



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

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1500 East 128th Avenue, Thornton, Colorado 80241

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

Prepared by:
Department of Financial Services

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INTRODUCTORY SECTION

Board of Education Fiscal Year 2015-2016



Ms. Kathy D. Plomer
President
Director District No. 3



Ms. Laura P. Mitchell
Vice President
Director District No. 5



Mr. Norman L. Jennings
Secretary
Director District No. 1



Mr. Brian M. Batz
Director
Director District No. 4



Ms. Jamey L. Lockley
Director
Director District No. 2

Frances Mullins.....Executive Assistant to the Board

Senior Staff Fiscal Year 2015-2016

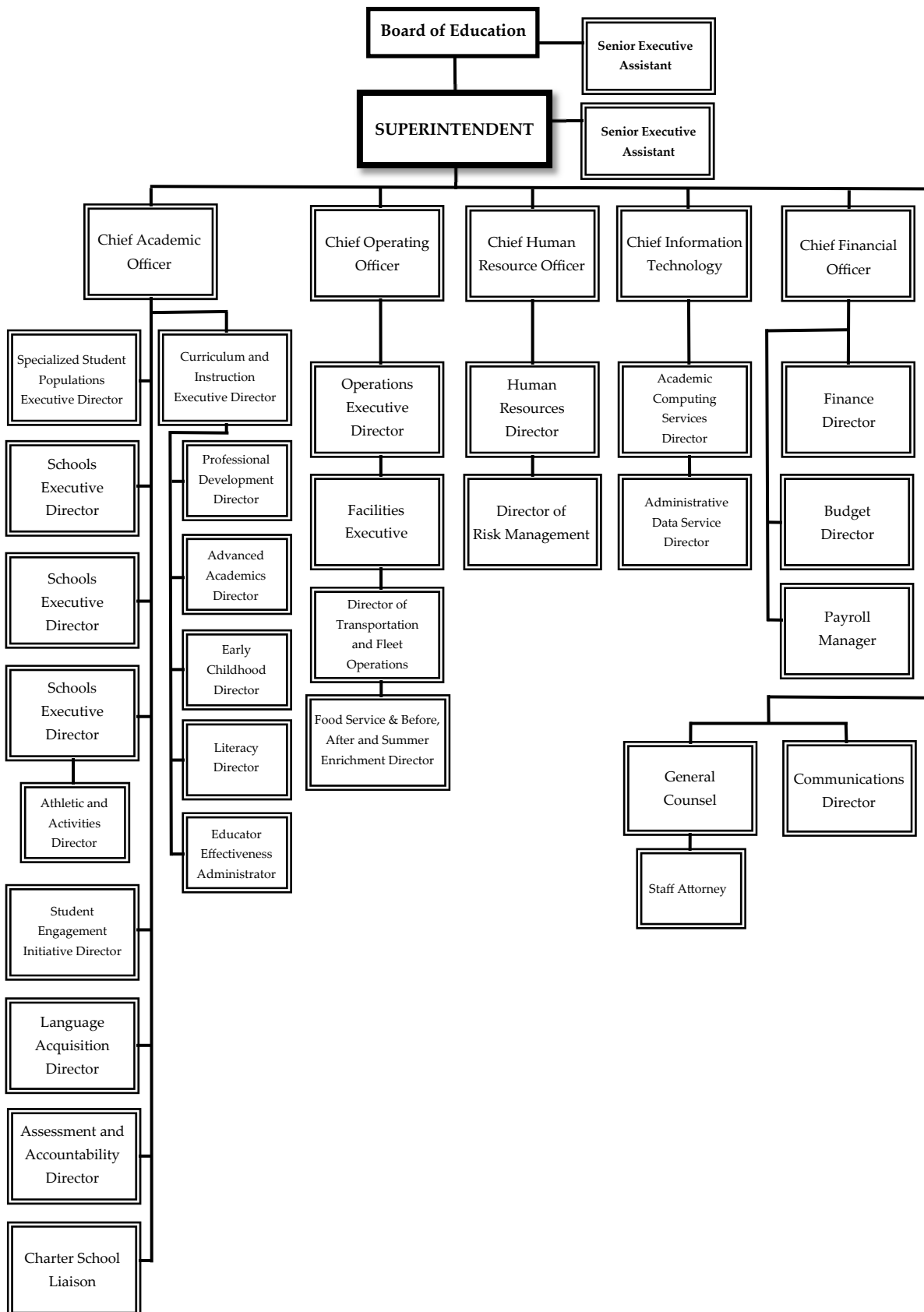


Superintendent of Schools

Christopher Gdowski

Tracy Dorland Chief Academic Officer
 Suzanne DeYoung.....Chief Financial Officer
 Mark Hinson Chief Human Resource Officer
 Ashish Mahajan.....Chief Information Technology Officer
 Pat Hamilton.....Interim Chief Operating Officer
 Philip Spare General Counsel
 Janette Walters Schools Executive Director
 Kari Cocozzella Schools Executive Director
 Kim Walsh Schools Executive Director
 Priscilla Straughn..... Curriculum and Instruction Executive Director
 Art Dawson..... Facilities Executive Director
 Joe Ferdani Communications Director
 Dave Bahna.....Assessment and Accountability Director
 Dawn Barnard Senior Executive Assistant

District Organizational Chart





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November 16, 2016

To the Board of Education and Citizens of Adams 12 Five Star Schools:

The Comprehensive Annual Financial Report (CAFR) of Adams 12 Five Star Schools, ("District"), for the Fiscal Year June 30, 2016, is hereby submitted. The CAFR has been prepared in conformity with Statement No. 34 of the Governmental Accounting Standards Board. Statement No. 34 is titled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities into a single total column for government-wide activities.

The District's Financial Services department prepared this report which contains management's representations concerning the finances of the District. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects, reported in a manner to present fairly the financial position and results of operations of the District's funds. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. Statement No. 34 also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor in the Financial Section on pages 25-38.

The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements and publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement of the fiscal year ended June 30, 2016.

The role of the auditors is to audit the financial statements to determine if the basic financial statements are free of material misstatements and to assess the accounting principles followed. Based on their findings, they express an opinion of the fairness of the statements and disclose any material weaknesses. District management assumes full responsibility for the completeness and reliability of the information

contained in the CAFR, based upon a comprehensive framework of internal control that has been established for this purpose.

CliftonLarsonAllen LLP, Certified Public Accountants have issued an unmodified (“clean”) opinion on the Adams 12 Five Star Schools’ financial statements for the year ended June 30, 2016. The independent auditors’ report is located at the front of the financial section of this report.

Profile of the Adams 12 Five Star Schools

Adams 12 Five Star Schools was formed in 1950 when parts of six other districts were consolidated into one District encompassing 47.5 square miles of Adams County and 14.5 square miles of the City and County of Broomfield, Colorado. The District is a legally separate, primary government entity that operates under a publicly elected five member Board of Education. The Board of Education is the policy-making body of the District. The Board of Education voted in 2000 to adopt the Policy Governance model of board governance. The Board of Education adopts the budget, employs all personnel required to maintain the operations, monitors the performance of educational programs provided by the District, and is primarily accountable for fiscal matters. Board members are elected to alternating four-year terms with elections held every two years. Board members represent a specific area of the District, but are elected at large.

The District provides a full range of educational programs and services authorized by Colorado state statutes to approximately 37,428 funded students. Included is basic kindergarten through twelfth-grade (K-12) education, as well as special education for students with disabilities, career/technical education, English-as-a-second-language education and numerous other programs. There were four charter schools authorized by the District’s Board of Education during the 2015-2016 school year that were legally separate entities. While charter schools are funded under the School Finance Act of Colorado and are under the general supervision of the Board of Education, the charter schools meet the requirement to be presented as discrete component units.

Economic Condition and Outlook

Adams 12 Five Star Schools serves residents in the five communities of Broomfield, Federal Heights, Northglenn, Thornton and Westminster along with residents in unincorporated Adams County. Adams County ranks among the State’s top five most populated counties. Adams and Broomfield counties enjoy a superior ground and air transportation network and have access to a skilled workforce, comprehensive education resources and many established business parks.

The following economic data was obtained from the September 2016 revenue forecast for the State of Colorado, prepared by the Governor’s Office of State Planning and Budgeting.

Colorado's economy remains in expansion. The state's sustained economic expansion is generating employment gains across most industries. Year over year job growth peaked in February 2015 at 3.8% and slowed over the course of 2015 and into 2016. Through July 2016, Colorado added 61,500 jobs, growth of 2.4%, over the prior year's level.

Sustained growth in housing construction and home sales, albeit still at comparatively low levels, will also add to employment and spending in the economy. Most of Colorado's urban areas have stronger home price appreciation than the nation overall. According to the Colorado Real Estate Association, there were 26,454 homes on the market statewide in July 2016, a decrease of 21.2% from a year ago. The low supply level indicates that buyers continue to dominate the market, outpacing the number of sellers, and driving up prices. These trends are expected to continue, especially along the Front Range, due to continued population growth.

State General Fund revenue increased 1.7% in Fiscal Year 2015-2016, a sharp drop from the robust 9.2% growth rate one year earlier. The oil and gas industry's contraction, along with weaker investment gains and lower corporate profits, all combined to reduce General Fund revenue growth in Fiscal Year 2015-2016. General Fund revenue is forecasted to increase 4.5% in Fiscal Year 2016-2017 and 5.0% for Fiscal Year 2017-2018. Notably, these growth rates are lower compared with most of the previous years of the current expansion.

Within Colorado the seven-county Metro Denver region consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties. With a strong entrepreneurial environment, expanded infrastructure and a talented workforce, Metro Denver is poised to achieve new economic milestones in the upcoming year, according to the 2016 Metro Denver Economic Forecast. Metro Denver experienced a job growth rate of 3.2%, and in 2016, job gains will continue to be broad-based. The unemployment rate in Metro Denver is expected to average about 3.5% in 2016, representing extremely tight labor market conditions.

Metro Denver's expanding economy will continue to be supported by a strong entrepreneurial environment, business friendly policies and a talented workforce. Metro Denver is expected to add an additional 160,000 people to its population between 2016 and 2020 through migration alone. The region will be constrained by a tight residential housing market. Demand is expected to be strong through 2016 as consumers respond to low mortgage rates, rising employment and increasing wages. The number of new residential units permitted is expected to increase by 3.8% in 2016, a slower pace than the 6.2% growth rate achieved in 2015.

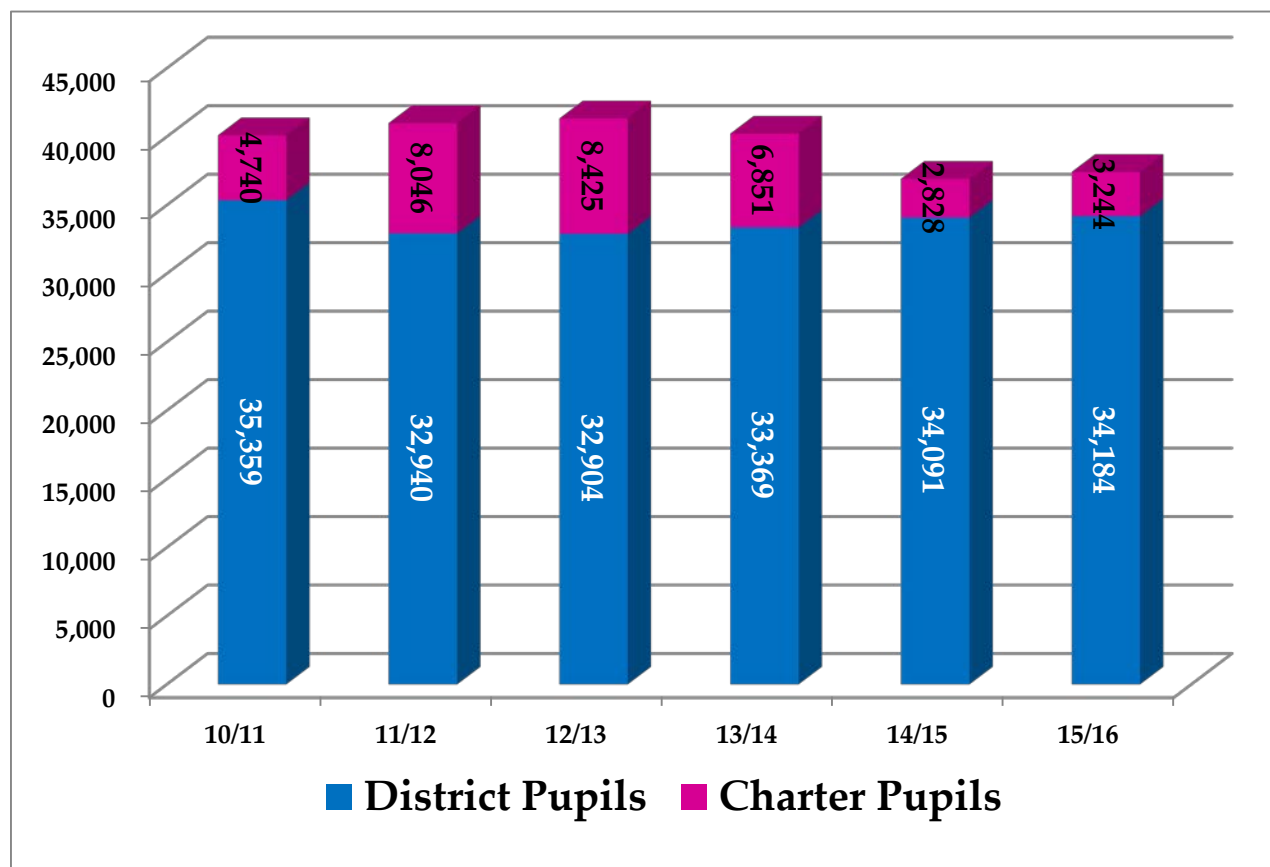
Enrollment

District enrollment (head count) increased by 486 students compared to the prior school year to put the District at 39,120 students for the 2015-2016 school year. The breakdown of those students includes

15,996 in kindergarten - 5th grade; 8,315 in grades 6 - 8; 10,350 in grades 9 - 12; 3,415 in the District's charter schools; and 1,044 pre-school students.

Prior to the 2008-2009 school year, funded pupil count growth in the District was in the range of about 1,700 students per year. Since the 2009-2010 school year, the average growth is closer to 400 students. For the 2016-2017 school year, the budget projected holding the funded pupil count equal to the 2015-2016 school year.

The following graph illustrates the past history for the District's funded pupil count.



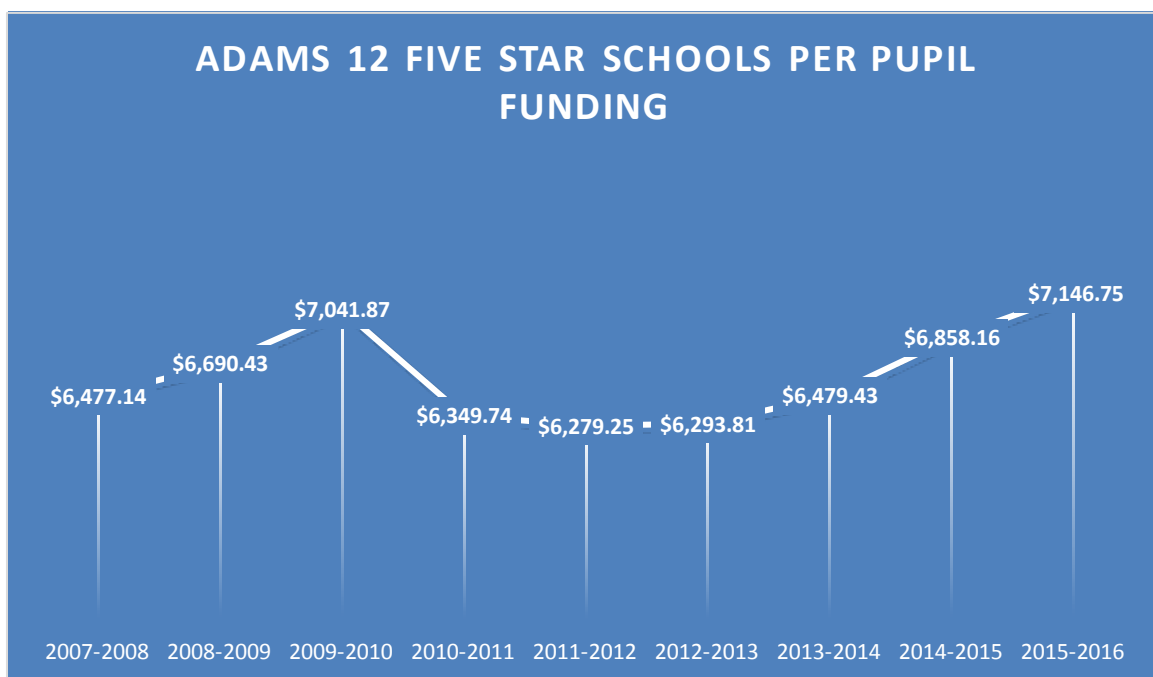
School Finance Issues

The primary revenue sources for the District are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes including voter approved mill levy budget overrides of \$35.4 million, specific ownership taxes from vehicle registration and state equalization aid, is approximately 94.7% of the District's General Fund revenues for Fiscal Year 2015-2016.

Voters approved Amendment 23 to the Colorado Constitution in November 2000, which provides for funding increases per student of at least the Denver-Boulder-Greeley Consumer Price Index rate plus 1% through the 2010-2011 Fiscal Year and then at inflation thereafter.

The per pupil funding for the 2015-2016 school year was increased by the Consumer Price Index of the prior year of 2.8% because of requirements under Amendment 23. However, due to the lack of available resources at the State level, the State continues to fund the District at a level significantly lower than what was anticipated under the Amendment 23 formula. Beginning with the 2010-2011 school year, the legislature has applied a “negative factor” as part of the School Finance Act. The net result of the negative factor was an approximate \$831 million reduction of K-12 funding for the 2015-2016 school year throughout the state as measured against anticipated funding increases under Amendment 23.

The following graph depicts the amount of per pupil funding that Adams 12 Five Star Schools has received. Per pupil funding has increased only 1.5% in aggregate over the last six years, while costs continue to increase for instructional programming, utilities, healthcare and the State’s retirement plan.



The continued impact of the State’s negative factor resulted in reduced funding to the District of approximately \$40.0 million in Fiscal Year 2015-2016. As a result of the reduction in funding at the State level, the District planned for the use of General Fund reserves to mitigate this funding shortfall. The reserve was available as the result of positive budget variances and cost containment in prior fiscal years.

Funding for K-12 education remains uncertain in the 2016-2017 Fiscal Year and beyond, in part because of the financial restrictions of two State constitutional amendments: the Gallagher Amendment and TABOR.

The TABOR amendment limits the growth in both revenues and expenditures for the State, local governments and school districts. The annual percentage increase in state revenues and expenditures is limited by TABOR to the total of the inflation rate and the increase in state population. If revenue exceeds this restricted level, the excess must be refunded to taxpayers.

The revisions to assessed property values required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values on which District taxes are levied, even though actual property values for most residential properties have increased substantially. This Amendment requires that the residential property share of the total assessed value of real property in the State be stabilized at approximately 45% of the total. However, by fixing the residential percentage share of property tax collections, an increasing portion of public school taxes levied continues to be shifted to the commercial and nonresidential property owners and to the State.

In an effort to equalize per pupil funding across the State, the 1988 School Finance Act shifted the responsibility of setting a district's property tax mill levy rate (per \$1,000 assessed valuation) from the local school boards to the State's General Assembly. The system required each district to first rely on its "local share" funding produced by a district's local tax rate, with the State share back-filling, or "equalizing" funding for districts that did not raise enough money locally.

In 1992, TABOR limited school districts from retaining any revenues that exceed inflation plus student enrollment growth. In response to TABOR, the School Finance Act of 1994 established a new formula requiring districts to impose a mill levy at the same level as the preceding year, unless that particular number of mills generated revenues that exceeded TABOR's growth limits. In school districts with rising property values and growth that outpaced TABOR's restrictions, districts were required to lower their mill levy rates, reducing districts' local shares and increasing the amount of State funding.

Because of the foregoing dynamics, the state's contribution to K-12 funding increased from 43% in 1989 to 64% in 2007. The legislature adopted a law in 2007, Senate Bill 07-199, which "froze" basic mill levies for the majority of Colorado school districts at the same level as in place for the 2006-2007 school year. School districts with basic mill levies in excess of 27 mills at that time, including Adams 12, had their levies reduced to 27 mills and frozen at that level. The legislature's objective in making this change was to stabilize local school mill levies and reduce the state's contribution to K-12 funding.

Areas of Focus

Adams 12 Five Star Schools is a caring, inclusive, and engaging district which exists so the students it serves can attain the knowledge and skills necessary to pursue the future of their choosing and are equipped to navigate and thrive in our rapidly changing world.

The budget is designed so that the District achieves, or makes substantial progress toward achievement of, Ends established by the Board of Education. The budget plan for Fiscal Year 2016-2017 supports our educational commitments of student learning, professional practice and collective responsibility. Our strategies for furthering our commitments are the following:

- Create multiple pathways for student learning
- Strike the “just-right” balance between empowerment and accountability
- Build strong community relationships

With this strategic focus, we expect to:

- Increase the number of high school graduates who are college and work-force ready
- Increase median growth percentiles on state assessments to the 50th percentile or above
- Meet or exceed the State proficiency rates in reading, writing, math and science

Areas of focus for the 2016-2017 school year include the following:

Unified Improvement Plan (UIP)

As part of its accreditation process, the District is required to create, implement, and monitor a UIP each year. Development of the UIP entails conducting a review of achievement/outcome targets, analyzing performance trends, identifying priority performance challenges, uncovering root causes, and finally, developing major improvement strategies and action plans to address the root causes. Based on the District’s UIP, the following major improvement strategies are being implemented.

- 1) District Literacy Focus - Create and implement a strategic K-12 literacy focus based on a comprehensive root cause analysis to improve both student academic achievement and growth in literacy (reading and writing).
- 2) Professional Development Program - Create a systemic Professional Development Plan to support literacy focus, implementation of instructional technology at the universal level across Adams 12, a system-wide understanding of Colorado Academic Standards and alignment to educator effectiveness so that teachers have supports in place to learn and understand how to support students in a rigorous standards-based education system.
- 3) Special Populations - Create and implement strategies to integrate best practice for special populations (Gifted and Talented, Special Education, English Language Learners) into literacy initiatives as outlined in Major Improvement Strategy #1.
- 4) Middle School Root Cause Analysis - Create and implement a strategic plan based on a comprehensive root cause analysis to improve performance at the middle school level.

Based on the improvement in school achievement, growth, and postsecondary and workforce readiness data, the District’s preliminary rating in the State’s accountability system moved from “Improvement”

status to “Performance” status, and 14 schools improved their accountability ratings compared to one school that declined. These results are strong evidence that our improvement strategies are working.

Transition to Colorado Measure of Academic Success (CMAS)

The District’s schools are accountable for many standards and practices, including achievement and growth at both the aggregate and disaggregated (student subgroup) levels. These learning indicators are measured by mandated State assessments. CMAS is the latest version of the State assessment and was fully implemented during the 2014-2015 school year. The CMAS system more fully measures the Colorado Academic Standards and is intended to evaluate students’ current achievement in preparation for postsecondary education and career readiness. This new assessment increased performance expectations considerably. Notwithstanding these greater expectations, student growth for District students met or exceeded state growth rates in 56 of the 58 groups measured by the state for English language arts and mathematics performance for the 2015-16 school year.

Health, Wellness and Student Engagement Support

In 2014 Adams 12 launched a new department within Learning Services, Student Engagement Initiatives, whose mission is to remove barriers that prevent kids from being actively engaged and thriving in school. Much of the work is focused on the Whole School, Whole Community, Whole Child model. The goal of this model is to align, integrate and collaborate between health and education to improve each child’s cognitive, physical, social and emotional development.

Some of this year’s work includes implementation and support of the following initiatives:

- The Adams 12 Attendance Improvement System to increase the percentage of time that our students are engaged in our classrooms
- Dropout Recovery and Support system to keep our students connected to school
- The development of school-based health and wellness plans that increase physical activity and healthy food choices in and out of the classroom
- Development of a strategic health and wellness plan
- Totes of Hope, a backpack program that provides healthy food for students with food-insecure homes
- Development of a District-wide plan to support the social and emotional development of our students
- Parent Empowerment Group designed for families to learn how to advocate for and support their students throughout their school years
- After school programming and cultural enrichment for our Native American students

Financial Information

District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from theft, loss, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) and statutory requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit: As a recipient of federal financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls: The District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. Activities of all funds are included in the District's financial plan. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level.

The District's financial plan, adopted in June of the year prior to the budget year, may be amended by the Board of Education or management. The Board of Education may revise the budget due to unforeseen circumstances which did not exist at the time of the original budget adoption, such as emergencies or unanticipated revenues.

Accounting Policies: Detailed descriptions of the District's accounting policies are contained in the Notes to Basic Financial Statements on pages 53-95 and are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and adjustments and other significant accounting information.

During the year ended June 30, 2016, Adams 12 Five Star Schools implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

The implementation of GASB 72 resulted in a new table being added to Note B-2 Investments, page 65. This new table meets the requirements of GASB 72 by providing the “Fair Value Measurement” to District investments.

No additional accounting policies were adopted and the application of existing policies was not changed during 2016.

Other Information

Under the provisions of the Colorado statutes, an annual audit of the District’s financial statements must be performed by an independent public accounting firm licensed to practice in Colorado. The independent public accounting firm of CliftonLarsonAllen LLP was selected to perform the audit for Fiscal Year ended June 30, 2016. In addition to meeting the requirements of Colorado statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Independent Auditors’ Report on the basic financial statements and schedules and supplementary information included in the financial section is on pages 21-23 of the Financial Section. The Independent Auditors’ Report related specifically to the single audit is included in the Single Audit Reports Section.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the Fiscal Year ended June 30, 2015. In order to be awarded a Certificate of Excellence, the District published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement and the Certificate of Excellence are valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and will submit it to GFOA to determine eligibility for another certificate.

The Distinguished Budget Presentation award was conferred by GFOA to the District for its Fiscal Year 2015-2016 budget document. In addition, the ASBO awarded its Meritorious Budget Award to the District for the Fiscal Year 2015-2016 budget document. We believe that our current Budget document continues to meet Meritorious Budget Award requirements and will submit it to ASBO to determine eligibility for another award.

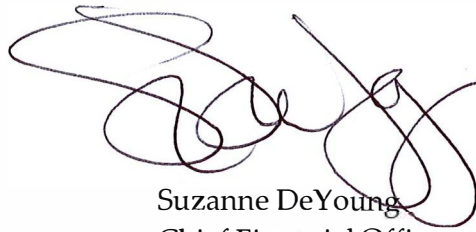
Acknowledgment

The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated services of the members of the staff of the Financial Services department, as well as the independent auditors. We would also like to thank the members of the Adams 12 Five Star School District Board of Education for their support and investment in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Christopher E. Gdowski
Superintendent of Schools



Suzanne DeYoung
Chief Financial Officer



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**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Adams 12 Five Star Schools

**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



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Government Finance Officers Association

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

Presented to

**Adams 12 Five Star Schools
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education
Adams 12 Five Star Schools
Adams County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Adams 12 Five Star Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Governmental Designated-Purpose Grants - Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25-38, the schedule of the District's proportionate share of the net pension liability and schedule of employer contributions on pages 96-97 and the other post-employment benefits on pages 98-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the combining component unit statements, and the Auditors' Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
November 9, 2016



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MANAGEMENT'S DISCUSSION AND ANALYSIS

**Adams 12 Five Star Schools
Management's Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2016**

As management of the Adams County School District No. 12, Adams County, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report 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 letter of transmittal on pages 5-16.

Financial Highlights

- As of June 30, 2016, net position decreased to (\$424,601,275) based on PERA's increase in the net pension liability as a result of the overall total plan return of 1.5% net-of-fees on a market value basis, which was less than the long-term assumed rate of return of 7.5%.
- Government-wide total deferred outflows of resources increased \$57.4 million compared to the prior year; the increase is due to the net change in pension plan expenses. Deferred outflows related to pension benefits in the amount of \$92.9 million is comprised of the change in expected and actual experience of \$9.8 million, the net difference between projected and actual earnings on pension plan investments of \$63.0 million and contributions subsequent to measurement date of \$20.2 million. Deferred charges on refunding decreased \$2.2 million.
- Government-wide total current and other assets decreased \$4.5 million. The decrease is related to restricted and unrestricted cash and the planned spend down in the Food Service Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund and the Transportation Fund.
- Government-wide total liabilities and deferred inflows of resources increased by \$52.9 million compared to the prior year; the increase is due to the change in the District's proportionate share of PERA net pension liability and the reduction to debt service. Debt service of general obligations bonds decreased by \$29.5 million from the prior year due to refunding and principal pay down. The District's net pension liability increased \$76.6 million to \$738.9 million due to changes to the pension plan and deferred inflows of resources increased \$8.2 million to \$28.9 million. The District's proportionate share increase is due to deferred inflows of resources related to pensions increasing over the prior year by the change in expected and actual experience of \$31,137, changes in assumptions or other inputs of \$10.4 million, and changes in proportion and differences between contributions recognized and proportionate share of contributions of \$18.4 million.

- Government-wide revenues increased \$23.2 million from the prior year due to increased enrollment and per pupil revenue amount. Government-wide expenditures increased \$23.2 million as a result of the net increase in pension related expense from the changes previously highlighted above and a reduction to accreted amortized interest as a result of refundings that occurred in Fiscal Year 2015-2016.
- The combined governmental fund balance for Fiscal Year 2015-2016 is \$139.7 million, a decrease of \$5.1 million from the prior year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This document also provides a comparison to the prior year's activity. The basic financial statements, presented on pages 40-113, are comprised of three components: 1.) government-wide financial statements, 2.) fund financial statements and 3.) notes to the basic financial statements. This comprehensive annual financial 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 the reader of the District's Comprehensive Annual Financial Report with a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference 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 on the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements consolidate governmental activities that are supported from taxes and intergovernmental revenues and include the General Fund, Bond Redemption-Debt Service Fund, Capital Reserve-Capital Projects Fund, Governmental Designated-Purpose Grants Special Revenue and other governmental special revenue funds.

Also presented on the government-wide financial statements are component units, representing the District's four charter schools. While the charter schools have independent governing boards, they are financially dependent on the District for most of their funding. Accounting principles prescribe a discrete presentation of the component units, meaning separate presentation from their primary government. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices; please see page 54.

The government-wide financial statements can be found on pages 40-41.

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 special objectives. Fund financial statements for the District include two fund types: governmental and fiduciary.

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

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

The District maintains eight different governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which includes sub-fund Risk Management (*Insurance Reserve*), Bond Redemption-Debt Service Fund, Capital Reserve-Capital Projects Fund and Governmental Designated-Purpose Grant Special Revenue Fund, which are considered to be major funds. Data from the remaining four governmental funds are combined into a single aggregated presentation. Individual fund presentations for each of these non-major governmental funds is presented as other supplemental information in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The District adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison schedules for the General Fund and the Governmental Designated-Purpose Grant Special Revenue Fund are included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information.

The basic governmental fund financial statements can be found on pages 42-50 of this report.

The District is the fiduciary agent for assets that belong to student groups. The District is responsible for ensuring that the assets reported in this fund are used only for intended purposes and used by those to whom the assets belong. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statement is presented on page 51 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 53-95 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplemental information concerning the District's obligation to provide pension and OPEB benefits to its employees which can be found on pages 96-100 of this report.

The combining statements referred to earlier in connection with non-major governmental and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 104-113 of this report.

The combining statements of component units are presented immediately following the District's supplementary information of combining and individual fund statements and schedules. Component unit combining statements can be found on pages 116-117 of this report.

The State Required Report immediately follows component unit combining statements. The Auditors Integrity report can be found on page 119 of this report.

Government-Wide Financial Analysis

The assets of the District are classified as either current assets or capital assets. Cash, receivables, inventories and prepaid costs are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of unspent bond proceeds and the property tax collection process; the District receives a majority of the annual property tax assessment from March through June each year.

Capital assets are used in the operation of the District. These assets include land, buildings, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, on pages 35-36 of this report.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during Fiscal Year 2016-2017. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after Fiscal Year 2016-2017.

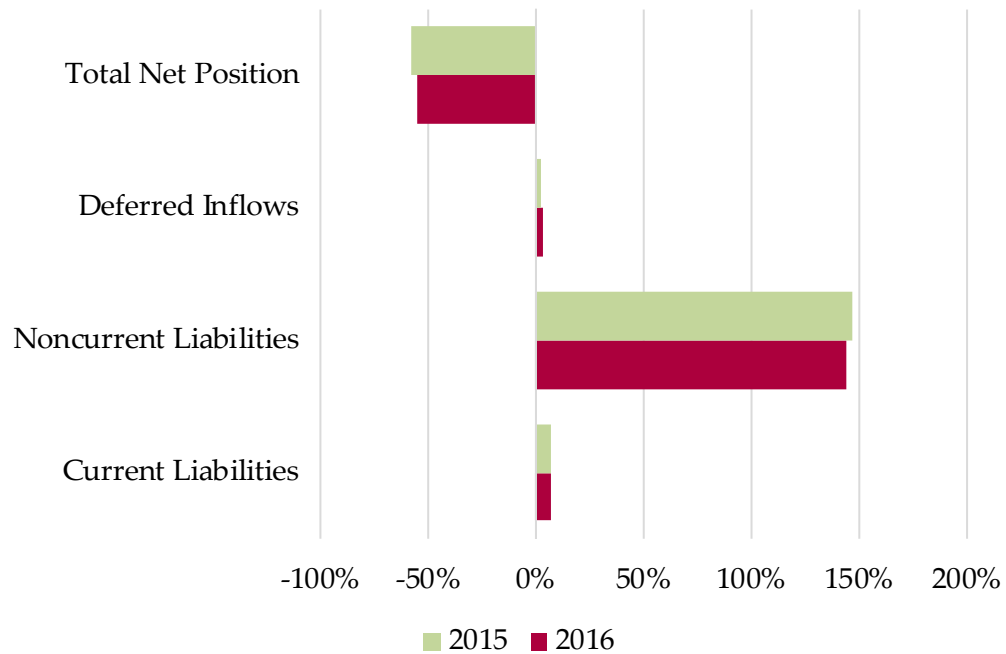
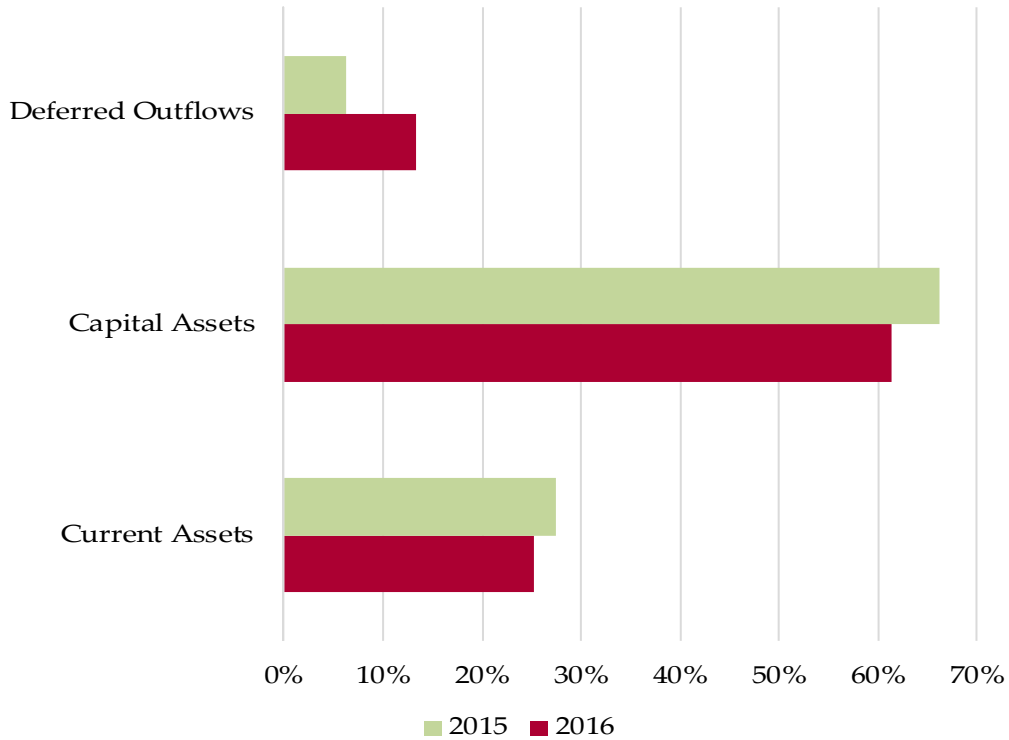
A useful indicator of the District's financial position is the net position, and as previously noted, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources resulting in a total net position of (\$424,601,275). Of the net position, \$8.7 million has been restricted to comply with the TABOR Amendment.

Liabilities of \$27.5 million represent amounts due staff for estimated accumulated leave payments and amounts due to retired staff for other post-employment benefits in accordance with negotiated agreements.

Adams 12 Five Star Schools
Comparative Summary of Net Position
As of and For the Fiscal Year ended June 30, 2016 and 2015

	Governmental	
	Activities	
	<u>2016</u>	<u>2015</u>
Assets:		
Total current and other	\$ 195,531,375	\$ 200,038,139
Capital assets net of depreciation	473,950,050	482,164,745
Total assets	<u>669,481,425</u>	<u>682,202,884</u>
Deferred Outflows of Resources:		
Deferred charges on refunding	10,744,899	12,938,352
Deferred outflows related to pensions	92,942,790	33,380,882
Total deferred outflows of resources	<u>103,687,689</u>	<u>46,319,234</u>
Liabilities:		
Total current	53,970,215	54,284,225
Total noncurrent	1,114,902,800	1,069,885,138
Total liabilities	<u>1,168,873,015</u>	<u>1,124,169,363</u>
Deferred Inflows of Resources:		
Deferred revenues related to pensions	28,897,374	20,691,818
Total deferred outflows of resources	<u>28,897,374</u>	<u>20,691,818</u>
Net position:		
Net investment in capital assets	163,015,412	145,038,966
Restricted	70,250,428	63,890,686
Unrestricted	(657,867,115)	(625,268,715)
Total net position	<u>\$ (424,601,275)</u>	<u>\$ (416,339,063)</u>

**Government-Wide Total Assets and Deferred Outflows as compared to
Total Liabilities and Deferred Inflows and Total Net Position
June 30, 2016 and 2015**



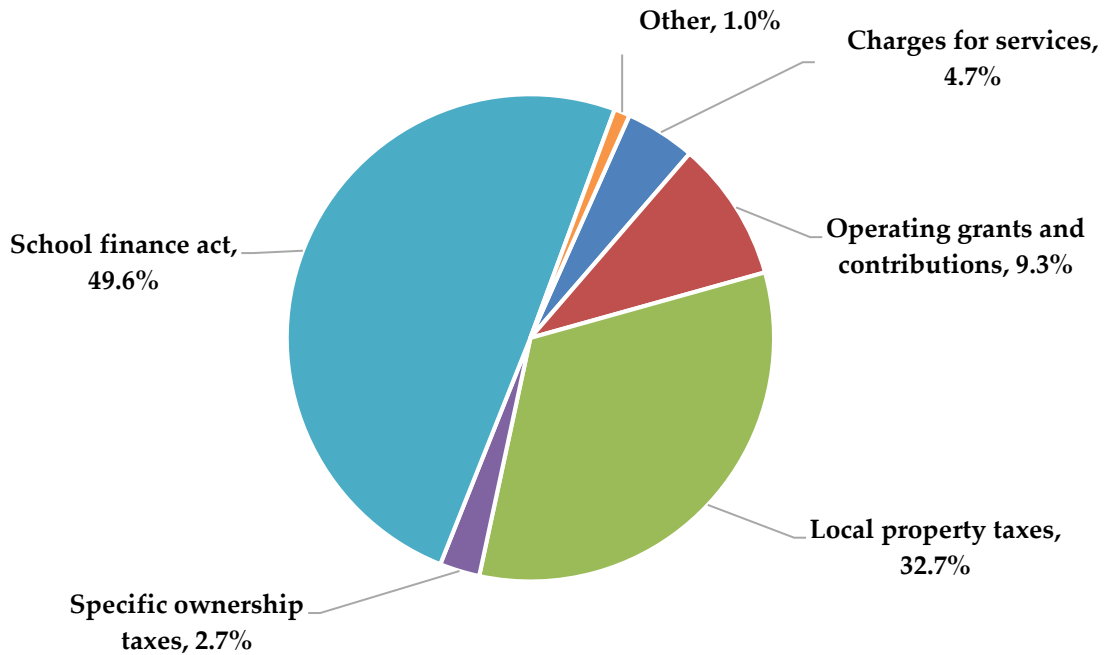
Government-Wide Activities

Governmental activities decreased the net position of the District by \$8.3 million. The cause of this decrease is due to the increase in the net pension liability as shown in the following schedule:

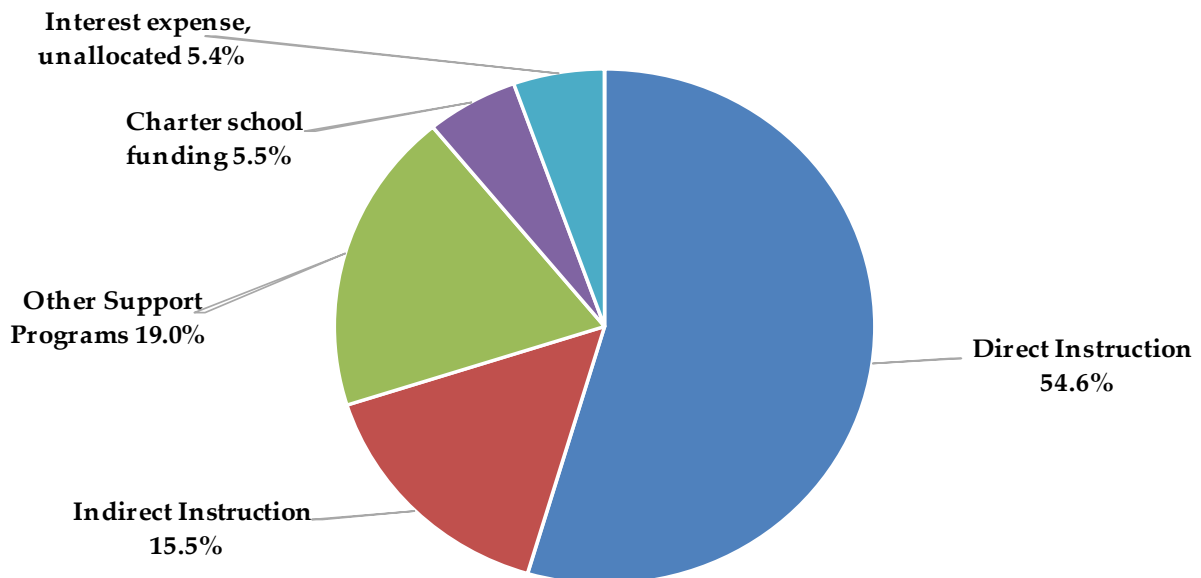
Adams 12 Five Star Schools
Comparative Schedule of Change in Net Position
As of and For the Fiscal Year ended June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 19,494,934	\$ 18,732,402
Operating grants and contributions	38,918,265	38,579,010
General revenues:		
Taxes:		
Local property taxes	136,517,005	122,794,404
Specific ownership taxes	11,093,715	10,222,765
School finance act	206,985,977	200,859,028
Intergovernmental agreements	2,733,756	2,302,560
Gain (Loss) on sale of assets	-	1,525
Earnings on investments	1,619,236	576,636
Other	-	103,728
Total revenues	<u>417,362,888</u>	<u>394,172,058</u>
Expenses		
Governmental activities:		
Direct Instruction	232,478,810	217,179,196
Indirect Instruction	65,909,683	58,613,866
Other Support Programs	80,863,780	72,883,709
Charter school funding	23,186,915	19,391,201
Interest expense, unallocated	23,185,957	34,388,947
Total expenses	<u>425,625,145</u>	<u>402,456,919</u>
Change in net position	(8,262,257)	(8,284,861)
Net position, July 1 as previously stated	(416,339,063)	215,627,194
Restatements	45	(623,681,396)
Net position, July 1 as restated	<u>(416,339,018)</u>	<u>(408,054,202)</u>
Net position, June 30	<u>\$ (424,601,275)</u>	<u>\$ (416,339,063)</u>

**Government-Wide Revenues
Fiscal Year Ended June 30, 2016**



**Government-Wide Expenditures
Fiscal Year Ended June 30, 2016**



Financial Analysis of the District's Governmental Funds

As noted earlier, the District 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 a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the District.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$139.7 million, a decrease of \$5.1 million in comparison with the prior year. Most of this decrease is due to the planned spend down in the Food Service Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund and the Transportation Fund.

The General Fund is the primary operating fund of the District with the majority of funding received from the School Finance Act in the form of per pupil revenue and property taxes. The ending fund balance of the General Fund decreased by \$6.5 million in Fiscal Year 2015-2016. \$4.3 million of the decrease is part of a planned change in accounting practice to transfer funding for in-process General Fund projects to the Capital Reserve-Capital Projects Fund and to show a TABOR reserve by fund. The remaining \$2.2 million can be attributed to planned increases to employee compensation and benefits.

The Bond Redemption-Debt Service Fund has adequate resources accumulated to make the December 2016 principal and interest payments. The mill levy to accumulate resources for the June 2017 interest payment will be certified in December 2016. In compliance with Senate Bill 237, the District has contracted with a third party custodian to administer bond principal and interest payments. The ending fund balance of the Bond Redemption-Debt Service Fund increased by \$5.5 million in Fiscal Year 2015-2016. This increase was mainly due to the refunding of debt service bonds in prior fiscal years.

The Capital Reserve-Capital Projects Fund is funded by an annual allocation from the General Fund and building rental revenue. The funding is used to purchase equipment, maintain and renovate buildings and to construct new buildings. The fund balance decreased \$1.8 million due to the use of 2015A COP proceeds for work on some of the District's most critical deferred maintenance projects.

The Governmental Designated-Purpose Grant Special Revenue Fund operates mainly on a reimbursement basis. Expenditures not reimbursed as of June 30, 2016 are recorded as receivable amounts. Revenue paid in advance, but not earned, is recorded as unearned revenue. Fund balance at year end is \$0, as expected.

General Fund Budgetary Highlights

During the year, there was no need for any amendments to the original budgeted appropriations of the General Fund. For Fiscal Year 2015-2016, actual revenues were over budget by \$0.5 million. Original and final budget totaled \$325.7 million and actual revenues totaled \$326.3 million.

Revenue, as defined in the School Finance Act, includes property taxes, specific ownership taxes and state equalization. For Fiscal Year 2015-2016, total program and mill levy override funding increased by \$13.9 million, from \$295.3 million in Fiscal Year 2014-2015 to \$309.2 million in Fiscal Year 2015-2016. Expenditures in the General Fund increased \$20.6 million, from \$293.8 million in Fiscal Year 2014-2015 to \$314.4 million in Fiscal Year 2015-2016, which can be attributed to planned increases to employee compensation and benefits.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. For Fiscal Year 2015-2016, expenditures came in under budget appropriations by \$3.1 million. Original and final budget totaled \$317.5 million and actual expenditures totaled \$314.4 million. A review of actual expenditures compared to appropriated budget yields no significant variance.

Total fund balance represents 11.4% of General Fund expenditures.

Capital Assets and Debt Administration

The District's investment in capital assets for governmental activities as of June 30, 2016 is \$474.0 million (net of accumulated depreciation). Capital assets include land, buildings, vehicles, equipment and construction projects in process.

Major capital events during the year include the following:

- Construction continued on various school sites.
- Renovations and repurposing at various school sites.
- Equipment related to the above facilities was placed in service as of the close of the fiscal year, as well as other equipment and vehicle purchases.
- District-wide IT infrastructure improvements and equipment upgrades.
- Deferred maintenance projects throughout the District.

Additional information on the District's capital assets can be found in note E on page 68 of this report.

Adams 12 Five Star Schools
Capital Assets (net of accumulated depreciation)
As of and For the Fiscal Year ended June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Land	\$ 31,743,793	\$ 31,821,293
Buildings and land improvements	421,099,154	431,561,880
Construction in progress	12,259,100	10,850,863
Equipment and vehicles	8,848,003	7,930,709
Total capital assets	\$ 473,950,050	\$ 482,164,745

At June 30, 2016, the District had total bonded debt outstanding of \$252.4 million backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for capital leases and certificates of participation in the amount of \$60.8 million still outstanding at the end of the current fiscal year. These amounts do not include unamortized bond and COP premiums, discounts and other deferred charges.

The majority of the decrease in debt is due to the normal schedule of payments and refunding on existing debt.

The District continues to maintain an “Aa3 stable” rating from Moody’s and an “AA- stable” from Standard & Poor’s for general obligation debt.

Adams 12 Five Star Schools
General Obligation Bonds, Capital Leases and Certificates of Participation
As of and For the Fiscal Year ended June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 252,447,526	\$ 280,548,214
Capital leases	9,551,402	9,951,329
Certificates of participation	51,295,000	54,630,000
Total	\$ 313,293,928	\$ 345,129,543

Additional information on the District's long-term obligations can be found in the notes on pages 70-79.

Economic Factors and Fiscal Year 2016-2017 Budgets

Each year Adams 12 Five Star Schools prepares a budget plan with the focus on utilizing available resources to best support educational success. The budget plan encompasses instruction at each school, transportation, food services, maintenance, administration and more.

The District follows a multi-step budget development process that involves receiving input on values and priorities from staff, parents and community members. District leadership prepares a budget plan that balances priorities of the community with federal, state and local regulations, desired academic outcomes, student safety and fiscal responsibility. The budget plan for Fiscal Year 2016-2017 supports the educational commitments of student learning, professional practice and collective responsibility.

Due to the economic downturn and Colorado's associated budget crisis, the School Finance Act implemented a negative factor for program funding in Fiscal Year 2010-2011. The impact of the negative factor for Adams 12 Five Star Schools has been substantial and has resulted in more than \$250 million decreased funding over the past six years.

After a number of years of reduced funding resulting in budget reductions for school districts across the state, the State of Colorado restored some funding for public education that had previously been cut. The negative factor for Fiscal Year 2016-2017 decreased from 11.83% to 11.51%, estimated to be \$35.0 million less in funding for the Adams 12 Five Star Schools.

For Fiscal Year 2016-2017, the statewide base per pupil funding was increased for inflation by 1.2%. The statewide average per pupil funding for Fiscal Year 2016-2017 is \$7,424; for Adams 12 Five Star Schools per pupil revenue is \$7,264, which equates to an increase of \$117 per pupil over Fiscal Year 2015-2016. The increase in state funding enabled investments for programs and services with high priority needs.

Planned budgetary expenditure increases for Fiscal Year 2016-2017 consist of compensation increases of .5% cost of living adjustment, .5% PERA employer increase from 19.15% for July-December 2016 to 19.65% at January 1, 2017 and 4.7% increase in medical benefits.

At June 30, 2016, total fund balance in the General Fund is \$35.9 million (including the reserve for Risk Management). The District budget for the 2016-2017 Fiscal Year anticipates the transfer of \$6.5 million of fund balance to other funds as a result of changes in accounting practices. The District continues its policy to maintain discretionary reserves at no less than 3% of General Fund expenditures.

Requests for Information

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

**Adams 12 Five Star Schools
Office of Financial Services
1500 East 128th Avenue
Thornton, CO 80241**

BASIC FINANCIAL STATEMENTS



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ADAMS 12 FIVE STAR SCHOOLS
Statement of Net Position
June 30, 2016

	Primary Government	Component Units
	Governmental	Charter
	Activities	Schools
<u>Assets</u>		
Cash and investments - unrestricted	\$ 86,577,017	\$ 7,951,216
Cash and investments - restricted	97,042,985	18,634,546
Accounts receivable	896,060	11,143
Prepaid expenses	680,480	144,550
Property taxes receivable	2,646,811	-
Accrued interest receivable	164,127	-
Due from other governments	5,377,340	-
Deposit	-	30,000
Inventories	1,368,805	-
Deposit with insurance pool	777,750	-
Capital assets, not being depreciated:		
Land and construction in progress	44,002,893	42,108,090
Capital assets, net of accumulated depreciation:		
Buildings	421,099,154	20,044,986
Equipment/vehicles	8,848,003	90,704
Total Assets	<u>669,481,425</u>	<u>89,015,235</u>
<u>Deferred Outflows of Resources</u>		
Deferred charges on refunding	10,744,899	537,534
Deferred outflows related to pensions	92,942,790	11,324,514
Total deferred outflows of resources	<u>103,687,689</u>	<u>11,862,048</u>
<u>Liabilities</u>		
Accounts payable	6,741,846	3,328,573
Retainages payable	144,734	1,241,476
Payroll withholdings payable	7,275,255	-
Accrued expenses	-	2,616
Accrued salaries and benefits	32,878,469	1,224,123
Accrued interest payable	769,415	486,639
Noncurrent liabilities:		
Due within one year:		
Compensated absences	11,622,376	34,050
Loans	-	410,048
General obligation bonds	30,107,843	-
Revenue bonds	-	6,532,767
Certificates of participation	1,423,633	-
Capital leases	2,967,698	22,840
Due in more than one year:		
Compensated absences	14,840,228	6,014
Loans	-	554,118
General obligation bonds	252,700,659	-
Accreted interest	1,831,772	-
Revenue bonds	-	74,582,072
Certificates of participation	52,893,937	-
Capital leases	6,583,704	-
Other post employment benefits	992,453	-
Net pension liability	738,938,497	37,994,902
Total liabilities	<u>1,168,873,015</u>	<u>126,465,766</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows related to pensions	28,897,374	1,007,512
Total deferred inflows of resources	<u>28,897,374</u>	<u>1,007,512</u>
<u>Net position</u>		
Net investment in capital assets	163,015,412	(10,667,037)
Restricted for:		
Debt service	56,785,386	5,264,216
TABOR	8,740,134	770,663
Food Service	4,449,851	-
Special education	-	450,005
Preschool	275,057	-
Unrestricted	(657,867,115)	(22,413,842)
Total net position	<u>\$ (424,601,275)</u>	<u>\$ (26,595,995)</u>

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position	Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Charter Schools
Primary government:						
Governmental activities:						
Direct Instruction	\$ 232,478,810	\$ 3,436,695	\$ 20,487,996	\$ -	\$ (208,554,119)	\$ -
Indirect Instruction	65,909,683	676,633	7,943,535	-	(57,289,515)	-
Other Support Programs	80,863,780	14,938,507	10,486,734	-	(55,438,539)	-
Charter school funding	23,186,915	443,099	-	-	(22,743,816)	-
Interest expense	23,185,957	-	-	-	(23,185,957)	-
Total governmental activities	<u>\$ 425,625,145</u>	<u>\$ 19,494,934</u>	<u>\$ 38,918,265</u>	<u>\$ -</u>	<u>(367,211,946)</u>	<u>-</u>
Component units-Charter schools	<u>\$ 32,088,672</u>	<u>\$ 1,845,807</u>	<u>\$ 803,223</u>	<u>\$ 712,750</u>	<u>-</u>	<u>(28,726,892)</u>
General revenues:						
Taxes:						
Local property taxes						
					136,517,005	-
Specific ownership taxes						
					11,093,715	93,840
Intergovernmental, unrestricted						
					206,985,977	23,186,915
Intergovernmental agreements						
					2,733,756	-
Other						
					-	707,859
Earnings on investments						
					1,619,236	24,486
Total general revenues and transfers						
					<u>358,949,689</u>	<u>24,013,100</u>
Change in net position						
					<u>(8,262,257)</u>	<u>(4,713,792)</u>
Net position July 1, 2015						
					(416,339,063)	(21,882,203)
Restatements						
					45	-
Net position June 30, 2016						
					<u>\$ (424,601,275)</u>	<u>\$ (26,595,995)</u>

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

ADAMS 12 FIVE STAR SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2016

	<u>General</u>	<u>Bond Redemption - Debt Service</u>
ASSETS		
Cash and investments	\$ 76,906,424	\$ 58,557,832
Accounts receivable	450,992	-
Property taxes receivable	1,818,070	828,741
Accrued interest receivable	164,127	-
Due from other governments	-	-
Deposit with insurance pool	777,750	-
Inventories	1,221,722	-
Prepaid Items	632,923	-
Total assets	<u>\$ 81,972,008</u>	<u>\$ 59,386,573</u>
<u>Liabilities, Deferred inflows of Resources and Fund Balances</u>		
LIABILITIES		
Accounts payable	\$ 5,301,882	\$ -
Retainage payable	7,860	-
Payroll withholdings payable	7,274,467	-
Accrued salaries and benefits	30,468,659	-
Unearned revenue-other	1,504,881	-
Total liabilities	<u>44,557,749</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	1,498,795	732,127
Unavailable revenue-long term receivable	-	-
Total deferred inflows of resources	<u>1,498,795</u>	<u>732,127</u>
FUND BALANCES		
Nonspendable:		
Inventory	1,221,722	-
Prepaid Items	632,923	-
Restricted for:		
Tabor 3% Emergency Reserve	7,978,397	-
Multi Year Obligations	10,641,224	-
CPP Preschool	275,057	-
Debt Service	-	58,654,446
Capital Projects	-	-
Food Service	-	-
Committed to:		
Contingency Reserve - 3% Per Board Policy	8,737,270	-
Capital Projects	-	-
Risk Management	2,366,652	-
Child Care	-	-
Athletics	-	-
Assigned to:		
Assigned Fund Balance	4,062,219	-
Total fund balances	<u>35,915,464</u>	<u>58,654,446</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 81,972,008</u>	<u>\$ 59,386,573</u>

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

Capital Reserve - Capital Projects	Governmental Designated-Purpose Grants Special Revenue	Other Governmental Funds	Total
\$ 38,485,153	\$ 987,270	\$ 8,683,323	\$ 183,620,002
351,947	-	93,121	896,060
-	-	-	2,646,811
-	-	-	164,127
-	5,301,339	76,001	5,377,340
-	-	-	777,750
-	-	147,083	1,368,805
-	33,491	14,066	680,480
<u>\$ 38,837,100</u>	<u>\$ 6,322,100</u>	<u>\$ 9,013,594</u>	<u>\$ 195,531,375</u>
\$ 704,733	\$ 426,847	\$ 308,384	\$ 6,741,846
128,110	7,564	1,200	144,734
-	758	30	7,275,255
-	1,957,125	452,685	32,878,469
-	3,929,806	725,809	6,160,496
<u>832,843</u>	<u>6,322,100</u>	<u>1,488,108</u>	<u>53,200,800</u>
-	-	-	2,230,922
<u>350,063</u>	<u>-</u>	<u>-</u>	<u>350,063</u>
<u>350,063</u>	<u>-</u>	<u>-</u>	<u>2,580,985</u>
-	-	147,083	1,368,805
-	33,491	14,066	680,480
407,721	-	354,016	8,740,134
-	-	-	10,641,224
-	-	-	275,057
-	-	-	58,654,446
24,997,937	-	-	24,997,937
-	-	4,194,883	4,194,883
-	-	-	8,737,270
12,248,536	-	-	12,248,536
-	-	-	2,366,652
-	-	2,391,491	2,391,491
-	-	423,947	423,947
-	(33,491)	-	4,028,728
<u>37,654,194</u>	<u>-</u>	<u>7,525,486</u>	<u>139,749,590</u>
<u>\$ 38,837,100</u>	<u>\$ 6,322,100</u>	<u>\$ 9,013,594</u>	<u>\$ 195,531,375</u>

ADAMS 12 FIVE STAR SCHOOLS
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Governmental funds total fund balances	\$	139,749,590
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		773,370,967
Deferred property taxes will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, are not recorded in the funds.		2,230,922
Long-term receivables are not collected in the period of availability and, therefore, are not reported in the funds.		350,063
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.		(299,420,917)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds payable	(282,808,502)	
Accreted interest payable	(1,831,772)	
Capital leases payable	(9,551,402)	
Certificates of participation	(54,317,570)	
Deferred Loss on refunding	10,744,899	
Compensated absences payable	(26,462,604)	
		(364,226,951)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(992,453)
Accrued interest payable is recognized in the statement of net position but is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(769,415)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in the funds. This liability is net pension liability.		(738,938,497)
Deferred outflows and inflows of resources related to pensions are applicable in future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to the net difference between expected and actual experience	9,757,767	
Deferred inflows of resources related to the net difference between expected and actual experience	(31,137)	
Net difference between projected and actual earnings on pensions	62,959,543	
Pension contribution subsequent to measurement date	20,225,480	
Deferred inflows of resources related to pensions	(10,442,511)	
Change in proportionate of the collective net pension liability	(18,423,726)	
		64,045,416
Governmental activities net position	\$	(424,601,275)

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



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ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	<u>General</u>	<u>Bond Redemption - Debt Service</u>	<u>Capital Reserve - Capital Projects</u>
REVENUES			
Taxes:			
Property	\$ 90,992,459	\$ 44,404,164	\$ -
Ownership	11,093,715	-	-
Delinquent taxes and interest	126,252	58,923	-
Mineral leases	31,946	-	-
State	216,284,553	-	-
Federal	-	-	-
Local	6,127,090	-	1,613,942
Investment earnings	1,383,335	114,563	117,378
Miscellaneous	546,337	-	-
Total revenues	<u>326,585,687</u>	<u>44,577,650</u>	<u>1,731,320</u>
EXPENDITURES			
Current:			
Direct instruction	186,174,664	-	-
Indirect instruction	52,616,605	-	-
Other support programs	52,451,061	-	-
Charter school funding	23,186,915	-	-
Capital outlay:			
Sites, buildings, and ground improvements	-	-	2,760,672
School additions, improvements, and repairs	-	-	4,626,491
Equipment/vehicles/operation systems	-	-	1,120,197
Debt service:			
Principal retirement	-	25,475,687	4,610,464
Interest and fiscal charges	-	13,544,813	2,154,471
Bond issuance and other costs	-	226,456	226,937
Total expenditures	<u>314,429,245</u>	<u>39,246,956</u>	<u>15,499,232</u>
Excess (deficiency) of revenues over (under) expenditures	12,156,442	5,330,694	(13,767,912)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	11,714,780
Transfers out	(18,632,079)	-	-
Issuance from refunding/Issuance of lease purchase	-	27,150,000	21,645,000
Premium/discount on refunding bonds issued	-	2,836,956	3,274,873
Payments to refunded bonds escrow agent	-	(29,775,000)	(24,697,766)
Total other financing sources (uses)	<u>(18,632,079)</u>	<u>211,956</u>	<u>11,936,887</u>
Net change in fund balances	(6,475,637)	5,542,650	(1,831,025)
Fund balances, July 1, 2015	<u>42,391,101</u>	<u>53,111,796</u>	<u>39,485,219</u>
Fund balances, June 30, 2016	<u>\$ 35,915,464</u>	<u>\$ 58,654,446</u>	<u>\$ 37,654,194</u>

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

Governmental Designated-Purpose Grants Special Revenue	Other Governmental Funds	Total
\$ -	\$ -	\$ 135,396,623
-	-	11,093,715
-	-	185,175
-	-	31,946
5,146,426	1,985,073	223,416,052
17,155,603	7,314,855	24,470,458
519,507	11,372,840	19,633,379
-	3,960	1,619,236
-	34,760	581,097
<u>22,821,536</u>	<u>20,711,488</u>	<u>416,427,681</u>
13,962,088	743,737	200,880,489
7,943,535	30,199	60,590,339
915,913	28,664,308	82,031,282
-	-	23,186,915
-	-	2,760,672
-	-	4,626,491
-	2,552,969	3,673,166
-	527,980	30,614,131
-	-	15,699,284
-	1,485	454,878
<u>22,821,536</u>	<u>32,520,678</u>	<u>424,517,647</u>
-	(11,809,190)	(8,089,966)
-	6,917,299	18,632,079
-	-	(18,632,079)
-	2,563,515	51,358,515
-	-	6,111,829
-	-	(54,472,766)
<u>-</u>	<u>9,480,814</u>	<u>2,997,578</u>
-	(2,328,376)	(5,092,388)
-	9,853,862	144,841,978
<u>\$ -</u>	<u>\$ 7,525,486</u>	<u>\$ 139,749,590</u>

ADAMS 12 FIVE STAR SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Governmental funds change in fund balances	\$ (5,092,388)
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.	
Capital outlay	11,067,858
Depreciation expense, net of internal service fund depreciation	(19,033,096)
	(7,965,238)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This amount represents the change in unavailable property tax revenue.	935,207
Repayment of long term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	83,194,131
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Amortization of bond premiums/discounts	4,529,634
Deferred gains/losses on refunding	(2,193,453)
Accreted interest	1,427,286
Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. The change in the liability is recognized.	(35,620)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds - changes in long-term compensated absences payable.	(255,706)
Disposals of capital assets resulted in a loss that is reported in the statement of activities. The governmental funds only report the proceeds from the sale. The difference between the loss and the proceeds is the net book value of the assets disposed.	(249,457)
Expenses for other post employment benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	187,765
Governmental funds report the issuance of debt, including premiums and discounts, as an other financial source. In the governmental activities, however, the issuance of debt is reflected as a liability instead.	(57,470,344)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds - changes in long-term net pension expenses (\$63,838,629) and pension contribution \$38,564,555 in the current year.	(25,274,074)
Governmental activities change in net position	\$ (8,262,257)

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes:			
Property	\$ 88,055,047	\$ 90,992,459	\$ 2,937,412
Ownership	9,700,000	11,093,715	1,393,715
Delinquent taxes and interest	255,000	126,252	(128,748)
Mineral leases	-	31,946	31,946
State:			
Equalization entitlement	211,719,543	206,985,977	(4,733,566)
Education of the handicapped	7,425,324	7,235,846	(189,478)
Vocational education	1,599,300	1,276,829	(322,471)
Gifted & talented education	382,700	355,438	(27,262)
Kinder hold harmless	172,900	180,098	7,198
Other State	-	250,365	250,365
Federal			
Local	5,273,012	6,127,090	854,078
Investment earnings	700,000	1,091,511	391,511
Miscellaneous	462,786	546,337	83,551
Total revenues	<u>325,745,612</u>	<u>326,293,863</u>	<u>548,251</u>
EXPENDITURES			
Current:			
Direct instruction:			
Elementary education	60,707,162	61,544,438	(837,276)
K-8 education	5,355,986	5,339,184	16,802
Middle School education	28,289,342	28,342,605	(53,263)
High School education	39,354,551	40,446,872	(1,092,321)
Other regular education	22,301,792	17,309,805	4,991,987
Special programs	34,075,795	33,191,760	884,035
Total direct instruction	<u>190,084,628</u>	<u>186,174,664</u>	<u>3,909,964</u>
Indirect instruction:			
Pupil support services	12,508,103	12,279,415	228,688
Instructional staff services	16,748,099	17,094,029	(345,930)
School administration	22,152,139	23,243,161	(1,091,022)
Total indirect instruction	<u>51,408,341</u>	<u>52,616,605</u>	<u>(1,208,264)</u>
Other support programs:			
General administration	2,139,463	1,991,858	147,605
Business/fiscal services	3,098,432	2,967,391	131,041
Procurement and warehouse	1,606,310	1,607,474	(1,164)
Printing, publishing, and duplicating	340,240	47,618	292,622
Operations and maintenance	17,500,463	18,051,389	(550,926)
Pupil Transportation Services	-	-	-
Energy/utilities	8,235,090	7,004,152	1,230,938
Safety services	2,578,973	2,527,366	51,607
Communications division	539,105	413,407	125,698
Staff Services	3,359,490	3,002,225	357,265
Information technology	8,554,180	8,270,538	283,642
Other support services	745,429	221,038	524,391
Community programs	522,914	532,062	(9,148)
Facilities: planning & development	955,701	1,394,735	(439,034)
Food Services			
Child Care Operations			
Risk management services	3,071,494	4,419,808	(1,348,314)
Total other support programs	<u>53,247,284</u>	<u>52,451,061</u>	<u>796,223</u>
Charter school funding	<u>22,777,308</u>	<u>23,186,915</u>	<u>(409,607)</u>
Total expenditures	<u>317,517,561</u>	<u>314,429,245</u>	<u>3,088,316</u>
Excess of revenues over expenditures	8,228,051	11,864,618	3,636,567
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(18,233,805)</u>	<u>(18,632,079)</u>	<u>(398,274)</u>
Net change in fund balances	(10,005,754)	(6,767,461)	3,238,293
Fund balances, July 1, 2015	<u>42,099,176</u>	<u>43,836,264</u>	<u>1,737,088</u>
Fund balances, June 30, 2016	<u>\$ 32,093,422</u>	<u>\$ 37,068,803</u>	<u>\$ 4,975,381</u>
Less unearned revenues related to Forward Delivery Agreement at June 30, 2016		<u>(1,153,339)</u>	
Fund balance (GAAP Basis), June 30, 2016		<u>\$ 35,915,464</u>	

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Governmental Designated-Purpose Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
State	\$ 7,609,623	\$ 5,146,426	\$ (2,463,197)
Federal	16,870,634	17,155,603	284,969
Local	340,000	519,507	179,507
Total revenues	<u>24,820,257</u>	<u>22,821,536</u>	<u>(1,998,721)</u>
EXPENDITURES			
Current:			
Direct instruction:			
Elementary education	-	3,711,303	(3,711,303)
K-8 education	-	12,208	(12,208)
Middle School education	-	651,612	(651,612)
High School education	-	1,292,666	(1,292,666)
Other regular education	24,820,257	1,861,812	22,958,445
Special programs	-	6,432,487	(6,432,487)
Total direct instruction	<u>24,820,257</u>	<u>13,962,088</u>	<u>10,858,169</u>
Indirect instruction:			
Pupil support services	-	5,011,953	(5,011,953)
Instructional staff services	-	2,931,332	(2,931,332)
School administration	-	250	(250)
Total indirect instruction	<u>-</u>	<u>7,943,535</u>	<u>(7,943,535)</u>
Other support programs:			
General administration	-	184,863	(184,863)
Business/fiscal services	-	366,132	(366,132)
Operations and maintenance	-	1,000	(1,000)
Pupil Transportation Services	-	510	(510)
Staff Services	-	123,421	(123,421)
Community programs	-	71,451	(71,451)
Facilities: planning & development	-	168,536	(168,536)
Total other support programs	<u>-</u>	<u>915,913</u>	<u>(915,913)</u>
Total expenditures	<u>24,820,257</u>	<u>22,821,536</u>	<u>1,998,721</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances, July 1, 2015	-	-	-
Fund balances, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Fiduciary Assets and Liabilities
Pupil Activity Agency Fund
June 30, 2016

	<u>Agency</u>
ASSETS	
Pooled cash and investments	\$ 4,516,842
Prepaid Items	6,356
Other Accounts Receivable	<u>369</u>
Total assets	<u><u>\$ 4,523,567</u></u>
LIABILITIES	
Accounts payable	\$ 306,537
Accrued salaries and benefits	9,325
Due to student groups and other organizations	<u>4,207,705</u>
Total liabilities	<u><u>\$ 4,523,567</u></u>

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



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NOTES TO BASIC FINANCIAL STATEMENTS

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with principles generally accepted in the United States of America applicable to governmental units. A summary of Adams 12 Five Star School's (the District) significant accounting policies consistently applied in the preparation of these financial statements follows:

1. Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

The District is the lowest level of government that has financial accountability and control over all activities related to public school education in School District No. 12, Adams County, Colorado. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB since the Board of Education members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

For financial reporting purposes, in conformance with GASB, the District (primary government) includes all funds, agencies, boards and commissions that are controlled by or dependent on the Board of Education. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligation of the District to finance any debts that may occur, or receipt of significant subsidies from the District.

The accompanying financial statements present the District and its component units, entities for which the District is considered financially accountable. Discretely presented component units are aggregated in the government-wide financial statements and shown in separate columns in the supplementary information to emphasize that it is legally separate from the District.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

Discretely Presented Component Units – Charter Schools

The Legislature of the State of Colorado enacted the “Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101” in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as “Charter Schools.” Charter schools are financed from a portion of the District’s School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the District’s Board of Education must approve all Charter School applications and budgets. During Fiscal Year 2015-2016, the District had four Charter Schools in operation. The Charter Schools are discretely presented component units because the District is financially accountable for them.

Each Charter School issues separate financial statements for the Fiscal Year ended June 30, 2016. Complete financial statements for each of the individual component units may be obtained at the entity’s administrative offices:

Stargate Charter School 14530 Washington Street Thornton, CO 80023	Westgate Community Charter School 12500 Washington Street Thornton, CO 80233
Prospect Ridge Academy 2555 Preble Creek Parkway Broomfield, CO 80023	Global Village Academy 555 W. 112th Avenue Northglenn, CO 80234

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. Governmental activities normally are supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a specific function and 2) grants and contributions that are restricted to meeting the operational

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds (General Fund, Bond Redemption-Debt Service Fund, Capital Reserve-Capital Projects Fund and Governmental Designated-Purpose Grants Special Revenue Fund) and combined other governmental funds (Food Service Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund, Transportation Special Revenue Fund and Interscholastic Athletic Special Revenue Fund) are reported as separate columns in the fund financial statements.

2. Fund Accounting

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

a. *Major Governmental Funds*

- General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- Bond Redemption-Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
- Capital Reserve-Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by trust funds).
- Governmental Designated-Purpose Grants Special Revenue Fund – This fund is used to account for the proceeds of State and Federal fiscal grant revenue that are legally restricted to expenditures for specified purposes.

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b. *Fiduciary Fund*

- Agency Fund – This fund is used to record financial transactions related to school-sponsored organizations and activities. These activities are self-supporting and do not receive any direct or indirect District support.

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

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

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

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Property tax revenue is considered to be available if collected by the District within 30 days after year-end. All other revenue is considered to be available if collected within 120 days after year-end.

Property taxes are reported as receivables and deferred inflows of resources when levied and as revenues when determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due, and certain sick

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and retirement pay which are accounted for as expenditures when expected to be liquidated with expendable financial resources.

The District's agency fund applies the accrual basis of accounting, but does not have a measurement focus.

4. Fund Balance

Fund balances are reported in classifications based on the District's budgeting constraints for the purpose of what amount can be spent. The District presentation for governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are 1) not spendable in form, or 2) legally or contractually required to be maintained intact. All amounts reported as nonspendable by the District are nonspendable in form.
- Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by a formal action by the Board of Education. Committed fund balance is reported pursuant to constraints imposed by the District's Board of Education, the highest level of decision-making authority. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that can be used for specific purposes, but do not meet the criteria for being restricted or committed. Under Board Policy Operating Limitations, amounts may be assigned by the District's Superintendent.
- Unassigned – is the residual classification for the General Fund. This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to specific purposes within the General Fund. In other funds, if a deficit balance is reported this is a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When expenditures occur for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures occur for which committed, assigned or unassigned fund balances are available, the District considers amount to have been spent first out of committed, then assigned, and finally unassigned funds, as needed.

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5. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Land and construction in progress are not depreciated. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental columns in the government-wide financial statements.

Maintenance, repairs and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental funds are sold, the proceeds of the sale are recorded as revenues in the appropriate fund.

The monetary threshold for capitalization of assets in governmental funds is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Estimated useful lives are:

Equipment/vehicles	5 – 20 years
Buildings and site improvements	25 – 50 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position and fund level balance sheet will sometimes report a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. Deferred charge on refunding and pensions is reported in the government-wide statement of net position as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on pension are discussed on page 82 in the notes to basic financial statements.

In addition to liabilities, the statement of net position and fund level balance sheet will sometimes report a separate section for deferred inflows of resources. This section represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pensions is reported in the government-wide statement of net position as a deferred inflow of resources. The deferred charges on pension are discussed on page 82 in the notes to basic financial statements. In addition to government-wide inflows, the District has two carrying items that qualify for reporting in this category at the fund level. On the fund level balance sheet, the General Fund and Bond Redemption-Debt Service Fund report unavailable revenues from property taxes that will be collected, but not soon enough to pay for current period expenditures. The Capital Reserve-Capital Projects Fund reports unavailable revenue from a development project that

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does not have a determined start date. These amounts are deferred and recognized as an inflow of resources in the period they become available.

7. Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of net position. Bond premiums are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization which approximates the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures/expense in the current period on both the fund level and government-wide statements. The District's general obligation bonds are serviced from property taxes and other revenues of the Bond Redemption Debt Service Fund. The District's certificates of participation rental payments are being made from the Capital Reserve Capital Projects Fund, supported, in part, from building sub-rentals. Capital leases are serviced from a General Fund transfer and other revenues of the Capital Reserve Capital Projects Fund. The long-term accumulated unpaid vacation, accrued sick and personal leave, and estimated liability for insurance claims are serviced from property taxes and other revenues by the respective fund from future appropriations.

8. Encumbrances

Outstanding encumbrances at the end of the fiscal year represent a commitment for the estimated amount of expenditures that will ultimately result from the fulfillment of uncompleted purchase orders and contracts that are still in process at year-end. Subsequent year appropriations provide authority to complete these transactions.

Major Governmental Funds

General Fund	\$ 169,253
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9. Budgets and Budgetary Accounting

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

- a. Budgets for all funds are required by the state. During June, the Superintendent of Schools submits to the Board of Education a proposed budget for the Fiscal Year

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commencing July 1. The budget includes proposed expenditures and the means of financing them.

- b. Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- c. Prior to June 30, the budget is adopted by formal resolution.
- d. Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with the Superintendent of Schools. Revisions that alter the total appropriations of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Education. Variances between budget and actual result from the non-expenditure of reserves, non-occurrence of events such as surplus land sales, scheduling of capital projects and normal operating variances.
- e. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the General Fund which has a different basis for recognition of the forward delivery agreement.
- f. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent of Schools and/or the Board of Education throughout the year.
- g. All appropriations lapse at the end of each fiscal year.

10. Use of Estimates in Preparing Financial Statements

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and other changes in fund balances during the reporting period. Actual results could differ from those estimates.

11. Inventories

General Fund purchased inventories are stated at cost, determined by the weighted average cost method. Inventory in the General Fund consists of expendable supplies held for

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consumption. Expenditures for supplies are recorded upon the 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. Commodity inventories are stated at USDA's assigned values that approximate fair value at the date of receipt, determined by the weighted average method. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

12. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

13. Investments

Investments are made in certificates of deposit, repurchase agreements, governmental securities, and external investment pools which are stated at fair value, as provided in Colorado statutes.

Colorado statutes specify investments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities and World Bank
- General obligations and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Certain corporate bonds
- Guaranteed investment contracts
- Certain reverse repurchase agreements
- Certain securities lending agreements

Investments are considered to be short-term if they are held less than one year. (See Note B.)

14. Compensated Absences

District policy allows employees to accumulate unused vacation to the extent of one year's leave beyond the current year. District policy allows administrative employees to accumulate unused

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temp (sick) leave at a rate of one day per month; classified hourly employees to a maximum of 150 days or 1200 hours. Certified employees may accumulate up to 180 days.

The District has recorded the accrued liability for these compensated absences and the associated burden (i.e., PERA and Medicare) when applicable, in the accompanying financial statements. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Employees are charged for the last day of vacation leave earned when the leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Early retirement benefits are payable annually and are not liquidated with expendable available financial resources at June 30. The District budgets the subsequent year's available financial resources for each year's anticipated payments for early retirement benefits.

NOTE B: CASH DEPOSITS AND INVESTMENTS

1. Deposits

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District and the discretely presented component units do not have a deposit policy for custodial credit risk. At June 30, 2016, the District's carrying amount of the deposits is \$4,222,205. The component units carrying amount of the deposits is \$7,951,216. All of the District's and its component units' bank deposits are collateralized with securities held by the financial institutions agent through PDPA.

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As of June 30, 2016 cash and investment balances in the financial statements consisted of the following:

	<u>Primary government</u>	<u>Component units</u>	<u>Total</u>
Cash and Investments:			
Cash and deposit balance	\$ 4,222,205	\$ 7,951,216	\$ 12,173,421
Investments	183,914,639	18,634,546	202,549,185
Total cash and investments	<u>\$ 188,136,844</u>	<u>\$ 26,585,762</u>	<u>\$ 214,722,606</u>

Cash, deposits, and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

	<u>Primary government</u>	<u>Component units</u>	<u>Total</u>
Governmental activities:			
Cash and investments - unrestricted	\$ 86,577,017	\$ 7,951,216	\$ 94,528,233
Cash and investments - restricted	<u>97,042,985</u>	<u>18,634,546</u>	<u>115,677,531</u>
Total governmental activities	<u>183,620,002</u>	<u>26,585,762</u>	<u>210,205,764</u>
	<u>Fiduciary</u>	<u>Component unit Fiduciary</u>	<u>Total</u>
Cash and cash equivalents	4,516,842	-	4,516,842
Total	<u>\$ 188,136,844</u>	<u>\$ 26,585,762</u>	<u>\$ 214,722,606</u>

2. Investments

As of June 30, 2016, the District had the following investments. Investments held in repurchase agreements are not a part of pooled cash until drawn. All other deposits and investments are internally pooled to maximize investment safety, liquidity, and interest yield.

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Primary Government:

<u>Type of Security</u>	<u>Fair Value</u>	<u>Concentration</u>	<u>S&P Rating</u>	<u>Maturity</u>		
				<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>
Colorado Surplus Asset Fund Trust (CSAFE)						
(external investment pool)	\$ 27,679,328	15.05%	AAAm	\$ 27,679,328	\$ -	\$ -
ColoTrust (external investment pool)	56,621,076	30.78%	AAAm	56,621,076	-	-
Cash	32,639	0.02%	NR	32,639	-	-
Certificates of Deposit	4,406,470	1.85%	A-1	1,100,730	2,501,604	804,136
Certificates of Deposit	3,206,263	1.36%	AA-	-	1,700,462	1,505,801
Certificates of Deposit	1,000,540	0.54%	A-1+	-	-	1,000,540
Municipal Bond/Note	1,844,559	1.00%	AA	-	-	1,844,559
Municipal Bond/Note	326,435	0.18%	AA-	-	-	326,435
Municipal Bond/Note	418,580	0.23%	AAA	-	-	418,580
Federal Agency Bond/Note	2,334,987	1.27%	AA+	-	-	2,334,987
Corporate Notes	1,979,596	1.08%	AA+	-	1,979,596	-
Corporate Notes	4,589,865	2.88%	AA-	-	1,609,694	2,980,171
Corporate Notes	1,180,113	0.64%	AA	-	361,373	818,740
Corporate Notes	1,485,424	0.81%	AAA	-	-	1,485,424
Corporate Notes		0.54%	A-1	-	-	-
Federated Treasury Obligation Fund (mutual		0.00%	AAAm	-	-	-
Bank Note	804,022	0.44%	AA-	-	804,022	-
Commercial Paper	4,878,268	2.65%	A-1	4,878,268	-	-
FHLB (coupon securities)	1,776,480	0.97%	AA+	-	1,776,480	-
FNMA (coupon securities)	1,716,448	0.93%	A-1+	-	1,716,448	-
FHLMC (coupon securities)	5,703,675	3.10%	A-1+	4,344,903	854,522	504,250
United States Treasury Bond	29,113,507	15.83%		-	1,659,377	27,454,130
United States Treasury Bills	6,633,963	3.61%		6,633,963	-	-
Money Market Fund -PFM Prime	26,182,402	14.24%	NR	26,182,402	-	-
Total	<u>\$ 183,914,639</u>	<u>100.00%</u>		<u>\$ 127,473,309</u>	<u>\$ 14,963,577</u>	<u>\$ 41,477,753</u>

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less depending on the specific investment held unless formally approved by the governing board.

Credit Risk – State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency. CSAFE and ColoTrust are regulated by the Colorado Division of Securities and the District's positions in the pools are the same as the value of the pool shares. For repurchase agreements, the District's investment policy requires

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that the agreement be collateralized as required by state law at a minimum of 102% of the purchase price by U.S. Treasuries and U.S. Agencies under a tri-party master repurchase agreement.

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

The District has the following recurring fair value measurements as of June 30, 2016:

<u>Investments Measured at Fair Value</u>				
<u>June 30, 2016</u>				
		Fair Value Measurements Using		
	6/30/2016	Level 1	Level 2	Level 3
Investments by fair value level:				
Certificates of Deposit	\$ 8,413,273	\$ -	\$ 8,413,273	\$ -
Municipal Bond/Note	2,589,574	-	2,589,574	-
Federal Agency Bond/Note	11,531,590	-	11,531,590	-
Corporate Notes	9,234,997	-	9,234,997	-
Bank Note	804,022	-	804,022	-
Commercial Paper	4,878,268	-	4,878,268	-
United States Treasury Bond	29,113,507	29,113,507	-	-
United States Treasury Bills	6,633,963	6,633,963	-	-
Total investments by fair value level	\$ 73,199,194	\$ 35,747,470	\$ 37,451,724	\$ -
Colorado Surplus Asset Fund Trust (CSAFE)	27,679,328			
(external investment pool)				
ColoTrust (external investment pool)	56,621,076			
Certificates of Deposit-Time CD's	200,000			
Cash	32,639			
Money Market Fund-PFM Prime (measured at net asset value)	26,182,402			
Total investments	\$ 183,914,639			

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At June 30, 2016, the discretely presented component unit charter schools had investments of approximately \$18.6 million in various money markets with maturities of less than one year.

Component Units:

	Fair Value	Concentration	S&P Rating	Maturity 12 Months or Less
Fidelity Government Portfolio Money Market Fund	\$ 10,938,303	58.7%	AAAm	\$ 10,938,303
ColoTrust Plus (external investment pool)	7,696,243	41.3%	AAAm	7,696,243
	<u>\$ 18,634,546</u>	<u>100.0%</u>		<u>\$ 18,634,546</u>

In accordance with Section 22-45-103, C.R.S., the District's bond redemption fund custodian for Fiscal Year 2015-2016 is UMB Corporate Trust Services, a third party. The amounts held by the custodian were \$57,302,424 at June 30, 2016.

Investment earnings for Fiscal Year 2015-2016 were \$1,619,236. Earnings by fund are as follows:

General Fund	\$1,383,335
Capital Reserve-Capital Projects Fund	117,378
Bond Redemption-Debt Service Fund	114,563
Food Service Fund	3,451
Interscholastic Athletic Special Revenue Fund	509

Component units had investment earnings of \$24,486.

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 attach an enforceable lien on property as of January 1 of the year following the levy. Property taxes are recognized as revenue when available and measurable. "Available" is the amount collected at the end of the period and the amount expected to be collected within 30 days, whether or not budgeted. The 2016 Fiscal Year property tax calendar for Adams and Broomfield Counties was as follows:

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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

Property tax revenue recognized in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds during Fiscal Year 2015-2016 was \$135,581,798. The General Fund recognized \$91,118,711 and the Bond Redemption-Debt Service Fund recognized \$44,463,087.

As of June 30, 2016 the Balance Sheet reported for the General Fund \$1,818,070 and for the Bond Redemption-Debt Service Fund \$828,741 as property tax revenue due.

NOTE D: GOVERNMENTAL AND INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Balance of interfund receivables, payables, and transfers at June 30, 2016:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 18,632,079
Major Governmental Fund:		
Capital Reserve-Capital Projects	11,714,780	-
Non-Major Governmental Fund:		
Interscholastic Athletic Special Revenue Fund	218,540	-
Before, After, and Summer Enrichment Special Revenue Fund	241,615	-
Transportation Special Revenue Fund	6,457,144	-
	<u>\$ 18,632,079</u>	<u>\$ 18,632,079</u>

The District transferred from the General Fund \$6,457,144 to the Transportation Special Revenue Fund, \$241,615 to the Before, After, and Summer Enrichment Special Revenue Fund, and \$218,540 to the Interscholastic Athletic Special Revenue Fund to meet their operational needs.

The General Fund transferred \$11,714,780 to the Capital Reserve-Capital Projects Fund to meet current and future capital needs.

As part of a change in accounting practice, of these transfers, \$761,737 was moved to show a TABOR reserve by individual fund. In addition, \$3,226,432 of in-process projects identified in the General Fund were moved to the Capital Reserve-Capital Projects Fund.

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NOTE E: CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

Governmental Activities

	Balance at 6/30/2015	Additions/ Transfers	Deletions/ Transfers	Balance at 6/30/2016
Non-depreciable assets:				
Land	\$ 31,821,293	\$ -	\$ 77,500	\$ 31,743,793
Construction in progress	10,850,863	6,117,472	4,709,235	12,259,100
Total non-depreciable assets	<u>42,672,156</u>	<u>6,117,472</u>	<u>4,786,735</u>	<u>44,002,893</u>
Depreciable assets:				
Buildings	688,776,913	6,470,124	-	695,247,037
Equipment/vehicles	32,059,902	3,189,497	1,128,362	34,121,037
Total depreciable assets	<u>720,836,815</u>	<u>9,659,621</u>	<u>1,128,362</u>	<u>729,368,074</u>
Less accumulated depreciation for:				
Buildings	(257,215,033)	(16,932,850)	-	(274,147,883)
Equipment/vehicles	(24,129,193)	(2,100,246)	(956,405)	(25,273,034)
Total accumulated depreciation	<u>(281,344,226)</u>	<u>(19,033,096)</u>	<u>(956,405)</u>	<u>(299,420,917)</u>
Total capital assets, net	<u>\$ 482,164,745</u>	<u>\$ (3,256,003)</u>	<u>\$ 4,958,692</u>	<u>\$ 473,950,050</u>

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

Governmental activities:

Instruction	\$ 15,192,063
School administration	6,547
Business services	87,277
Transportation	722,602
District-wide	<u>3,024,607</u>
Total depreciation expense - governmental activities	<u>\$ 19,033,096</u>

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A summary of changes in Component Unit Charter Schools capital assets is as follows:

	Balance at 6/30/2015	Additions/ Transfers	Deletions/ Transfers	Balance at 6/30/2016
Non-depreciable assets:				
Land	\$ 8,819,131	\$ 577,707	\$ -	\$ 9,396,838
Construction in progress	3,458,176	29,307,955	54,879	32,711,252
Total non-depreciable assets	12,277,307	29,885,662	54,879	42,108,090
Depreciable assets:				
Buildings and site improvements	23,475,572	205,684	-	23,681,256
Equipment/Vehicles	201,788	8,000	-	209,788
Total depreciable assets	23,677,360	213,684	-	23,891,044
Less accumulated depreciation for:				
Buildings and site improvements	(2,838,741)	(797,529)	-	(3,636,270)
Equipment/Vehicles	(82,645)	(36,439)	-	(119,084)
Total accumulated depreciation	(2,921,386)	(833,968)	-	(3,755,354)
Total capital assets, net	<u>\$ 33,033,281</u>	<u>\$ 29,265,378</u>	<u>\$ 54,879</u>	<u>\$ 62,243,780</u>

Depreciation expense was charged to function/programs of the component units as follows:

Operations and maintenance depreciation expense	<u>\$ 833,968</u>
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NOTE F: ACCRUED SALARIES AND BENEFITS

Salaries and longevity benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2016 are estimated to be \$32,878,469. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund, Governmental Designated-Purpose Grants Special Revenue Fund, Interscholastic Athletic Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund, Transportation Special Revenue Fund, and Food Service Special Revenue Fund.

NOTE G: OPERATING LEASES

The General Fund is committed under various leases for office equipment on a year-by-year basis. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2016 amounted to \$391,098.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE H: LONG TERM LIABILITIES

1. Changes in Long Term Liabilities

The changes in long-term liabilities for the primary government for the year ended June 30, 2016 were as follows:

	Balance at 6/30/2015	Additions	Reductions	Balance at 6/30/2016	Due Within One Year
General Oblig. Refunding Bonds, Series 2005B	\$ 32,305,000	\$ -	\$ 32,305,000	\$ -	\$ -
General Oblig. Refunding Bonds, Series 2006	48,540,000	-	5,080,000	43,460,000	5,350,000
General Obligation Bonds, Series 2006B	2,167,010	-	1,116,447	1,050,563	1,050,563
General Obligation Bonds, Series 2007A	5,415,905	-	2,773,941	2,641,964	2,641,964
General Obligation Bonds, Series 2008A	785,000	-	250,000	535,000	260,000
General Oblig. Refunding Bonds, Series 2011A	6,560,000	-	3,120,000	3,440,000	3,240,000
General Oblig. Refunding Bonds, Series 2011B	10,904,973	-	5,384,974	5,519,999	5,519,999
General Oblig. Refunding Bonds, Series 2012	92,750,000	-	-	92,750,000	-
General Oblig. Refunding Bonds, Series 2014	20,090,000	-	-	20,090,000	-
General Oblig. Refunding Bonds, Series 2014B	61,030,325	-	5,220,325	55,810,000	5,385,000
General Oblig. Refunding Bonds, Series 2015	-	27,150,000	-	27,150,000	2,835,000
Unamortized Bond Premiums	31,809,671	2,836,956	4,285,651	30,360,976	3,825,317
Accreted interest GO Bonds, Series 2006B	1,042,223	106,428	568,553	580,098	-
Accreted interest GO Bonds, Series 2007A	2,216,835	240,898	1,206,059	1,251,674	-
Total GO Bonds	315,616,942	30,334,282	61,310,950	284,640,274	30,107,843
Certificates of Participation, Series 2008	24,260,000	-	24,260,000	-	-
Certificates of Participation, Series 2015A	27,500,000	-	-	27,500,000	425,000
Refunding Cert. of Participation, Series 2015B	2,870,000	-	720,000	2,150,000	695,000
Certificates of Participation, Series 2016	-	21,645,000	-	21,645,000	-
Unamortized COP Premiums	332,438	3,274,874	260,671	3,346,641	320,321
Unamortized COP Discounts	(340,759)	-	(16,688)	(324,071)	(16,688)
Total COPs	54,621,679	24,919,874	25,223,983	54,317,570	1,423,633
Capital Lease Obligations	9,951,331	2,563,515	2,963,444	9,551,402	2,967,698
Compensated Absences*	26,206,898	11,708,505	11,452,799	26,462,604	11,622,376
Total	\$ 406,396,850	\$ 69,526,176	\$ 100,951,176	\$ 374,971,850	\$ 46,121,550

*Compensated absences, Pension and OPEB obligations are generally liquidated in the General Fund.

As of June 30, 2016 the District had \$1,323 in bonds approved, but not issued.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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The changes in long-term liabilities for the component units for the year ended June 30, 2016 were as follows:

Issue	Balance at 6/30/2015	Additions	Reductions	Balance at 6/30/2016	Due Within One Year
Loan payable	\$ 1,349,434	\$ -	\$ 385,268	\$ 964,166	\$ 410,048
Charter School Revenue Bonds	72,160,000	30,719,839	21,765,000	81,114,839	8,642,767
Unamortized premium/discount	-	-	-	-	-
Total bonds payable	72,160,000	30,719,839	21,765,000	81,114,839	8,642,767
Capital Lease Obligations	43,357	-	20,517	22,840	22,840
Compensated absences	39,209	44,933	44,078	40,064	34,050
Total	\$ 73,592,000	\$ 30,764,772	\$ 22,214,863	\$ 82,141,909	\$ 9,109,705

2. General Obligation and Capital Appreciation Serial Bonds

The government issues general obligation bonds to provide funds for renovations, acquisitions, and construction of major capital facilities.

The District's general obligation serial bonds are payable from general property taxes. Interest, at rates from 2.00% to 5.00%, is payable semi-annually on June 15 and December 15. The bonds mature annually on December 15 in principal amounts varying from \$189,318 to \$28,660,000 and are as follows:

ADAMS 12 FIVE STAR SCHOOLS
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\$59,510,000 2006 Series Refunding Bonds (<i>refunded Series 2002A</i>) due in semi-annual installments with annual payments of \$260,000 to \$7,115,000 through December 15, 2022. Interest rate: 3.75% to 5.00%.	\$ 43,460,000
\$38,273,210 2006B Series Bonds (<i>partially refunded with Series 2014 & 2014B</i>) due in semi-annual installments with annual payments of \$961,179 to \$23,980,971 through December 15, 2025. Capital appreciation bonds in the amount of \$16,273,210 are included in this bond issue. Capital appreciation bonds are deeply discounted bonds and appreciate to their face value at maturity. The capital appreciation bonds start maturing in 2013. Interest rate: 4.07% to 4.95%.	1,050,563
\$42,400,466 2007A Series Capital Appreciation Bonds (<i>partially refunded with Series 2014B</i>) due in semi-annual installments with annual payments of \$1,644,417 to \$12,671,461 through December 15, 2026. Interest rate: 4.03% to 4.78%.	2,641,964
\$4,325,000 2008A Series Bonds (<i>partially refunded with Series 2014B</i>) due in semi-annual installments with annual payments of \$235,000 to \$405,000 through December 15, 2026. Interest rate: 4.00% to 5.00%.	535,000
\$15,590,000 2011A Series Refunding Bonds (<i>refunded Series 2001A</i>) due in semi-annual installments with annual payments of \$200,000 to \$3,240,000 through December 15, 2017. Interest rate: 2.00% to 4.00%	3,440,000
\$11,487,083 2011B Series Taxable Refunding Bonds (<i>refunded Series 2003A</i>) due in semi-annual installments with annual payments of \$189,318 to \$5,520,000 through December 15, 2016. Interest rate: 1.00% to 2.50%.	5,519,999
\$93,460,000 2012 Series Refunding Bonds (<i>refunded Series 2005A</i>) due in semi-annual installments with annual payments of \$710,000 to \$22,970,000 through December 15, 2024. Interest rate: 2.00% to 5.00%.	92,750,000
\$20,215,000 2014 Series Refunding Bonds (<i>partially refunded Series 2006B</i>) due in semi-annual installments with annual payments of \$125,000 to \$20,090,000 through December 15, 2025. Interest rate: 2.00% to 5.00%.	20,090,000
\$61,030,325 2014B Series Refunding Bonds (<i>partially refunded Series 2006B, 2007A & 2008A</i>) due in semi-annual installments with annual payments of \$1,585,000 to \$28,660,000 through December 15, 2024. Interest rate: 3.00% to 5.00%.	55,810,000
\$27,150,000 2015 Series Refunding Bonds (<i>refunded Series 2005B</i>) due in semi-annual installments with payments of \$2,835,000 to \$6,685,000 through December 15, 2020. Interest rate: 2.00% to 5.00%.	27,150,000
	\$ 252,447,526

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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Summary of Debt Service Requirements to Maturity

The following schedule reflects the debt service requirements to maturity of the District's general obligation bonded debt as of June 30, 2016:

Year	Principal	Interest***	Total
2017	\$ 26,282,526	\$ 12,801,216	\$ 39,083,742
2018	17,705,000	10,008,500	27,713,500
2019	18,845,000	9,180,656	28,025,656
2020	19,720,000	8,326,675	28,046,675
2021	20,550,000	7,491,563	28,041,563
2022 - 2026	120,685,000	21,814,600	142,499,600
2027	28,660,000	716,500	29,376,500
	<u>\$ 252,447,526</u>	<u>\$ 70,339,710</u>	<u>\$ 322,787,236</u>

***Includes accreted interest.

Refunding

On December 15, 2015 the District partially advance refunded \$29,775,000 in general obligation bonds, Series 2005B, with an average interest rate of 4.67% by the issuance of \$27,150,000 of general obligation refunding bonds, Series 2015, with an average interest rate of 4.60%. The net proceeds of \$29,986,956 (after payment of \$211,956 in underwriting fees and other issuance costs) were deposited with an escrow agent and invested in government securities for the purpose of paying principal and interest. Total debt service on the 2015 refunding bonds will be \$31,104,050 through December 2020 for a decrease of \$3,397,725 from the debt service on the 2005B bonds of \$34,501,775 through December 2020; however, the District will experience an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,265,454.

The District defeased certain bonds by placing the proceeds of refunding bond issues in irrevocable escrow accounts to provide for all future debt service payments on the defeased bonds. The assets in these accounts and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2016 defeased debt was as follows:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Outstanding Principal Balance</u>
Building Bonds	Series 2008A	\$ 3,060,000
Building Bonds	Series 2007A	64,125,000
Building Bonds	Series 2006B	24,965,000
Building Bonds	Series 2006B	22,000,000
		<u>\$ 114,150,000</u>

Component Unit Revenue Bonds

Stargate Charter School issued \$50,415,000 in Charter School Improvement Revenue Bonds, Series 2015A, Charter School Refunding Revenue Bonds, Series 2015B, and Charter School Refunding Revenue Bonds, Taxable Series 2015C, maturing with a balloon payment on December 1, 2020. Bond proceeds were used to refund the outstanding Charter School Lease Revenue Refunding Bonds, Series 2006, and to purchase and construct a new school site. The Foundation is required to make equal loan payments to the Trustee. Interest accrues on the bonds at 5.4% per annum, and is payable semi-annually.

Westgate Charter School issued \$8,600,000 in Charter School Revenue Bonds, Series 2012, maturing in July 2014. The School is required to make equal lease payments to the Building Foundation for use of the buildings. The Building Foundation is required to make equal lease payments to the Trustee, for payments of the bonds. Interest accrues at rates ranging from 5.75% to 7.75%.

Prospect Ridge Academy Charter School issued \$13,275,000 Charter School Revenue Bonds, Series 2013, maturing in August 2018. The School is required to make equal lease payments to the Building Corporation for use of the buildings. The Building Corporation is required to make equal lease payments to the Trustee, for payments of the bonds. Interest accrues at 5.8% per annum.

Component Unit Summary of Debt Service Requirements to Maturity

The following schedule reflects the debt service requirements to maturity of the Charter school's revenue bonded debt as of June 30, 2016:

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Year	Principal	Interest	Total
2017	\$ 8,642,767	\$ 3,836,137	\$ 12,478,904
2018	1,096,743	3,688,349	4,785,092
2019	1,226,119	3,630,740	4,856,859
2020	1,305,911	3,567,773	4,873,684
2022-2026	28,222,161	3,525,098	31,747,259
	<u>\$ 81,114,839</u>	<u>\$ 20,688,315</u>	<u>\$101,803,154</u>

3. Forward Delivery Agreement

In April 2004, the District's General Fund received a net payment of \$6,344,000 pursuant to a forward delivery agreement. In exchange for this amount, the District agreed to make payments into a bank trust account (UMB Corporate Trust Services) from its Bond Redemption-Debt Service Fund revenues for subsequent purchases of investment securities from a third party (ColoTrust). The securities mature at such times as are required for meeting the District's debt service payment obligations over the 20-year contract period. Should the District terminate the agreement for any reason, it would be obligated to repay a portion of the \$6,344,000 received and an additional amount to compensate for loss of economic benefits based on market conditions existent at the time the agreement is dissolved.

The amount received under this agreement is being amortized over the term of the agreement for GAAP purposes, rather than in full for budgetary purposes.

The following GAAP-basis schedule shows the amounts of revenue recognized and the remaining balances treated as unearned revenue for each year through the current year:

Fiscal Year Ending June 30	Revenue Recognized	Balance (Unearned Revenue)
2017	\$ 238,533	\$ 914,806
2018	211,890	702,916
2019	211,890	491,026
2020	211,890	279,136
2021	140,202	138,934
2022 - 2023	138,934	-

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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4. Capital Lease Obligations

In June 2014, the District entered into a capital lease agreement to upgrade the District's IT infrastructure and purchase necessary and appropriate IT equipment to enable District-wide implementation of state testing requirements. The lease terms are for sixty months with an annual percentage rate of 1.42%. Annual payments begin on August 1, 2014 and subsequent payments are due annually on each August 1, ending on August 1, 2018. The District's obligation to make annual payments under the lease is subject to annual appropriation authority as made by the Board of Education.

On July 7, 2015 the District entered into a capital Bus lease agreement to purchase 25 buses for the transportation department. The lease terms are for sixty months with an annual percentage rate of 1.49%. Annual payments began on July 7, 2015 and subsequent payments are due annually on each July 7, ending July 7, 2019. The District's obligation to make annual payments under the lease is subject to annual appropriation authority as made by the Board of Education.

Although the District may fail to renew the leases in subsequent years, it is the present intention and expectation of the District to renew the leases annually until title passes to the District. Accordingly, the District has applied appropriate accounting principles requiring the net present value of future minimum lease payments to be recorded as a liability and related assets capitalized in the basic financial statements.

The leases provide for the following minimum annual lease payments:

Fiscal Year	
Ending June 30,	Lease
2017	\$ 3,104,753
2018	3,104,754
2019	3,104,754
2020	527,980
	<u>9,842,241</u>
Less Interest	(290,839)
Total Principal	<u><u>\$ 9,551,402</u></u>

Assets under capital leases totaled \$3,307,338 at June 30, 2016 as follows:

Equipment	\$ 4,199,178
Accumulated Depreciation	<u>(891,840)</u>
Total	<u><u>\$ 3,307,338</u></u>

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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The capital lease associated with the remaining Principal balance of \$9,551,401 encompasses both IT infrastructure and equipment upgrades and bus purchases for the entire school District. Due to the nature of these purchases, not all meet the threshold for capitalization.

5. Certificates of Participation

In February 2008, Certificates of Participation were issued by the District in the amount of \$32,985,000 to finance the construction of a new elementary school, an aquatic center and a transportation facility. The leased property consists of the acquired property and the improvements. The acquired property generally consists of STEM Launch and its associated land. The acquired property also includes a parcel of land on which an improvement was made: the new Coronado Hills Elementary School, which was completed August 1, 2009. The payments, representing principal and interest on the certificates, are being made from the Capital Reserve-Capital Projects Fund. Interest, at rates from 3.00% to 5.00%, is payable semi-annually on June 1 and December 1.

In June 2015, Certificates of Participation were issued by the District in the amount of \$27,500,000 to finance site improvements, of which 58 projects are considered the most serious, with the potential to interrupt student learning and/or pose a safety risk. Projects selected are anticipated to be completed between spring 2015 to spring 2017 and consist of a re-zone of fire protection system, water main replacement, sewer line replacement, roof resurface, HVAC replacements, boiler replacement, mobile classroom installation at three middle schools, replacement of central energy-control system, pavement and sidewalk repairs, and ADA compliance. The payments, representing principal and interest on the certificates, are being made from the Capital Reserve-Capital Projects Fund. Interest, at rates from 1.25% to 5.00%, is payable semi-annually on June 1 and December 1.

In June 2015, Refunding Certificates of Participation were issued by the District in the amount of \$2,870,000 to refund the existing Certificates of Participation in the amount of \$2,890,000 for the purpose of matching the debt service payments with the lease revenues. The rental payments, representing principal and interest on the certificates, are being made from the Capital Reserve-Capital Projects Fund. Interest, at rates from 2.00% to 4.00%, is payable semi-annually on June 1 and December 1.

In June 2016, Refunding Certificates of Participation were issued by the District in the amount of \$21,645,000 to refund the existing Certificates of Participation, Series 2008, in the amount of \$22,805,000. Interest, at rates from 2.00% to 5.00%, is payable semi-annually on June 1 and December 1. The total lease payments on Series 2016 refunding will be \$27,722,175 through December 2027 for decrease of \$1,830,347 from the lease payment on Series 2008 of \$29,552,522 through December 2027; however, the District will experience an economic gain (difference between the present values of the lease payments on the old and new debt) of \$1,829,544.

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The Certificates of Participation provide for the following minimum annual lease payments:

Fiscal Year Ending June 30		
2017	\$	2,857,406
2018		4,367,625
2019		4,553,369
2020		4,548,944
2021		4,545,143
2022-2026		22,653,419
2027-2031		15,168,597
2032-2036		10,239,950
		68,934,453
Less Interest		(17,639,453)
Total Principal	\$	51,295,000

Assets under Certificates of Participation totaled \$403,413 at June 30, 2016 as follows:

Equipment/Building	\$	419,017
Accumulated Depreciation		(15,604)
Total	\$	403,413

2015 COP expenditures as of June 30, 2016 totaled \$1,868,825. A number of COP construction projects that may end up being capitalized are currently in progress. Also, due to the nature of these purchases, not all may meet the threshold for capitalization. As of June 30, 2016, capitalized site improvements consist of plumbing and HVAC system replacement at a number of schools, as well as grounds equipment throughout the District.

6. Compensated Absences

At June 30, 2016, compensated absence liabilities of the District included \$1,734,786 for vacation pay with an associated amount of \$332,212 for PERA benefits at 19.15% and \$25,154 for Medicare benefits at 1.45%; and \$9,372,951 for reimbursable leave with \$135,908 of associated Medicare; and \$14,861,593 in early retirement benefits for 475 employees who are eligible for such retirement benefits as of June 30, 2016.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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7. Computation of Legal Debt Margin

The computation for the District's legal debt margin as of June 30, 2016 is as follows:

Assessed Value	\$ 2,076,831,124
Incremental assessed valuations of property in excess of the "base" valuations in property tax increment areas within the cities of Northglenn, Thornton, Federal Heights and Broomfield	148,551,108
Total net assessed valuation	<u>2,225,382,232</u>
Debt Limitation – 20% of Assessed Value	445,076,446
Total Bonded Debt	252,447,526
Less: Amount set aside to repay general debt	<u>(58,654,446)</u>
Total net debt applicable to debt limit	<u>193,793,080</u>
Legal Debt Margin	<u><u>\$ 251,283,366</u></u>

NOTE: The debt limitation for all school districts in Colorado is 20% of the valuation for the taxable property in the district as certified by the county assessor or 25% if the district qualifies as a "high growth" district. The District is not considered a high growth district for year ended June 30, 2016.

The valuation of taxable property for purposes of calculation of legal debt margin is the latest certified assessed value provided to the District by the county assessor. Colorado Statutes require this certification be made no later than December 10 of each year. This assessed value will be used as the basis for determination of tax revenues in the subsequent year.

NOTE I: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For

ADAMS 12 FIVE STAR SCHOOLS
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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/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% 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% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8% 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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$38,564,555 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$738,938,497 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 District proportion of the net pension liability was based on the District 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 District proportion was 4.83147%, which was a decrease of 0.05521% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$63,838,629. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred inflows/outflows of resources

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ 9,757,767	\$ 31,137
Changes in assumptions or other inputs	\$ -	\$ 10,442,511
Net difference between projected and actual earnings on pension plan investments	\$ 62,959,543	\$ -
Changes in proportion and difference between contributions recognized and proportionate share of contributions	\$ -	\$ 18,423,726
Contributions subsequent to the measurement date	\$ 20,225,480	
Total	\$ 92,942,790	\$ 28,897,374

\$20,225,480 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:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

For the Fiscal Year Ended	
6/30/2017	\$ 6,713,248
6/30/2018	\$ 9,012,339
6/30/2019	\$ 15,210,261
6/30/2020	\$ 12,884,088

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90% – 10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00%
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:
 - o Valuation of the full survivor benefit without any reduction for possible remarriage.
 - o Reflection of the employer match on separation benefits for all eligible years.
 - o Reflection of one year of service eligibility for survivor annuity benefit.
 - o Refinement of the 18 month annual increase timing.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

- 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:

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%.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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Discount rate. The discount rate used to measure the total pension liability was 7.5%. 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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 District 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%, 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%) or 1-percentage-point higher (8.50%) than the current rate:

Discount Rate:	<u>1% Increase</u> <u>(6.5%)</u>	<u>Current Discount</u> <u>Rate (7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Proportionate share of the net pension liability	\$ 957,880,258	\$ 738,938,497	\$ 556,819,797

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.

Component Unit Defined Benefit Pension Plan information is not included in the District Notes to Basic Financial Statements. Readers who wish to view component unit data may visit each Charter Schools web-site under Financial Transparency.

Westgate:

<http://westgateschool.org/modules/cms/pages.phtml?pageid=327021&sessionid=422f8a817746ef269b9c9c53b696ec11&sessionid=422f8a817746ef269b9c9c53b696ec11>

Stargate: <http://charter.stargateschool.org/financial-transparency>

Global Village:

http://www.gvaschools.org/apps/pages/index.jsp?uREC_ID=219237&type=d&pREC_ID=481186

Prospect Ridge:

http://www.prospectridgeacademy.org/apps/pages/index.jsp?uREC_ID=449556&type=d&pREC_ID=968850

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE J: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$2,495,280 for the Voluntary Investment Program.

NOTE K: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy. The District is required to contribute at a rate of 1.02% 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 contributions to the HCTF were \$2,217,364, \$2,083,849 and \$2,111,837, respectively, equal to their required contributions for each year.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE L: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District has combined with four other Adams County school districts to form the Rocky Mountain Risk Insurance Group Self-Insurance Pool (the "Pool"). The Pool provides insurance to the participating districts in the areas of liability, property and workers' compensation. Assets held by the Pool 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 U.S. government or funds collateralized by such obligations. The District has recorded as a deposit its portion of the surplus in the Pool as of June 30, 2016. The majority of this surplus is a capitalization contribution which will be returned to the entity upon dissolution or approved withdrawal from the Pool.

Pool members and percentage shares are as follows:

<u>Adams County School Districts</u>	<u>Percentage Shares in Pool*</u>
No. 1	11.48%
No. 12	50.82%
No. 27J	2.08%
No. 50	35.62%

*Percentage shares are as of June 30, 2016. Percentages will vary slightly from year-to-year depending upon premium allocation factors as discussed below.

The Pool's Board of Directors consists of one member appointed by the Board of Education of each participating school district. All members of the Pool's Board of Directors have an equal vote in the administration of the Pool's activities, are responsible for selection of management and have complete responsibility for all fiscal matters in the operation of the Pool. Separate financial statements are available from the BOCES Pool.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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Following is a summary of financial information for the Pool as of and for the year ended June 30, 2016:

	<u>Total</u>	<u>District's Share</u>
Assets	\$ 7,435,742	\$ 3,732,004
Liabilities	5,775,686	2,954,254
Equity	<u>\$ 1,660,056</u>	<u>\$ 777,750</u>
Revenues	\$ 4,690,324	\$ 2,395,933
Expenditures	6,051,519	3,091,265
Net Income (Loss)	(1,361,195)	(695,332)
Surplus, Beginning	3,021,251	1,473,082
Surplus, Ending	<u>\$ 1,660,056</u>	<u>\$ 777,750</u>

This pooling plan allows the participating districts to set self-insured retention amounts under the various purchased insurance policies. Types of coverage, self-insured retention and excess insurance are as follows:

	Self-Insured Pool	Excess
	Retentions	Insurance
	<u>(per occurrence)</u>	<u>(per occurrence)</u>
Liability coverage	\$150,000	\$5,000,000
Property coverage	\$100,000	\$75,000,000
Worker's Compensation	\$350,000	\$25,000,000
		(Plus statutory)

The Pool is 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. Wells Fargo Bank of Denver serves as the trustee for the funds of the self-insurance pool and limits its investments to government securities. Claims, losses and administration are provided by a third party administrator.

The allocation of required premiums for the Pool is determined by the pooling agreement. Each district pays a pro rata portion of their average daily attendance entitlement for liability coverage, a pro rata portion of their property values for property coverage and a pro rata portion of their payroll for coverage under Workers' Compensation. The contributions are based on an overall budget that is determined by the Board of Directors on an annual basis.

In developing a budget, the Board of Directors consults an independent actuary for a determination of expected losses for property, liability and workers' compensation claims, including a provision for incurred but not reported claims.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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The District had no significant reductions in insurance coverage from coverage in the prior year and had no settlements that exceeded insurance coverage for each of the past three fiscal years.

NOTE M: TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Article X calls for various spending and revenue limitations and other restrictions to growth in government. Compliance may ultimately be determined by numerous legal opinions and court interpretations. However, the District believes it is in compliance with Article X, Section 20 of the Colorado Constitution and recognizes this in its reservation for emergencies of fund balance in the General Fund. Said reservation is 3% of Fiscal Year 2015-2016 spending.

In November 1999, the voters of the District approved a ballot issue authorizing the District to "...collect, retain and expend all revenues and other funds collected in the current fiscal year and each subsequent year without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution or any other law".

NOTE N: COMMITMENTS AND CONTINGENCIES

1. Litigation

The District is involved in two matters that are in litigation and is aware of several claims of potential litigation. However, the District believes that the final resolution of these matters will not have a materially adverse effect on the financial position of the District due to the strength of its defenses to these matters and the existence of adequate insurance.

2. Grants

The District has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

3. Construction Contract Commitments

Commitments for construction and improvement contracts are shown in the Fund Balance of the Capital Reserve-Capital Projects Fund as Reserved Fund balance in the amount of \$37,654,194 as of June 30, 2016.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE O: RELATED PARTY TRANSACTIONS

The District provides administrative and other service to its charter schools, shown in this report as component units. The amount charged for services, in accordance with governing state statutes, range from 1% to 5% of per pupil funding under the Colorado Public School Finance Act. Amounts charged to all charter schools for the Fiscal Year ended June 30, 2016 were \$443,099.

The District's Food Services program is a member of a food co-operative along with other school districts in the state of Colorado. During the year ended June 30, 2016, the District paid \$3,000,466 for food related costs. Administrative costs were paid by membership fees.

NOTE P: RETIREE HEALTH PLAN

a. Plan description.

The District provided a post-retirement medical and dental benefit plan. The plan is a single-employer defined benefit OPEB plan. Retirees are allowed a one-time option to participate in the Kaiser program, paying the same blended premium as active employees, up to the age of 65. The plan does not issue a stand-alone report, nor is it included in the report of another entity. Any certified employee who retires after August 31, 2009 will not be eligible for this option.

b. Funding policy.

Authority under which the obligations of the plan members to contribute to the plan are established or may be amended by the Board of Education.

Retirees pay the full premium for their coverage. However, since the premium is the same as that used for active employees, there is an implied subsidy provided by the District. The subsidy occurs because the premium would be higher if only the experience of the retirees were taken into account in the determination of the premiums. Consequently, GASB Statement 45 requires the District to compute the obligation for this subsidy and calculate the liability for this obligation over the working lifetime of the active participant.

The plan is financed on a pay-as-you-go basis. The annual OPEB cost for the District for the years ended June 30, 2016, 2015 and 2014 were (\$56,758), (\$56,758) and \$35,124 respectively. The required annual contributions for the District for the years ended June 30, 2016, 2015 and 2014 were \$54,567, \$54,567 and \$59,822 respectively. Contributions to the plan for the years ended June 30, 2016, 2015 and 2014 were \$131,007, \$131,007 and \$173,885 respectively.

The annual OPEB cost adjusts the Annual Required Contribution (ARC) for timing differences between the ARC and contributions in relation to the ARC. The annual OPEB cost is the cost of OPEB actually booked as an expense for the fiscal year under GASB 45.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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<u>Cost Element</u>	<u>Amount</u>
1. Annual Required Contribution (ARC)	\$ 54,567
2. Interest on Beginning of Year Net OPEB Obligation (NOO)	61,559
3. ARC adjustment	(172,884)
4. Annual OPEB cost	<u>\$ (56,758)</u>

The net OPEB obligation (NOO) measures the accumulated differences between the annual OPEB cost and the actual contributions in relation to the ARC. For the years ended June 30, 2015, 2014 and 2013, the NOO is comprised of the following:

Actuarial Valuation Date	Fiscal Year End	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a+b+c=d)	Actual Contribution Amount (e)	Net Increase in NOO (d-e=f)	NOO as of end of Fiscal Year (g)
7/1/2012	6/30/2013	\$ 59,822	\$ 74,635	\$ (101,823)	\$ 32,634	\$ 184,467	\$ (151,833)	\$1,506,744
7/1/2013	6/30/2014	\$ 59,822	\$ 67,803	\$ (92,501)	\$ 35,124	\$ 173,885	\$ (138,761)	\$1,367,983
7/1/2014	6/30/2015	54,567	61,559	(172,884)	(56,758)	131,007	(187,765)	1,180,218
7/1/2015	6/30/2016	54,567	61,559	(172,884)	(56,758)	131,007	(187,765)	992,453

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Projection of benefits for financial reporting purposes *does not* explicitly incorporate the potential effects of legal or contractual funding on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

ADAMS 12 FIVE STAR SCHOOLS
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The actuarial methods and significant assumptions used to determine the annual required contribution (ARC) for the current year are as follows:

Actuarial cost method:	Entry age normal, level annual dollar amount
Investment rate of return:	4.5%
General inflation rate:	N/A. The actuarial does not calculate general inflation
Healthcare cost trend rates:	8.0% graded down to an ultimate rate of 5% over 6 years, which includes inflation
Amortization method:	10-Year Amortization Closed
Amortization period:	10 years as of July 1, 2014
Asset valuation method:	N/A. No assets in irrevocable trust
Covered Payroll:	N/A. The plan is closed to current employees

The annual required contribution (ARC) for the current year was determined as part of the July 1, 2014 actuarial valuation prepared by Segal. The ARC is the amount calculated to determine the annual cost of the OPEB plan for accounting purposes as if the plan were being funded through contributions. The actuarial assumption for the current year includes a 4.5% investment rate of return. The plan is a pay-as-you-go; which means the investment return (discount rate) is tied to the expected rate of return on day-to-day employer funds.

Healthcare trend measures the anticipated rate at which healthcare plan costs are expected to increase in future years. The actuarial trend rate projection for June 30, 2016 was 7.5%, graded down to 2021 and later at a rate of 5.0%, which includes inflation.

The schedule of funding progress for the postemployment defined benefit plan presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b/a)/c)
7/1/2009	-	\$ 5,335,085	\$ 5,335,085	0.00%	-	N/A
7/1/2011	-	974,426	974,426	0.00%	-	N/A
7/1/2014	-	431,770	431,770	0.00%	-	N/A

The OPEB plan is closed to active members; therefore, covered payroll is not applicable to the funding progress. General inflation is not used in calculating the amortization of the unfunded actuarial accrued liability as there is no covered payroll and does not affect the actuarial valuation results.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE Q: RESTATEMENT OF NET POSITION

The beginning Net Position of the Government Type Activities as of July 1, 2015 had a restatement of \$45, as the District closed down and consolidated the Internal Service Fund effective 6/30/15. An amount of \$45 remained as net accumulated depreciation on capital assets which were consolidated into governmental activities on July 1, 2015.

Restatement of Internal Service Fund to Governmental Activities

	Balance at 6/30/2014	Additions/ Transfers	Deletions/ Transfers	Balance at 6/30/2015
Depreciable assets:				
Equipment/vehicles	\$ -	\$ 69,139	\$ -	\$ 69,139
Equipment/vehicles - Internal Service Funds	80,881	-	80,881	-
Total depreciable assets	80,881	69,139	80,881	69,139
Less accumulated depreciation for:				
Equipment/vehicles	-	(69,094)	-	(69,094)
Equipment/vehicles - Internal Service Funds	(78,841)	(1,993)	(80,834)	-
Total accumulated depreciation	(78,841)	(71,087)	(80,834)	(69,094)
Total capital assets, net	\$ 2,040	\$ (1,948)	\$ 47	\$ 45

NOTE R: SUBSEQUENT EVENTS

The Charter School contract between the District and Global Village Academy concluded pursuant to their terms on June 30, 2016.

On November 8, 2016, the voters approved a \$350 million bond for the purpose of adding classrooms and schools to reduce overcrowding, extending the life of aging school buildings by making major repairs, replacements and improvements, improving emergency response and security, expanding preschool and full-day kindergarten, updating instructional support technology and meeting increased demand for career and technical classes and certifications.

As of October 10, 2016, the District has begun the process to refund General Obligation Debt Series 2006. The closing of this issue is scheduled for December 20, 2016.

NOTE S: NEW PRONOUNCEMENTS

As identified in Note B, effective July 1, 2015, the District implemented and adopted, as of June 30, 2016, GASB Statement No. 72, *Fair Value Measurement and Application*.

Component units did not implement GASB Statement No. 72 in their audits as their investments do not fall under the guidelines. Investments in money markets and external investment pools are measured at amortized cost.



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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PERA Pension Plan – School Division Trust Fund

Last 10 Years*

	2015	2014	2013
District's proportion of the net pension liability	4.8314652%	4.8866711%	5.1084488%
District's proportionate share of the net pension liability	\$ 738,938,497	\$ 662,308,071	\$ 651,581,259
District's covered-employee payroll	210,551,876	\$ 204,716,575	\$ 206,170,605
Plan fiduciary net position as a percentage of the total pension liability	350.95%	323.52%	316.04%
Total Pension Liability	\$ 37,447,062,000	\$ 36,473,966,000	\$ 35,494,976,000
Plan Fiduciary net position	22,152,768,000	22,920,607,000	22,740,003,000
Net pension liability	<u>\$ 15,294,294,000</u>	<u>\$ 13,553,359,000</u>	<u>\$ 12,754,973,000</u>
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.80%	64.06%

*The amounts presented for each year were determined using a calendar year ending as of December 31.

Note: Information for the prior 7 years was not available to report

SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA Pension Plan – School Division Trust Fund

Last 10 Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 38,564,555	\$ 34,508,020	\$ 33,093,081	\$ 30,951,475	\$ 29,618,525	\$ 27,921,084	\$ 26,608,313	\$ 23,421,482	\$ 20,421,258	\$ 17,987,325
Contribution in relation to the statutorily required contribution	(38,564,555)	(34,508,020)	(33,093,081)	(30,951,475)	(29,618,525)	(27,921,084)	(26,608,313)	(23,421,482)	(20,421,258)	(17,987,325)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	217,388,594	204,298,944	207,042,843	205,348,253	208,750,579	210,019,550	214,687,049	203,774,946	192,748,192	181,894,697
Contribution as a percentage of covered employee payroll	17.74%	16.89%	15.98%	15.07%	14.19%	13.29%	12.39%	11.49%	10.59%	9.89%

*The amounts presented in this schedule represent a fiscal year, July 1 through June 30.
Contributions and covered payroll includes component units pension amounts through 2014.

Other post-employment benefits

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The schedule of funding progress for the postemployment defined benefit plan presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b/a)/c)
7/1/2009	-	\$ 5,335,085	\$ 5,335,085	0.00%	-	N/A
7/1/2011	-	974,426	974,426	0.00%	-	N/A
7/1/2014	-	431,770	431,770	0.00%	-	N/A

Plan is closed to active members.

This exhibit summarizes the participant data used for the current and prior valuations.

Summary of Participant Data

	July 1, 2014	July 1, 2011
Retirees		
Number of retirees	27	54
Average age of retirees	61.8	60.7
Number of spouses	2	4
Average age of spouses	61.0	60.3
Active Participants		
Number	- *	- *
Average age	N/A	N/A
Average years of service	N/A	N/A
Average expected retirement age	N/A	N/A

*Retiree health benefits closed to all future retirees effective January 1, 2010.

The following exhibit represents plan reporting, comparing actual contributions to the annual required contributions.

Schedule of OPEB Employer Contributions

Year Ended	Annual Required Contributions	Actual Contributions	Percentage Contribution
6/30/2012	\$ 59,822	\$ 186,621	311.96%
6/30/2013	59,822	184,467	308.36%
6/30/2014	59,822	173,885	290.67%
6/30/2015	54,567	131,007	240.08%
6/30/2016	54,567	131,007	240.08%

The following exhibit presents employer reporting, comparing actual contributions to the annual OPEB cost.

Schedule of OPEB Employer Contributions

Year Ended	Annual OPEB Cost	Actual Contributions	Percentage Contribution
6/30/2012	\$ 30,069	\$ 186,621	620.64%
6/30/2013	32,634	184,467	565.26%
6/30/2014	35,124	173,885	495.06%
6/30/2015	(56,758)	131,007	N/A
6/30/2016	(56,758)	131,007	N/A

Cash Flow Projections

The ARC generally exceeds the current pay-as-you-go (“paygo”) cost of an OPEB plan. Over time, the paygo cost will tend to grow and may even eventually exceed the ARC in a well-

funded plan. The following table projects the paygo cost as the projected net fund payment over the next ten years.

Year Ending June 30	Projected Number of Retirees*	Projected Benefit Payments (Age Based Costs)	Projected Retiree Contributions	Projected Net Fund Payment**	Contribution Ratio
2017	18	\$ 220,624	\$ 125,208	\$ 95,416	56.75%
2018	10	128,333	74,191	54,142	57.81%
2019	5	68,901	39,326	29,575	57.08%
2020	2	28,013	16,738	11,275	59.75%
2021	2	29,874	17,587	12,287	58.87%
2022	2	31,683	18,381	13,302	58.02%
2023	1	16,609	9,635	6,974	58.01%
2024	1	17,600	10,064	7,536	57.18%

* Includes covered spouses of retirees

** Estimated employer subsidy for age-based costs in excess of blended premiums paid by retiree

SUPPLEMENTARY INFORMATION
INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

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



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

Food Service Special Revenue Fund – This fund accounts for financial transactions related to food service operations for student breakfast and lunch.

Before, After, and Summer Enrichment Special Revenue Fund – This fund accounts for Before, After, and Summer Enrichment operations offered at 32 locations in the District.

Interscholastic Athletic Special Revenue Fund - This fund accounts for the activities of the interscholastic athletic programs in the District.

Transportation Special Revenue Fund - This fund accounts for the pupil transportation services in the District.

MAJOR GOVERNMENTAL FUNDS

Bond Redemption-Debt Service Fund - This fund is authorized by Colorado School Law. It provides revenues based upon a property tax mill levy set by the School Board to satisfy the District's bonded indebtedness on an annualized basis.

Capital Reserve-Capital Projects Fund - This fund is authorized by Colorado School Law and is funded by an allocation of revenue in accordance with the Colorado School Finance Act. It is used to fund ongoing capital needs including the acquisition of sites, buildings, equipment and vehicles.

ADAMS 12 FIVE STAR SCHOOLS
Non-Major Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	<u>Food Service Special Revenue</u>	<u>Before, After, and Summer Enrichment Special Revenue</u>
ASSETS		
Cash and investments	\$ 4,543,254	\$ 3,440,184
Accounts receivable	6,067	22,854
Due from other governments	76,001	-
Inventories	147,083	-
Prepaid Items	10,126	-
Total assets	<u>\$ 4,782,531</u>	<u>\$ 3,463,038</u>
<u>Liabilities and Fund Balances</u>		
LIABILITIES		
Accounts payable	\$ 80,637	\$ 107,056
Retainage payable	1,200	-
Payroll withholdings payable	30	-
Accrued salaries and benefits	28,745	229,415
Unearned revenue-other	222,068	503,741
Total liabilities	<u>332,680</u>	<u>840,212</u>
FUND BALANCES		
Nonspendable:		
Inventory	147,083	-
Prepaid Items	10,126	-
Restricted for:		
Tabor 3% Emergency Reserve	97,759	231,335
Food Service	4,194,883	-
Committed to:		
Child Care	-	2,391,491
Athletics	-	-
Total fund balances	<u>4,449,851</u>	<u>2,622,826</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,782,531</u>	<u>\$ 3,463,038</u>

<u>Transportation Special Revenue</u>	<u>Interscholastic Athletic Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
\$ 220,675	\$ 479,210	\$ 8,683,323
63,605	595	93,121
-	-	76,001
-	-	147,083
-	3,940	14,066
<u>\$ 284,280</u>	<u>\$ 483,745</u>	<u>\$ 9,013,594</u>

\$ 95,304	\$ 25,387	\$ 308,384
-	-	1,200
-	-	30
188,976	5,549	452,685
-	-	725,809
<u>284,280</u>	<u>30,936</u>	<u>1,488,108</u>

-	-	147,083
-	3,940	14,066
-	24,922	354,016
-	-	4,194,883
-	-	2,391,491
-	423,947	423,947
-	452,809	7,525,486
<u>\$ 284,280</u>	<u>\$ 483,745</u>	<u>\$ 9,013,594</u>

ADAMS 12 FIVE STAR SCHOOLS
Non-Major Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	Food Service Special Revenue	Before, After, and Summer Enrichment Special Revenue	Transportation Special Revenue	Interscholastic Athletic Special Revenue	Total Non-Major Governmental Funds
REVENUES					
Taxes:					
State	\$ 199,716	\$ -	\$ 1,785,357	\$ -	\$ 1,985,073
Federal	7,314,855	-	-	-	7,314,855
Local	3,055,489	7,469,536	236,133	611,682	11,372,840
Investment earnings	3,451	-	-	509	3,960
Miscellaneous	538	-	34,222	-	34,760
Total revenues	<u>10,574,049</u>	<u>7,469,536</u>	<u>2,055,712</u>	<u>612,191</u>	<u>20,711,488</u>
EXPENDITURES					
Current:					
Direct instruction	-	-	-	743,737	743,737
Indirect instruction	-	-	-	30,199	30,199
Other support programs	11,748,757	8,233,878	8,663,095	18,578	28,664,308
Capital outlay:					
Equipment/vehicles/operation systems	-	-	2,552,969	-	2,552,969
Debt service:					
Principal retirement	-	-	527,980	-	527,980
Bond issuance and other costs	-	-	1,485	-	1,485
Total expenditures	<u>11,748,757</u>	<u>8,233,878</u>	<u>11,745,529</u>	<u>792,514</u>	<u>32,520,678</u>
Excess (deficiency) of revenues over (under) expenditures	(1,174,708)	(764,342)	(9,689,817)	(180,323)	(11,809,190)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	241,615	6,457,144	218,540	6,917,299
Issuance from lease purchase	-	-	2,563,515	-	2,563,515
Total other financing sources (uses)	<u>-</u>	<u>241,615</u>	<u>9,020,659</u>	<u>218,540</u>	<u>9,480,814</u>
Net change in fund balances	(1,174,708)	(522,727)	(669,158)	38,217	(2,328,376)
Fund balances, July 1, 2015	5,624,559	3,145,553	669,158	414,592	9,853,862
Fund balances, June 30, 2016	<u>\$ 4,449,851</u>	<u>\$ 2,622,826</u>	<u>\$ -</u>	<u>\$ 452,809</u>	<u>\$ 7,525,486</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Bond Redemption - Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>
	<u>Original</u>	<u>Final</u>			<u>Final Budget</u>
REVENUES					
Taxes:					
Property	\$ 42,421,232	\$ 44,814,569	\$ 44,404,164	\$	(410,405)
Delinquent taxes and interest	122,000	122,000	58,923		(63,077)
Investment earnings	35,000	35,000	114,563		79,563
Miscellaneous	-	-	-		-
Total revenues	<u>42,578,232</u>	<u>44,971,569</u>	<u>44,577,650</u>		<u>(393,919)</u>
EXPENDITURES					
Debt service					
Principal retirement	25,460,751	25,475,687	25,475,687		-
Interest and fiscal charges	13,643,462	13,643,462	13,544,813		98,649
Bond issuance and other costs	-	132,808	226,456		(93,648)
Total expenditures	<u>39,104,213</u>	<u>39,251,957</u>	<u>39,246,956</u>		<u>5,001</u>
Excess (deficiency) of revenues over (under) expenditures	3,474,019	5,719,612	5,330,694		(388,918)
OTHER FINANCING SOURCES (USES)					
Issuance from refunding	-	27,150,000	27,150,000		-
Premium/discount on refunding bonds issued	-	2,836,956	2,836,956		-
Payments to refunded bonds escrow agent	-	(29,775,000)	(29,775,000)		-
Total other financing sources (uses)	<u>-</u>	<u>211,956</u>	<u>211,956</u>		<u>-</u>
Net change in fund balances	3,474,019	5,931,568	5,542,650		(388,918)
Fund balances, July 1, 2015	<u>52,871,007</u>	<u>53,111,796</u>	<u>53,111,796</u>		<u>-</u>
Fund balances, June 30, 2016	<u>\$ 56,345,026</u>	<u>\$ 59,043,364</u>	<u>\$ 58,654,446</u>	<u>\$</u>	<u>(388,918)</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Capital Reserve - Capital Projects Fund
For the Fiscal Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Local	\$ 1,193,241	\$ 1,613,942	\$ 420,701
Investment earnings	1,000	117,378	116,378
Total revenues	<u>1,194,241</u>	<u>1,731,320</u>	<u>537,079</u>
EXPENDITURES			
Capital outlay:			
Sites, buildings, and ground improvements	19,146,316	2,760,672	16,385,644
School additions, improvements, and repairs	3,809,612	4,626,491	(816,879)
Grounds improvements and repairs			-
Equipment/vehicles/operation systems	3,246,273	1,120,197	2,126,076
Debt service			
Principal retirement	5,765,464	4,610,464	1,155,000
Interest and fiscal charges	1,282,403	2,154,471	(872,068)
Bond issuance and other costs	-	226,937	(226,937)
Total expenditures	<u>33,250,068</u>	<u>15,499,232</u>	<u>17,750,836</u>
Excess (deficiency) of revenues over (under) expenditures	(32,055,827)	(13,767,912)	18,287,915
OTHER FINANCING SOURCES (USES)			
Transfers in	10,700,056	11,714,780	1,014,724
Transfers out			
Issuance from refunding	-	21,645,000	21,645,000
Premium/discount on refunding bonds issued	-	3,274,873	3,274,873
Payments to refunded bonds escrow agent	-	(24,697,766)	(24,697,766)
Total other financing sources (uses)	<u>10,700,056</u>	<u>11,936,887</u>	<u>1,236,831</u>
Net change in fund balances	(21,355,771)	(1,831,025)	19,524,746
Fund balances, July 1, 2015	<u>36,300,275</u>	<u>39,485,219</u>	<u>3,184,944</u>
Fund balances, June 30, 2016	<u>\$ 14,944,504</u>	<u>\$ 37,654,194</u>	<u>\$ 22,709,690</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Food Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
State	\$ -	\$ -	\$ 199,716	\$ 199,716
Federal	7,211,605	7,211,605	7,314,855	103,250
Local	3,816,759	3,816,759	3,055,489	(761,270)
Investment earnings	3,000	3,000	3,451	451
Miscellaneous	-	-	538	538
Total revenues	11,031,364	11,031,364	10,574,049	(457,315)
EXPENDITURES				
Other support programs:				
Operations and maintenance	-	-	1,439	(1,439)
Other support services	-	-	135,799	(135,799)
Facilities: planning & development	-	-	232,210	(232,210)
Food service operations	12,578,496	12,581,364	11,379,309	1,202,055
Total expenditures	12,578,496	12,581,364	11,748,757	832,607
Excess (deficiency) of revenues over (under) expenditures	(1,547,132)	(1,550,000)	(1,174,708)	375,292
Net change in fund balances	(1,547,132)	(1,550,000)	(1,174,708)	375,292
Fund balances, July 1, 2015	5,199,380	5,199,380	5,624,559	425,179
Fund balances, June 30, 2016	\$ 3,652,248	\$ 3,649,380	\$ 4,449,851	\$ 800,471

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Before, After, and Summer Enrichment Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Tuition	\$ 7,889,000	\$ 7,889,000	\$ 7,469,536	\$ (419,464)
Total revenues	<u>7,889,000</u>	<u>7,889,000</u>	<u>7,469,536</u>	<u>(419,464)</u>
EXPENDITURES				
Current:				
Other support programs:				
Operations and maintenance	-	-	1,684	(1,684)
Facilities: planning & development	-	-	111	(111)
Child Care operations	<u>8,695,799</u>	<u>8,770,698</u>	<u>8,232,083</u>	<u>538,615</u>
Total expenditures	<u>8,695,799</u>	<u>8,770,698</u>	<u>8,233,878</u>	<u>536,820</u>
Excess (deficiency) of revenues over (under) expenditures	(806,799)	(881,698)	(764,342)	117,356
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>241,615</u>	<u>241,615</u>
Net change in fund balances	(806,799)	(881,698)	(522,727)	358,971
Fund balances, July 1, 2015	<u>3,484,981</u>	<u>3,484,981</u>	<u>3,145,553</u>	<u>(339,428)</u>
Fund balances, June 30, 2016	<u>\$ 2,678,182</u>	<u>\$ 2,603,283</u>	<u>\$ 2,622,826</u>	<u>\$ 19,543</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State	\$ 1,860,631	\$ 1,795,626	\$ 1,785,357	\$ (10,269)
Local	209,143	209,143	236,133	26,990
Miscellaneous	40,000	40,000	34,222	(5,778)
Total revenues	<u>2,109,774</u>	<u>2,044,769</u>	<u>2,055,712</u>	<u>10,943</u>
EXPENDITURES				
Other support programs:				
Operations and maintenance	-	-	15,217	(15,217)
Pupil Transportation Services	<u>9,380,996</u>	<u>9,380,996</u>	<u>8,647,878</u>	<u>733,118</u>
Total other support programs	<u>9,380,996</u>	<u>9,380,996</u>	<u>8,663,095</u>	<u>717,901</u>
Capital outlay:				
Equipment/vehicles/operation systems	-	2,563,515	2,552,969	10,546
Debt service:				
Principal retirement	479,272	479,272	527,980	(48,708)
Interest and fiscal charges	33,431	33,431	-	33,431
Bond issuance and other costs	<u>-</u>	<u>-</u>	<u>1,485</u>	<u>(1,485)</u>
Total expenditures	<u>9,893,699</u>	<u>12,457,214</u>	<u>11,745,529</u>	<u>711,685</u>
Excess (deficiency) of revenues over (under) expenditures	(7,783,925)	(10,412,445)	(9,689,817)	722,628
OTHER FINANCING SOURCES (USES)				
Transfers in	7,339,399	7,339,399	6,457,144	(882,255)
Issuance of lease purchase	<u>-</u>	<u>2,563,515</u>	<u>2,563,515</u>	<u>-</u>
Total other financing sources (uses)	<u>7,339,399</u>	<u>9,902,914</u>	<u>9,020,659</u>	<u>(882,255)</u>
Net change in fund balances	(444,526)	(509,531)	(669,158)	(159,627)
Fund balances, July 1, 2015	<u>444,526</u>	<u>669,158</u>	<u>669,158</u>	<u>-</u>
Fund balances, June 30, 2016	<u>\$ -</u>	<u>\$ 159,627</u>	<u>\$ -</u>	<u>\$ (159,627)</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
Interscholastic Athletic Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Local	\$ 602,601	\$ 611,682	\$ 9,081
Investment earnings	-	509	509
Total revenues	<u>602,601</u>	<u>612,191</u>	<u>9,590</u>
EXPENDITURES			
Current:			
Direct instruction:			
K-8 education	2,550	2,451	99
Middle School education	5,950	5,227	723
High School education	403,788	395,167	8,621
Special programs	<u>595,591</u>	<u>340,892</u>	<u>254,699</u>
Total direct instruction	<u>1,007,879</u>	<u>743,737</u>	<u>264,142</u>
Indirect instruction:			
Instructional staff services	<u>27,125</u>	<u>30,199</u>	<u>(3,074)</u>
Total indirect instruction	<u>27,125</u>	<u>30,199</u>	<u>(3,074)</u>
Other support programs:			
Operations and maintenance	-	7,691	(7,691)
Facilities: planning & development	<u>-</u>	<u>10,887</u>	<u>(10,887)</u>
Total other support programs	<u>-</u>	<u>18,578</u>	<u>(18,578)</u>
Total expenditures	<u>1,035,004</u>	<u>792,514</u>	<u>242,490</u>
Excess (deficiency) of revenues over (under) expenditures	(432,403)	(180,323)	252,080
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>194,350</u>	<u>218,540</u>	<u>24,190</u>
Net change in fund balances	(238,053)	38,217	276,270
Fund balances, July 1, 2015	<u>372,135</u>	<u>414,592</u>	<u>42,457</u>
Fund balances, June 30, 2016	<u>\$ 134,082</u>	<u>\$ 452,809</u>	<u>\$ 318,727</u>

ADAMS 12 FIVE STAR SCHOOLS
Statement of Changes in Fiduciary Assets and Liabilities
Pupil Activity Agency Fund
For the Fiscal Year Ended June 30, 2016

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
ASSETS				
Pooled cash and investments	\$ 4,422,500	\$ 6,858,806	\$ 6,764,464	\$ 4,516,842
Prepaid Items	-	6,356	-	6,356
Accounts receivable	361	369	361	369
Total assets	<u>\$ 4,422,861</u>	<u>\$ 6,865,531</u>	<u>\$ 6,764,825</u>	<u>\$ 4,523,567</u>
LIABILITIES				
Accounts payable	\$ 276,867	\$ 306,537	\$ 276,867	\$ 306,537
Accrued salaries and benefits	-	9,325	-	9,325
Due to student groups and other organizations	4,145,994	6,549,669	6,487,958	4,207,705
Total liabilities	<u>\$ 4,422,861</u>	<u>\$ 6,865,531</u>	<u>\$ 6,764,825</u>	<u>\$ 4,523,567</u>



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COMPONENT UNITS

The component units consist of four charter school administrative units: Stargate Charter School, Westgate Charter School, Prospect Ridge Academy and Global Village Academy. The schools have separate governing boards, but are dependent upon the District for the majority of their funding.

ADAMS 12 FIVE STAR SCHOOLS
Combining Statement of Net Position
Component Units
June 30, 2016

	Stargate Charter School	Westage Charter School	Prospect Ridge Charter School	Global Village Charter School	Total Charter Schools
<u>Assets</u>					
Cash and investments - unrestricted	\$ 2,375,654	\$ 605,412	\$ 3,582,215	\$ 1,387,935	\$ 7,951,216
Cash and investments - restricted	10,938,303	1,070,629	6,625,614	-	18,634,546
Accounts receivable	928	2,964	28	7,223	11,143
Prepaid expenses	3,446	1,944	139,160	-	144,550
Deposit	-	-	-	30,000	30,000
Capital assets, not being depreciated:					
Land and construction in progress	35,306,839	2,834,000	3,967,251	-	42,108,090
Capital assets, net of accumulated depreciation:					
Buildings	5,833,724	4,702,145	8,342,718	1,166,399	20,044,986
Equipment/vehicles	2,884	11,168	5,199	71,453	90,704
Total Assets	<u>54,461,778</u>	<u>9,228,262</u>	<u>22,662,185</u>	<u>2,663,010</u>	<u>89,015,235</u>
<u>Deferred Outflows of Resources</u>					
Deferred charges on refunding	537,534	-	-	-	537,534
Deferred outflows related to pensions	3,052,820	1,121,201	4,281,004	2,869,489	11,324,514
Total deferred outflows of resources	<u>3,590,354</u>	<u>1,121,201</u>	<u>4,281,004</u>	<u>2,869,489</u>	<u>11,862,048</u>
<u>Liabilities</u>					
Accounts payable	2,547,722	127,309	500,209	153,333	3,328,573
Retainages payable	1,241,476	-	-	-	1,241,476
Accrued expenses	-	-	2,616	-	2,616
Accrued salaries and benefits	471,192	109,205	373,421	270,305	1,224,123
Accrued interest payable	229,925	33,304	223,410	-	486,639
Due to primary government	-	-	-	-	-
Unearned revenue	-	-	43,525	2,003	45,528
Noncurrent liabilities					
Due within one year:					
Compensated absences	-	-	34,050	-	34,050
Loans	-	-	-	410,048	410,048
Revenue bonds	6,325,000	207,767	-	-	6,532,767
Capital leases	-	-	-	22,840	22,840
Due in more than one year:					
Compensated absences	6,014	-	-	-	6,014
Loans	-	-	-	554,118	554,118
Revenue bonds	44,070,000	8,882,072	21,630,000	-	74,582,072
Capital leases	-	-	-	-	-
Net pension liability	11,695,205	4,706,685	13,277,946	8,315,066	37,994,902
Total liabilities	<u>66,586,534</u>	<u>14,066,342</u>	<u>36,085,177</u>	<u>9,727,713</u>	<u>126,465,766</u>
<u>Deferred Inflows of Resources</u>					
Deferred inflows related to pensions	165,688	535,825	188,147	117,852	1,007,512
Total deferred inflows of resources	<u>165,688</u>	<u>535,825</u>	<u>188,147</u>	<u>117,852</u>	<u>1,007,512</u>
<u>Net position</u>					
Net investment in capital assets	(4,480,849)	(1,542,526)	(4,894,508)	250,846	(10,667,037)
Restricted for:					
Debt service	2,694,115	1,037,325	1,532,776	-	5,264,216
TABOR	206,000	109,000	257,285	198,378	770,663
Special education	200,000	50,000	200,005	-	450,005
Unrestricted	(7,319,356)	(3,906,503)	(6,425,693)	(4,762,290)	(22,413,842)
Total net position	<u>\$ (8,700,090)</u>	<u>\$ (4,252,704)</u>	<u>\$ (9,330,135)</u>	<u>\$ (4,313,066)</u>	<u>\$ (26,595,995)</u>

ADAMS 12 FIVE STAR SCHOOLS
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2016

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Schools:					
Stargate Charter School	\$ 8,289,500	\$ 770,099	\$ 89,819	\$ -	\$ (7,429,582)
Westgate Charter School	3,999,446	321,609	98,009	112,340	(3,467,488)
Prospect Ridge Charter School	12,324,351	549,979	284,337	369,060	(11,120,975)
Global Village Charter School	7,475,375	204,120	331,058	231,350	(6,708,847)
	<u>\$ 32,088,672</u>	<u>\$ 1,845,807</u>	<u>\$ 803,223</u>	<u>\$ 712,750</u>	<u>(28,726,892)</u>

General Revenues:

School Finance Act:

Stargate Charter School	5,708,681
Westgate Charter School	3,106,120
Prospect Ridge Charter School	7,976,059
Global Village Charter School	6,396,055

Other:

Stargate Charter School	302,655
Westgate Charter School	55,710
Prospect Ridge Charter School	451,738
Global Village Charter School	16,082

Total general revenues:	<u>24,013,100</u>
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Change in net position	(4,713,792)
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Net position July 1, 2015	(21,882,203)
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Net position June 30, 2016	<u>\$ (26,595,995)</u>
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STATE REQUIRED REPORT

COLORADO DEPARTMENT OF EDUCATION

AUDITOR'S ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES

The Auditor's electronic financial data integrity check figures report is a fiscal year report of receipts and expenditures of each fund in accordance with the Financial Policies and Procedures Handbook adopted by the State Board of Education. Article 29 of the Colorado Revised Statutes requires that the audit report of each district contain a copy of this report.



Colorado Department of Education

Auditors Integrity Report

District: 0020 - ADAMS 12 FIVE STAR SCHOOLS

Fiscal Year 2015-16

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Governmental	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
10 General Fund			39,851,754	276,936,573	283,514,572		33,273,755
18 Risk Mgmt Sub-Fund of General Fund			2,492,101	5,353,771	5,479,220		2,366,652
19 Colorado Preschool Program Fund			47,246	2,476,349	2,248,538		275,057
Sub- Total			42,391,101	284,766,693	291,242,331		35,915,464
20.26-29 Charter School Fund			843,282	28,018,200	27,950,450		911,032
21 Special Revenue Fund			3,560,145	8,541,882	9,026,392		3,075,635
21 Food Service Spec Revenue Fund			5,624,559	10,574,049	11,748,757		4,449,851
22 Govt Designated-Purpose Grants Fund			0	22,821,536	22,821,536		0
23 Pupil Activity Special Revenue Fund			0	0	0		0
24 Full Day Kindergarten Mill Levy Override			0	0	0		0
25 Transportation Fund			669,158	11,076,371	11,745,529		0
31 Bond Redemption Fund			53,111,796	74,564,606	69,021,956		58,654,446
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			39,485,219	38,365,973	40,196,998		37,654,194
Totals			145,685,259	478,729,310	483,753,948		140,660,621
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			4,145,994	6,549,669	6,487,958		4,207,705
79 GASB 34: Permanent Fund			0	0	0		0
85 Foundations			0	0	0		0
Totals			4,145,994	6,549,669	6,487,958		4,207,705
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.



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STATISTICAL SECTION

ADAMS 12 FIVE STAR SCHOOLS
Statistical Section

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

<u>Contents</u>	<u>Pages</u>
<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.	122-129
<u>Revenue Capacity</u> – These schedules contain information to help the reader understand and assess the District's ability to generate own-source revenues.	130-135
<u>Debt Capacity</u> – 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.	136-141
<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.	142-143
<u>Operating Information</u> – These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	144-149

ADAMS 12 FIVE STAR SCHOOLS
Financial Trends Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 62,486,539	\$ 74,436,046	\$ 102,040,985	\$ 114,481,427
Restricted	64,912,526	65,039,907	48,784,221	55,066,663
Unrestricted	49,047,581	43,515,990	46,110,635	42,489,892
Total governmental activities net position	<u>\$ 176,446,646</u>	<u>\$ 182,991,943</u>	<u>\$ 196,935,841</u>	<u>\$ 212,037,982</u>
Business-type activities				
Net investment in capital assets	\$ 1,606,631	\$ 1,958,259	\$ 1,635,867	\$ 1,489,450
Unrestricted	4,540,988	4,460,908	5,829,311	7,304,890
Total business-type activities net position	<u>\$ 6,147,619</u>	<u>\$ 6,419,167</u>	<u>\$ 7,465,178</u>	<u>\$ 8,794,340</u>
Primary government				
Net investment in capital assets	\$ 64,093,170	\$ 76,394,305	\$ 103,676,852	\$ 115,970,877
Restricted	64,912,526	65,039,907	48,784,221	55,066,663
Unrestricted	53,588,569	47,976,898	51,939,946	49,794,782
Total primary government net position	<u>\$ 182,594,265</u>	<u>\$ 189,411,110</u>	<u>\$ 204,401,019</u>	<u>\$ 220,832,322</u>

2011	2012	2013	2014	2015	2016
\$ 138,799,116	\$ 144,815,482	\$ 157,898,594	\$ 161,427,987	\$ 145,038,966	\$ 163,015,412
49,107,034	44,641,164	28,001,700	33,474,816	63,890,686	70,250,428
23,587,271	20,042,222	27,474,100	20,724,391	(625,268,715)	(657,867,115)
<u>\$ 211,493,421</u>	<u>\$ 209,498,868</u>	<u>\$ 213,374,394</u>	<u>\$ 215,627,194</u>	<u>\$ (416,339,063)</u>	<u>\$ (424,601,275)</u>
\$ 1,250,821	\$ 994,103	\$ 848,479	\$ 686,574	\$ -	\$ -
8,037,608	8,896,706	9,077,241	9,936,435	-	-
<u>\$ 9,288,429</u>	<u>\$ 9,890,809</u>	<u>\$ 9,925,720</u>	<u>\$ 10,623,009</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 140,049,937	\$ 145,809,585	\$ 158,747,073	\$ 162,114,561	\$ 145,038,966	\$ 163,015,412
49,107,034	44,641,164	28,001,700	33,474,816	63,890,686	70,250,428
31,624,879	28,938,928	36,551,341	30,660,826	(625,268,715)	(657,867,115)
<u>\$ 220,781,850</u>	<u>\$ 219,389,677</u>	<u>\$ 223,300,114</u>	<u>\$ 226,250,203</u>	<u>\$ (416,339,063)</u>	<u>\$ (424,601,275)</u>

ADAMS 12 FIVE STAR SCHOOLS
Financial Trends Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010
Expenses				
Governmental activities:				
Direct Instruction	\$ 172,874,749	\$ 193,252,148	\$ 201,130,295	\$ 212,201,199
Indirect Instruction	39,915,964	42,187,957	45,793,561	49,647,730
Other Support Programs	50,365,153	52,579,176	55,940,976	58,050,462
Charter school funding	25,991,827	31,941,281	40,864,331	47,747,380
Interest expense, unallocated	17,607,698	17,251,248	18,304,052	17,430,439
Total governmental activities expenses	<u>306,755,391</u>	<u>337,211,810</u>	<u>362,033,215</u>	<u>385,077,210</u>
Business-type activities:				
Food services	8,059,731	9,290,461	8,853,982	9,168,538
Child care	5,124,738	5,567,239	5,981,669	6,064,318
Total business-type activities expenses	<u>13,184,469</u>	<u>14,857,700</u>	<u>14,835,651</u>	<u>15,232,856</u>
Total primary government expenses	<u>\$ 319,939,860</u>	<u>\$ 352,069,510</u>	<u>\$ 376,868,866</u>	<u>\$ 400,310,066</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Direct Instruction	\$ 1,316,669	\$ 1,450,509	\$ 1,723,158	\$ 2,029,950
Indirect Instruction	515,840	594,846	619,483	730,131
Other Support Programs	1,095,364	1,814,701	1,856,792	2,099,203
Charter School Funding	984,113	989,247	807,938	647,567
Operating grants and contributions:				
Direct Instruction	16,949,472	16,187,983	16,188,043	23,273,441
Indirect Instruction	4,369,043	4,267,223	5,621,772	7,619,341
Other Support Programs	1,355,119	1,249,955	1,443,077	1,714,297
Capital grants and contributions:				
Direct Instruction	2,956,136	-	575,739	1,540,210
Total governmental activities program revenues	<u>29,541,756</u>	<u>26,554,464</u>	<u>28,836,002</u>	<u>39,654,140</u>
Business-type activities:				
Charges for services:				
Food service	4,629,479	4,598,273	4,592,122	4,393,297
Child care	5,121,465	5,984,815	6,214,491	6,452,068
Operating grants and contributions:				
Food service	3,832,309	4,309,340	5,040,829	5,611,774
Total business-type activities program revenues	<u>13,583,253</u>	<u>14,892,428</u>	<u>15,847,442</u>	<u>16,457,139</u>
Total primary government program revenues	<u>\$ 43,125,009</u>	<u>\$ 41,446,892</u>	<u>\$ 44,683,444</u>	<u>\$ 56,111,279</u>
Net (Expense)/Revenue				
Governmental activities	\$ (277,213,635)	\$ (310,657,346)	\$ (333,197,213)	\$ (345,423,070)
Business-type activities	398,784	34,728	1,011,791	1,224,283
Total primary government net expense	<u>\$ (276,814,851)</u>	<u>\$ (310,622,618)</u>	<u>\$ (332,185,422)</u>	<u>\$ (344,198,787)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Local property taxes	\$ 105,876,731	\$ 113,183,996	\$ 123,832,566	\$ 122,733,076
Specific ownership taxes	10,333,929	9,919,901	9,151,434	8,475,048
Intergovernmental, unrestricted	173,628,333	185,875,113	208,758,597	224,988,909
Other	1,056,233	1,401,436	1,442,253	1,262,982
Earnings on investments	7,862,592	6,994,160	3,976,195	1,440,595
Transfers	(470,216)	(171,963)	(19,935)	(82,917)
Gain (loss) on disposal of assets	-	-	-	1,707,518
Total governmental activities:	<u>298,287,602</u>	<u>317,202,643</u>	<u>347,141,110</u>	<u>360,525,211</u>
Business-type activities:				
Earnings on investments	74,309	64,857	14,285	21,962
Other	-	-	-	-
Transfers	470,216	171,963	19,935	82,917
Loss on disposal of assets	-	-	-	-
Total business-type activities:	<u>544,525</u>	<u>236,820</u>	<u>34,220</u>	<u>104,879</u>
Total primary government	<u>\$ 298,832,127</u>	<u>\$ 317,439,463</u>	<u>\$ 347,175,330</u>	<u>\$ 360,630,090</u>
Change in Net Position				
Governmental activities	\$ 21,073,967	\$ 6,545,297	\$ 13,943,897	\$ 15,102,141
Business-type activities	943,309	271,548	1,046,011	1,329,162
Total primary government	<u>\$ 22,017,276</u>	<u>\$ 6,816,845</u>	<u>\$ 14,989,908</u>	<u>\$ 16,431,303</u>

2011	2012	2013	2014	2015	2016
\$ 204,116,371	\$ 202,400,390	\$ 200,660,934	\$ 201,406,574	\$ 217,179,196	\$ 232,478,810
49,532,839	43,868,253	42,520,108	47,999,681	58,613,866	65,909,683
56,866,813	54,781,017	58,617,995	68,402,400	72,883,709	80,863,780
43,910,735	49,760,754	51,583,887	43,472,016	19,391,201	23,186,915
20,016,965	24,610,420	18,649,158	13,191,487	34,388,947	23,185,957
<u>374,443,723</u>	<u>375,420,834</u>	<u>372,032,082</u>	<u>374,472,158</u>	<u>402,456,919</u>	<u>425,625,145</u>
9,124,435	9,572,148	9,769,874	10,116,781	-	-
6,003,305	5,984,358	5,807,797	6,184,005	-	-
<u>15,127,740</u>	<u>15,556,506</u>	<u>15,577,671</u>	<u>16,300,786</u>	<u>-</u>	<u>-</u>
<u>\$ 389,571,463</u>	<u>\$ 390,977,340</u>	<u>\$ 387,609,753</u>	<u>\$ 390,772,944</u>	<u>\$ 402,456,919</u>	<u>\$ 425,625,145</u>
\$ 1,479,152	\$ 3,549,584	\$ 3,285,911	\$ 3,266,656	\$ 3,130,072	\$ 3,436,695
602,470	525,653	546,271	652,191	792,885	676,633
2,956,240	2,154,280	2,772,177	3,892,302	14,427,437	14,938,507
530,874	639,861	656,182	631,056	382,008	443,099
32,027,827	18,750,842	18,738,679	21,374,486	20,126,032	20,487,996
8,519,699	7,807,215	6,835,264	5,911,727	7,752,585	7,943,535
1,959,642	2,041,845	2,046,461	2,414,066	10,700,393	10,486,734
169,519	63,138	-	-	-	-
<u>48,245,423</u>	<u>35,532,418</u>	<u>34,880,945</u>	<u>38,142,484</u>	<u>57,311,412</u>	<u>58,413,199</u>
3,973,120	3,624,894	3,443,467	3,279,697	-	-
6,539,911	6,450,628	6,430,706	6,879,261	-	-
6,103,394	6,079,140	6,135,587	6,837,064	-	-
<u>16,616,425</u>	<u>16,154,662</u>	<u>16,009,760</u>	<u>16,996,022</u>	<u>-</u>	<u>-</u>
<u>\$ 64,861,848</u>	<u>\$ 51,687,080</u>	<u>\$ 50,890,705</u>	<u>\$ 55,138,506</u>	<u>\$ 57,311,412</u>	<u>\$ 58,413,199</u>
\$ (326,198,300)	\$ (339,888,416)	\$ (337,151,137)	\$ (336,329,674)	\$ (345,145,507)	\$ (367,211,946)
1,488,685	598,156	432,089	695,236	-	-
<u>\$ (324,709,615)</u>	<u>\$ (339,290,260)</u>	<u>\$ (336,719,048)</u>	<u>\$ (335,634,438)</u>	<u>\$ (345,145,507)</u>	<u>\$ (367,211,946)</u>
\$ 122,541,664	\$ 121,200,202	\$ 121,511,993	\$ 121,590,268	\$ 122,794,404	\$ 136,517,005
7,994,040	8,140,240	8,644,074	9,366,253	10,222,765	11,093,715
202,372,669	208,047,852	209,276,528	209,026,802	200,859,028	206,985,977
1,306,961	885,902	737,988	163,280	103,728	-
564,593	511,328	456,080	394,470	576,636	1,619,236
1,000,000	-	400,000	-	-	-
130,157	-	-	-	1,525	-
<u>335,910,084</u>	<u>338,785,524</u>	<u>341,026,663</u>	<u>340,541,073</u>	<u>336,860,646</u>	<u>358,949,689</u>
5,404	4,220	2,822	2,053	-	-
-	-	-	-	-	-
(1,000,000)	-	(400,000)	-	-	-
-	-	-	-	-	-
<u>(994,596)</u>	<u>4,220</u>	<u>(397,178)</u>	<u>2,053</u>	<u>-</u>	<u>-</u>
<u>\$ 334,915,488</u>	<u>\$ 338,789,744</u>	<u>\$ 340,629,485</u>	<u>\$ 340,543,126</u>	<u>\$ 336,860,646</u>	<u>\$ 358,949,689</u>
\$ 9,711,784	\$ (1,102,892)	\$ 3,875,526	\$ 4,211,399	\$ (8,284,861)	\$ (8,262,257)
494,089	602,376	34,911	697,289	-	-
<u>\$ 10,205,873</u>	<u>\$ (500,516)</u>	<u>\$ 3,910,437</u>	<u>\$ 4,908,688</u>	<u>\$ (8,284,861)</u>	<u>\$ (8,262,257)</u>

ADAMS 12 FIVE STAR SCHOOLS
Financial Trends Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	19,141,213	22,630,076	24,513,449	25,060,414
Unreserved	30,909,224	24,031,680	25,494,530	26,937,265
Total general fund	<u>\$ 50,050,437</u>	<u>\$ 46,661,756</u>	<u>\$ 50,007,979</u>	<u>\$ 51,997,679</u>
All Other Governmental Funds				
Nonspendable:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Tabor 3% Emergency Reserve	-	-	-	-
Debt Service projects	-	-	-	-
Capital projects	-	-	-	-
Food Service	-	-	-	-
Committed to:				
Athletics	-	-	-	-
Child Care	-	-	-	-
Transportation	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Designated Purpose Grants	-	-	-	-
Reserved	95,666,467	80,620,384	71,462,843	66,343,674
Unreserved, reported in:				
Special revenue funds	184,786	230,295	102,030	15,979
Capital projects funds	10,521,391	37,968,196	20,228,344	14,040,347
Total all other governmental funds	<u>\$ 106,372,644</u>	<u>\$ 118,818,875</u>	<u>\$ 91,793,217</u>	<u>\$ 80,400,000</u>

In Fiscal Year 2011, the District adopted GASB 54, Fund Balance Reporting and Fund Type Definitions, changing the titles and classifications of fund balances.

2011	2012	2013	2014	2015	2016
\$ 1,039,078	\$ 691,093	\$ 673,651	\$ 839,223	\$ 899,916	\$ 1,854,645
18,028,812	18,572,049	19,131,027	19,202,758	19,154,089	18,894,678
2,392,938	2,314,378	2,978,017	3,029,680	2,492,101	11,103,922
2,995,764	-	17,611,085	10,003,569	13,951,419	4,062,219
28,474,372	28,294,086	9,286,389	11,955,673	5,893,576	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 52,930,964</u>	<u>\$ 49,871,606</u>	<u>\$ 49,680,169</u>	<u>\$ 45,030,903</u>	<u>\$ 42,391,101</u>	<u>\$ 35,915,464</u>
\$ 400,591	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	210,395	147,083
-	-	-	-	54,641	47,557
-	-	-	-	-	761,737
37,500,858	39,400,485	39,803,375	46,639,747	53,111,796	58,654,446
17,367,367	14,376,982	-	6,939,248	26,866,762	24,997,937
-	-	-	-	5,409,523	4,194,883
342,158	383,942	367,360	432,246	364,592	423,947
-	-	-	-	3,145,553	2,391,491
-	-	-	-	669,158	-
-	-	7,952,899	9,463,425	10,111,685	12,248,536
8,074,417	4,639,035	3,526,175	2,044,029	2,506,772	-
-	-	-	-	-	(33,491)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 63,685,391</u>	<u>\$ 58,800,444</u>	<u>\$ 51,649,809</u>	<u>\$ 65,518,695</u>	<u>\$ 102,450,877</u>	<u>\$ 103,834,126</u>

ADAMS 12 FIVE STAR SCHOOLS
Financial Trends Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues				
Taxes	\$ 116,304,335	\$ 123,315,587	\$ 132,465,291	\$ 131,021,544
State	183,123,253	193,543,812	218,115,201	236,555,734
Federal	13,178,714	14,036,462	13,896,288	22,674,497
Local	20,815	9,569	1,301	772
Mineral Leases	-	-	-	-
Investment Earnings	7,862,592	6,994,160	3,976,195	1,440,595
Miscellaneous	7,903,541	6,241,170	6,448,322	6,831,037
Total revenues	<u>328,393,250</u>	<u>344,140,760</u>	<u>374,902,598</u>	<u>398,524,179</u>
Expenditures				
Direct Instruction	160,137,822	173,389,765	182,733,706	196,173,403
Indirect Instruction	40,008,297	41,762,946	45,290,896	49,461,367
Other Support Programs	48,088,661	50,626,175	52,765,590	55,326,963
Charter school funding	25,991,827	31,941,281	40,864,331	47,747,380
Debt service:				
Principal	18,882,700	22,653,584	23,532,308	24,593,173
Interest	18,119,365	17,601,364	18,806,876	17,878,787
Bond issuance costs	386,527	404,373	-	-
Capital outlay	78,889,239	36,418,936	34,899,456	24,339,334
Total expenditures	<u>390,504,438</u>	<u>374,798,424</u>	<u>398,893,163</u>	<u>415,520,407</u>
Excess of revenues over (under) expenditures	(62,111,188)	(30,657,664)	(23,990,565)	(16,996,228)
Other Financing Sources (Uses)				
Transfers in	505,885	521,062	536,372	612,774
Transfers out	(505,885)	(521,062)	(536,372)	(612,774)
Payments to refunded bonds escrow agent	-	-	-	-
Payments to refunded COPs escrow agent	-	-	-	-
Refunding bonds	-	-	-	-
Issuance of COPs	-	32,985,000	-	-
COPs premium	-	365,740	-	-
Issuance of debt	42,400,466	4,325,000	-	-
Bond premium	-	103,463	-	-
Land/building sales	80,040	855,491	311,131	7,592,711
Lease purchase	-	1,080,520	-	-
Total other financing sources (uses)	<u>42,480,506</u>	<u>39,715,214</u>	<u>311,131</u>	<u>7,592,711</u>
Net change in fund balance	<u>\$ (19,630,682)</u>	<u>\$ 9,057,550</u>	<u>\$ (23,679,434)</u>	<u>\$ (9,403,517)</u>
Debt service as a percentage of noncapital expenditures	11.9%	11.9%	11.6%	10.9%

2011	2012	2013	2014	2015	2016
\$ 131,549,891	\$ 129,104,686	\$ 130,814,942	\$ 131,427,784	\$ 133,716,439	\$ 146,675,513
225,698,244	219,519,011	221,251,686	222,550,056	216,715,737	223,377,140
19,351,112	17,132,769	15,645,246	15,855,381	24,037,648	24,470,458
-	25,118	20,884	1,330,180	7,133,593	19,633,379
-	-	-	-	37,520	31,946
564,593	511,328	456,080	394,470	576,636	1,619,236
6,875,698	7,789,274	7,977,645	7,596,949	12,653,755	620,009
384,039,538	374,082,186	376,166,483	379,154,820	394,871,328	416,427,681
187,724,932	186,273,435	184,188,632	185,347,582	191,442,866	200,880,489
49,400,171	43,771,488	42,342,107	47,962,804	54,922,617	60,590,339
53,776,443	50,344,628	50,405,364	58,606,031	78,201,170	82,031,282
43,910,735	49,760,754	51,583,887	43,472,016	19,391,201	23,186,915
25,219,323	21,071,120	22,247,787	21,792,134	25,988,689	30,614,131
16,889,485	21,828,525	19,880,225	13,326,531	13,958,345	15,699,284
-	792,243	-	478,487	931,108	454,878
25,035,243	9,826,488	11,215,035	12,655,188	13,654,621	11,060,329
401,956,332	383,668,681	381,863,037	383,640,773	398,490,617	424,517,647
(17,916,794)	(9,586,495)	(5,696,554)	(4,485,953)	(3,619,289)	(8,089,966)
6,578,177	5,454,759	11,338,921	13,961,433	20,123,032	18,632,079
(5,578,177)	(5,454,759)	(10,938,921)	(13,961,433)	(20,123,032)	(18,632,079)
-	-	-	-	(99,241,278)	(54,472,766)
-	(138,199,482)	-	-	-	-
-	120,537,083	-	-	81,245,325	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	20,196,250	-	-	15,822,745	6,111,829
132,599	-	-	-	-	-
1,002,873	-	217,500	13,705,573	30,148,442	51,358,515
2,135,472	2,533,851	617,500	13,705,573	27,975,234	2,997,578
\$ (15,781,322)	\$ (7,052,644)	\$ (5,079,054)	\$ 9,219,620	\$ 24,355,945	\$ (5,092,388)
11.2%	11.5%	11.2%	9.3%	10.4%	11.3%

ADAMS 12 FIVE STAR SCHOOLS
Revenue Capacity Schedule 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Levy Year/ Collection Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	Agricultural Property	Natural Resources
2006/2007	\$ 1,119,871,336	\$ 237,916,446	\$ 24,929,520	\$ 49,252,330	\$ 722,600	\$ 9,900
2007/2008	1,183,933,891	333,062,170	25,124,820	56,535,700	581,110	9,900
2008/2009	1,212,014,395	344,975,819	24,088,290	50,657,710	529,530	9,770
2009/2010	1,167,515,312	359,605,712	23,954,040	50,797,860	550,350	9,880
2010/2011	1,165,020,123	369,028,959	17,284,040	43,495,190	549,090	9,880
2011/2012	1,146,833,573	363,974,574	17,197,190	36,316,440	462,540	9,880
2012/2013	1,161,229,372	361,190,712	17,377,320	32,756,710	435,330	9,880
2013/2014	1,178,393,358	377,471,168	15,268,340	35,759,280	463,510	9,880
2014/2015	1,194,583,604	367,039,632	15,580,650	31,487,390	459,100	9,880
2015/2016	1,408,185,162	405,637,590	23,257,190	44,509,010	599,790	9,880

Source: Adams County Assessor's Office, Broomfield County Assessor's Office

Oil and Gas		Public Utilities		Personal Property		Total Taxable Assessed Value	Mill Levy General Fund and Bond	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	10,013,620	\$	11,233,290	\$	132,937,990	\$ 1,586,887,032	67.04	\$ 16,229,085,686	9.78%
	7,985,500		12,473,730		138,879,240	1,758,586,061	64.59	17,108,626,910	10.28%
	6,423,290		12,729,814		131,553,300	1,782,981,918	69.67	17,796,611,079	10.02%
	7,971,360		11,333,320		134,769,560	1,756,507,394	70.18	16,946,998,526	10.36%
	3,418,840		13,041,800		149,660,920	1,761,508,842	70.36	17,366,297,047	10.14%
	5,244,990		14,899,210		145,633,820	1,730,572,217	70.28	17,196,373,239	10.06%
	6,020,790		16,680,130		141,541,680	1,737,241,924	70.60	16,948,596,051	10.25%
	4,846,960		22,757,260		147,447,010	1,782,416,766	68.61	17,295,184,533	10.31%
	4,978,500		22,009,358		154,645,390	1,790,793,504	68.78	17,524,070,040	10.21%
	8,430,690		22,247,852		163,953,960	2,076,831,124	66.02	20,705,094,601	10.03%

ADAMS 12 FIVE STAR SCHOOLS
Revenue Capacity Schedule 6
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Value)
Last Ten Fiscal/Calendar Years
(Unaudited)

Fiscal Year	School District Rates			Overlapping Rates	
	General Fund	Debt		Adams County	Broomfield County
		Service Fund	Total		
2007	44.279	22.765	67.044	26.974	15.774
2008	41.830	22.765	64.595	26.899	15.774
2009	46.906	22.765	69.671	26.809	15.774
2010	47.414	22.765	70.179	26.824	15.774
2011	47.594	22.765	70.359	26.883	15.774
2012	47.511	22.765	70.276	26.806	15.261
2013	47.837	22.765	70.602	26.903	15.261
2014	45.840	21.665	68.605	26.815	15.261
2015	47.116	21.665	68.781	27.042	15.261
2016	44.352	21.665	66.017	26.817	15.261

Source: Adams County Assessor's Office, Broomfield County Assessor's Office

ADAMS 12 FIVE STAR SCHOOLS
Revenue Capacity Schedule 7
Principal Property Taxpayers
Most Current Calendar Year Available and Nine Years Ago
(Unaudited)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Public Service Company of Colorado dba Xcel Energy	\$ 48,885,320	1	2.35%	\$ 12,397,050	3	0.78%
Vestar Orchard Town Center Inc	33,366,920	2	1.61%			
Qwest Corp.	21,923,600	3	1.06%	16,826,400	2	1.06%
GC Net Lease Investors	15,992,510	4	0.77%			
Tri State Generation	12,936,240	5	0.62%	8,975,350	6	0.57%
Marketplace at Northglenn (10410-10450 Melody Lane LLC)	10,246,070	6	0.49%	9,983,130	5	0.63%
SITE C LLC	9,071,550	7	0.44%			
Cellco Partnership	6,423,880	8	0.31%			
TKG Sheridan Crossing Development	6,332,970	9	0.30%			
Thornton Town Center	6,153,220	10	0.30%	5,974,000	9	0.38%
Avaya Inc (real property)				18,270,000	1	1.15%
Avaya Inc (personal property)				10,526,240	4	0.66%
Northview Inc.				7,357,020	7	0.46%
SITE A LLC				6,917,240	8	0.44%
Double Click, Inc.				5,265,940	10	0.33%
Total	<u>\$ 171,332,280</u>		<u>8.25%</u>	<u>\$ 102,492,370</u>		<u>6.46%</u>

Total assessed valuation upon which 2015 tax collections are based is \$2,076,831,124.

Source: Adams County Assessor's Office
Broomfield County Assessor's Office



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ADAMS 12 FIVE STAR SCHOOLS
Revenue Capacity Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Levy
2007	\$ 106,391,254	\$ 103,648,703	97.4%	\$ 162,392	\$ 103,811,095	97.6%
2008	113,595,867	111,568,120	98.2%	107,228	111,675,348	98.3%
2009	124,222,133	120,398,233	96.9%	56,852	120,455,085	97.0%
2010	123,269,933	120,691,021	97.9%	133,243	120,824,265	98.0%
2011	123,938,001	121,498,090	98.0%	267,009	121,765,099	98.2%
2012	121,617,694	118,576,640	97.5%	220,565	118,797,205	97.7%
2013	122,652,754	122,008,409	99.5%	272,986	122,281,395	99.7%
2014	122,282,702	121,943,285	99.7%	183,367	122,126,653	99.9%
2015	123,172,568	123,147,865	100.0%	185,885	123,333,750	100.1%
2016	137,106,160	135,396,623	98.8%	56,038	135,452,660	98.8%

Source: Adams & Broomfield County Treasurer's Office
School District Financial Services office for the respective years

Notes:

(1) The above schedule lists property tax information for the assessment year. Property taxes are recognized as revenue by the District when due and payable in the year following the assessment year. Current tax collections listed above represent actual cash collections during the period. For financial purposes, the District includes in property tax revenue amounts received during the sixty days following the end of the fiscal year, resulting in final tax collections consistently representing approximately 99% of taxes levied.

(2) The District does not maintain details on outstanding delinquent taxes as the amounts are considered to be immaterial.

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 9
Ratios of Outstanding Debt by Type
Last Ten Fiscal Periods
(Unaudited)

Fiscal Year ⁽¹⁾	Governmental Activities		
	General Obligation Bonds	Certificates of Participation	Capital Leases
2007	\$ 440,315,438	\$ 7,635,629	\$ 1,721,348
2008	422,545,784	40,461,354	2,155,454
2009	400,527,086	38,973,494	1,396,065
2010	377,642,832	37,205,634	776,281
2011	367,281,774	35,382,774	1,461,485
2012	352,985,794	33,499,914	1,049,183
2013	331,866,199	31,552,054	792,645
2014	328,946,511	29,534,194	14,006,625
2015	315,616,943	54,621,679	9,951,329
2016	284,640,274	54,317,570	9,551,402

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

Sources:

- (1) FY 2004 through 2012 were restated to capture general obligated bond net debt
- (2) Taxable assessed value data can be found on schedule 5
- (3) Personal income and population data can be found on schedule 12
- (4) U.S. Census Bureau, 2015 American Community Survey (Estimates)

	Total Primary Government	Percentage of Debt to Assessed Value ⁽²⁾	Percentage of Debt to Personal Income ⁽³⁾	Net Debt Per Capita	Population ⁽⁴⁾
\$	449,672,415	28.34%	7.34%	\$ 2,303	195,237
	465,162,592	26.45%	8.32%	2,307	201,649
	440,896,645	24.73%	7.57%	2,178	202,459
	415,624,747	23.66%	7.60%	2,041	203,593
	404,126,033	22.94%	7.10%	1,926	209,792
	387,534,891	22.40%	6.68%	1,839	210,736
	364,210,898	20.96%	5.83%	1,608	226,448
	372,487,330	20.90%	5.80%	1,675	222,387
	380,189,951	21.23%	5.35%	1,692	224,741
	348,509,246	16.78%	4.74%	1,493	233,505



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ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 10
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(Unaudited)

	Debt Outstanding	Percentage Applicable to Adams 12 Five Star Schools	Estimated Amount Applicable to Adams 12 Five Star Schools	Percentage of General Obligation Debt to Actual Property Value ⁽¹⁾
<u>Direct Debt</u>				
Adams 12 Five Star Schools	\$ 348,509,246	100.00%	\$ 348,509,246	1.683%
<u>Overlapping Debt</u>				
Adams County Fire Protection District	3,115,000	5.87%	182,851	0.001%
Anthem West Metropolitan District	57,600,000	100.00%	57,600,000	0.278%
Bradburn Metropolitan District #2	8,072,022	100.00%	8,072,022	0.039%
Bradburn Metropolitan District #3	8,431,795	100.00%	8,431,795	0.041%
Bramming Farm Metropolitan District #1	4,050,000	100.00%	4,050,000	0.020%
Broadlands Metro District No. 2	13,845,000	100.00%	13,845,000	0.067%
Country Club Highlands Metro District	2,055,000	100.00%	2,055,000	0.010%
Country Club Village Metropolitan Dist.	2,845,000	100.00%	2,845,000	0.014%
Cundall Farms Metropolitan District	6,835,000	100.00%	6,835,000	0.033%
Fallbrook Metropolitan Dist.	6,055,000	100.00%	6,055,000	0.029%
HighPointe Park Metropolitan District	2,810,000	100.00%	2,810,000	0.014%
Huntington Trails Metropolitan Dist.	7,260,000	100.00%	7,260,000	0.035%
Hyland Hills Metro Park and Recreation District	8,375,000	39.33%	3,293,888	0.016%
Lambertson Farms Metropolitan Dist. 1, 2 & 3	33,840,000	100.00%	33,840,000	0.163%
Lambertson Lakes Metro	5,850,000	100.00%	5,850,000	0.028%
Larkridge Metropolitan District No. 1	12,665,000	99.92%	12,654,868	0.061%
Lewis Pointe Metropolitan District	7,775,000	100.00%	7,775,000	0.038%
McKay Landing Metropolitan Dist. No. 2	10,415,000	100.00%	10,415,000	0.050%
North Metro Fire Rescue District	38,535,000	22.02%	8,485,407	0.041%
Northern Metropolitan District	432,094	100.00%	432,094	0.002%
PLA Metropolitan District	1,260,000	100.00%	1,260,000	0.006%
Red Leaf Metropolitan District No. 2	4,875,000	100.00%	4,875,000	0.024%
Spruce Meadows Metropolitan District	2,150,000	100.00%	2,150,000	0.010%
Westlake Water & Sanitation District	15,278	100.00%	15,278	0.000%
Wildgrass Metropolitan District	10,630,000	89.43%	9,506,409	0.046%
Total Overlapping Debt	259,791,189		220,594,612	
Total Direct and Overlapping Debt	<u>\$ 608,300,435</u>		<u>\$ 569,103,858</u>	

NOTES:

Includes general obligation bonds that are paid with revenues which are restricted for debt repayment. In the event these revenues are insufficient for debt repayment, the taxing jurisdiction may meet its debt service by assessing additional ad valorem taxes.

Although the District has attempted to obtain accurate information as to the outstanding debt of such governmental entities, it does not represent its completeness or accuracy as there is no central reporting entity which has this information available and the statistics are based on information supplied by others. This table, however, should provide a reasonable representation of the overlapping debt which affects the District.

- ⁽¹⁾ The percentage of each entity's overlapping debt is estimated using the taxable value from schedule 5. The percentages were determined by the portion applicable to Adams 12 and dividing it by the total taxable value.

Sources: The District, Adams County and City and County of Broomfield Assessors' Offices, and information obtained from individual entities

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 11
Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Periods
(Unaudited)

	2007	2008	2009	2010
General bonded debt outstanding				
General Obligation Debt	\$ 430,396,066	\$ 413,156,066	\$ 391,773,233	\$ 369,524,844
Less: Amounts set aside to repay general debt	(31,127,033)	(32,780,892)	(34,626,727)	(35,933,846)
Total net debt applicable to debt limit	399,269,033	380,375,174	357,146,506	333,590,998
Legal debt limit ⁽³⁾	430,443,382	456,885,588	466,447,215	463,259,898
Legal debt margin ⁽⁴⁾	\$ 31,174,349	\$ 76,510,414	\$ 109,300,709	\$ 129,668,900
Legal debt margin as a percentage of the debt limit	7.24%	16.75%	23.43%	27.99%
Percentage of estimated property value, of net bonded debt ⁽¹⁾	2.46%	2.22%	2.01%	1.97%
Per capita, of net bonded debt ⁽²⁾	\$ 2,045	\$ 1,886	\$ 1,764	\$ 1,639

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

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

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

(3) The Computation of legal debt margin can be found in Note H, #7

The debt limitation for all school districts in Colorado is 20% of the valuation for the taxable property in the district as certified by the county assessor, or 25% if the district qualifies as a "high growth" district. The district is no longer considered high growth as of June 30, 2011. (Colorado Revised Statutes 22-42-104)

The valuation of taxable property for purposes of calculation of legal debt margin is the latest certified assessed value provided to the district by the county assessor. Colorado Statutes require this certification be made no later than October 10 of each year. This assessed value will be used as the basis for determination of tax revenues in the subsequent year.

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

2011	2012	2013	2014	2015	2016
\$ 346,403,190	\$ 326,181,456	\$ 306,312,707	\$ 286,987,166	\$ 280,548,214	\$ 252,447,526
(37,500,858)	(39,400,485)	(39,803,375)	(46,639,747)	(53,111,796)	(58,654,446)
308,902,332	286,780,971	266,509,332	240,347,419	227,436,418	193,793,080
371,711,605	366,650,019	367,771,159	377,727,170	381,274,680	445,076,446
<u>\$ 62,809,273</u>	<u>\$ 79,869,048</u>	<u>\$ 101,261,827</u>	<u>\$ 137,379,751</u>	<u>\$ 153,838,262</u>	<u>\$ 251,283,366</u>
16.90%	21.78%	27.53%	36.37%	40.35%	56.46%
1.78%	1.67%	1.57%	1.39%	1.30%	0.94%
\$ 1,492	\$ 1,361	\$ 1,177	\$ 1,081	\$ 1,012	\$ 830

ADAMS 12 FIVE STAR SCHOOLS
Demographic and Economic Information Schedule 12
Demographic and Economic Statistics
Last Ten Fiscal/Calendar Years
(Unaudited)

Fiscal/ Calendar Year	Population ⁽¹⁾	Median Age ⁽²⁾	Head Count ⁽³⁾	Personal Income ⁽⁴⁾	Per Capita Income ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2006/2007	195,237	32.4	38,933	\$ 6,123,803,742	\$ 31,366	4.1%
2007/2008	201,649	32.6	40,518	5,588,500,386	27,714	5.7%
2008/2009	202,459	33.3	42,681	5,825,150,348	28,772	5.1%
2009/2010	203,593	33.5	43,929	5,465,657,678	26,846	8.6%
2010/2011	207,093	33.9	43,903	5,695,471,686	27,502	9.7%
2011/2012	210,736	33.7	43,946	5,801,351,344	27,529	11.1%
2012/2013	226,448	33.8	45,362	6,246,568,080	27,585	8.9%
2013/2014	222,387	33.3	44,354	6,425,205,204	28,892	7.4%
2014/2015	224,741	35.7	42,668	7,110,805,240	31,640	4.4%
2015/2016	233,505	35.1	43,205	7,360,077,600	31,520	4.2%

Sources:

- (1) U.S. Census Bureau (Estimates). Prior to 2007, Denver Regional Council of Governments-Transportation Analysis Zones
- (2) U.S. Census Bureau (Estimates)
- (3) The enrollment figure is based on the one-day pupil count in October and includes both Pinnacle and The Academy Charter Schools, which lie within District boundaries but are affiliated with the Charter School Institute (CSI)
- (4) Starting in year 2007, U.S. Census Bureau American Community Survey for School District 12 was used to obtain Per Capita Income
Previous source: Bureau of Economic Analysis, Regional Economic Accounts
- (5) Colorado Department of Labor & Employment, Labor Market Analysis

ADAMS 12 FIVE STAR SCHOOLS
Demographic and Economic Information Schedule 13
Principal Employers
Current Year and Ten Years Ago

Employer	Product/Service	2015			2006		
		Employees	Rank	Percent of Total District Employment	Employees	Rank	Percent of Total District Employment
Avaya, Inc.	Telecommunications Research and Development	1202	1	0.98%	1,624	1	1.44%
Waterworld (1)	Amusement Park	944	2	0.77%			
Centura Health/St. Anthony North	Hospital	895	3	0.73%	557	6	0.49%
Health One: North Suburban Medical Center	Medical and Rehabilitation Clinic	880	4	0.72%	592	5	0.53%
Wal-Mart / Sam's Club (3 locations)	Retail	870	5	0.71%	550	7	0.49%
Digital Globe	Satellite Imaging	650	6	0.53%			
DISH Network/EchoStar Communications	Satellite Television Service Provider	648	7	0.53%	950	2	0.84%
Alliance Data Systems	Credit Card Processing	543	8	0.44%	400	10	0.36%
Tri State Generation	Electric Utilities Generation	522	9	0.43%			0.00%
American Furniture Warehouse	Furniture Retailer	518	10	0.42%	700	3	0.62%
T-Mobile	Call Center				650	4	0.58%
Super Target	Retail				373	8	0.33%
Kaiser Permanente	Health Maintenance Provider				340	9	0.30%
		7,672		6.28%	6,736		5.98%

Sources:

Adams & Broomfield County Economic Development (Employer Data)
State of Colorado, Division of Labor and Employment, Labor Market information
US Census Bureau (Estimates)
City of Thornton, Westminster, Federal Heights & Northglenn
Management of individual entities

(1) Seasonal Employer

State/local government agencies not included.

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 14
Full-time Equivalent District Employees by Category
Last Ten Fiscal Years

Employee Category	As of June 30, 2007 ⁽¹⁾	As of June 30, 2008	As of June 30, 2009	As of June 30, 2010
Educational Services				
Assistant Superintendent	2.0	2.0	2.0	1.0
Executive Directors	3.5	4.0	4.0	4.0
Directors	7.0	7.0	8.0	6.0
Principals	45.1	47.0	46.8	47.0
Assistant Principals	58.0	56.5	56.5	57.5
Dean of Students	19.6	22.0	22.0	22.5
Teachers	1835.2	1913.4	1926.2	1959.1
Counselors	53.1	55.1	55.1	53.6
Library Media Specialists	46.0	49.0	49.5	49.0
Social Workers	17.2	19.8	19.8	20.0
Secretaries/Bookkeepers/Office Clerks	191.0	188.0	186.4	182.4
Campus Supervisors	38.9	40.7	41.2	38.4
Physical/Occupational/Speech Therapists	76.5	76.9	72.4	75.2
Psychologists	26.2	26.9	26.9	26.4
Nurses	9.3	8.3	8.3	9.2
ParaEducator Classified	416.7	406.6	426.5	440.8
Childcare ParaEducators Classified	92.5	95.7	103.8	102.4
Coordinators	6.0	13.2	9.7	9.9
Other (2)	13.0	16.7	13.4	4.1
Substitute Teachers (3)	565.0	552.0	599.0	663.0
Classified Substitutes (3)	123.0	80.0	85.0	154.0
Total Educational Services	3644.7	3680.7	3762.3	3925.3
Support Services				
Assistant Superintendent	2.0	2.0	2.0	2.0
Executive Directors	3.0	3.0	3.0	2.0
Directors	9.0	5.3	8.0	8.0
Supervisors	9.0	9.0	6.0	5.0
Managers	17.0	17.0	17.0	19.0
Information Systems - Administrative	15.0	16.0	16.0	19.0
Technicians/Specialists Classified	78.1	93.4	92.0	86.3
Professional/Technical	39.0	45.7	47.2	40.3
Secretaries	35.3	34.9	34.1	39.6
Custodians	215.4	206.1	205.8	202.6
Crafts/Trades/Services	97.7	72.8	93.4	79.2
Food Service Managers	19.1	18.9	19.0	17.7
Food Service Classified	91.9	102.6	109.3	112.8
Bus Drivers	83.0	91.6	97.4	82.0
Other (2)	9.9	10.1	10.0	9.0
Custodial Substitutes (3)	46.0	27.0	28.0	26.0
Total Support Services	770.3	755.3	788.1	750.5
Districtwide Leadership				
Superintendent	1.0	1.0	1.0	1.0
Chief Operations Officer	0.0	0.0	0.0	0.0
Chief Academic Officer	0.0	0.0	0.0	0.0
Chief Human Resource Officer	0.0	0.0	0.0	0.0
Chief of Staff	1.0	1.0	1.0	1.0
Chief Communication Officer	1.0	1.0	1.0	1.0
Chief Financial Officer	1.0	1.0	1.0	1.0
Chief Information Officer	1.0	1.0	1.0	1.0
General Counsel	1.0	1.0	1.0	1.0
Total Districtwide	6.0	6.0	6.0	6.0
Charter School Employees	274.1	288.2	289.2	310.3
Grand Total	4695.1	4730.1	4845.6	4992.0

(1) In previous years, employee head count was reported. Starting in FY07 Full-Time Equivalent (FTE) is used

(2) Other includes consultants, temporary workers, student workers, and lifeguards

(3) Substitutes are actual number of employees registered in our sub-system, not FTE

Source: District Staffing Reports

As of June 30, 2011	As of June 30, 2012	As of June 30, 2013	As of June 30, 2014	As of June 30, 2015	As of June 30, 2016
0.0	0.0	0.0	0.0	0.0	0.0
4.0	4.0	3.0	3.0	3.0	4.0
7.0	7.0	6.0	5.0	5.0	10.0
47.0	47.0	47.0	50.0	49.1	49.1
53.5	42.5	42.5	43.5	44.6	51.0
11.0	11.0	12.0	12.1	12.1	16.4
1932.3	1883.7	1862.3	1927.8	2023.8	2008.3
45.6	48.9	48.9	53.0	59.6	65.1
40.0	24.7	19.5	21.0	19.0	18.5
15.1	14.8	14.5	14.6	17.3	20.2
174.6	168.4	173.1	181.2	229.1	216.1
17.0	17.0	18.0	23.0	22.5	22.3
63.7	65.4	65.9	67.6	71.0	85.3
28.0	32.0	35.6	35.6	38.4	41.9
8.7	9.7	9.7	11.7	13.7	16.4
387.7	447.8	471.8	503.4	463.0	553.2
131.2	91.7	95.5	106.3	107.9	108.3
10.9	20.4	13.8	14.8	19.9	38.9
11.3	13.0	20.1	26.4	27.3	13.5
794.0	624.0	774.0	779.0	866.0	838.0
182.0	140.0	174.0	181.0	199.0	136.0
3964.6	3713.1	3907.2	4060.0	4291.2	4312.4
0.0	0.0	0.0	0.0	0.0	0.0
3.0	1.0	1.0	3.0	3.0	2.0
8.0	11.5	14.5	15.0	17.0	11.0
4.0	5.0	5.0	3.0	5.0	5.0
18.5	27.0	25.0	32.5	31.5	30.5
19.5	24.0	23.3	28.3	36.8	34.8
78.9	82.9	88.7	87.7	73.7	77.8
41.5	32.1	34.8	34.0	50.1	72.1
25.2	25.9	18.6	14.9	12.9	12.1
179.7	181.2	186.2	179.0	181.2	169.7
99.7	69.7	77.9	72.9	78.0	79.0
17.9	24.8	23.7	22.9	26.3	30.0
96.3	109.6	108.7	114.5	112.1	104.7
72.4	62.5	78.6	83.0	81.4	95.1
25.1	9.7	12.9	22.0	16.0	19.4
30.0	19.0	22.0	28.0	8.0	14.0
719.7	685.8	720.7	740.6	732.9	757.2
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0	0.0
1.0	0.0	0.0	0.0	0.0	0.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
8.0	7.0	7.0	7.0	7.0	7.0
326.4	474.1	498.3	484.8	259.7	331.4
5018.7	4879.9	5133.2	5292.4	5290.8	5408.0



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ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 15
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Expenses ⁽¹⁾	District 12 Head Count ⁽²⁾	Cost per Pupil	Teaching Staff ⁽³⁾	Pupil Teacher Ratio	High School Graduates
2007	\$ 319,628,271	37,433	\$ 8,539	1,835	20.40	1,971
2008	352,069,510	38,773	9,080	1,913	20.27	2,063
2009	376,868,866	40,936	9,206	1,926	21.25	1,950
2010	400,310,066	42,077	9,514	1,959	21.48	2,041
2011	389,571,463	41,957	9,285	1,932	21.71	1,952
2012	390,977,340	42,990	9,095	1,884	22.82	2,061
2013	387,609,753	43,272	8,958	1,862	23.24	2,192
2014	390,772,944	42,230	9,253	1,928	21.91	2,185
2015	402,456,919	38,701	10,399	2,024	19.12	2,047
2016	425,625,145	39,287	10,834	2,008	19.56	2,116

(1) Expenses from Government-Wide Statement of Activities.

(2) Based on one-day pupil count in October of District schools and the 4 Charters referenced on Pg. 49
(Pinnacle and Academy Charter are not included as the District incurs no expenses on their behalf).

(3) Prior to FY07, employee head count was reported. Starting in FY07, Full-Time Equivalent (FTE) is used.

Sources: District Financial and Staffing Reports, District October Pupil Count.

Note: High School Graduate data for 2015 is a CDE estimate as final data was not available.

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 16
School Building Information
Last Ten Fiscal Years
(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
30 Elementary Schools				
Total square feet	1,631,094	1,710,023	1,742,064	1,741,914
Total program capacity	15,386	15,764	16,520	16,720
Enrollment	15,934	16,442	17,172	17,215
3 K-8 Schools				
Total square feet	-	-	-	-
Total program capacity	-	-	-	-
Enrollment	-	-	-	-
7 Middle Schools				
Total square feet	1,079,433	1,018,345	1,018,345	1,018,104
Total program capacity	8,000	8,766	8,726	8,726
Enrollment	7,012	7,154	7,419	7,506
5 High Schools & 1 Vocational School				
Total square feet	1,395,016	1,393,797	1,392,719	1,391,222
Total program capacity	10,082	10,082	9,885	9,885
Enrollment	9,470	9,538	9,410	9,434
2 Alternative Schools				
Total square feet	16,677	98,842	98,672	81,417
Total program capacity	200	400	310	310
Enrollment	248	324	389	447
6 Charter Schools				
Enrollment	4,677	5,363	6,549	7,475
District wide Facilities				
Total square feet	498,896	502,191	516,089	659,918

Source: The District

2011	2012	2013	2014	2015	2016
1,744,767	1,751,009	1,639,977	1,678,322	1,678,322	1,678,914
17,105	16,727	15,150	15,634	15,690	15,570
17,218	16,696	14,375	15,688	15,980	15,942
-	-	342,778	301,440	301,440	301,440
-	-	2,360	1,929	1,904	1,979
-	-	2,402	1,955	1,938	2,007
1,018,104	1,014,315	907,720	907,720	907,720	916,365
9,355	9,355	7,390	8,377	8,275	8,173
7,737	7,800	6,810	7,019	7,311	7,398
1,391,222	1,393,890	1,393,890	1,393,890	1,404,285	1,404,293
9,940	9,885	9,885	10,274	10,572	10,572
9,299	9,387	9,446	9,661	9,840	9,893
81,416	81,416	100,751	100,751	100,751	100,751
530	585	635	310	310	650
505	509	568	659	641	630
7,198	8,598	8,886	7,248	2,991	3,417
604,333	610,850	625,004	625,004	625,004	625,004



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SINGLE AUDIT

SINGLE AUDIT

The Single Audit Act Amendments of 1996, and related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) mandate independent financial and compliance audits of federal financial assistance programs. In addition to the required auditor's reports, the schedule of expenditures of federal awards and summary of instances of noncompliance are provided to support the requirements for compliance with Uniform Guidance. These schedules provide more detailed financial information related to federal grant activity and other federal revenue.

**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 12 Five Star Schools
Adams County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Adams 12 Five Star Schools (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 9, 2016. Our report includes a reference to other auditors who audited the financial statements of Stargate Charter School, Westgate Community Charter School, Prospect Ridge Academy, and Global Village Academy Northglenn, which represent 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Stargate Charter School, Westgate Community Charter School, Prospect Ridge Academy, and Global Village Academy Northglenn were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Broomfield, Colorado
November 9, 2016

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

Board of Education
Adams 12 Five Star Schools
Adams County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Adams 12 Five Star Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Adams 12 Five Star Schools' major federal programs for the year ended June 30, 2016. Adams 12 Five Star Schools' 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 Adams 12 Five Star Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adams 12 Five Star Schools' 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 Adams 12 Five Star Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Adams 12 Five Star Schools' 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.

Report on Internal Control Over Compliance

Management of Adams 12 Five Star Schools' 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 Adams 12 Five Star School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adams 12 Five Star Schools' internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 9, 2016

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor / Pass-Thru Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed through from Colorado Department of Education				
Title I, Part A Cluster				
Title I - Improving the Academic Achievement of the				
Disadvantaged				
Part A - Basic	84.010	4010	-	3,576,756
School Improvement	84.010	5010	-	199,241
Preschool - Set Aside	84.010	9201	-	-
Eligible Homeless Children - Set Aside	84.010	9202	-	97,776
Neglected Institutions - Set Aside	84.010	9204	-	38,177
Non-Public School - Set Aside	84.010	9205	-	26,290
District Managed Activities - Set Aside	84.010	9206	-	589,082
Priority Performance Challenge - Set Aside	84.010	9208	-	-
School Choice - Set Aside	84.010	9209	-	110,999
Supplemental Education Services - Set Aside	84.010	9210	-	74,143
Parental Activities School Level - Set Aside	84.010	9211	-	35,768
Parental Activities District Managed - Set Aside	84.010	9212	-	-
Subtotal Title I, Part A Cluster			-	4,748,232
Special Education Cluster				
Special Education	84.027	4027	-	6,140,192
Special Education - Preschool	84.173	4173	-	198,066
Subtotal Special Education Cluster			-	6,338,258
Education of Homeless Children and Youth Cluster				
Title X - Education for Homeless Children and Youth	84.196	5196	-	36,997
Subtotal Education of Homeless Children and Youth Cluster			-	36,997
Charter Schools	84.282	5282	196,246	196,246
21st Century Community Learning Centers - Cohort 6	84.287	5287	-	375,638
21st Century Community Learning Centers - Cohort 7	84.287	5287	-	585,819
Advanced Placement Program	84.330	5330	-	24,260
High School Graduation Initiative	84.360	5360	-	78,643
Title III - English Language Acquisition	84.365	4365	-	441,231
Title III - Immigrant Set Aside	84.365	7365	-	43,792
Title II - Improving Teacher Quality	84.367	4367	-	729,893
Race to the Top-Early Learning Challenge	84.412	5412	-	23,270
Passed through from Colorado Department of Human Services				
Vocational Rehabilitation Cluster				
Rehabilitation Services Vocational Rehabilitation	84.126	5126	-	412,305
Subtotal Vocational Rehabilitation Cluster			-	412,305
Passed through from State Board of Community Colleges and Occupation Education				
Career and Technical Education	84.048	4048	-	200,143
Subtotal Passed-Through Programs			196,246	14,234,727

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor / Pass-Thru Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Direct Federal Programs				
Title VII - Indian Education	84.060	4060	-	46,101
Subtotal Direct Programs			-	46,101
Total U.S. Department of Education			196,246	14,280,828
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
Passed through from Colorado Department of Human Services				
Donated Commodities	10.555	4555	-	771,417
Passed through from Colorado Department of Education				
School Breakfast Program	10.553	4553	-	1,303,068
National School Lunch Program	10.555	4555	-	5,022,150
Summer Food Service Program for Children	10.559	4559	-	108,431
Subtotal Child Nutrition Cluster			-	7,205,066
Fresh Fruit and Vegetable Program	10.582	4582	-	109,787
Total U.S. Department of Agriculture			-	7,314,853
Total Expenditures of Federal Awards			\$ 196,246	\$ 21,595,681

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

ADAMS 12 FIVE STAR SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Adams 12 Five Star Schools (the **District**). The District's reporting entity is defined in Note 1 to the District's basic financial statements.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

NOTE 3 – NONCASH PROGRAMS

Commodities donated to the District by the U.S. Department of Agriculture (USDA) are valued based on the September 2015 USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when received and are reported as part of the National School Lunch Program (\$771,417).

NOTE 4 – INDIRECT COST RATE

The District's negotiated restricted indirect cost rate for FY 2015-2016 is 8.65%, as provided by the Colorado Department of Education. The District has chosen to use the lesser indirect rate of 5.99% for all allowable grants, unless otherwise specified by the prevailing grant terms.



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**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.287	21 st Century Community Learning Centers
84.367	Improving Teacher Quality (Title II-A)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

None.

Section III – Findings and Questioned Costs – Major Federal Programs

None.

Section IV – Prior Year Findings

Finding 2015-001

Significant Deficiency – Title I, Part A (CFDA 84.010); Grant Period – Year Ended June 30, 2015; U.S. Department of Education Passed through the Colorado Department of Education; Allowable Costs/Cost Principles Compliance Requirement

Summary: The District did not accurately complete required semi-annual certifications in accordance with OMB Circular-87 which states employees whose compensation is funded solely by the Title I grants are required to have completed semi-annual certifications to verify their time relates to the specified grant. The certification must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

Status: Implemented



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