. The Bond Redemption Fund is used to account for property tax collections used to pay off the District's general obligation debt. Other governmental funds, classified as non-major funds include the Capital Projects Fund, Athletics Fund and Fee Supported Fund.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the General and Grants funds are included in the Required Supplementary Information to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as Supplementary Information and can be found after the Required Supplementary Information section of this report.

Fiduciary Fund

Fiduciary fund is used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these sources are not available to support direct educational programs. The pupil activity fund is the only fiduciary fund the District currently operates.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also contains Supplementary Information concerning the District's non-major governmental fund. The budget to actual schedules are presented after the Required Supplementary Information to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the District are classified as current assets, non-current assets and capital assets. Cash and investments, receivables and inventories are current assets available to provide resources for the near-term operations of the District. Non-current assets include restricted investments and deferred charges, net of accumulated amortization. Capital assets are used in the operations of the District and include buildings, land, machinery and equipment.

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position.

Adams County School District 14
Statement of Net Position
For June 30, 2016 and 2015

	Total	
	2016	2015
Assets:		
Current and other assets	\$ 33,047,321	\$ 26,250,384
Capital assets	98,401,441	105,409,089
Total assets	131,448,762	131,659,473
 Deferred outflows of resources		
Deferred outflow pension	19,749,920	7,367,215
Deferred charge on refunding	7,426,795	8,070,969
	27,176,715	15,438,184
 Liabilities:		
Current liabilities	10,660,783	12,428,455
Non-current liabilities	239,154,730	229,061,340
Total liabilities	249,815,513	241,489,795
 Deferred inflow of resources		
Deferred inflow pension	8,399,706	4,538,788
	8,399,706	4,538,788
 Net position:		
Net investment in capital assets	23,562,485	26,109,796
Restricted	8,157,574	9,749,252
Unrestricted	(131,309,801)	(134,789,975)
Total net position	\$ (99,589,742)	\$ (98,930,927)

GOVERNMENT-WIDE ACTIVITIES

Governmental activities decreased the Net Position of the District by \$658,815 during the current fiscal year this ultimately reflects the sum of all activity within the District for the year including the growth in the general fund balance of \$3.8 million, planned spend down of reserves in the Debt service fund of \$853,166 and buildup of reserves in the Capital Reserve fund of \$4.7 million mainly comprised of the proceeds from the sale of land during the year as well. The increase in Net Position also reflects the annual depreciation charge on assets of \$4.1 million. The District used \$853,166 of Debt service reserves during the year to pay down debt which offset other gains to the Net Position. The District's pension obligations increased by \$4,938,792 during the year which also offset other gains in the Net Position. While these are the basic areas causing the increase in our net position we believe that our discussion of the overall change in the General Fund balance provided later in this document provides more relevant financial information regarding the fiscal activity at the District during the year and we direct the user to that section for further discussion.

The main sources of governmental revenue for the primary government are local property tax, state equalization payments and grants. Property taxes and specific ownership taxes account for 34.0% of the revenue received by the District with 43.8% being received from state equalization payments. Operating grants and contributions provide an additional 17.6%. Other sources, including general revenue grants, account for the remaining 4.6% of revenue.

Within the government wide financial statements revenues that increased include operating grants and contributions, up by \$1.5 million, and state equalization payments which were up by \$2.5 million. The increase in state equalization payments reflects the Districts movement within the Colorado Department of Education's tiers for determining equalization payment amounts based on the number of at risk children living within the District. The prior year saw the District drop in tiers based on that year's student count and free and reduced lunch program data, while this year sees a return to historical levels within those numbers. The increase in grant revenue of \$1.5 million consists mainly of \$.6 million in additional ELPA funding received, \$250,000 in additional EARRS grant money received and an increase of approximately \$223,000 in READ act funding received. The increased grant funds available however were offset by additional expenses as those funds were spent within the year.

Instructional and instructional support expenses and services totaled 52.2% of the total governmental expenses. As a result of the implementation of the District's new accounting system in fiscal year 2016 all accounts were reevaluated for proper placement within programs and classifications.

Adams County School District 14
Changes in Net Position
For June 30, 2016 and 2015

	Total	
	2016	2015
REVENUES		
Program revenues		
Charges for services	\$ 223,850	\$ 322,751
Operating grants and contributions	15,517,305	14,016,699
Property taxes	27,465,965	27,557,458
Specific ownership taxes	2,419,465	2,330,239
Grants not restricted to specific programs	2,660,849	2,682,835
State equalization	38,554,537	36,011,262
Investment earnings	54,136	12,243
Miscellaneous	1,131,978	1,121,265
Total revenues	88,028,085	84,054,752
EXPENSES		
Instructional services	40,456,798	40,359,843
Operation and maintenance	9,030,290	8,721,472
Pupil services	6,287,319	7,924,550
Central support services	4,845,945	5,056,863
School administration	6,560,067	5,245,988
Instructional support	7,385,379	5,110,063
Pupil transportation	1,984,778	2,061,549
Business administration	1,360,493	1,646,335
General administration	1,692,565	1,305,793
Community services	1,017,152	451,005
Adult education	502,933	469,677
Other support services	111,016	659,839
Nutrition services	4,227,985	4,443,612
Interest and fiscal charges	3,224,180	3,344,643
Total expenses	88,686,900	86,801,232
Change in net position	(658,815)	(2,746,480)
Net position - beginning	(98,930,927)	(96,184,447)
Net position - ending	\$ (99,589,742)	\$ (98,930,927)

FUND FINANCIAL ANALYSIS

Adams County School District 14 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of \$26,202,803.

Major Governmental Funds

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Revenues for the General Fund totaled \$69.3 million in fiscal year 2015-16 compared to \$64.5 million in fiscal year 2014-15, an increase of 7.4%, mainly as a result of state equalization payments increasing and property tax revenues increasing. State Equalization increased by \$2.5 million compared to fiscal year 2014-15. That increase in equalization was a result of a change in the District's at risk tier, and a special allocation of additional at risk funding netted against a slight decrease in funded pupils. Property tax revenue also increased significantly, \$2.6 million, from prior year due to abatements suffered in 2014-15 that were collected in 2015-16.

	<u>FY2015-16</u>	<u>FY2014-15</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
Revenues				
Federal				
Impact Aid	\$ 2,660,849	\$ 2,679,175	\$ (18,326)	-0.7%
Other	-	3,660	(3,660)	-100.0%
Subtotal	<u>2,660,849</u>	<u>2,682,835</u>	<u>(21,986)</u>	
State				
Equalization payments	38,554,537	36,011,262	2,543,275	7.1%
Vocational education	221,264	145,976	75,288	51.6%
Exceptional children's act (ECEA)	1,532,900	1,549,382	(16,482)	-1.1%
Transportation reimbursement	495,824	479,526	16,298	3.4%
ELPA reimbursement	419,549	381,488	38,061	10.0%
Subtotal	<u>41,224,074</u>	<u>38,567,634</u>	<u>2,656,440</u>	
Local				
Property taxes	24,565,454	21,951,197	2,614,257	11.9%
Payment in lieu of taxes	52,071	57,964	(5,893)	-10.2%
Tuition	81,615	176,994	(95,379)	-53.9%
Miscellaneous	634,567	1,019,028	(384,461)	-37.7%
Investment income	33,948	6,318	27,630	437.3%
Subtotal	<u>25,367,655</u>	<u>23,211,501</u>	<u>2,156,154</u>	
Total revenues	<u>\$ 69,252,578</u>	<u>\$ 64,461,970</u>	<u>\$ 4,790,608</u>	7.4%

Fiscal year 2015-16 General Fund expenditures, which include the accrual for teacher salaries and benefits, totaled \$62.0 million, compared to \$62.8 million in fiscal year 2014-15. This represents a decrease of \$.8 million (1.2%) from the previous fiscal year. When transfers to other funds are factored in the change in the General fund balance for the year was an increase of \$3.8 million. The majority of the reduction in expenditures in the General fund outside of the transfers to other funds when compared to prior year was due to moving out costs recorded previously as a sub fund of the General Fund for Athletics to record them as their own special revenue fund outside of the general fund. When the effect of the change in funds for these costs is considered the General fund expenditures are nearly equal to the prior year. These costs are considered instructional costs and that decrease can be seen in the table below. The following table compares expenditures for fiscal years 2015-16 and 2014-15 using the modified accrual basis of accounting.

	<u>FY2015-16</u>	<u>FY2014-15</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
Expenditures				
Instructional services	\$ 32,313,512	\$ 33,379,574	\$ (1,066,062)	-3.2%
Operations and maintenance	6,699,623	6,712,320	(12,697)	-0.2%
Pupil services	4,244,982	5,520,816	(1,275,834)	-23.1%
Central support services	4,474,589	4,136,858	337,731	8.2%
School administration	5,184,732	4,702,939	481,793	10.2%
Instructional support	3,743,659	2,444,419	1,299,240	53.2%
Pupil transportation	1,832,848	1,822,575	10,273	0.6%
Business administration	1,212,372	1,146,401	65,971	5.8%
General administration	1,157,502	1,081,046	76,456	7.1%
Other supporting services	104,558	611,079	(506,521)	-82.9%
Community services	342,858	342,164	694	0.2%
Capital outlay	660,431	850,005	(189,574)	-22.3%
Total Expenditures	<u>\$ 61,971,666</u>	<u>\$ 62,750,196</u>	<u>\$ (778,530)</u>	-1.2%

Grants Fund

The Grants Fund, a special revenue fund, maintains a separate accounting for Federal, State and local grant-funded programs which may have a different fiscal period than that of the District. Funds are received for a specific purpose to address a particular student group or need related to student achievement. The funds must be supplemental to the efforts of the District and are not used to supplant District funding responsibilities. Specific rules, statutes and regulations guide these programs, and the money received is accounted for independently of local budget funds. Board of Education policy regulates the application and receipt of these funds. Fiscal year 2015-16 grant revenues totaled \$9.2 million and expenditures totaled \$9.2 million compared to grant revenues of \$8.1 million and expenditures of \$8.1 million in the 2014-15 fiscal year.

Food Service Fund

The Food Service Fund provides complete food services for the District including National School Lunch Program, National Breakfast Program and Summer Food Service Program. Primary revenues come from these program reimbursements. Fiscal year 2015-16 reported an excess of revenues compared to expenses of \$175,790 resulting in total Fund Balance of \$733,249. This is a huge turn around for the fund which reported a net loss of \$828,936 in the prior year. Revenues increased for the fund by \$467,936 from fiscal year 2014-15 partially due to an increased rate of meal reimbursement from federal grants. Expenses

decreased for the fund by \$536,790 largely due to a decrease in purchased food costs saving \$259,596 and no indirect costs being charged to the fund by the General fund resulting in decreased costs of \$275,752

Bond Redemption Fund

The Bond Redemption Fund is reported as a major fund for the fiscal year 2015-16. The Bond Redemption Fund is used to account for the requirements of the general obligation bonds. The primary revenue source is a voter approved mill levy to satisfy principal and interest requirements on the debt. Principal and interest payments were \$7.4 million for fiscal year 2015-16 compared to \$6.9 million for the fiscal year 2014-15. The slight increase in payments was a planned increase as part of the overall schedule of debt payments agreed upon within all the bond agreements.

Capital Projects Fund

The Capital Projects Fund, is reported as a major fund for fiscal year 2015-16, and is used to account for Board approved capital outlay and routine preventative and repair maintenance. Capital Projects Fund revenues and other financing sources totaled \$6.3 million, mainly reflecting a transfer from the General Fund and the proceeds from the sale of land. Total expenditures and other financing uses totaled \$1.6 million. The variance between revenues and expenditures is mainly due to the land sale funds being held for future use acquiring suitable land for school construction. .

Non-major Governmental Funds

Athletics Fund

The Athletics Fund was new in FY 2015-16 it was previously recorded as a sub fund of the General Fund and started with a zero fund balance. For fiscal year 2015-16 revenues exceeded expenses by \$5,579. Expenses for the fund came in right at budgeted appropriations and the fund received a transfer from the General fund in the amount of the appropriation.

Fee Supported Fund

The Fee Supported Fund provides services for the community including education for adults, daycare and facilities rentals. The Fund Balance decreased by \$7,757 resulting in ending Fund Balance of \$96,473 in the 2015-16 fiscal year. Revenues were up significantly in fiscal year 2015-16 at \$249,089 compared to \$39,610 in fiscal year 2014-15. This increase is largely a result of the current year now including revenues from daycare and facilities use previously recorded in the General fund. Expenditures increased to \$366,046 in fiscal year 2015-16 from \$230,352 in fiscal year 2014-15. The increase in expenditures was also mainly a result of the inclusion of daycare expenditures in the fund for 2015-16.

GENERAL FUND BUDGETARY HIGHLIGHTS

The proposed budget for fiscal year 2015-16 was presented and approved by the Board of Education on June 23, 2015, with total General Fund appropriations of \$63,633,349. In January of 2016 the budget was amended to include the spending of an additional \$574,826 which accounted for some of the increased revenues the District was receiving from the Colorado Department of Education for equalization and property taxes netted against a decrease in expected per pupil revenue due to a decline in funded pupil count. The total of this budget revision in the General Fund was \$574,826 bringing total General Fund appropriations to \$64,208,175. This compares to the prior year ending total appropriations of \$66,024,586 which included \$549,400 of appropriations for the Athletics sub fund.

Overall actual revenues exceeded final budgeted revenues by \$2.4 million dollars mainly due to property taxes coming in higher than projected as this year saw only minimal abatements as well as full recovery of the prior year abated taxes, and equalization payments received exceeded expectations.

Total operating expenditures were \$2.2 million under the final budget. The District monitors and controls budgets comprised of two components, amounts budgeted within department or building budgets (budget control groups) and amounts budgeted for salaries and benefits as FTE. The amounts budgeted within building or department budgets in fiscal year 2015-16 totaled \$15,738,947 however \$1.5 million of these funds were budgeted but unspent at year end. The largest unspent amounts within these budgets were \$358,528 budgeted for severance payments but unspent at year end, \$234,590 budgeted for utilities but unspent at year end, \$173,738 budgeted for START department activities and \$127,709 budgeted for unemployment costs which were unspent at year end. The remaining unspent budgeted dollars not included within budget control groups of \$.7 million are a result of budgeted salaries and benefits costs coming in lower than expected due to cost savings occurring as a result of vacant or open positions during the year. Together, these factors resulted in a large increase in the General Fund balance in the current year of \$3.8 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's governmental activities net investment in capital assets totaled \$98,401,441 for fiscal year 2015-16, which is a decrease of \$7,007,648 from the prior year. The decrease is a result of the annual depreciation of capital assets out pacing a minimal level of capital additions completed for the year. Of the minimal capital project activity for the year the largest project completed was the replacement of the Alsup roof, in addition 3 new school buses were purchased. All other capital activity were minor IT or Food Services purchases.

At June 30, 2016, the District had total bonded debt outstanding of \$72,305,000 backed by the full faith and credit of the District. In November 2006, the voters in our District approved \$78 million in general obligation bonds along with a 6.876 mill levy increase to fund the construction of a new high school, install air conditioning in schools that do not already have it, expand our full-day kindergarten facilities and upgrade our middle school science labs. The final \$3.375 million of general obligation bonds were issued on January 3, 2008. In fiscal year 2012-13, the District issued 2013 Refunding bonds to advance refund a portion of the 2006 series bonds and take advantage of a lower available interest rate. The District again took advantage of low interest rates in 2014-15 to issue \$11,590,000 in refunding bonds and refund \$12,435,000 worth of series 2007 and series 2008 general obligation bonds.

Additional information on the District's capital assets and debt administration can be found in notes E, F and G of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April 1994, the Colorado state legislature enacted the Public School Finance Act of 1994, which remains in effect. Funding is based on a statewide base per pupil funding formula that is adjusted for individual school districts by recognize

ing differences in personnel costs, non-personnel costs, local cost of living and school district size. Additional funding is also provided based on the presence of at-risk pupils, Starting in FY 2010-11, a new factor was introduced in the school finance formula due to the statewide budget challenges facing Colorado at the time. This new factor named the "Negative Factor" reduces the amount of funding districts would have received prior to this factors application.

At the time of the Colorado Legislative Council's September 20, 2016 Economic Forecast, the fiscal year 2015-16 State General Fund audited financials were not available, however current figures show the State General Fund ended FY 2015-16 with \$9.5 million more than was budgeted to be spent or saved in the reserve. General Fund revenue was \$70.2 million higher than expected in FY 2015-16 primarily because of the stronger than expected individual income taxes. Expectations for FY 2016-17 and FY 2017-18 however were decreased by \$61.9 million and \$121.6 million respectively as a result of lowered projections for sales and use tax revenue in those years.

Continued expansion is expected in both the U.S. and Colorado economies. Reliable contributions form household and consumer spending are driving modest growth in U. S. gross domestic product amid headwinds brought on by restrained business investment and weak exports. Low unemployment rates and slowing job growth are signaling full employment, which will contribute to upward wage pressure as labor becomes more difficult to find.

As noted above, actual and projected student enrollment counts influence the District's current and future operating budgets. Enrollments for FY 2016-17 are estimated to decrease by 68 full time equivalent students compared to FY 2015-16 levels.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Adams County School District 14's finances for all those with an interest in the District. Questions concerning any of the information provided in this report, requests for the financial statements of the District's component unit, or requests for additional information should be addressed to:

Division of Financial Services
Adams County School District 14
5291 East 60th Avenue
Commerce City, Colorado 80022-3203



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

Adams County School District 14
Statement of Net Position
June 30, 2016

	Total Primary Government
ASSETS	
Current assets:	
Cash and investments	\$ 29,814,519
Accounts receivable	145,920
Property taxes receivable	755,830
Due from other governments	1,932,022
Inventories	264,451
Prepaid expenses	92,699
Total current assets	33,005,441
Non-current assets:	
Equity in insurance pool	41,880
Capital assets, not depreciated	
Land and land improvements	8,647,082
Capital assets, net of accumulated depreciation	
Buildings and improvements	138,083,674
Machinery and equipment	12,113,331
Accumulated depreciation	(60,442,646)
Total non-current assets	98,443,321
Total assets	131,448,762
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow pension	19,749,920
Deferred charge on refunding debt	7,426,795
Total Deferred outflows of resources	27,176,715
LIABILITIES	
Current liabilities:	
Accounts payable	367,167
Accrued liabilities	1,637,410
Accrued salaries and benefits	3,817,567
Unearned revenue	881,128
Accrued interest payable	259,048
Due within one year:	
General obligation bonds	3,080,252
Capital leases	218,032
Compensated absences and early retirement	400,179
Total current liabilities	10,660,783
Non-current liabilities:	
Due in more than one year:	
General obligation bonds	77,988,084
Capital leases	979,383
Compensated absences and early retirement	1,904,425
Net pension liability	158,282,838
Total non-current liabilities	239,154,730
Total liabilities	249,815,513
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow pension	8,399,706
NET POSITION	
Net investment in capital assets	23,562,485
Restricted for:	
Debt service	4,998,817
Emergencies	2,553,486
Food Service	546,444
Colorado preschool program	58,827
Unrestricted	(131,309,801)
Total net position	\$ (99,589,742)

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

Adams County School District 14
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities:				
Instructional services	\$ 40,456,798	\$ -	\$ 4,568,182	\$(35,888,616)
Operation and maintenance	9,030,290	-	107,439	(8,922,851)
Pupil services	6,287,319	-	1,661,461	(4,625,858)
Central support services	4,845,945	-	69,607	(4,776,338)
School administration	6,560,067	-	240,570	(6,319,497)
Instructional staff	7,385,379	-	3,093,029	(4,292,350)
Pupil transportation	1,984,778	-	526,667	(1,458,111)
Business administration	1,360,493	-	-	(1,360,493)
General administration	1,692,565	-	436,508	(1,256,057)
Other supporting services	111,016	-	-	(111,016)
Community services	1,017,152	113,351	485,422	(418,379)
Food service operations	4,227,985	110,499	4,049,853	(67,633)
Education for adults	502,933	-	278,567	(224,366)
Interest and fiscal charges	3,224,180	-	-	(3,224,180)
Total primary government	\$ 88,686,900	\$ 223,850	\$ 15,517,305	\$(72,945,745)
General revenues:				
Taxes:				
Property taxes				27,465,965
Specific ownership taxes				2,419,465
Grants not restricted to specific programs				2,660,849
State equalization				38,554,537
Investment earnings				54,136
Miscellaneous				1,131,978
Total general revenues				72,286,930
Change in net position				(658,815)
Net position - beginning				(98,930,927)
Net position - ending				\$(99,589,742)

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

Adams County School District 14
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Food Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and investments	\$ 20,798,485	\$ -	\$ 4,858,654	\$ 553,709	\$ 3,539,644	\$ 64,027	\$ 29,814,519
Accounts receivable	18,779	-	-	82,289	-	44,852	145,920
Property taxes receivable	583,443	-	172,387	-	-	-	755,830
Due from other funds	349,225	-	-	-	2,481,328	20,090	2,850,643
Due from other governments	-	1,932,022	-	-	-	-	1,932,022
Inventories	77,646	-	-	186,805	-	-	264,451
Prepaid items	92,699	-	-	-	-	-	92,699
Equity in insurance pool	41,880	-	-	-	-	-	41,880
Total assets	<u>\$ 21,962,157</u>	<u>\$ 1,932,022</u>	<u>\$ 5,031,041</u>	<u>\$ 822,803</u>	<u>\$ 6,020,972</u>	<u>\$ 128,969</u>	<u>\$ 35,897,964</u>
LIABILITIES							
Liabilities:							
Accounts payable	\$ 218,435	\$ 96,268	\$ -	\$ 376	\$ 51,572	\$ 516	\$ 367,167
Accrued liabilities	1,612,546	24,864	-	-	-	-	1,637,410
Accrued salaries and benefits	3,065,197	646,024	-	85,811	-	20,535	3,817,567
Due to other funds	2,557,672	283,738	-	3,367	-	5,866	2,850,643
Unearned revenue	-	881,128	-	-	-	-	881,128
Total liabilities	<u>7,453,850</u>	<u>1,932,022</u>	<u>-</u>	<u>89,554</u>	<u>51,572</u>	<u>26,917</u>	<u>9,553,915</u>
DEFERRED INFLOW OF RESOURCES							
Unavailable revenue	109,022	-	32,224	-	-	-	141,246
Total deferred inflow of resources	<u>109,022</u>	<u>-</u>	<u>32,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,246</u>
FUND BALANCE:							
Nonspendable:							
Inventories	77,646	-	-	186,805	-	-	264,451
Prepaid items	92,699	-	-	-	-	-	92,699
Equity in insurance pool	41,880	-	-	-	-	-	41,880
Restricted for:							
TABOR	2,553,486	-	-	-	-	-	2,553,486
Colorado preschool program	58,827	-	-	-	-	-	58,827
Food service activities	-	-	-	546,444	-	-	546,444
Debt service	-	-	4,998,817	-	-	-	4,998,817
Assigned for:							
Athletics activities	-	-	-	-	-	5,579	5,579
Fee supported activities	-	-	-	-	-	96,473	96,473
Capital projects fund activities	-	-	-	-	5,969,400	-	5,969,400
Risk management activities	564,082	-	-	-	-	-	564,082
Board	3,098,583	-	-	-	-	-	3,098,583
Future contracts	527,668	-	-	-	-	-	527,668
Unassigned:	7,384,414	-	-	-	-	-	7,384,414
Total fund balance	<u>14,399,285</u>	<u>-</u>	<u>4,998,817</u>	<u>733,249</u>	<u>5,969,400</u>	<u>102,052</u>	<u>26,202,803</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 21,962,157</u>	<u>\$ 1,932,022</u>	<u>\$ 5,031,041</u>	<u>\$ 822,803</u>	<u>\$ 6,020,972</u>	<u>\$ 128,969</u>	<u>\$ 35,897,964</u>

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

Adams County School District 14
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds	\$	26,202,803
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		98,401,441
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds		141,246
Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, nor reported in the fund statements		(146,932,624)
Long-term liabilities, including long-term debt outstanding of (\$84,570,355) net of deferred charge on refunding debt of \$7,426,795, and accrued interest payable of (\$259,048) are not due and payable in the current period and therefore are not reported in the funds		<u>(77,402,608)</u>
Total net position of governmental activities	\$	<u><u>(99,589,742)</u></u>

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

Adams County School District 14
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2016

	General Fund	Grants Fund	Bond Redemption Fund	Food Service Fund	Capital Projects Fund	Non-major Funds	Total Governmental Funds
REVENUES							
Federal	\$ 2,660,849	\$ 7,246,226	\$ -	\$ 3,769,103	\$ -	\$ -	\$ 13,676,178
State	41,224,074	1,763,053	-	69,386	-	-	43,056,513
Local:							
Taxes	24,565,454	-	6,542,074	-	-	-	31,107,528
Payments in lieu of taxes	52,071	-	43,018	-	-	-	95,089
Tuition	81,615	-	-	-	-	31,736	113,351
Miscellaneous	634,567	151,868	-	110,499	-	258,581	1,155,515
Investment income	33,948	-	8,424	0	11,764	0	54,136
Total revenues	<u>69,252,578</u>	<u>9,161,147</u>	<u>6,593,516</u>	<u>3,948,988</u>	<u>11,764</u>	<u>290,317</u>	<u>89,258,310</u>
EXPENDITURES							
Current operating:							
Instructional services	32,313,512	2,546,337	-	-	-	493,153	35,353,002
Operations and maintenance	6,699,623	-	-	-	121,871	1,152	6,822,646
Pupil services	4,244,982	1,661,461	-	-	-	-	5,906,443
Central support services	4,474,589	69,607	-	-	-	-	4,544,196
School administration	5,184,732	240,570	-	-	-	-	5,425,302
Instructional support	3,743,659	3,093,029	-	-	-	117,360	6,954,048
Pupil transportation	1,832,848	30,843	-	-	-	-	1,863,691
Business administration	1,212,372	-	-	-	-	31,475	1,243,847
General administration	1,157,502	436,508	-	-	-	-	1,594,010
Other supporting services	104,558	-	-	-	-	-	104,558
Community services	342,858	485,422	-	-	-	129,354	957,634
Food service operations	-	211,364	-	3,762,925	-	-	3,974,289
Education for adults	-	278,567	-	-	-	195,109	473,676
Capital outlay	660,431	107,439	-	10,273	1,195,431	9,092	1,982,666
Debt Service:							
Principal retirement	-	-	4,210,000	-	187,877	-	4,397,877
Interest and fiscal charges	-	-	3,234,581	-	62,123	-	3,296,704
Paying agent fee	-	-	2,101	-	-	-	2,101
Total expenditures	<u>61,971,666</u>	<u>9,161,147</u>	<u>7,446,682</u>	<u>3,773,198</u>	<u>1,567,302</u>	<u>976,695</u>	<u>84,896,690</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>7,280,912</u>	<u>-</u>	<u>(853,166)</u>	<u>175,790</u>	<u>(1,555,538)</u>	<u>(686,378)</u>	<u>4,361,620</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale	-	-	-	-	3,527,880	-	3,527,880
Transfers out	(3,434,200)	-	-	-	-	-	(3,434,200)
Transfers in	-	-	-	-	2,750,000	684,200	3,434,200
Total other financing sources (uses)	<u>(3,434,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,277,880</u>	<u>684,200</u>	<u>3,527,880</u>
Net change in fund balances	3,846,712	-	(853,166)	175,790	4,722,342	(2,178)	7,889,500
Fund balance - beginning	10,552,573	-	5,851,983	557,459	1,247,058	104,230	18,313,303
Fund balance - ending	<u>\$ 14,399,285</u>	<u>\$ -</u>	<u>\$ 4,998,817</u>	<u>\$ 733,249</u>	<u>\$ 5,969,400</u>	<u>\$ 102,052</u>	<u>\$ 26,202,803</u>

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

**Adams County School District 14
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds	\$ 7,889,500
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the sum of depreciation expense of (\$4,110,182) exceeds the sum of capital outlays of \$673,634 less capital deletions of \$(3,571,100).	(7,007,648)
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. This amount represents property taxes not available at year end.	(1,222,098)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of bond premium of \$706,634, amortization of loss on refunding of \$644,173 and a decrease in accrued interest payable of \$12,164.	74,625
Additional funding of the net pension obligation in the pension plan does not use current financial resources and, therefore, is not reported as expenses in the governmental funds.	(4,938,793)
Compensated absences and early retirement are not recorded as an expenditure in the governmental statements until it becomes due and payable. However, in the statement of activities they are reported as an expense when earned or incurred.	147,722
Repayments of bond principal of \$4,210,000, and capital lease payments of \$187,877 are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	<u>4,397,877</u>
Change in net position of governmental activities	<u><u>\$ (658,815)</u></u>

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

Adams County School District 14
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2016

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 266,312
Total assets	<u>266,312</u>
LIABILITIES	
Due to student organizations	266,312
Total liabilities	<u>\$ 266,312</u>

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Adams County School District 14 (The “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the acceptable standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of the District’s significant policies consistently applied in the preparation of these financial statements follows. These policies are presented to assist the reader in interpreting the financial statements and other data in the report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

1. Reporting Entity

As directed by the Governmental Accounting Standards Board, the financial reporting entity as presented consists of the District and organizations which District Administration feels would be misleading to exclude from this report. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, if there were any legally separate organizations for which the District was financially accountable they would be considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to or imposes financial burdens on the District. The District has no organizations included in this financial statement based on financial accountability.

2. 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 nonfiduciary activities of the District and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equal to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support; however, at this time, the District has no business-type activities. Likewise, the primary government is reported separately from the legally separate component units for which the District is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the District’s financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements are reported using the accrual basis of accounting.

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. Property tax revenues are considered to be available if collected within 60 days after year-end. All other revenues are considered to be available in the period earned if the receipt of the money is expected to be collected within 90 days.

Property taxes, specific ownership 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. All other revenue items are considered to be measurable and available only when the District receives cash.

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, are recorded only when payment is due.

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 District, except those that are required to be accounted for in another fund.

The **Grants Fund** is provided to maintain a separate accounting for fully funded Federal, State and local grant programs. The Grants fund is considered a special revenue fund as it is established for a revenue source restricted in use to grant purposes.

The **Bond Redemption Fund** is provided to maintain a separate accounting for the District's bond principal and interest payments using property taxes dedicated for debt service.

The **Food Service Fund** accounts for the financial activities associated with the District's school breakfast and lunch programs. Revenues in this fund are mainly reimbursements from the State Department of Education for meals served.

The **Capital Projects Fund** accounts for Board approved capital outlay and routine preventative and repair maintenance.

The District reports the following non-major funds:

The **Fee Supported Fund** accounts for the revenue and expenditures of the adult education program, district printshop, before and after daycare programs and community use of district facilities.

The **Athletics Fund** accounts for the revenue and expenditures associated with middle and high school district funded athletic programs.

The **Agency Fund** is used to account for resources legally held in trust for use by individual school administration for selected programs. All resources of the fund, including any earnings on invested resources, may be used to support the school activities. There is no requirement that any portion of these resources be preserved as capital. The District holds all resources in a purely custodial capacity.

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

4. Assets, Liabilities and Net Position or Fund Balance

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are either measured at net asset value, which approximates fair value, or at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property and Specific Ownership Tax Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible representing 1% of expected revenue, for fiscal year 2015-16 this amount was \$288,834.

The County(Adams County Treasurer) bills and collects property taxes for all taxing districts within the County. Property tax receipts are remitted to the District in the subsequent month. The taxes are recorded as a receivable and reported as deferred revenue if not available.

The County collects specific ownership taxes on motor vehicles registered within the District's assessment area. Tax receipts collected by the County are remitted to the District in the subsequent month.

Due from Other Governments

The District records amounts expected to be received from other governments, including amounts receivable for reimbursement of grant expenditures, as due from other governments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of payment, and an expenditure/expense is reported in the year in which the services are consumed.

Inventories

General Fund purchased inventories are stated at cost, determined by the weighted average cost method and recorded under the consumption method. Inventory in the General Fund consists of expendable

supplies held for consumption. Expenditures for supplies are recorded upon delivery of these items to the various schools and departments from the District warehouse.

Food Service Fund purchased inventories are stated at cost, determined by the weighted average cost method and recorded under the consumption method. Expenses for food items are recorded when used.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and proprietary funds in the fund financial statements. The District defines capital assets as assets with an individual cost of more than \$5,000 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 acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	15 - 40
Machinery & Equipment	3 – 8

Accrued Salaries and Benefits

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August through July, but are incurred over the school year which is approximately ten months. Accordingly, the accrued compensation is reflected as a liability in the General, Grants, Food Service and Fee Supported Funds in the accompanying fund financial statements.

Unearned Revenues

Unearned revenues arise when resources are received by the District before it has legal claim to them or when assets are not available as current financial resources in the governmental funds. Grant funds that have been collected but the corresponding expenditures have not been incurred are reported as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and the deferred pension outflow reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred pension outflow consists of several pension related items including the accumulated payments made to reduce the District's liability with its pension at PERA after the measurement date used to record the net pension liability, the difference between projected and actual earnings on pension plan investments or

projected and actual pension experience, and changes in proportion or differences between contributions recognized and proportionate share of contributions. The deferred charge on refunding amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred pension outflow will be recorded as a reduction of pension liability in the next year's pension liability calculation.

In addition to liabilities, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The District also has an item, deferred inflow pension, which arises only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly that item is reported only on the Statement of Net Position. The deferred inflow pension amount represents mainly contributions to the pension after the pension liability measurement date.

Compensated Absences/Early Retirement

Vacation pay is accrued for eligible classified, support & technical and administrative personnel according to agreements between the District and each employee group. For the classified personnel, the largest group in the District, this is at a rate based upon years of service. District policy allows eligible classified employees to accumulate up to thirty (30) days of vacation leave and eligible support & technical and administrative employees to accumulate up to forty (40) days of vacation leave. Payment is made to eligible employees upon separation with the District.

Sick pay is accumulated for all certificated, classified, support & technical and administrative and full-time personnel. District policy allows employees to accumulate up to 90 days of unused sick leave. Payment is made to employees upon separation with the District and is paid out at an employee's per diem rate for 50% of the unused leave. Sick pay is reported as a liability in the government-wide financial statements.

The District provides a financial incentive for early retirement to employees with at least 20 years of continuous full-time service with the District. The retirement request must be submitted to the District no later than five years after they qualify. The maximum salary on which the early retirement benefit will be computed shall be the employee's twentieth (20th) year salary. The early retirement incentive is equal to eighty percent (80%) of the twentieth year salary. The retirement incentive is made in three (3) equal annual installments. Early retirement is reported as a liability in the government-wide financial statements upon acceptance by the retiring employees and as a liability in the fund financial statements when due.

Long-term Obligations

In the government-wide financial statements and in the proprietary fund type Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Net Position/Fund Balance

In the government-wide financial statements and the proprietary funds in the fund financial statements, Net Position is restricted when constraints placed on the Net Position are externally imposed.

In the fund financial statements, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board of Education’s adopted policy DBB, the Board of Education delegates to the Superintendent or his/her designee the authority to designate as assigned amounts intended to be used for specific purposes.

Unassigned – all other spendable amounts. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes. Per Board policy DBB the District will maintain a minimum unassigned fund balance in its general fund of five percent of the current year’s budgeted expenditures.

The details of the fund balances are included in the Governmental Fund Balance Sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and investments reported in the financial statements are as follows:

Cash and investments	\$ 29,814,519
Fiduciary fund cash and investments	266,312
Total	<u>\$ 30,080,831</u>

A summary of deposits and investments at June 30, 2016 follows:

Petty Cash	\$	1,477
Deposits		1,505,917
Investments		28,573,437
Total	\$	<u>30,080,831</u>

1. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of Federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2016, the District had bank deposits of \$2,219,449 collateralized by securities held by the financial institution’s agent but not in the District’s name.

2. Investments

The District’s investment policy defines eligible investments as well as the requirements to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk. Following is a list of the investment instruments that comply with State statutes:

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

	Fair Value	S&P Rating	Maturity 12 Months or Less
Local Government Investment Pool			
Colostrust	\$ 15,677,727	AAAm	\$ 15,677,727
CSAFE	12,895,710	AAAm	12,895,710
	<u>\$ 28,573,437</u>		<u>\$ 28,573,437</u>

The District has investments either measured at net asset value (NAV), which approximates fair value, including 2a7-like external investment pools – in accordance with GASB Statement No. 72, Fair Value Measurement and Application, including non-2a7 like investment pools and money market mutual funds – measured at fair value.

2a-7-like External Investments Pools of \$12,895,710, at CSAFE, are valued using the NAV per share (or its equivalent) of the investments. The 2a-7 like investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The 2a-7 like investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. The investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At year end June 30, 2016 the district had \$15,677,727 of investments, at COLOTRUST, whose fair value was determined using Level 2 inputs.

To minimize credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, the District's investment policy and State statutes limit direct investments in U.S. government agency securities to the highest rating issued by at least two nationally recognized statistical rating organizations (NRSROs). In addition, repurchase agreements must be collateralized at no less than 102% of the market value with U.S. agency or treasury securities. The District's investment policy and state statutes also limit investments of money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 29-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when investments are not diversified. District policy states that its intent is to maintain a proportionate mix of investments of no more than 25% of the total investment portfolio in Jumbo CDs and 75% of the total in government securities. Of the portion invested in government securities no more than one-third may be in government agency securities. At June 30, 2016, all of the District's investments were in CSAFE or COLOTRUST which invests in a mix of these security types.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the District's investment policy follows State statutes. State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of these limits.

NOTE C – PROPERTY TAXES

Under Colorado law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are recognized as revenue based upon when received by the County Treasurer. The 2016 fiscal year property tax calendar for Adams County was as follows:

Assessor certifies total assessed valuation.....	December 10, 2015
Levy date	December 15, 2015
Lien date.....	January 1, 2016
Tax bills mailed.....	January 15, 2016
First installment due	February 28, 2016
Second installment due	June 15, 2016
If paid in full, due	April 30, 2016
Tax sale: Delinquent property taxes.....	November 4, 2016

NOTE D – INTERFUND BALANCES AND TRANSACTIONS

Interfund balances at June 30, 2016, were as follows:

FUND	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ 349,225	\$ 2,557,672
Grants Fund	-	283,738
Athletics Fund	4,696	-
Fee Supported Fund	15,394	5,866
Food Service Fund	-	3,367
Capital Projects Fund	2,481,328	-
Total	\$ 2,850,643	\$ 2,850,643

The District maintains a pooled cash account that all funds use to deposit money into and write checks out of. Periodically, usually monthly, an accounting and settlement is made of all applicable interfund transactions. A due to interfund balance represents the net amount owed to other funds for transactions incurred since the last settlement. A due from interfund balance represents the net amount due from other funds for transactions incurred since the last settlement.

The District made interfund transfers during the year as directed by the board approved annual budget mainly to provide funding in the appropriate fund for capital projects such as the recently completed roofing projects.

Interfund transfer activity for the year ended June 30, 2016 is as follows:

FUND	TRANSFERS IN	TRANSFERS OUT
Governmental Funds		
General Fund	\$ -	\$ 3,434,200
Fee Supported Fund	109,200	-
Athletics Fund	575,000	-
Capital Projects Fund	2,750,000	-
Total Governmental Funds	<u>\$ 3,434,200</u>	<u>\$ 3,434,200</u>

NOTE E – CAPITAL ASSETS

Activity for capital assets, which are capitalized by the District, is summarized below:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities Capital Assets				
Not Being Depreciated				
Land	\$ 12,205,190	\$ -	\$ 3,558,108	\$ 8,647,082
Total Not Being Depreciated	<u>12,205,190</u>	<u>-</u>	<u>3,558,108</u>	<u>8,647,082</u>
Being Depreciated				
Buildings	137,895,946	191,728	4,000	138,083,674
Machinery and Equipment	12,392,229	481,906	760,804	12,113,331
Total Being Depreciated	<u>150,288,175</u>	<u>673,634</u>	<u>764,804</u>	<u>150,197,005</u>
Less: Accumulated Depreciation				
Buildings	46,270,805	3,538,090	-	49,808,895
Machinery and Equipment	10,813,471	572,092	751,812	10,633,751
Total Accumulated Depreciation	<u>57,084,276</u>	<u>4,110,182</u>	<u>751,812</u>	<u>60,442,646</u>
Total Being Depreciated, Net	<u>93,203,899</u>	<u>(3,436,548)</u>	<u>12,992</u>	<u>89,754,359</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 105,409,089</u>	<u>\$ (3,436,548)</u>	<u>\$ 3,571,100</u>	<u>\$ 98,401,441</u>

Depreciation expense was charged to programs of the District as follows:

Governmental Activities	
Instruction	\$ 2,516,814
Operations and Maintenance	1,593,368
Total Governmental Activities	<u>\$ 4,110,182</u>

NOTE F – SHORT-TERM DEBT

During the year ended June 30, 2016, the District approved a resolution allowing, but did not utilize, a loan from the state-sponsored interest-free loan program to provide cash flow throughout the fiscal year.

NOTE G – LONG-TERM OBLIGATIONS

1. Changes in Long-Term Obligations

The changes in long-term debt for the year ended June 30, 2016, are as follows:

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds					
Dated February 15, 2004	\$ 3,200,000	\$ -	\$ 2,000,000	\$ 1,200,000	\$ 1,200,000
Dated December 21, 2006	1,185,000	-	100,000	1,085,000	1,085,000
Dated January 3, 2008	340,000	-	110,000	230,000	115,000
Dated March 11, 2013	60,200,000	-	-	60,200,000	-
Dated April 14, 2015	11,590,000	-	2,000,000	9,590,000	-
Bond Premium (2004)	119,352	-	59,671	59,681	59,681
Bond Premium (2006)	26,392	-	26,392	-	-
Bond Premium (2008)	18,806	-	7,782	11,024	7,782
Bond Premium (2013)	7,307,294	-	445,114	6,862,180	445,114
Bond Premium (2015)	1,998,126	-	167,675	1,830,451	167,675
Net Pension Liability	144,822,259	13,460,579	-	158,282,838	-
Compensated Absences	2,295,971	2,301,025	2,356,496	2,240,500	336,075
Early Retirement	156,355	-	92,251	64,104	64,104
Capital Lease (2008)	1,385,292	-	187,877	1,197,415	218,032
Totals	<u>\$ 234,644,847</u>	<u>\$ 15,761,604</u>	<u>\$ 7,553,258</u>	<u>\$ 242,853,193</u>	<u>\$ 3,698,463</u>

The governmental activities liabilities of compensated absences and early retirement are expected to be liquidated with revenues from the General Fund and Food Services Fund.

The Series 2004 General Obligation Bonds dated February 15, 2004, were issued for a total of \$15,480,000 to finance improvements to school buildings. Principal payments are due annually on December 1, 2004 through 2016. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.5% to 5%.

The Series 2006 General Obligation Bonds dated December 21, 2006, were issued for a total of \$64,625,000 to finance a new high school and make improvements to school buildings. Principal payments began, and were due annually beginning on December 1, 2009. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 4.0% to 5.125%. A portion of these bonds were paid off as part of the advance refunding Series 2013 General Obligation bonds. The remaining principal payments on this Series 2006 will be made annually on December 1, 2013 through 2016. Interest will continue to be due semi-annually, and paid on June 1 and December 1 through June 2017.

The Series 2008 General Obligation Bonds dated January 3, 2008, were issued for a total of \$3,375,000 to finance improvements to school buildings. Principal payments are due annually beginning on December 1, 2008, through 2031. Interest payments are due semi-annually on June 1 and December 1, with interest

accruing at rates ranging from 4.0% to 5.25%.

The capital lease agreement dated October 3, 2008, is for energy performance equipment, including but not limited to lighting upgrades, HVAC systems, water/sewer improvements and an energy management system for a total of \$2,242,942, of which \$1,713,275 was capitalized and has a remaining book value of \$1,370,620. Amortization of leased equipment under capital assets is included with depreciation expense. Lease payments are due annually beginning on September 11, 2009, through March 11, 2021, with interest accruing at 4.64% per annum. The lease has been capitalized at the present value of future lease payments. The capital lease is an obligation of the capital project fund.

On March 11, 2013, the District issued \$62,245,000 of General Obligation Refunding Bonds, Series 2013, with interest rates ranging from 2.000% to 5.250% to refund a portion of the District's outstanding General Obligation, Series 2006 bonds. Principal payments are due annually beginning on December 1, 2013, through 2031. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.0% to 5.25%.

The Series 2013 Registered Coupons were issued on March 11, 2013 in the amount of \$552,630. The Coupons do not constitute a general obligation or other indebtedness of the District under Colorado statute, but have been reflected as long-term debt under generally accepted accounting principles in the financial statements.

On April 14, 2015, the District issued \$11,590,000 of General Obligation Refunding Bonds, Series 2015, with interest rates ranging from 2.000% to 5.000% to refund the District's outstanding General Obligation, Series 2007 bonds and a portion of the Series 2008 bonds. Principal payments are due beginning with a payment on December 1, 2015; however, the remaining principal payments will be made annually beginning December 1, 2015 through 2027. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.0% to 5.00%.

During prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2016, the outstanding balance of prior year defeased bonds was \$60,750,442.

2. Summary of Debt Service Requirements to Maturity

The following schedule reflects the debt service requirements to maturity for the District's general obligation bonded debt at June 30, 2016;

Year Ended June 30,	GO Bonds		Total
	Principal	Interest	
2017	\$ 2,400,000	\$ 3,103,956	\$ 5,503,956
2018	2,625,000	3,020,131	5,645,131
2019	3,580,000	2,903,231	6,483,231
2020	3,765,000	2,719,606	6,484,606
2021	3,955,000	2,546,381	6,501,381
2022-2026	22,030,000	10,076,406	32,106,406
2027-2031	27,660,000	4,079,509	31,739,509
2032	6,290,000	98,281	6,388,281
Totals	<u>\$ 72,305,000</u>	<u>\$ 28,547,501</u>	<u>\$ 100,852,501</u>

The following schedule reflects the future minimum lease payments each fiscal year required under capital lease obligation at June 30, 2016;

Year Ended June 30,	
2017	\$ 271,091
2018	271,091
2019	271,091
2020	271,091
2021	271,093
Total minimum lease payments	<u>1,355,457</u>
Less: Interest portion	<u>(158,042)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,197,415</u>

NOTE H – RISK MANAGEMENT – EQUITY IN INSURANCE POOL

The District previously combined with four other Adams County school districts to form the Adams County BOCES Self-Insurance Pool. The pools provide insurance to the participating districts in the areas of liability, property and workers' compensation. Assets held by the pools include reserves restricted under the various pool agreements, including statutory reserves required by the Colorado Commissioner of Insurance. Pool assets consist primarily of direct obligations of the United States government or funds collateralized by such obligations.

The pools' board of directors consists of one member appointed by the Board of Education of each participating school district. All members of the pools' board of directors has an equal vote in the administration of the pools' activities, and they are responsible for selection of management and have complete responsibility for all fiscal matters in the operation of the pools.

The market value of assets approximates the book value. This pooling plan allows the participating districts to set self-insurance retention amounts under the various purchased insurance policies. As of July 1, 2014

the District is no longer carrying insurance coverage through the plan and has not paid any premiums since the 2013-14 fiscal year. The District has since instead been insured through an alternative market provider of insurance coverage. Until all existing claims periods have passed and existing claims have been settled, the District and the pool have agreed to keep a limited amount of District Equity in the pool to pay for expected future costs.

As of June 30, 2016, the District has recorded equity in insurance pool of \$41,880 in the General Fund to reflect the District's equity in the insurance pool.

The pools are administered in accordance with the Colorado Pooling Statutes and insurance regulations of the Division of Insurance. Annual examinations by the Division of Insurance are conducted in accordance with statute. A designated custodial bank serves as the trustee for the funds of the self-insurance pools and limits their investments to government securities. Summit Point Consulting is the claims administrator as well as the pools' administrator. Losses in the pool are adjusted by Summit Point Consulting.

The allocation of required premiums for the self-insurance pools is determined by the pooling agreements. Each district pays a pro rata portion of their average daily attendance entitlement for liability coverage and a pro rate portion of their property values for property coverage into the combined liability and property pool, and a pro rata portion of their payroll for coverage in the workers' compensation pool. The contributions are based on an overall budget, which is determined by the board of directors annually.

In developing a budget, the board of directors consults an independent actuary for a determination of expected losses for liability and workers' compensation claims including a provision for incurred but not reported claims. Expected losses for property are determined by the amount that claims have depleted the pool from the previous year. Settled claims resulting from these risks have not exceeded insurance coverage in the past three fiscal years.

As mentioned above, beginning July 1, 2015, the District obtained Property and Liability insurance through Colorado School District Self Insurance Pool (CSDSIP). Coverage levels for fiscal year 2015-16 were as follows;

	CSDSIP per Occurrence Limit	CSDSIP Member Limit
Property	\$1,000,000,000	\$186,343,537
		Per Occurrence Limit
Equipment Breakdown		\$ 250,000,000
Crime Coverage		\$ 100,000
Excess Crime		\$ 900,000
Entity Liability		\$ 10,000,000
Employee Benefits Liability		\$ 250,000
School Auto		\$ 5,000,000
School Crisis		\$ 250,000
Data Compromise Liability Response		\$ 100,000(Annual Aggregate)
Data Compromise Liability Defense		\$ 100,000(Annual Aggregate)

Additional coverages obtained include Nuclear, Chemical, Biological, Biochemical Terrorism Coverage, and Public Educational Entity Pollution Coverage.

Outside of the coverages listed above workers' compensation insurance is now obtained through Pinnacol Assurance.

NOTE I – RETIREMENT PLANS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Adams County School District 14 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 Adams County School District 14 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Adams County School District 14 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Adams County School District 14 were \$8,534,057 for the year ended June 30, 2016.

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

At June 30, 2016 Adams County School District 14 reported a liability of \$158,282,838 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Adams County School District 14 proportion of the net pension liability was based on Adams County School District 14 contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Adams County School District 14 proportion was 1.03 percent, which was a decrease of 0.03 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, Adams County School District 14 recognized pension expense of \$4,938,793. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$2,090,143	\$6,805
Changes of assumptions or other inputs	-	\$2,236,812
Net difference between projected and actual earnings on pension plan investments	\$13,537,066	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$6,156,089
Contributions subsequent to the measurement date	\$4,122,711	-
Total	\$19,749,920	\$8,399,706

\$4,122,711 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2017	\$ 603,808
2018	\$1,108,179
2019	\$2,755,703
2020	\$2,759,813
2021	
Thereafter	

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
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; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 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.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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 November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	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	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

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

Based on the above actuarial cost method and 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 Adams County School District 14 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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$205,180,820	\$158,282,838	\$119,272,470

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.

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$283,551.48. The District makes no contributions to this plan.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – Adams County School District 14 contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – Adams County School District 14 is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the District's contributions to the HCTF were \$464,307, \$448,060 and \$461,025, respectively, equal to their required contributions for each year.

NOTE J – COMMITMENTS AND CONTINGENCIES

1. Taxpayer's Bill of Rights (TABOR) Amendment

In November 1992, the voters of the State of Colorado approved Article X, Section 20 to the State Constitution. This amendment is referred to as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, imposing a mill levy that will produce property tax revenue in excess of the amount collected in the previous year adjusted by the growth factor, extending an expiring tax or implementing a tax policy change which directly causes a net tax revenue gain.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

In November 1999, the voters approved a ballot issue authorizing the District to "...collect, retain and expend all excess revenues and other funds collected in the 1999-2000 budget year and in each subsequent budget year thereafter, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law, with the restriction that no local tax rate or property tax mill levy shall be increased without voter approval."

TABOR requires the District to maintain an emergency reserve of 3 percent of fiscal year eligible expenditures. At June 30, 2016, the District has restricted fund balance of \$2,553,486 in the General Fund and restricted Net Position in the government-wide financial statements. The District believes it is in compliance with the requirement of TABOR. However, TABOR is complex and subject to interpretation. Ultimate interpretation may depend upon litigation and legislative guidance.

2. Operating Agreement

The District entered into an operating agreement with the City of Commerce City for a building, which was renovated to be a preschool. The agreement requires an annual payment of \$12. The property will revert back to the City at the end of the agreement. The District is responsible for the utilities and maintenance on the property and those expenditures are included in the General Fund.

3. Grants

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2016, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

4. Litigation

The District is involved in various pending or threatened litigation. The outcome of the litigation cannot be predicted at this time.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Adams County School District 14
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Federal:				
Impact aid	\$ 2,300,000	\$ 2,300,000	\$ 2,660,849	\$ 360,849
Subtotal	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,660,849</u>	<u>360,849</u>
State:				
Equalization payments	38,577,208	37,873,145	38,554,537	681,392
Vocational education	105,500	105,500	221,264	115,764
Exceptional Children's Educational Act (ECEA)	1,200,000	1,200,000	1,532,900	332,900
Transportation reimbursement	470,000	470,000	495,824	25,824
ELPA reimbursement	390,000	390,000	419,549	29,549
Subtotal	<u>40,742,708</u>	<u>40,038,645</u>	<u>41,224,074</u>	<u>1,185,429</u>
Local:				
Property taxes	22,373,559	23,652,448	24,565,454	913,006
Payments in lieu of taxes	55,000	55,000	52,071	(2,929)
Tuition	135,000	135,000	81,615	(53,385)
Miscellaneous	655,000	655,000	634,567	(20,433)
Investment income	3,000	3,000	33,948	30,948
Subtotal	<u>23,221,559</u>	<u>24,500,448</u>	<u>25,367,655</u>	<u>867,207</u>
Total revenues	<u>66,264,267</u>	<u>66,839,093</u>	<u>69,252,578</u>	<u>2,413,485</u>
EXPENDITURES				
Current operating:				
Instructional services	32,067,908	32,660,897	32,313,512	347,385
Operation and maintenance	7,469,965	7,331,844	6,699,623	632,221
Pupil services	4,603,136	4,436,926	4,244,982	191,944
Central support services	4,469,030	4,872,214	4,474,589	397,625
School administration	5,277,098	5,424,334	5,184,732	239,602
Instructional support	3,485,473	3,635,017	3,743,659	(108,642)
Pupil transportation	1,886,952	1,921,850	1,832,848	89,002
Business administration	1,197,477	1,237,125	1,212,372	24,753
General administration	1,004,600	1,231,979	1,157,502	74,477
Other supporting services	1,809,425	360,437	104,558	255,879
Community services	362,285	322,827	342,858	(20,031)
Capital outlay	-	772,725	660,431	112,294
Total expenditures	<u>63,633,349</u>	<u>64,208,175</u>	<u>61,971,666</u>	<u>2,236,509</u>
Excess (deficiency) of revenues over (under) expenditures	2,630,918	2,630,918	7,280,912	4,649,994
Other financing (uses)				
Transfers out	<u>(3,413,230)</u>	<u>(3,413,230)</u>	<u>(3,434,200)</u>	<u>(20,970)</u>
Total other financing (uses)	<u>(3,413,230)</u>	<u>(3,413,230)</u>	<u>(3,434,200)</u>	<u>(20,970)</u>
Net change in fund balance	(782,312)	(782,312)	3,846,712	4,629,024
Fund balance - beginning	9,919,862	9,919,862	10,552,573	632,711
Fund balance - ending	<u>\$ 9,137,550</u>	<u>\$ 9,137,550</u>	<u>\$ 14,399,285</u>	<u>\$ 5,261,735</u>

See the accompanying independent auditor's report.

**Adams County School District 14
Budgetary Comparison Schedule
Grants Fund
For The Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Federal	\$ 9,131,910	\$ 9,131,910	\$ 7,246,226	\$ (1,885,684)
State	2,010,157	2,010,157	1,763,053	(247,104)
Local	280,588	280,588	151,868	(128,720)
Total revenues	<u>11,422,655</u>	<u>11,422,655</u>	<u>9,161,147</u>	<u>(2,261,508)</u>
EXPENDITURES				
Instructional services	3,985,362	3,985,362	2,546,337	1,439,025
Pupil services	1,812,962	1,812,962	1,661,461	151,501
Central support services	-	-	69,607	(69,607)
School administration	184,232	184,232	240,570	(56,338)
Instructional support	3,606,270	3,606,270	3,093,029	513,241
Pupil transportation	20,210	20,210	30,843	(10,633)
General administration	468,329	468,329	436,508	31,821
Community services	708,314	708,314	485,422	222,892
Food service operations	257,044	257,044	211,364	45,680
Education for adults	293,636	293,636	278,567	15,069
Capital Outlay	86,296	86,296	107,439	(21,143)
Total expenditures	<u>11,422,655</u>	<u>11,422,655</u>	<u>9,161,147</u>	<u>2,261,508</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditor's report.

Budgetary Comparison Schedule
Food Service Fund
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Local				
Charges for Services	\$ 64,900	\$ 64,900	\$ 110,499	\$ 45,599
Investment Earnings	325	325	-	(325)
State				
State Grants	82,500	82,500	69,386	(13,114)
Federal				
Donated Commodities	219,000	219,000	266,894	47,894
Federal Grants	3,123,000	3,373,000	3,502,209	129,209
Total revenues	<u>3,489,725</u>	<u>3,739,725</u>	<u>3,948,988</u>	<u>209,263</u>
Expenditures				
Food Service Operations				
Salaries and benefits	1,516,292	1,691,292	1,748,501	(57,209)
Contracted services	81,135	156,135	110,436	45,699
Food costs:				
Purchased food	1,855,822	1,855,822	1,587,399	268,423
Donated commodities	-	-	187,294	(187,294)
Supplies	81,523	81,523	125,971	(44,448)
Other	16,137	16,137	3,324	12,813
Capital Outlay	9,504	9,504	10,273	(769)
Total expenditures	<u>3,560,413</u>	<u>3,810,413</u>	<u>3,773,198</u>	<u>37,215</u>
Net change in Fund Balance	(70,688)	(70,688)	175,790	(246,478)
Fund Balance - beginning	<u>1,202,050</u>	<u>1,202,050</u>	<u>557,459</u>	<u>(644,591)</u>
Fund Balance - ending	<u>\$ 1,131,362</u>	<u>\$ 1,131,362</u>	<u>\$ 733,249</u>	<u>\$ (891,069)</u>

See the accompanying independent auditor's report.

Adams County School District 14
Schedule of the District's Proportionate Share of Net Pension Liability
School Division Trust Fund
Last 10 Fiscal Years
For the Year Ended December 31, (Measurement Date)
Employee Pension Plan

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.010349143145	0.01068534076
District's proportionate share of the net pension liability	\$ 158,282,838	\$ 144,822,259
District's covered-employee payroll	\$ 45,100,841	\$ 44,773,404
District's proportionate share of net pension liability as a percentage of it's covered payroll	350.95%	323.46%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%

GASB68 was implemented in fiscal year 2015 so the District can only provide data for the years shown above.

See the accompanying independent auditor's report.

Adams County School District 14
Schedule of District's Contributions to the Pension Plan
School Division Trust Fund
Last 10 Fiscal Years
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,534,057	\$ 7,830,968
Contribution in relation to the contractually required contribution	8,534,057	7,830,968
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Distict's covered-employee payroll	\$ 45,520,276	\$ 43,927,451
Contributions as a percentage of covered -employee payroll	18.75%	17.83%

GASB68 was implemented in fiscal year 2015 so the District can only provide data for the years shown above.

See the accompanying independent auditor's report.

ADAMS COUNTY SCHOOL DISTRICT 14
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE I – BUDGETS AND BUDGETARY ACCOUNTING

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

Budgets are required by State law for all funds. The Superintendent submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives.

Public hearings are conducted by the Board of Education to obtain public comments.

Prior to June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board shall not review or change the budget except that, where money for a specific purpose from other than ad valorem taxes becomes available to meet a contingency. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with the Superintendent. Revisions that alter the total expenditures in 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 as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year.

All appropriations lapse at the end of each fiscal year.

**SUPPLEMENTARY
INFORMATION**





**Adams County School District 14
 Budgetary Comparison Schedule
 Bond Redemption Fund
 For The Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes:				
Property taxes	\$ 7,559,142	\$ 7,559,142	\$ 6,542,074	\$ (1,017,068)
Payments in lieu of taxes	-	-	43,018	43,018
Investment income	3,000	3,000	8,424	5,424
Total revenues	<u>7,562,142</u>	<u>7,562,142</u>	<u>6,593,516</u>	<u>(968,626)</u>
EXPENDITURES				
Principal retirement	4,210,000	4,210,000	4,210,000	-
Interest and fiscal charges	3,362,418	3,362,418	3,234,581	127,837
Paying Agent Fees	1,750	1,750	2,101	(351)
Total expenditures	<u>7,574,168</u>	<u>7,574,168</u>	<u>7,446,682</u>	<u>127,486</u>
Net change in fund balance	(12,026)	(12,026)	(853,166)	(841,140)
Fund balance - beginning	<u>5,606,707</u>	<u>5,606,707</u>	<u>5,851,983</u>	<u>245,276</u>
Fund balance - ending	<u>\$ 5,594,681</u>	<u>\$ 5,594,681</u>	<u>\$ 4,998,817</u>	<u>\$ (595,864)</u>

See the accompanying independent auditors' report.

Adams County School District 14
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue		
	Fee Supported	Athletics Fund	Total
ASSETS			
Cash and investments	\$ 64,027	\$ -	\$ 64,027
Accounts receivable	43,562	1,290	44,852
Due from other funds	15,394	4,696	20,090
Total assets	\$ 122,983	\$ 5,986	\$ 128,969
LIABILITIES			
Accounts payable	\$ 309	\$ 207	\$ 516
Accrued salaries and benefits	20,335	200	20,535
Due to other funds	5,866	-	5,866
Total liabilities	26,510	407	26,917
FUND BALANCE			
Assigned	96,473	5,579	102,052
Total fund balance	96,473	5,579	102,052
Total liabilities and fund balance	\$ 122,983	\$ 5,986	\$ 128,969

See the accompanying independent auditors' report.

Adams County School District 14
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For The Year Ended June 30, 2016

	Fee Supported	Athletics Fund	Total Nonmajor Governmental Funds
REVENUES			
Tuition and fees	\$ 22,843	\$ -	\$ 22,843
Daycare fees	128,914	-	128,914
Instructional fees	8,893	-	8,893
Outside printing printshop	14,933	-	14,933
Event gate fees	-	15,374	15,374
Student athletic fees	-	25,854	25,854
Facility use	73,506	-	73,506
Total revenues	249,089	41,228	290,317
EXPENDITURES			
Education for adults	195,109	-	195,109
Business services	31,475	-	31,475
Instructional services	10,088	483,065	493,153
Community services	129,354	-	129,354
Instructional support staff	-	117,360	117,360
Operations and maintenance	20	1,132	1,152
Capital outlay	-	9,092	9,092
Total expenditures	366,046	610,649	976,695
Excess (deficiency) of revenues (under) expenditures	(116,957)	(569,421)	(686,378)
OTHER FINANCING SOURCES			
Transfers in	109,200	575,000	684,200
Total other financing sources	109,200	575,000	684,200
Net change in fund balance	(7,757)	5,579	(2,178)
Fund balance - beginning	104,230	-	104,230
Fund balance - ending	\$ 96,473	\$ 5,579	\$ 102,052

See the accompanying independent auditors' report.

**Adams County School District 14
Budgetary Comparison Schedule
Capital Projects Fund
For The Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment income	\$ 1,200	\$ 1,200	\$ 11,764	\$ 10,564
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>11,764</u>	<u>10,564</u>
EXPENDITURES				
Operations and maintenance	1,885,432	1,885,432	121,871	1,763,561
Capital outlay	5,170,116	5,170,116	1,195,431	3,974,685
Debt service				
Principal retirement	187,877	187,877	179,620	8,257
Interest and fiscal charges	62,123	62,123	70,380	(8,257)
Total expenditures	<u>7,305,548</u>	<u>7,305,548</u>	<u>1,567,302</u>	<u>5,738,246</u>
Excess (deficiency) of revenues (under) expenditures	<u>(7,304,348)</u>	<u>(7,304,348)</u>	<u>(1,555,538)</u>	<u>5,748,810</u>
OTHER FINANCING SOURCES				
Sale of land	3,200,000	3,200,000	3,527,880	327,880
Transfers in	2,750,000	2,750,000	2,750,000	-
Total other financing sources	<u>5,950,000</u>	<u>5,950,000</u>	<u>6,277,880</u>	<u>327,880</u>
Net change in fund balance	(1,354,348)	(1,354,348)	4,722,342	6,076,690
Fund balance - beginning	<u>1,354,348</u>	<u>1,354,348</u>	<u>1,247,058</u>	<u>(107,290)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,969,400</u>	<u>\$ 5,969,400</u>

See the accompanying independent auditors' report.

Adams County School District 14
Budgetary Comparison Schedule
Athletics Fund
For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Local				
Event gate fees	\$ 11,000	\$ 11,000	\$ 15,374	\$ 4,374
Student athletics fees	10,000	10,000	25,854	15,854
Total revenues	21,000	21,000	41,228	20,228
EXPENDITURES				
Instructional services	482,858	482,858	483,065	(207)
Instructional support staff	117,568	117,568	117,360	208
Operations and maintenance	1,132	1,132	1,132	-
Capital Outlay	9,092	9,092	9,092	-
Total expenditures	610,650	610,650	610,649	1
Operating income (loss)	(589,650)	(589,650)	(569,421)	20,229
OTHER FINANCING SOURCES				
Transfers in	575,000	575,000	575,000	-
Change in fund balance	(14,650)	(14,650)	5,579	20,229
Net fund balance - beginning	-	-	-	-
Net fund balance - ending	\$ (14,650)	\$ (14,650)	\$ 5,579	\$ 20,229

See the accompanying independent auditors' report.

Adams County School District 14
Budgetary Comparison Schedule
Fee Supported Fund
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Local				
Tuition and fees- adult education	\$ 35,000	\$ 35,000	\$ 22,843	\$ (12,157)
Outside printing - printshop	30,000	30,000	14,933	(15,067)
Facility use fees	30,000	30,000	73,506	43,506
Instructional fees	-	-	8,893	8,893
Daycare fees	-	-	128,914	128,914
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>249,089</u>	<u>154,089</u>
EXPENDITURES				
Education for adults	178,753	178,753	195,109	(16,356)
Community services	17,980	17,980	129,354	(111,374)
Business services	56,616	56,616	31,475	25,141
Instructional services	-	-	10,088	(10,088)
Operations and maintenance	25	25	20	5
Capital Outlay	1,000	1,000	-	1,000
Reserve for contingencies	-	200,000	-	200,000
Total expenditures	<u>254,374</u>	<u>454,374</u>	<u>366,046</u>	<u>88,328</u>
OTHER FINANCE SOURCES AND (USES)				
Transfers out	(12,020)	(12,020)	-	12,020
Transfers in	<u>89,000</u>	<u>289,000</u>	<u>109,200</u>	<u>(179,800)</u>
Total other financing sources and uses	<u>76,980</u>	<u>276,980</u>	<u>109,200</u>	<u>(167,780)</u>
Net change in fund balance	(82,394)	(82,394)	(7,757)	74,637
Net fund balance - beginning	90,071	90,071	104,230	14,159
Net fund balance - ending	<u>\$ 7,677</u>	<u>\$ 7,677</u>	<u>\$ 96,473</u>	<u>\$ 88,796</u>

See the accompanying independent auditors' report.

Adams County School District 14
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Fund
For the Year Ended June 30, 2016

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
ASSETS				
Cash and investments	\$ 236,012	\$ 412,224	\$ 381,924	\$ 266,312
Total assets	<u>\$ 236,012</u>	<u>\$ 412,224</u>	<u>\$ 381,924</u>	<u>\$ 266,312</u>
LIABILITIES				
Due to student organizations	\$ 236,012	\$ 412,224	\$ 381,924	\$ 266,312
Total liabilities	<u>\$ 236,012</u>	<u>\$ 412,224</u>	<u>\$ 381,924</u>	<u>\$ 266,312</u>

See the accompanying independent auditors' report.

STATISTICAL SECTION

This part of the Adams County School District 14 comprehensive annual financial report presents detailed data as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

Contents	Table
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	1 – 4
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	5 – 9
<u>Debt Capacity</u> These schedules provide the reader with information to assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	10 – 13
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	14 – 16
<u>Operating Information</u> These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	17 – 19

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



FINANCIAL TRENDS

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Table 1	Net Position by Component
Table 2	Change in Net Position
Table 3	Fund Balances of Governmental Funds
Table 4	Change in Fund Balances, Governmental Funds





ADAMS COUNTY SCHOOL DISTRICT 14
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 23,562,485	\$ 26,109,796	\$ 25,656,053	\$ 24,097,581	\$ 22,930,071	\$ 22,362,425	\$ 23,205,012	\$ 23,343,291	\$ 25,012,252	\$ 21,723,897
Restricted	8,157,574	9,749,252	8,590,710	8,784,118	8,114,785	8,956,973	9,035,343	9,774,162	7,291,149	6,751,861
Unrestricted	(131,309,801)	(134,789,975)	6,035,003	12,052,165	14,332,393	13,458,965	8,320,999	3,858,165	4,776,052	5,070,033
Total governmental activities net position	\$ (99,589,742)	\$ (98,930,927)	\$ 40,281,766	\$ 44,933,864	\$ 45,377,249	\$ 44,778,363	\$ 40,561,354	\$ 36,975,618	\$ 37,079,453	\$ 33,545,791
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ 499,417	\$ 522,455	\$ 513,718	\$ 478,541	\$ 560,670	\$ 667,501	\$ 764,118	\$ 908,861
Unrestricted	-	-	1,574,919	1,595,342	1,734,355	1,207,924	167,830	(148,927)	145,373	1,031,808
Total business-type activities net position	\$ -	\$ -	\$ 2,074,336	\$ 2,117,797	\$ 2,248,073	\$ 1,686,465	\$ 728,500	\$ 518,574	\$ 909,491	\$ 1,940,669
Total primary government										
Net investment in capital assets	\$ 23,562,485	\$ 26,109,796	\$ 26,155,470	\$ 24,620,036	\$ 23,443,789	\$ 22,840,966	\$ 23,765,682	\$ 24,010,792	\$ 25,776,370	\$ 22,632,758
Restricted	8,157,574	9,749,252	8,590,710	8,784,118	8,114,785	8,956,973	9,035,343	9,774,162	7,291,149	6,751,861
Unrestricted	(131,309,801)	(134,789,975)	7,609,922	13,647,507	16,066,748	14,666,889	8,488,829	3,709,238	4,921,425	6,101,841
Total primary government activities net position	\$ (99,589,742)	\$ (98,930,927)	\$ 42,356,102	\$ 47,051,661	\$ 47,625,322	\$ 46,464,828	\$ 41,289,854	\$ 37,494,192	\$ 37,988,944	\$ 35,486,460

ADAMS COUNTY SCHOOL DISTRICT 14
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
Instructional services	\$ 40,456,798	\$ 40,359,843	\$ 39,958,656	\$ 40,827,701	\$ 37,736,796
Operations and maintenance	9,030,290	8,721,472	10,856,904	10,185,647	9,008,428
Pupil services	6,287,319	7,924,550	7,471,544	7,411,260	6,574,264
Central support services	4,845,945	5,056,863	4,521,097	4,887,399	4,301,242
School administration	6,560,067	5,245,988	4,954,754	3,332,084	4,105,888
Instructional staff	7,385,379	5,110,063	4,976,165	4,757,335	4,479,727
Pupil transportation	1,984,778	2,061,549	2,001,980	1,965,158	1,852,093
Business administration	1,360,493	1,646,335	1,323,702	1,250,496	1,071,252
General administration	1,692,565	1,305,793	1,141,060	897,594	809,942
Community services & education for adults	1,017,152	659,839	686,882	488,088	982,298
Other support services	111,016	451,005	689,553	974,016	657,785
Non-instructional services	-	-	-	7,504	-
Food service operations	4,227,985	4,443,612	203,210	284,423	529,798
Interest and fiscal charges	3,224,180	3,344,643	3,281,050	3,818,841	4,174,576
Education for Adults	502,933	469,677	-	-	-
Charter schools	-	-	-	-	-
Total governmental activities expenses	88,686,900	86,801,232	82,066,557	81,087,546	76,284,089
Business-type activities:					
Nutrition services	-	-	4,060,047	4,458,373	3,791,818
Child care services	-	-	-	-	-
Adult education	-	-	202,383	396,842	443,171
Total business-type activities expenses	-	-	4,262,430	4,855,215	4,234,989
Total primary government expenses	\$ 88,686,900	\$ 86,801,232	\$ 86,328,987	\$ 85,156,226	\$ 80,519,078
Program revenues					
Governmental activities:					
Charges for services	\$ 223,850	\$ 322,751	\$ 159,723	\$ 149,507	\$ 180,247
Operating grants and contributions	15,517,305	14,016,699	10,123,352	12,668,165	12,760,903
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	15,741,155	14,339,450	10,283,075	12,817,672	12,941,150
Business-type activities:					
Food services:					
Charges for services	-	-	62,581	75,498	85,548
Operating grants and contributions	-	-	4,113,478	4,143,045	4,046,090
Preschool and daycare:					
Charges for services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Adult education:					
Charges for services	-	-	41,625	504,765	565,702
Total business-type activities program revenues	-	-	4,217,684	4,723,308	4,697,340
Total primary government revenues	\$ 15,741,155	\$ 14,339,450	\$ 14,500,759	\$ 17,540,980	\$ 17,638,490
Net (expense) / revenue					
Governmental activities	\$ (72,945,745)	\$ (72,461,782)	\$ (71,783,482)	\$ (68,269,874)	\$ (63,342,939)
Business-type activities	-	-	(44,746)	(131,907)	462,351
Total primary government net (expense) / revenue	\$ (72,945,745)	\$ (72,461,782)	\$ (71,828,228)	\$ (67,615,246)	\$ (62,880,588)
General revenues and other changes in net position					
Governmental activities:					
Property and specific ownership taxes	\$ 29,885,430	\$ 29,887,697	\$ 29,921,303	\$ 26,023,906	\$ 26,440,850
State equalization	38,554,537	36,011,262	33,216,587	32,991,855	32,205,865
Investment earnings	54,136	12,243	12,154	21,071	15,674
Grants not restricted to specific programs	2,660,849	2,682,835	2,891,498	7,313,489	4,260,478
Miscellaneous	1,131,978	1,121,265	1,089,842	1,476,168	1,061,163
Transfers and special items	-	-	-	-	-
Total governmental activities	72,286,930	69,715,302	67,131,384	67,826,489	63,984,030
Business-type activities:					
Investment earnings	-	-	1,285	1,631	968
Miscellaneous revenues	-	-	-	-	98,289
Transfers	-	-	-	-	-
Total business-type activities	-	-	1,285	1,631	99,257
Total primary government	\$ 72,286,930	\$ 69,715,302	\$ 67,132,669	\$ 67,828,120	\$ 64,083,287
Change in net position					
Governmental activities:	\$ (658,815)	\$ (2,746,480)	\$ (4,652,098)	\$ (443,385)	\$ 641,091
Business-type activities	-	-	(43,461)	(130,276)	561,608
Total primary government	\$ (658,815)	\$ (2,746,480)	\$ (4,695,559)	\$ (573,661)	\$ 1,202,699

	2011	2010	2009	2008	2007
\$	34,686,243	\$ 35,852,977	\$ 36,357,316	\$ 34,934,261	\$ 36,839,177
	8,674,271	9,806,015	8,375,355	6,894,201	6,857,327
	5,908,477	6,075,319	5,271,708	5,982,422	5,868,731
	3,281,133	3,249,458	3,033,224	3,861,785	5,271,015
	4,792,929	3,832,092	4,248,702	4,625,588	2,518,456
	4,219,442	5,153,995	4,365,083	3,704,366	2,337,101
	1,865,482	2,348,355	1,883,602	2,153,311	1,875,279
	1,006,205	1,075,206	1,078,572	2,186,755	2,315,962
	740,524	744,823	731,859	940,499	659,136
	1,437,829	390,788	103,991	55,753	76,543
	728,150	577,063	408,042	271,812	270,028
	-	-	442	-	-
	234,235	131,700	31,681	-	-
	4,268,348	3,208,339	4,614,771	4,848,089	2,996,063
	-	-	-	-	-
	<u>3,442,596</u>	<u>3,367,398</u>	<u>3,134,349</u>	<u>3,084,601</u>	<u>3,878,927</u>
	<u>75,285,864</u>	<u>75,813,528</u>	<u>73,638,697</u>	<u>73,543,443</u>	<u>71,763,745</u>
	3,529,311	2,990,867	3,105,226	2,660,863	2,626,161
	-	-	-	1,003,972	934,550
	<u>398,361</u>	<u>552,879</u>	<u>556,261</u>	<u>557,358</u>	<u>367,978</u>
	<u>3,927,672</u>	<u>3,543,746</u>	<u>3,661,487</u>	<u>4,222,193</u>	<u>3,928,689</u>
\$	<u>79,213,536</u>	<u>79,357,274</u>	<u>77,300,184</u>	<u>77,765,636</u>	<u>75,692,434</u>
\$	171,408	\$ -	\$ -	\$ -	\$ -
	11,016,989	11,819,682	9,838,136	10,450,685	10,933,696
	-	-	-	-	4,791,600
	<u>11,188,397</u>	<u>11,819,682</u>	<u>9,838,136</u>	<u>10,450,685</u>	<u>15,725,296</u>
	103,370	166,164	203,832	147,144	268,448
	4,243,148	2,966,365	2,613,710	1,925,508	2,051,079
	-	-	-	1,085,063	973,567
	-	-	-	54,286	32,993
	<u>538,835</u>	<u>621,123</u>	<u>452,488</u>	<u>358,278</u>	<u>510,471</u>
	<u>4,885,353</u>	<u>3,753,652</u>	<u>3,270,030</u>	<u>3,570,279</u>	<u>3,836,558</u>
\$	<u>16,073,750</u>	<u>15,573,334</u>	<u>13,108,166</u>	<u>14,020,964</u>	<u>19,561,854</u>
\$	(64,097,467)	\$ (63,993,846)	\$ (63,800,561)	\$ (63,092,758)	\$ (56,038,449)
	957,681	209,906	(391,457)	(651,914)	(92,131)
\$	<u>(63,139,786)</u>	<u>(63,783,940)</u>	<u>(64,192,018)</u>	<u>(63,744,672)</u>	<u>(56,130,580)</u>
\$	27,327,313	\$ 27,235,570	\$ 27,000,313	\$ 26,577,916	\$ 23,422,316
	34,452,245	36,775,469	32,960,291	31,296,829	31,307,659
	16,651	103,498	245,932	3,751,244	2,558,588
	4,601,222	1,601,233	1,614,789	2,335,192	5,897,732
	1,874,840	1,863,812	1,875,401	2,255,024	931,290
	-	-	-	410,215	(55,300)
	<u>68,272,271</u>	<u>67,579,582</u>	<u>63,696,726</u>	<u>66,626,420</u>	<u>64,062,285</u>
	284	20	540	18,891	45,669
	-	-	-	11,407	-
	-	-	-	(410,216)	55,300
	<u>284</u>	<u>20</u>	<u>540</u>	<u>(379,918)</u>	<u>100,969</u>
\$	<u>68,272,555</u>	<u>67,579,602</u>	<u>63,697,266</u>	<u>66,246,502</u>	<u>64,163,254</u>
\$	4,174,804	\$ 3,585,736	\$ (103,835)	\$ 3,533,662	\$ 8,023,836
	957,965	209,926	(390,917)	(1,031,832)	8,838
\$	<u>5,132,769</u>	<u>3,795,662</u>	<u>(494,752)</u>	<u>2,501,830</u>	<u>8,032,674</u>

Table 2

ADAMS COUNTY SCHOOL DISTRICT 14
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Non Spendable					
Inventories	\$ 77,646	\$ 91,848	\$ 95,161	\$ 94,463	\$ 97,908
Prepaid items	92,699	123,618	182,436	267,616	93,830
Deposit in insurance pool	41,880	41,880	740,442	744,320	567,710
Restricted					
Tabor	2,553,486	3,435,539	3,088,733	2,154,269	2,098,716
Colorado preschool program	58,827	35,453	5,065	337,152	482,140
Committed	-	-	-	-	409,535
Assigned	4,190,333	3,948,844	3,569,132	741,538	-
Unassigned	7,384,414	2,875,391	2,459,831	10,423,323	15,184,147
Total General Fund Balance	<u>\$ 14,399,285</u>	<u>\$ 10,552,573</u>	<u>\$ 10,140,799</u>	<u>\$ 14,762,681</u>	<u>\$ 18,933,986</u>
All other governmental Funds					
Non spendable	\$ 186,805	\$ 133,432	\$ -	\$ -	\$ -
Restricted					
Food service	546,444	426,277	-	-	-
Debt service	4,998,817	5,851,983	5,496,912	6,292,697	5,533,929
Assigned	6,071,452	1,351,288	980,636	2,193,505	734,885
Unassigned	-	(2,250)	-	-	-
Total other governmental funds	<u>\$ 11,803,518</u>	<u>\$ 7,760,730</u>	<u>\$ 6,477,548</u>	<u>\$ 8,486,202</u>	<u>\$ 6,268,814</u>
Total Governmental Funds	<u>\$ 26,202,803</u>	<u>\$ 18,313,303</u>	<u>\$ 16,618,347</u>	<u>\$ 23,248,883</u>	<u>\$ 25,202,800</u>

Table 3

Fiscal Year				
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 83,605	\$ 77,138	\$ 86,970	\$ 85,013	\$ 92,608
98,345	124,497	31,658	6,000	22,653
632,680	687,555	676,829	-	-
2,053,853	2,421,178	2,269,525	2,078,000	2,115,000
599,966	529,530	238,954	25,041	656
475,000	-	-	-	-
2,060,650	-	-	222,884	549,693
<u>11,846,338</u>	<u>7,365,032</u>	<u>5,526,752</u>	<u>5,901,600</u>	<u>5,688,492</u>
<u>\$ 17,850,437</u>	<u>\$ 11,204,930</u>	<u>\$ 8,830,688</u>	<u>\$ 8,318,538</u>	<u>\$ 8,469,102</u>
\$ -	\$ 31,366	\$ -	\$ -	\$ -
-	-	-	-	-
5,524,240	5,281,696	4,757,543	4,187,177	3,540,506
796,976	2,084	1,380,439	821,700	71,495,428
-	1,687,450	3,816,210	42,532,820	-
<u>\$ 6,321,216</u>	<u>\$ 7,002,596</u>	<u>\$ 9,954,192</u>	<u>\$ 47,541,697</u>	<u>\$ 75,035,934</u>
<u>\$ 24,171,653</u>	<u>\$ 18,207,526</u>	<u>\$ 18,784,880</u>	<u>\$ 55,860,235</u>	<u>\$ 83,505,036</u>

Table 3

ADAMS COUNTY SCHOOL DISTRICT 14
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 31,202,617	\$ 29,239,114	\$ 29,668,336	\$ 26,269,189	\$ 26,799,359
Intergovernmental	56,732,691	52,599,787	45,825,049	52,131,566	48,350,259
Investment income	54,136	12,243	12,154	21,071	15,674
Tuition	113,351	216,383	159,723	149,507	180,247
Miscellaneous	1,155,515	1,236,754	1,405,592	1,962,475	1,938,150
Total revenues	<u>89,258,310</u>	<u>83,304,281</u>	<u>77,070,854</u>	<u>80,533,808</u>	<u>77,283,689</u>
Expenditures					
Instructional services	35,353,002	35,771,554	37,439,874	38,263,206	34,981,226
Operations and maintenance	6,822,646	6,776,533	8,960,817	8,156,368	8,592,693
Pupil services	5,906,443	7,565,720	7,392,180	7,376,909	6,367,014
Central support services	4,544,196	4,136,858	4,113,673	4,015,129	3,799,334
School administration	5,425,302	5,009,684	4,914,962	3,725,211	3,463,853
Instructional staff	6,954,048	4,913,455	4,593,847	4,757,335	4,436,125
Pupil transportation	1,863,691	1,825,450	1,995,165	1,962,499	1,839,484
Business administration	1,243,847	1,359,153	1,321,442	1,235,139	1,068,123
General administration	1,594,010	1,258,258	1,130,916	882,895	804,752
Other supporting services	104,558	616,999	682,157	974,016	657,785
Non-instructional services	-	-	-	-	-
Community services & education for adults	1,431,310	873,326	685,923	488,088	948,895
Food service operations	3,974,289	4,305,733	203,210	283,403	238,533
Construction in progress and capital outlay	1,982,666	1,749,631	2,211,730	4,496,387	2,411,144
Charter school	-	-	-	-	-
Debt service					
Principal	4,397,877	3,869,619	3,904,813	2,677,648	2,385,804
Interest and fiscal charges	3,296,704	3,258,719	4,150,681	3,193,492	4,257,777
Bond issuance cost	2,101	117,652	-	541,451	-
Total expenditures	<u>84,896,690</u>	<u>83,408,344</u>	<u>83,701,390</u>	<u>83,029,176</u>	<u>76,252,542</u>
Excess of revenues over (under) expenditures	4,361,620	(104,063)	(6,630,536)	(2,495,368)	(2,077,526)
Other financing sources (uses)					
Transfers in	3,434,200	1,300,000	1,460,000	4,825,000	1,607,000
Transfers out	(3,434,200)	(1,300,000)	(1,460,000)	(4,825,000)	(1,607,000)
Bonds issued	-	11,590,000	-	62,797,630	-
Bond premium	-	2,033,058	-	8,721,976	-
Proceeds from Sale	3,527,880	-	-	-	-
Bond discount	-	-	-	-	-
Payment to refunded bond escrow agent	-	(13,505,406)	-	(70,978,155)	-
Capital Lease	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 3,527,880</u>	<u>\$ 117,652</u>	<u>\$ -</u>	<u>\$ 541,451</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 7,889,500</u>	<u>\$ 13,589</u>	<u>\$ (6,630,536)</u>	<u>\$ (1,953,917)</u>	<u>\$ 1,031,147</u>
Debt service as a percentage of noncapital expenditures	9.2%	8.6%	9.7%	7.5%	9.0%

Fiscal Year

	2011	2010	2009	2008	2007
\$	27,031,879	\$ 27,319,353	\$ 27,148,442	\$ 26,717,975	\$ 23,402,674
	49,801,645	49,587,607	44,200,103	43,471,567	47,782,466
	16,651	103,498	245,932	3,751,244	2,558,588
	171,408	-	-	-	-
	2,254,651	2,156,540	1,975,166	2,574,511	1,287,910
	<u>79,276,234</u>	<u>79,166,998</u>	<u>73,569,643</u>	<u>76,515,297</u>	<u>75,031,638</u>
	32,077,298	33,585,669	34,263,432	34,784,970	36,488,172
	7,018,797	8,676,448	9,296,945	7,366,272	7,242,177
	5,661,880	5,923,728	5,261,300	5,971,764	5,874,467
	2,839,161	2,768,538	3,302,839	2,993,066	5,285,580
	3,608,618	3,955,457	4,295,356	4,414,123	3,947,833
	4,177,089	5,049,373	4,363,771	3,700,806	2,337,101
	1,838,033	1,869,139	1,996,520	2,153,309	1,875,279
	986,452	1,084,317	1,076,730	1,157,667	1,306,855
	735,669	737,353	729,086	933,763	659,136
	677,655	531,990	408,042	271,812	270,028
	-	-	442	-	-
	1,437,829	373,114	103,991	55,753	76,543
	234,235	131,700	31,681	-	-
	1,965,798	5,567,652	38,713,890	35,401,836	10,262,207
	3,442,596	3,367,398	3,134,349	2,939,537	3,878,927
	2,255,115	2,121,815	1,500,000	1,425,412	1,364,144
	4,355,882	4,472,660	4,409,566	4,320,821	2,267,160
	-	-	-	80,849	1,286,443
	<u>73,312,107</u>	<u>80,216,351</u>	<u>112,887,940</u>	<u>107,971,760</u>	<u>84,422,052</u>
	5,964,127	(1,049,353)	(39,318,297)	(31,456,463)	(9,390,414)
	4,172,986	3,010,571	1,286,000	1,509,920	1,786,160
	(4,172,986)	(3,010,571)	(1,286,000)	(1,317,800)	(1,786,160)
	-	-	-	3,375,000	74,625,000
	-	-	-	244,542	5,231,872
	-	-	-	-	-
	-	-	-	-	(129,210)
	-	-	-	-	-
	-	471,999	2,242,942	-	-
\$	<u>-</u>	<u>\$ 471,999</u>	<u>\$ 2,242,942</u>	<u>\$ 3,811,662</u>	<u>\$ 79,727,662</u>
\$	<u>5,964,127</u>	<u>(577,354)</u>	<u>(37,075,355)</u>	<u>(27,644,801)</u>	<u>70,337,248</u>

9.3%

8.8%

8.0%

7.9%

4.9%

REVENUE CAPACITY

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Table 5	Summary of Revenue by Source and Other Financing Sources, General Fund
Table 6	Assessed Value and Estimated Actual Value of Taxable Property
Table 7	Property Tax Rates – Direct and Overlapping Governments
Table 8	Principal Taxpayers
Table 9	Property Tax Levies and Collections





Inspire. Educate. Empower.
Inspira. Educa. Fortalece.

ADAMS COUNTY SCHOOL DISTRICT 14
SUMMARY OF REVENUE BY SOURCE AND OTHER FINANCING SOURCES
GENERAL FUND
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2016		2015		2014		2013		2012	
Revenue from Local Sources										
Property taxes	\$ 22,198,060	34.7 %	\$ 19,678,922	34.1 %	\$ 20,562,755	28.4 %	\$ 18,141,956	28.5 %	\$ 18,719,780	28.5 %
Specific ownership taxes	2,419,465	3.8 %	2,330,239	3.5 %	2,086,957	2.8 %	1,773,962	2.9 %	1,667,424	2.9 %
Investment income	33,948	0.1 %	6,318	0.0 %	7,346	0.0 %	13,802	0.2 %	11,642	0.2 %
Tuition	81,615	0.1 %	176,994	0.3 %	159,723	0.2 %	149,507	0.0 %	180,247	0.0 %
Other	634,567	1.0 %	1,019,028	1.6 %	999,204	1.9 %	1,218,770	1.7 %	1,061,163	1.7 %
Total local sources	25,367,655	39.7 %	23,211,501	39.4 %	23,815,985	33.3 %	21,297,997	33.3 %	21,640,256	33.3 %
Revenue from State Sources										
Equalization aid	38,554,537	60.3 %	36,011,262	55.0 %	33,216,587	51.8 %	32,991,855	52.2 %	32,205,865	52.2 %
Vocational education	221,264	0.3 %	145,976	0.2 %	105,520	0.2 %	117,436	0.2 %	137,977	0.2 %
Exceptional children's act (ECEA)	1,532,900	2.4 %	1,549,382	2.8 %	1,661,595	2.2 %	1,428,409	2.3 %	1,399,736	2.3 %
Transportation reimbursement	495,824	0.8 %	479,526	0.8 %	469,214	0.7 %	472,049	0.7 %	428,513	0.7 %
ELPA reimbursement	419,549	0.7 %	381,488	0.6 %	367,442	0.5 %	286,791	0.5 %	315,245	0.5 %
Other	-	0.0 %	-	(0.3) %	(191,593)	0.0 %	-	0.0 %	-	0.0 %
Total state sources	41,224,074	64.5 %	38,567,634	59.0 %	35,628,765	55.4 %	35,296,540	55.8 %	34,487,336	55.8 %
Revenue from Federal Sources										
Impact aid	2,660,849	4.2 %	2,679,175	4.6 %	2,801,979	11.4 %	7,238,982	11.4 %	3,904,909	11.4 %
Other	0	0.0 %	3,660	0.1 %	89,519	0.1 %	74,507	0.1 %	355,569	0.1 %
Total federal sources	2,660,849	4.2 %	2,682,835	4.8 %	2,891,498	11.5 %	7,313,489	11.6 %	4,260,478	11.6 %
Total revenue	\$ 69,252,578	100.0 %	\$ 64,461,970	100.0 %	\$ 62,336,248	100.0 %	\$ 63,908,026	100.0 %	\$ 60,388,070	100.0 %

Fiscal Year									
2011		2010		2009		2008		2007	
\$ 18,765,531	29.7 %	\$ 18,941,786	30.0 %	\$ 18,692,716	31.6 %	\$ 18,310,153	31.2 %	\$ 16,236,006	27.7 %
1,759,336	2.8 %	1,742,041	2.8 %	1,940,348	3.3 %	2,048,647	3.5 %	1,944,077	3.3 %
9,553	0.0 %	7,133	0.0 %	66,907	0.1 %	276,350	0.5 %	330,594	0.6 %
171,408	0.3 %	-	0.0 %	-	0.0 %	-	0.0 %	-	0.0 %
1,755,892	2.8 %	1,755,713	2.8 %	1,735,767	2.9 %	2,198,948	3.7 %	858,003	1.5 %
<u>22,461,720</u>	<u>35.5 %</u>	<u>22,446,673</u>	<u>35.5 %</u>	<u>22,435,738</u>	<u>37.9 %</u>	<u>22,834,098</u>	<u>38.9 %</u>	<u>19,368,680</u>	<u>33.1 %</u>
34,452,245	54.5 %	36,775,469	58.1 %	32,872,044	55.5 %	31,296,829	53.4 %	31,307,659	53.4 %
(11,274)	(0.0) %	310,827	0.5 %	114,366	0.2 %	108,280	0.2 %	201,060	0.3 %
1,599,090	2.5 %	1,326,514	2.1 %	1,389,331	2.3 %	1,342,921	2.3 %	1,302,830	2.2 %
352,331	0.6 %	431,658	0.7 %	475,045	0.8 %	475,703	0.8 %	379,728	0.7 %
266,455	0.4 %	350,616	0.6 %	295,526	0.5 %	235,314	0.4 %	188,776	0.3 %
-	0.0 %	210	0.0 %	1,020	0.0 %	1,988	0.0 %	10,683	0.0 %
<u>36,658,847</u>	<u>58.0 %</u>	<u>39,195,294</u>	<u>62.0 %</u>	<u>35,147,332</u>	<u>59.4 %</u>	<u>33,461,035</u>	<u>57.1 %</u>	<u>33,390,736</u>	<u>56.8 %</u>
2,636,733	4.2 %	1,487,646	2.4 %	1,501,390	2.5 %	2,243,392	3.8 %	5,797,215	9.9 %
1,954,307	3.1 %	113,587	0.2 %	113,399	0.2 %	91,800	0.2 %	92,327	0.1 %
<u>4,591,040</u>	<u>7.3 %</u>	<u>1,601,233</u>	<u>2.5 %</u>	<u>1,614,789</u>	<u>2.7 %</u>	<u>2,335,192</u>	<u>4.0 %</u>	<u>5,889,542</u>	<u>10.0 %</u>
<u>\$ 63,711,607</u>	<u>100.0 %</u>	<u>\$ 63,243,200</u>	<u>100.0 %</u>	<u>\$ 59,197,859</u>	<u>100.0 %</u>	<u>\$ 58,630,325</u>	<u>100.0 %</u>	<u>\$ 58,648,958</u>	<u>100.0 %</u>

**ADAMS COUNTY SCHOOL DISTRICT 14
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Assessment Year	Residential Property	Commercial Property	Personal Property	Industrial, Agricultural, and Natural Resources	State Assessed, Vacant Land, And Other	Total Assessed Value	Total Direct Tax Rate Per \$1,000 of Valuation	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Assessment Rate	
										Residential	All Others
2006	\$ 117,694,190	\$ 172,330,910	\$ 120,966,680	\$ 23,056,900	\$ 19,237,790	\$ 453,286,470	47.443	\$ 2,635,714,000	17.20%	7.96%	29.00%
2007	110,229,390	179,036,050	209,620,020	24,188,130	19,626,910	542,700,500	45.279	2,876,050,891	18.87%	7.96%	29.00%
2008	110,503,470	191,136,810	212,244,550	25,585,290	19,001,000	558,471,120	44.961	2,932,950,578	19.04%	7.96%	29.00%
2009	85,196,620	201,631,020	241,542,710	24,684,940	19,059,300	572,114,590	44.813	2,772,628,789	20.63%	7.96%	29.00%
2010	86,314,120	200,703,510	233,626,070	24,293,490	17,745,300	562,682,490	44.908	2,726,997,791	20.63%	7.96%	29.00%
2011	82,505,250	201,805,490	230,348,730	24,245,400	17,953,670	556,858,540	44.977	2,672,199,115	20.84%	7.96%	29.00%
2012	82,597,020	209,345,790	229,850,500	24,068,320	19,493,360	565,354,990	44.917	2,713,476,371	20.84%	7.96%	29.00%
2013	83,631,300	226,156,950	259,219,100	25,700,090	19,842,720	614,550,160	45.080	2,894,428,250	21.23%	7.96%	29.00%
2014	83,726,930	225,178,420	258,247,350	25,318,080	19,749,270	612,220,050	45.080	2,896,617,498	21.14%	7.96%	29.00%
2015	106,045,440	241,802,090	244,511,400	26,535,930	21,819,700	640,714,560	45.080	3,233,091,493	19.82%	7.96%	29.00%

Source: Adams County Assessor's Office.

ADAMS COUNTY SCHOOL DISTRICT 14
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN CALENDAR YEARS
(Unaudited)

<u>Taxing Authority</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Adams County School District 14</u>										
General Fund	35.677	33.804	33.486	33.338	33.433	33.502	33.442	33.605	32.975	34.799
Bond Redemption Fund	<u>11.766</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>12.105</u>	<u>10.281</u>
Adams County School District 14 Total	<u>47.443</u>	<u>45.279</u>	<u>44.961</u>	<u>44.813</u>	<u>44.908</u>	<u>44.977</u>	<u>44.917</u>	<u>45.080</u>	<u>45.080</u>	<u>45.080</u>
Adams County	26.974	26.899	26.809	26.824	26.883	26.806	26.903	26.815	27.042	26.817
Cities & Towns										
Commerce City	3.280	3.280	3.280	3.280	3.206	3.280	3.269	3.280	3.280	3.280
City of Thornton	10.210	10.210	10.210	10.210	10.210	10.210	10.210	10.210	10.210	10.210
Fire Districts										
North Metro Fire Rescue District #1	11.179	11.301	11.268	11.307	11.225	11.176	11.375	11.246	14.903	14.713
Adams County Fire Protection District	13.595	13.562	13.451	13.335	17.403	17.318	17.344	17.274	17.286	16.892
South Adams Fire District #4	4.300	4.300	4.300	4.300	4.300	4.300	4.300	9.900	9.900	9.900
North Metro Fire Dist #1 Bond	-	-	-	-	-	-	-	1.400	1.400	1.400
North Metro Fire Dist #1 Fire Pension	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	-	-
Sanitation & Water Districts										
South Adams Water & Sanitation District	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102
Hazeltine Heights Water & Sanitation District	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Metropolitan Districts										
Eagle Creek Metropolitan District	51.000	45.000	54.000	80.000	80.000	95.000	85.000	88.000	88.000	83.000
Special Districts										
Central Colo Water Conservancy District	0.590	0.487	0.540	0.425	0.425	0.392	1.856	1.887	1.737	1.533
Central Colo. Ground Water Subdistrict	3.221	0.746	1.306	1.338	1.339	1.319	1.291	1.301	1.309	1.272
City of Commerce City North GID	-	-	-	-	-	-	-	27.000	27.000	27.000
Urban Drainage & Flood Control District	0.542	0.507	0.528	0.508	0.523	0.566	0.599	0.632	0.608	0.553
Urban Drainage South Platte	0.066	0.061	0.063	0.061	0.053	0.057	0.058	0.068	0.064	0.058
Rangeview Library f/k/a Anythink Libraries	3.659	3.504	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659

Notes:

Industrial Park Water & Sanitation District, Cherry lane Metro District and Regional Transportation District also overlap the School District, but have not assessed a mill levy.

Source: Adams County Assessor's Office.

**ADAMS COUNTY SCHOOL DISTRICT 14
PRINCIPAL TAXPAYERS
FOR THE ASSESSMENT YEARS ENDING**

Taxpayer	Type of Business	December 31, 2015			December 31, 2006		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Suncor Energy USA Inc. (formerly Conoco, Inc.)	Oil refinery	\$ 131,929,320	1	21.50%	\$ 30,515,660	1	7.00%
Public Service CO of Colorado	Public utility	16,401,930	2	2.70%	7,542,070	2	1.70%
Lineage Master 2 RE LLC	Real estate leasing	8,073,550	3	1.30%			
Qwest Corp (formerly U.S. West, Inc.)	Telecommunications	7,649,400	4	1.20%	7,136,900	3	2.06%
Con Agra Flour Milling CO	Processed & packed foods	6,269,180	5	1.00%	5,996,850	5	1.40%
FEDEX Facility (ARC3 FECMCC001 LLC)	Commercial building	6,054,850	6	1.00%			
BT-OH LLC	Consultant for petroleum industry	5,784,460	7	0.90%	3,899,390	6	0.90%
FEDEX Ground Package System	Air delivery & freight services	5,039,340	8	0.80%	6,125,720	4	1.40%
CalEast Nat, LLC	Distribution warehouse	4,826,750	9	0.80%			
Kew Realty Corporation	Real estate leasing	4,624,500	10	0.80%	3,669,140	8	0.80%
1480 Welton, Inc	Subsidiary of Public Service CO				3,717,990	7	0.90%
Rocky Mountain Pipeline System	Oil & Gas				3,266,100	9	0.70%
United Parcel Service - Rocky Mountain	Air delivery & freight services				3,203,400	10	0.70%
Totals		<u>\$ 196,653,280</u>		<u>32.00%</u>	<u>\$ 75,073,220</u>		<u>17.56%</u>
Total Assessed Valuation		<u>\$ 612,220,050</u>			<u>\$ 435,847,140</u>		

Source: Adams County Assessors Office.

**ADAMS COUNTY SCHOOL DISTRICT 14
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Assessment Year	Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy ⁽¹⁾	Estimated Outstanding Delinquent Taxes	Ratio of Estimated Delinquent Taxes to Total Tax Levy
2006	2007	\$ 21,505,270	\$ 20,687,213	96.20%	\$ 20,845	\$ 20,708,058	96.29%	\$ 818,100	3.80%
2007	2008	24,572,936	24,480,450	99.62%	42,291	24,522,741	99.80%	92,500	0.38%
2008	2009	25,109,420	25,061,903	99.81%	32,844	25,094,747	99.94%	47,500	0.19%
2009	2010	25,579,243	25,468,476	99.57%	25,053	25,493,529	99.66%	110,800	0.43%
2010	2011	25,268,945	25,303,253	100.14%	(108,636)	25,194,617	99.71%	(34,300)	-0.14%
2011	2012	25,045,827	25,119,784	100.30%	12,152	25,131,936	100.34%	(74,000)	-0.30%
2012	2013	25,394,050	24,379,780	96.01%	(510,266)	23,869,514	94.00%	1,014,300	3.99%
2013	2014	27,703,921	27,490,741	99.23%	(29,546)	27,461,195	99.12%	213,200	0.77%
2014	2015	27,598,880	26,806,988	97.13%	(496,179)	26,310,809	95.33%	791,900	2.87%
2015	2016	28,883,412	29,261,158	101.31%	(553,096)	28,708,062	99.39%	(377,700)	-1.31%

Note:

(1) Tracking of paid delinquent taxes by levy year is currently not available, instead delinquent taxes are recorded in the year collected. The district is working to ensure future reports include this information. Ratios above 100% represent collections of prior year delinquent taxes.

Source: Adams County Abstract of Assessments.



ADAMS 14

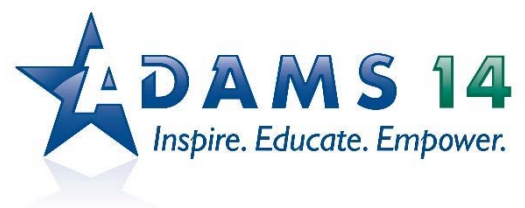
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DEBT CAPACITY

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Table 10	Ratio of Outstanding Debt by Type
Table 11	Ratio of General Obligation Debt to Assessed Value and Bonded Debt per Capita
Table 12	Ratio of Direct and Overlapping Debt
Table 13	Legal Debt Margin Information
Table 14	Ratio of Debt Service Expenditures for General Bonded Debt to General Fund Expenditures



**ADAMS COUNTY SCHOOL DISTRICT 14
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Governmental Activities			Less; Debt	Net Debt	Net Debt as a Percentage of	
	General Obligation Bonds	Capital Leases	Total Primary Government	Redemption Fund Available		Personal Income (1)	Per Capita (1)
2007	\$ 95,017,550	\$ -	\$ 95,017,550	\$ 3,540,506	\$ 91,477,044	716.24%	2,582
2008	97,092,511	-	97,092,511	4,187,177	92,905,334	685.46%	2,453
2009	95,442,617	2,242,943	97,685,560	4,757,543	92,928,017	660.10%	2,187
2010	93,567,723	2,318,126	95,885,849	5,281,696	90,604,153	647.57%	2,133
2011	91,452,829	2,023,011	93,475,840	5,524,240	87,951,600	622.40%	2,063
2012	89,062,935	1,877,207	90,940,142	5,533,929	85,406,213	589.28%	1,849
2013	86,109,025	1,724,559	87,833,584	6,292,697	81,540,887	540.75%	1,729
2014	89,158,912	1,564,746	90,723,658	5,496,912	85,226,746	534.48%	1,757
2015	85,984,970	1,385,292	87,370,262	5,851,983	81,518,279	479.24%	1,681
2016	81,068,335	1,197,415	82,265,750	4,998,817	77,266,933	454.24%	1,593

(1) See the Schedule of Demographic Statistics for personal income and population data.

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

**ADAMS COUNTY SCHOOL DISTRICT 14
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)**

Assessment Year	Collection Year	Assessed Value	General Bonded Debt	Less Debt Service Fund Available	Net Debt	Ratio of General Bonded Debt to Assessed Value	Population (1)	Net Bonded Debt Per Capita
2006	2007	453,286,470	95,017,550	1,772,305	14,895,287	20.96%	35,159	2602
2007	2008	542,700,500	97,092,511	3,540,506	91,477,044	17.89%	37,874	2453
2008	2009	558,471,120	95,442,617	4,187,177	92,905,334	17.09%	42,500 (2)	2134
2009	2010	\$ 572,114,590	\$ 93,567,723	\$ 4,757,543	\$ 88,810,180	16.35%	42,473 (3)	2079
2010	2011	562,682,490	91,452,829	5,281,696	86,171,133	16.25%	42,630 (3)	2016
2011	2012	556,858,540	89,062,935	5,524,240	83,538,695	15.23%	43,193 (3)	1865
2012	2013	565,354,990	86,109,025	5,533,929	80,575,096	14.01%	43,193 (3)	1848
2013	2014	614,550,160	89,158,912	6,292,697	82,866,215	14.51%	45,913 (3)	1822
2014	2015	612,220,050	85,984,970	5,851,983	80,132,987	14.04%	45,913 (3)	1745
2015	2016	640,714,560	81,068,335	4,998,817	76,069,518	12.65%	45,913 (3)	1657

Source: (1) Colorado Department of Local Affairs, Demography Section, last modified November 2008

(2) City of Commerce City - estimate

(3) US Census Bureau

**ADAMS COUNTY SCHOOL DISTRICT 14
RATIO OF DIRECT AND OVERLAPPING DEBT (1)
JUNE 30, 2016
(Unaudited)**

	2014 Assessed Valuation (3)	Outstanding General Obligation Debt (4)	Percent Applicable To The District	Overlapping Debt (2)
Direct Debt:				
Adams County School District 14	\$ 640,714,560	\$ 81,068,335	100.000%	\$ 81,068,335
Overlapping Debt: (1)				
Commerce City North GID	168,215,890	89,990,000	1.637%	1,473,406
Anythink Library	3,400,767,100	47,569,299	18.002%	8,563,615
North Metro Fire Rescue District	288,654,770	20,995,000	0.173%	36,279
Central Colorado Water Conservancy	451,343,200	29,575,000	20.425%	6,040,605
Central Colorado Ground Water Subdistrict	121,504,250	15,186,024	37.090%	5,632,527
Aberdeen Metropolitan District No 1	988,560	10,930,000	59.007%	6,449,465
South Adams County Water & Sanitation	640,490,920	19,872,219	65.300%	12,976,579
Eagle Creek Metropolitan District	<u>3,895,000</u>	<u>3,090,000</u>	<u>100.000%</u>	<u>3,090,000</u>
Total Overlapping Debt	<u>1,506,876,700</u>	<u>99,648,243</u>		<u>34,225,455</u>
TOTAL	<u>\$ 5,716,574,250</u>	<u>\$ 318,275,877</u>		<u>\$ 125,330,812</u>

Notes:

- (1) Adams County, City of Commerce City, City of Thornton, Cherrylane Metro GID, Hazeltine Heights Water and Sanitation District, Industrial Park Water and Sanitation District, South Adams County Fire District #4, Regional Transportation District, Urban Drainage Flood Control, and Urban Drainage South Platte also overlap the School District, but have no general obligation debt outstanding.
- (2) Overlapping debts are general obligations of local and county governments that apply to property owners within Adams County School District 14. Not all overlapping rates apply to all District property owners because the rates for special districts apply only to those property owners who are within the geographic boundaries of both districts.
- (3) Sources: Adams County Assessor's Office
- (4) Sources: Overlapping debt confirmed with overlapping entities

**ADAMS COUNTY SCHOOL DISTRICT 14
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Assessment Year	Assessed Value	DEBT LIMIT COMPUTATIONS			Percentage of Total net debt applicable to the limit to Debt limit
			Debt limit (20% of Assessed Value)	Total net debt applicable to the limit	Legal debt margin	
2006	2005	\$ 435,847,140	\$ 87,169,428	- \$ 14,895,287	= <u>\$ 72,274,141</u>	17.09%
2007	2006	\$ 453,286,470	\$ 90,657,294	- \$ 91,477,044	= <u>\$ (819,750)</u>	100.90%
2008	2007	\$ 542,700,500	\$ 108,540,100	- \$ 92,905,334	= <u>\$ 15,634,766</u>	85.60%
2009	2008	\$ 558,471,120	\$ 111,694,224	- \$ 90,685,074	= <u>\$ 21,009,150</u>	81.19%
2010	2009	\$ 572,114,590	\$ 114,422,918	- \$ 88,286,027	= <u>\$ 26,136,891</u>	77.16%
2011	2010	\$ 562,682,490	\$ 112,536,498	- \$ 85,928,589	= <u>\$ 26,607,909</u>	76.36%
2012	2011	\$ 556,858,540	\$ 111,371,708	- \$ 83,529,006	= <u>\$ 27,842,702</u>	75.00%
2013	2012	\$ 565,354,990	\$ 113,070,998	- \$ 79,816,328	= <u>\$ 33,254,670</u>	70.59%
2014	2013	\$ 614,550,160	\$ 122,910,032	- \$ 83,662,000	= <u>\$ 39,248,032</u>	68.07%
2015	2014	\$ 612,220,050	\$ 122,444,010	- \$ 80,132,987	= <u>\$ 42,311,023</u>	65.44%
2015	2016	\$ 640,714,560	\$ 128,142,912	- \$ 76,069,518	= <u>\$ 52,073,394</u>	59.36%

Source: Adams County Assessor's Office.

**ADAMS COUNTY SCHOOL DISTRICT 14
RATIO OF DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Annual Debt Service Expenditures for General Bonded Debt	Total General Fund Expenditures (1)	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures
2007	\$ 3,631,304	\$ 56,950,586	6.38%
2008	5,746,233	54,715,672	10.50%
2009	5,909,566	54,265,360	10.89%
2010	6,036,769	54,490,989	11.08%
2011	6,210,145	53,278,566	11.66%
2012	6,405,581	57,697,521	11.10%
2013	5,633,140	63,254,331	8.91%
2014	7,817,494	65,498,130	11.94%
2015	7,128,338	62,750,196	11.36%
2016	5,755,706	61,971,666	9.29%

Notes:

(1) The expenditures are net of charter school expenditures in the General Fund.

DEMOGRAPHIC and ECONOMIC INFORMATION

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Table 15	Demographic Statistics
Table 16	Property Values and Construction
Table 17	City of Commerce City Principal Employers



**ADAMS COUNTY SCHOOL DISTRICT 14
DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)**

<u>Year Ending December 31,</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Median Age (in years) (4)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (5)</u>
2006	35,432	\$12,771,890	32.40	6,648	5.0%
2007	37,874	\$13,553,627	32.30	6,591	4.8%
2008	42,500	\$14,077,872 (3)	32.10	6,731	5.5%
2009	42,473	\$13,991,470 (3)	32.80	7,058	8.6%
2010	42,630	\$14,131,000 (3)	32.40	7,048	10.0%
2011	46,193	\$14,493,196 (3)	32.50	7,321	9.5%
2012	47,150	\$15,079,147 (3)	32.50	7,500	9.2%
2013	48,500	\$15,945,588 (3)	32.50	7,598	5.7%
2014	48,500	\$16,578,475 (3)	32.50	7,663	5.6%
2015	48,500	\$17,010,005 (3)	32.40	7,577	3.8%

Sources:

- (1) 2013, 2014 & 2015 data is from the City of Commerce City's website at c3gov.com. 2012 and earlier data from Colorado Bureau of Labor Statistics for Commerce City, Colorado. The District boundaries include parts of two different cities and unincorporated Adams County, however, the majority of the District is located within the City of Commerce City. The 2009 population is an estimate provided by the City of Commerce City.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis for Adams County, Colorado.
- (3) Estimate based upon information from U.S. Department of Commerce, Bureau of Economic Analysis for Adams County, Colorado.
- (4) 2010 US Census for Adams County, Colorado.
- (5) Colorado Department Labor & Employment and for Adams County, Colorado.

**PROPERTY VALUES AND CONSTRUCTION
LAST TEN CALENDAR YEARS
(Unaudited)**

Year Ending December 31,	City of Commerce City Commercial and Residential Construction (1)		Adams County School District 14 Property Values (2)	
	No. of Permits	Value	Assessed	Estimated Actual (3)
2005	10,264	390,524,489	435,847,140	2,572,040,130
2006	6,100	270,298,925	453,286,470	2,635,714,000
2007	2,856	123,055,856	542,700,500	2,876,050,891
2008	1,604	129,165,777	558,471,120	2,932,950,578
2009	1,477	49,765,432	572,114,590	2,772,628,789
2010	4,770	116,568,290	562,682,490	2,726,997,791
2011	1,940	\$ 124,178,841	\$ 556,858,540	\$ 2,672,199,115
2012	1,773	82,416,720	565,354,990	2,713,476,371
2013	1,934	94,990,823	614,550,160	2,894,428,250
2014	2,332	110,582,651	612,220,050	2,896,617,498
2015	2,591	141,544,696	640,714,560	3,233,091,493

Notes:

- (1) Source: Commerce City Building Department.
- (2) Source: Adams County Assessor's Office.
- (3) Actual value in the above table is defined as base year for assessment purposes. The base year is from 6 to 9 years prior to the collection year. Current market values are considerably higher than the actual values shown in the above table.

ADAMS COUNTY SCHOOL DISTRICT 14
CITY of COMMERCE CITY, COLORADO PRINCIPAL EMPLOYERS
For the Calendar Years Ended December 31, 2015 and 2006
(Unaudited)

Name of Employer (1)	Industry (1)	December 31, 2015			December 31, 2006		
		Number of Employees (1)	Rank	Percentage to Total City Employment	Number of Employees (1)	Rank	Percentage to Total City Employment
United Parcel Service	Parcel Delivery Service	2,704	1	9.4%	3,500	1	16.4%
Adams County School District 14	Public School District	1,124	2	3.9%	1,084	2	5.1%
FedEX Ground Package System INC	Parcel Delivery Service	889	3	3.1%			
Shamrock Foods	Food Service Distribution	835	4	2.9%	650	3	3.0%
FedEx Freight	Trucking	600	5	2.1%	-	9	0.0%
City of Commerce City	City Government	449	6	1.6%	479	5	2.2%
Suncor Energy USA INC	Refinery	423	7	1.5%			
Old Dominion Freight Lines	Trucking	362	8	1.3%			
Douglas Roofing CO	Specialty Trade Contractors	353	9	1.2%	-	9	0.0%
Waste Management of Colorado Inc	Waste Removal	274	10	1.0%			
Navajo Express, Inc.	Trucking				541	4	2.5%
BFI Waste Systems of North America	Waste Removal				313	7	1.5%
Northern Pipeline Const Co	Construction				280	8	1.3%
Laidlaw Transit Inc.	Transportation				343	6	1.6%
	Total	<u>8,013</u>		28.0%	<u>7,190</u>		33.7%
Total Employers' Employees		<u>28,631</u>			<u>21,332</u>	(2)	

Sources:
(1) Denver Business Journal
(2) US 2000 Census

OPERATING INFORMATION

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.

Table 18	Full-time Equivalent Employees by Fund
Table 19	Miscellaneous Statistical Data
Table 20	Capital Asset Statistics by Function/Program

ADAMS COUNTY SCHOOL DISTRICT 14
FULL-TIME EQUIVALENT EMPLOYEES BY FUND
(Unaudited)

	Full Time Equivalents									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
GENERAL FUND										
Administrators	43.47	49.87	49.87	40.82	33.82	36.82	36.82	32.82	33.28	33.50
Teachers	416.80	427.50	455.75	443.30	412.30	392.39	382.33	394.86	394.67	409.57
Counselors	8.00	5.00	14.00	14.00	12.00	10.90	11.50	7.00	5.93	6.00
Coordinators / managers / directors	10.29	10.29	12.59	8.60	11.10	12.14	14.76	4.76	1.31	1.31
Legal	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Teachers on special assignment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	2.00	2.00
Child advocates	12.50	12.50	12.90	12.90	15.80	14.00	7.84	8.05	8.93	9.75
Secretarial	18.00	37.07	28.81	28.81	30.31	29.06	30.06	20.90	24.00	23.00
Technology	8.50	7.50	8.00	7.00	7.00	7.00	6.00	7.00	6.00	7.00
Paraprofessionals	115.66	120.36	145.31	143.44	146.95	133.28	130.23	144.78	137.53	127.40
Office or clerical staff	33.55	33.63	23.50	23.50	20.01	19.83	20.51	29.10	24.15	23.45
Building engineers	40.50	37.88	44.44	42.44	43.88	44.88	46.88	45.00	45.00	42.00
Bus drivers	21.79	23.50	23.19	23.19	22.69	23.26	26.68	24.50	24.73	22.80
Operations and maintenance	16.00	15.00	15.50	15.50	18.00	20.00	17.00	17.35	17.00	17.00
Mechanics	3.00	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00	3.00
Other service professionals	44.70	2.00	2.20	2.20	2.20	2.80	2.80	11.00	9.80	6.80
Total General Fund	793.76	786.10	840.06	809.69	780.05	749.36	736.41	753.12	737.33	734.58
GRANTS										
Administrators	4.18	1.18	1.18	1.18	1.18	1.18	2.18	2.18	1.22	2.00
Teachers	0.00	0.00	0.00	27.95	13.32	12.55	36.27	44.00	53.49	53.16
Child advocates	0.00	0.00	0.10	0.10	0.20	0.00	8.86	3.45	1.58	4.30
Coordinators / managers / directors	10.00	5.70	11.68	8.68	9.48	9.20	13.78	3.74	1.67	1.67
Counselors	0.00	2.00	2.00	2.00	2.00	2.40	2.60	0.00	0.08	0.08
Secretarial	0.00	2.31	1.55	1.55	2.75	0.56	0.50	1.95	2.65	3.63
Teachers on special assignment	44.84	30.40	28.95	0.00	0.00	0.00	0.00	1.00	2.00	2.00
Office or clerical staff	0.00	0.43	1.43	1.43	1.42	2.94	5.30	1.50	1.35	1.55
Other service professionals	0.00	0.80	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Paraprofessionals	0.00	16.13	24.50	24.00	10.07	10.07	18.55	20.50	7.05	14.65
Total grants	59.02	58.95	72.39	67.89	41.42	38.90	88.04	78.32	71.09	83.04
OTHER SPECIAL REVENUE FUNDS										
Administrators	1.95	0.95	1.00	1.00	1.00	1.00	1.00	1.50	2.50	2.50
Teachers	0.00	0.00	0.00	0.00	0.00	2.26	1.00	3.00	3.20	7.50
Coordinators / managers / directors	2.60	1.50	0.00	0.00	0.00	0.00	0.00	2.00	2.50	2.00
Paraprofessionals	0.00	0.00	0.00	0.00	0.00	0.00	3.44	8.15	25.50	16.50
Secretarial	0.00	2.00	1.00	1.00	2.00	2.00	2.50	3.63	4.00	2.00
Building engineers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Office or clerical staff	9.69	4.06	3.34	3.34	3.34	2.87	3.20	0.00	3.88	4.00
Other service professionals	1.60	0.00	0.00	0.00	0.00	0.00	0.00	1.20	1.20	1.00
Operations and maintenance	0.00	1.20	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00
Nutrition services	40.09	36.91	37.69	36.69	41.31	31.75	32.63	34.25	35.45	33.89
Total enterprise funds	55.93	46.62	43.53	42.53	47.65	39.88	43.76	53.73	79.23	70.39
ALL FUNDS										
Administrators	49.60	52.00	52.05	43.00	36.00	39.00	40.00	36.50	37.00	38.00
Teachers	416.80	427.50	455.75	471.25	425.62	407.20	419.60	441.86	451.36	470.23
Counselors	8.00	7.00	16.00	16.00	14.00	13.30	14.10	7.00	6.01	6.08
Coordinators / managers / directors	22.89	17.49	24.27	17.28	20.58	21.34	28.54	10.50	5.48	4.98
Legal	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Teachers on special assignment	44.84	30.40	28.95	0.00	0.00	0.00	0.00	4.00	4.00	4.00
Child advocates	12.50	12.50	13.00	13.00	16.00	14.00	16.70	11.50	10.51	14.05
Secretarial	18.00	41.38	31.36	31.36	35.06	31.63	33.06	26.48	30.65	28.63
Technology	8.50	7.50	8.00	7.00	7.00	7.00	6.00	7.00	6.00	7.00
Paraprofessionals	115.66	136.49	169.81	167.44	157.02	143.35	152.21	173.43	170.08	158.55
Office or clerical staff	43.24	38.12	28.27	28.27	24.77	25.64	29.01	30.60	29.38	29.00
Building engineers	40.50	37.88	44.44	42.44	43.88	44.88	46.88	45.00	46.00	43.00
Bus drivers	21.79	23.50	23.19	23.19	22.69	23.26	26.68	24.50	24.73	22.80
Operations and maintenance	16.00	16.20	16.00	16.00	18.00	20.00	17.00	17.35	17.00	17.00
Mechanics	3.00	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00	3.00
Other service professionals	46.30	2.80	3.20	3.20	3.20	2.80	2.80	12.20	11.00	7.80
Nutrition services	40.09	36.91	37.69	36.69	41.31	31.75	32.63	34.25	35.45	33.89
Total all funds	908.71	891.67	955.98	920.11	869.12	828.13	868.21	885.17	887.65	888.01

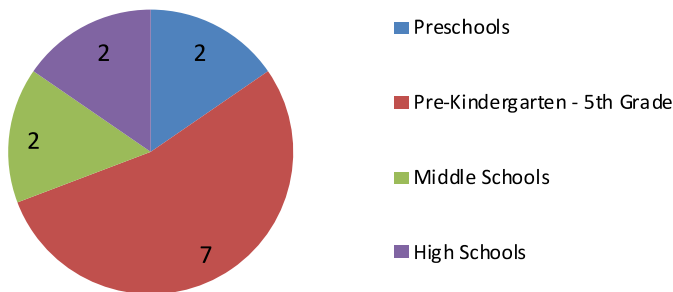
(1) Source: Adams County School District 14; Position Control

**ADAMS COUNTY SCHOOL DISTRICT 14
MISCELLANEOUS STATISTICAL DATA
(Unaudited)**

District Statistics:

- * Year of organization: 1902
- * Year of consolidation: 1947
- * Geographical area: 52 Square miles all within Adams County
- * Accreditation: North Central Association of Colleges and Schools
- * Twenty-sixth (26th) largest school district (by student population) in the state fiscal year 2015-16
- * Fifth (5th) largest school district (by student population) in Adams County fiscal year 2015-16

Number of Schools in FY2014-15



Enrollment and Funded Pupil Count (1)

School Year	Student Enrollment	Funded Pupil Count
2006-2007	6,210	5,833
2007-2008	6,296	5,952
2008-2009	6,606	6,098
2009-2010	6,950	6,424
2010-2011	7,048	7,020
2011-2012	7,321	6,757
2012-2013	7,500	6,925
2013-2014	7,598	6,978
2014-2015	7,663	7,205
2015-2016	7,597	7,185

Summary of Teachers by Education Level

Summary of Teachers by Years of Service

Number of Teachers (2)	Education Level	% of Total
107	Bachelor of Arts (BA)	27.81%
20	BA + 15 Qtr Hrs	3.35%
17	BA+ 30 Qtr Hrs	4.34%
19	BA + 45 Qtr Hrs	3.35%
11	BA + 60 Qtr Hrs	4.73%
188	BA + 75 Qtr Hrs or Master's Degree	34.71%
27	Master's Degree + 15 Qtr Hrs	4.73%
22	Master's Degree + 30 Qtr Hrs	3.55%
25	Master's Degree + 45 Qtr Hrs	3.35%
45	Master's Degree + 60 Qtr Hrs	8.88%
6	Doctorate (EDD or PhD)	1.18%
<u>487</u>		<u>100.00%</u>

Number of Teachers (2)	Years of Service	% of Total
19	Less than 1 year	46.55%
72	At least 1 year, but less than 2	10.85%
81	At least 2 years, but less than 3	7.10%
75	At least 3 years, but less than 4	3.16%
37	At least 4 years, but less than 5	5.33%
28	At least 5 years, but less than 6	2.56%
56	At least 6 years, but less than 10	7.89%
53	At least 10 years, but less than 15	8.88%
39	At least 15 years, but less than 20	3.16%
11	At least 20 years, but less than 25	3.16%
16	25 or more years	1.38%
<u>487</u>		<u>100.00%</u>

(1) Source: Colorado Department of Education - exclusive of Charter Schools

(2) Number of persons employed as teachers during the fiscal year ending June 30, 2016

ADAMS COUNTY SCHOOL DISTRICT 14
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
Last Ten Fiscal Years
(Unaudited)

Schools	Year of Original Construction	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sanville Preschool	1954										
Square feet		5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440
Capacity (students)		50	50	50	50	50	50	50	50	50	50
Enrollment (head count)		91	89	92	90	89	83	92	90	92	87
Stars Early Learning Center Preschool	1981										
Square feet		7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Capacity (students)		94	94	94	94	94	94	94	94	94	94
Enrollment (head count)		105	104	115	76	80	78	110	140	115	101
Alsup Elementary	1959										
Square feet		50,114	50,114	50,114	50,114	50,114	50,114	50,114	50,114	47,762	47,762
Capacity (students)		477	477	477	477	477	477	477	477	477	477
Enrollment (head count)		545	521	504	484	598	640	591	581	537	502
Central Elementary	1954										
Square feet (3)		54,790	54,790	54,790	54,790	54,790	54,790	54,790	54,790	54,790	50,790
Capacity (students)		548	548	548	548	548	548	548	548	548	508
Enrollment (head count)		580	544	577	609	624	634	638	605	563	571
Dupont Elementary	1956										
Square feet		51,599	51,599	51,599	51,599	51,599	51,599	51,599	51,599	51,599	50,099
Capacity (students)		516	516	516	516	516	516	516	516	516	501
Enrollment (head count)		642	698	699	622	562	586	572	549	551	543
Kemp Elementary	1951										
Square feet (3)		44,963	44,963	44,963	44,963	44,963	44,963	44,963	44,963	44,963	42,463
Capacity (students)		450	450	450	450	450	450	450	450	450	425
Enrollment (head count)		566	625	587	555	482	483	432	387	365	364
Monaco Elementary	1956										
Square feet		37,496	37,496	37,496	37,496	37,496	37,496	37,496	37,496	37,496	37,496
Capacity (students)		375	375	375	375	375	375	375	375	375	375
Enrollment (head count)		472	490	501	525	583	480	494	475	435	413
Rose Hill Elementary	1952										
Square feet (3)		56,542	56,542	56,542	56,542	56,542	56,542	56,542	56,542	56,542	54,042
Capacity (students)		565	565	565	565	565	565	565	565	565	540
Enrollment (head count)		536	521	539	543	535	453	424	417	418	424
Hanson PK-8	1968										
Square feet (3)		50,355	50,355	50,355	50,355	50,355	50,355	50,355	50,355	50,355	47,855
Capacity (students)		419	419	419	419	419	419	419	419	419	399
Enrollment (head count)		426	446	461	488	388	501	513	511	425	348
Adams City Middle School	2009										
Square feet		96,900	96,900	96,900	96,900	96,900	96,900	96,900	96,900	96,900	96,900
Capacity (students)		808	808	808	808	808	808	808	808	808	808
Enrollment (head count)		798	761	774	762	740	717	691	653	611	594
Kearney Middle School	1953										
Square feet		120,601	120,601	120,601	120,601	120,601	120,601	120,601	120,601	120,601	120,601
Capacity (students)		1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Enrollment (head count)		821	820	783	742	697	538	525	470	543	561
Lester Arnold Alternative High School	1949										
Square feet		19,972	19,972	19,972	19,972	19,972	19,972	19,972	19,972	19,972	19,972
Capacity (students)		133	133	133	133	133	133	133	133	133	133
Enrollment (head count)		213	182	220	147	149	160	203	213	213	249
Adams City High School	2009										
Square feet		293,000	293,000	293,000	293,000	293,000	293,000	293,000	296,000	258,062	258,062
Capacity (students)		1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720
Enrollment (head count)		1,782	1,783	1,749	1,748	1,689	1,695	1,665	1,515	1,428	1,455
Other capital assets (Square feet)											
ESS Building	1971	43,020	43,020	43,020	43,020	43,020	43,020				
Administration building	1956	14,020	14,020	14,020	14,020	14,020	14,020				
Bus Terminal	1956	15,113	15,113	15,113	15,113	15,113	15,113				
Warehouse	1971	12,096	12,096	12,096	12,096	12,096	12,096				
Operations and Maintenance	1971	5,568	5,568	5,568	5,568	5,568	5,568				

- (1) Source: District Facilities Office (Original Construction, Square Feet & Capacity)
(2) Source: Colorado Department of Education (Enrollment)
(3) Increases in square footage are the result of renovations and additions.



RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

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

Board of Education
Adams County School District 14
Commerce City, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Adams County School District 14 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

November 17, 2016



RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

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

Board of Education
Adams County School District 14
Commerce City, Colorado

Report On Compliance For Each Major Federal Program

We have audited the Adams County School District 14's (the District) compliance with the types of compliance requirements described in the Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion On Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report On Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002, that we consider to be significant deficiencies.

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

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

RubinBrown LLP

November 17, 2016

Adams County School District 14
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Expenditures 2015-16
<u>U.S. Department of Education</u>		
Passed Through the Colorado Department of Education:		
<u>Special Education Cluster</u>		
Special Education (4027, 5027)	84.027	\$ 1,394,231
Special Education - Preschool (4173)	84.173	54,086
Total Special Education Cluster		1,448,317
Title I (4010, 5010, 6010, 7010, 8010)	84.010	2,527,055
Tiered Intervention Grant (7377)	84.377	467,541
Improving Teacher Quality (4367)	84.367	306,062
Race to the Top - Early Learning Challenge (5412)	84.412	5,460
English Language Acquisition (4365)	84.365	191,000
Colorado Graduation Pathways (5360)	84.360	9,984
McKinney Vento Homeless Children and Youth (5196)	84.196	38,864
Adult Education (5002, 6002)	84.002	285,510
21st Century Community Learning Centers (5287,6287)	84.287	579,569
Passed through Colorado Community College System:		
Career and Technical Education (4048)	84.048	56,677
Passed Through the Colorado Dept of Human Services:		
Rehabilitation Services - Vocational Rehabilitation (5126)	84.126	286,524
Direct Program:		
Impact Aid (4041)	84.041	2,660,849
Total U.S. Department of Education		8,863,412
<u>U. S. Department of Agriculture</u>		
<u>Child Nutrition Cluster</u>		
Passed Through the Colorado Department of Education:		
School Breakfast Program (4553)	10.553	1,185,163
National School Lunch Program (4555)	10.555	2,235,664
Summer Food Service Program for Children (4559)	10.559	81,383
Passed Through the Colorado Department of Human Services:		
Food Donation (4555)	10.555	266,894
Total Child Nutrition Cluster		3,769,104
Passed Through the Colorado Department of Public Health and the Environment:		
Child and Adult Care Food Program (4558)	10.558	51,765
Passed Through the Colorado Department of Education:		
Fresh Fruit & Vegetable Program (4582)	10.582	159,598
Total U.S. Department of Agriculture		3,980,467
<u>U.S. Department of Defense</u>		
Direct Program		
ROTC (9001)	12.000	75,629
Total U.S. Department of Defense		75,629
Total		\$ 12,919,508

ADAMS COUNTY SCHOOL DISTRICT 14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, which includes the federal grant activity of the Adams County School District 14 (District), is presented on the modified accrual basis of accounting, except for the U.S. Department of Education grants, which are presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the District's financial statements for the year ended June 30, 2016.

NOTE B – NON-CASH

The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenses when used by the schools. The majority of the commodities are stored at the individual schools, instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue.

NOTE C – INDIRECT COSTS

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

ADAMS COUNTY SCHOOL DISTRICT 14

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2016**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

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

Identification Of Major Programs

CFDA No.	Name Of Federal Program Or Cluster
84.010	Title I
84.041	Impact Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
Auditee qualified as low-risk auditee? yes no

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no findings relating to the District's financial statements for the year ended June 30, 2016.

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

For The Year Ended June 30, 2016

Section III - Federal Award Findings And Questioned Costs

Finding 2016-001 - Special Test and Provisions - Comparability Test *Significant Deficiency in Internal Control Over Compliance*

CFDA 84.010 - Title I

Federal Agency: U.S. Department of Education

Pass-Through Entity: Colorado Department of Education

Criteria Or Specific Requirement: An LEA may receive funds under Title I, Part A and the MEP (Title I, Part C) only if State and local funds will be used in participating schools to provide services that, taken as a whole, are at least comparable to services that the LEA is providing in schools not receiving Title I, Part A or MEP funds. An LEA is considered to have met the statutory comparability requirements if it filed with the SEA a written assurance that such LEA has implemented (1) an LEA-wide salary schedule, (2) a policy to ensure equivalence among schools in teachers, administrators and other staff and (3) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

Condition: Comparability report is compiled and submitted without review by an individual independent of the preparation process.

Questioned Costs: None reported

Context: We reviewed the comparability report and noted no formal approval or review prior to submission.

Effect: Due to lack of monitoring and review of special tests related to Title I with respect to comparability tests, the District may not timely detect an error in comparability services that may result in noncompliance.

Cause: Comparability report is not reviewed prior to submission.

Identification As A Repeat Finding: No

Recommendation: We recommend that the District implement monitoring and oversight procedures to ensure the comparability report is accurate and complete.

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

For The Year Ended June 30, 2016

Views Of Responsible Officials And Planned Corrective Action: The District agrees and will implement a review process where a second staff member will review the comparability calculations prior to submission to CDE. The District notes that CDE requires the District to submit comparability data and documentation through an online system specifically designed to calculate if compliance requirements are being met and CDE will review that submitted data and only allow Districts who successfully complete that process to receive Title I funds.

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

For The Year Ended June 30, 2016

Finding 2016-002 - Procurement

Significant Deficiency in Internal Control Over Compliance

CFDA 84.010 - Title I

Federal Agency: U.S. Department of Education

Pass-Through Entity: Colorado Department of Education

Criteria Or Specific Requirement: Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR Section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR Section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR Section 180.995 and agency-adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. When entering into a covered transaction, to determine if the entity or person is excluded or disqualified, this can be done by one of the following: (1) checking the Governmentwide System for Award Management Exclusions (SAM) to determine if an entity is debarred or suspended, (2) collecting a certification from that person or (3) adding a clause or condition to the covered transaction.

Condition: We noted the SAM checks were done after the contracts were signed. However, the District did have the SAM checks performed prior to any payments being made to the entity.

Questioned Costs: None reported

Context: We tested compliance and internal controls over procurement for three of five contractors. We noted that for two out of the three tested, the SAM checks were done after the contract was signed.

Effect: Failure to perform the appropriate procedures related to excluded or disqualified SAM checks in a timely manner may result in contracting with an entity that is suspended or debarred.

Cause: Due to insufficient controls over Procurement, the controls are not operating as designed to prevent, detect and correct errors timely.

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended June 30, 2016

Identification As A Repeat Finding: No

Recommendation: We recommend that the District review the approval and documentation process for Procurement to ensure the design and implementation of proper effective and timely controls.

Views Of Responsible Officials And Planned Corrective Action: The District acknowledges that Uniform Grant Guidance requires that all vendors receiving federal funds be screened through the SAM.gov website prior to a contract being signed with them. The District did complete a review of the website prior to any payments being made however not before all contracts were signed. The District notes all vendors paid with federal funds were found not to be suspended or debarred. The District will implement a review process where all known contracts over \$25,000 will be screened through the website prior to contracts being signed. To address vendors which reach the \$25,000 limit only through cumulative small dollar purchases and large contracts which department leaders may sign independently or out of compliance of the District's purchasing policy; the District will train it's staff regarding the need to complete the screening process whenever federal funds are being spent. In addition, the District will complete a periodic review of vendors paid with Federal funds to ensure none are actually noted as suspended or debarred through the website. Charges to any vendor subsequently noted as suspended or debarred will be moved so they are charged against general fund dollars.

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended June 30, 2016

Section IV - Prior-Year Findings

Finding 2015-001 - *Significant Deficiency in Internal Control and on Compliance Procurement*

Child Nutrition Cluster

CFDA 10.553, 10.555, 10.559

Federal Agency: U.S. Department of Agriculture

Pass-Through Entity: Colorado Department of Education

Criteria Or Specific Requirement: OMB Circular A-102 Common Rule prescribes requirements for school food authorities to procure goods and services. State or local governments shall not award a contract to firms it used to orchestrate the procurement leading to a contract and state or local governments shall not apply in-state or local geographical preference, whether statutorily or administratively prescribed, in awarding contracts.

Recommendation: We recommended the District review federal procurement requirements with all departments administering federal programs so departments are aware of bid requirements. We also recommended the District implement a process to ensure proper bids are obtained when necessary.

Views Of Responsible Officials And Planned Corrective Action: The District hired a Purchasing Director in September of 2014 as the first purchasing support employee in several years. Improvements to procurement processes and compliance with bidding policies have already been improved many times over. These transactions took place prior to the creation and full implementation of this position. The District requires the use of purchase orders and through that process we are now identifying instances where the legal threshold for bidding requirements has been met, and we are appropriately following through with properly conducted bids.

Auditor Response: Auditor considers this finding resolved.

ADAMS COUNTY SCHOOL DISTRICT 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended June 30, 2016

Finding 2015-002 - Significant Deficiency in Internal Control Reporting

Child Nutrition Cluster

CFDA 10.553, 10.555, 10.559

Federal Agency: U.S. Department of Agriculture

Pass-Through Entity: Colorado Department of Education

Criteria Or Specific Requirement: To obtain cash and donated food assistance, a local program operator must submit monthly claims for reimbursement to its administering agency. All meals (and half-pints of milk under SMP) claimed for reimbursement must meet federal requirements and be served to eligible children. The state agency administering the program compiles data gathered on its subrecipients' claims for reimbursement. Such reports present the number of meals by category and type.

Recommendation: We recommended the Food Nutrition Director review and approve monthly claim reimbursements to improve internal controls over reporting.

Views Of Responsible Officials And Planned Corrective Action: The District feels that the summary review by the Nutrition Director along with high-level review conducted at multiple points by the Finance Department and CFOO provides effective controls to ensure the reporting completed is sufficiently accurate. The District will ask the Nutrition Director to formally document review of the completed monthly claim request and agree totals within the claims report to totals by category and type from the POS system to ensure exact reporting.

Auditor Response: Auditor considers this finding resolved.



Colorado Department of Education
Auditors Integrity Report
 District: 0030 – ADAMS COUNTY 14
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	9,129,113		61,811,226		57,205,842		13,734,497
18 Risk Mgmt Sub-Fund of General Fund	1,393,071		329,621		1,116,721		605,962
19 Colorado Preschool Program Fund	30,388		3,677,531		3,649,092		58,827
Sub-Total	10,552,572		65,818,378		61,971,665		14,399,285
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	104,220		358,289		366,046		96,473
21 Food Service Spec Revenue Fund	557,460		3,948,898		3,773,196		733,249
22 Govt Designated-Purpose Grants Fund	0		9,161,147		9,161,147		0
23 Pupil Activity Special Revenue Fund	0		616,228		610,650		5,578
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	5,851,984		6,593,515		7,446,682		4,998,817
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	1,247,056		6,289,644		1,567,302		5,969,400
Totals	18,313,394		92,786,189		84,896,690		26,202,602
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	236,012		412,224		381,924		266,312
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	236,012		412,224		381,924		266,312
							FINAL

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