



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

Adams 12 Five Star Schools
1500 East 128th Avenue
Thornton, Colorado 80241
www.adams12.org



RECEIVED

By the Office of the State Auditor at 1:22 pm, Dec 13, 2017



1500 East 128th Avenue, Thornton, Colorado 80241

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

Prepared by:
Department of Financial Services

Suzanne DeYoung.....Chief Financial Officer
Mimi Livermore.....Finance Director
Tara Cowens.....Business Services Financial Manager
Jennifer Tafoya.....Bond Accountant
Meghan Powell.....Grant Accountant
Steven Coblak.....Accountant
Brenda Hahn.....Accountant
Aimee Hemmer.....Accountant

TABLE OF CONTENTS

ADAMS 12 FIVE STAR SCHOOLS Comprehensive Annual Financial Report June 30, 2017

INTRODUCTORY SECTION	Page
Board of Education.....	1
Senior Staff	2
Organizational Chart	3
Letter of Transmittal	5
Government Finance Officers Association Award of Financial Reporting Achievement.....	15
 FINANCIAL SECTION	
Independent Auditors' Report	17
Management's Discussion and Analysis	21
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	36
Statement of Activities.....	37
Fund Financial Statements:	
Balance Sheet - Governmental Funds	38
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	40
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..	44
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund.....	45
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Designated-Purpose Grants Special Revenue Fund	46
Statement of Fiduciary Assets and Liabilities - Pupil Activity Agency Fund ..	47
Notes to Basic Financial Statements	49
Required Supplementary Information	86

TABLE OF CONTENTS

Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Non-Major Governmental Funds - Special Revenue Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds - Special Revenue Funds.....	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Bond Redemption-Debt Service Fund	96
Building-Capital Projects Fund	97
Capital Reserve-Capital Projects Fund.....	98
Pupil Activity Special Revenue Fund	99
Other Special Revenue Fund	100
Instructional Special Revenue Fund	101
Food Service Special Revenue Fund	102
Before, After, and Summer Enrichment Special Revenue Fund.....	103
Interscholastic Athletic Fund Special Revenue Fund	104
Agency Fund:	
Statement of Changes in Fiduciary Assets and Liabilities.....	105
Component Units:	
Combining Statement of Net Position	108
Combining Statement of Activities.....	109
Colorado Department of Education - Auditor Integrity Report.....	111

STATISTICAL SECTION

Financial Trends Schedule 1 - Net Position by Component.....	114
Financial Trends Schedule 2 - Changes in Net Position.....	116
Financial Trends Schedule 3 - Fund Balances of Governmental Funds.....	118
Financial Trends Schedule 4 - Changes in Fund Balances of Governmental Funds	120
Revenue Capacity Schedule 5 - Assessed Value and Estimated Actual Value of Taxable Property	122
Revenue Capacity Schedule 6 - Property Tax Rates-Direct and Overlapping Governments.....	124

TABLE OF CONTENTS

Revenue Capacity Schedule 7 - Principal Property Taxpayers.....	125
Revenue Capacity Schedule 8 - Property Tax Levies and Collections	127
Debt Capacity Schedule 9 - Ratios of Outstanding Debt by Type	128
Debt Capacity Schedule 10 - Direct and Overlapping Governmental Activities Debt.....	131
Debt Capacity Schedule 11 - Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin.....	132
Demographic and Economic Information Schedule 12 - Demographic and Economic Statistics	134
Demographic and Economic Information Schedule 13 - Principal Employers ..	135
Operating Information Schedule 14 - Full-time Equivalent District Employees by Category.....	136
Operating Information Schedule 15 - Operating Statistics	139
Operating Information Schedule 16 - School Building Information.....	140

SINGLE AUDIT SECTION

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	144
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	146
Schedule of Expenditures of Federal Awards	148
Notes to Schedule of Expenditures of Federal Awards.....	150
Schedule of Findings and Questioned Costs	152
Corrective Action Plan.....	154
Summary Schedule of Prior Audit Findings	155



(This page intentionally left blank)

INTRODUCTORY SECTION

Board of Education Fiscal Year 2016-2017



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

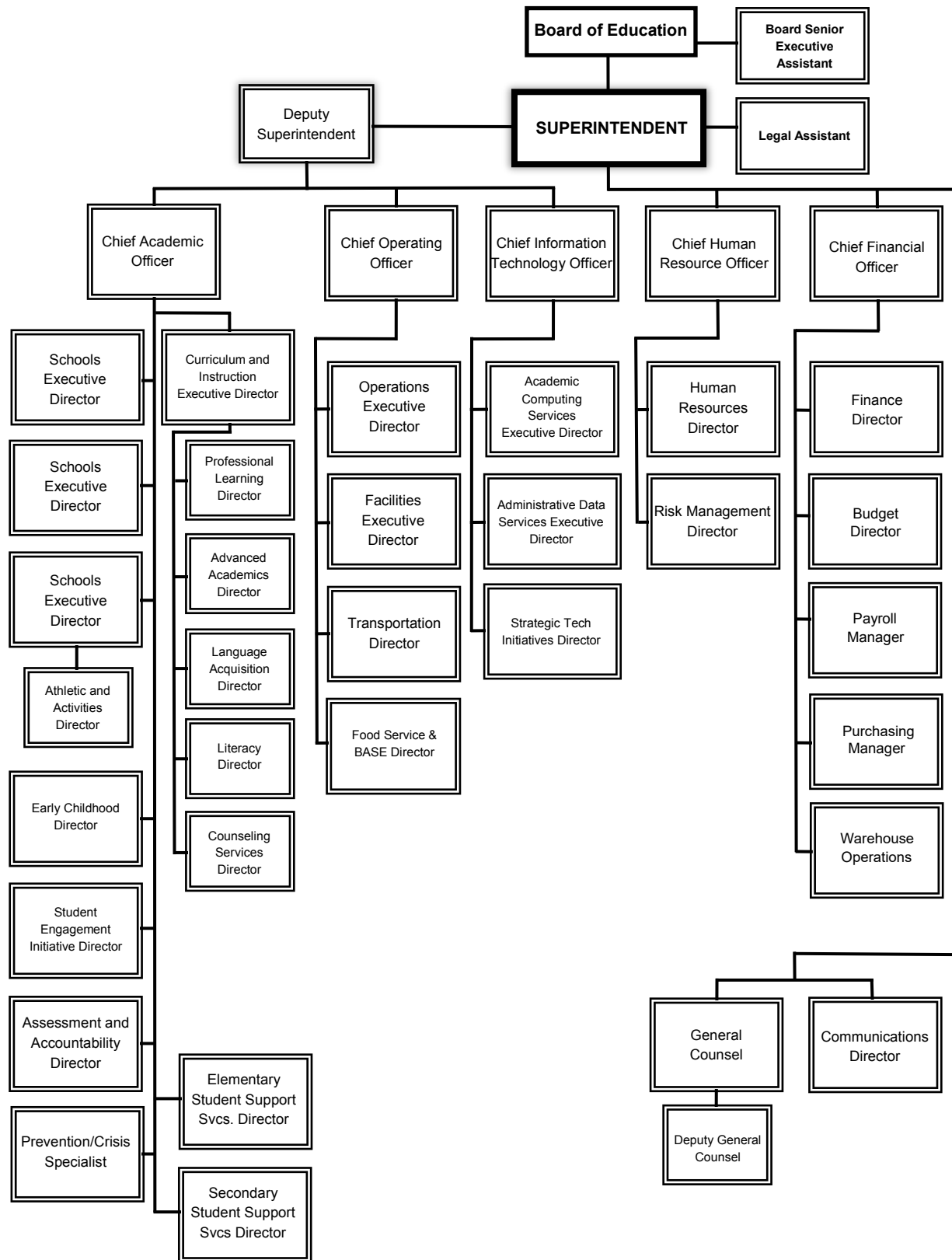
Senior Staff Fiscal Year 2016-2017



Superintendent of Schools
Christopher Gdowski

Tracy Dorland Deputy Superintendent
Priscilla Straughn Chief Academic Officer
Suzanne DeYoung Chief Financial Officer
Myla Shepard Chief Human Resource Officer
Ashish Mahajan Chief Information Technology Officer
Pat Hamilton Chief Operating Officer
Philip Spare General Counsel
Kari Cocozzella Schools Executive Director
Kim Walsh Schools Executive Director
Lee Peters Schools Executive Director
Beau Foubert Curriculum and Instruction Executive Director
Joe Ferdani Communications Director
Dave Bahna Assessment and Accountability Director
Sue Parker..... Senior Executive Assistant

District Organizational Chart





(This page intentionally left blank)

November 15, 2017

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, 2017, 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 21-34.

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, 2017.

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 opinion on the district's financial statements for the year ended June 30, 2017. The independent auditors' report is located at

the front of the financial section of this report and the independent auditor's report on Internal Control over Financial Reporting is located at the front of the single audit 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 38,818 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 three charter schools authorized by the district's Board of Education during the 2016-2017 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 remaining data in this "Economic Condition and Outlook" section obtained from the September 2017 revenue forecast for the State of Colorado, prepared by the Governor's Office of State Planning and Budgeting. Colorado's economic growth has exhibited increased momentum thus far in 2017, led by the state's technology sector, new business formation, and growth in its skilled workforce. However, tight labor and housing market conditions are raising costs for individuals and businesses. Further, rural areas continue to experience lower job and income growth than urban areas along the Front Range. Economic growth for the nation overall has also improved in 2017, but remains more modest than in Colorado.

Although recession risk currently appears low, events could develop that would change this outlook. The Federal Reserve has signaled that monetary tightening will continue, which, in the current environment of modest overall U.S. growth and tempered inflation may result in slowing economic conditions. Further, uncertainty regarding the outcome of federal budget and debt limit deliberations in the coming months could result in disruptions in financial markets.

The State General Fund revenue increased 3.0% in Fiscal Year 2016-2017 after a modest increase of 1.7% one year earlier. Sales taxes and individual income taxes are rebounding in 2017 as the economy strengthens from the oil and gas downturn and moderate economic growth of 2015 and 2016. Further, corporate income tax revenue is expected to recover in fiscal year 2018-2019.

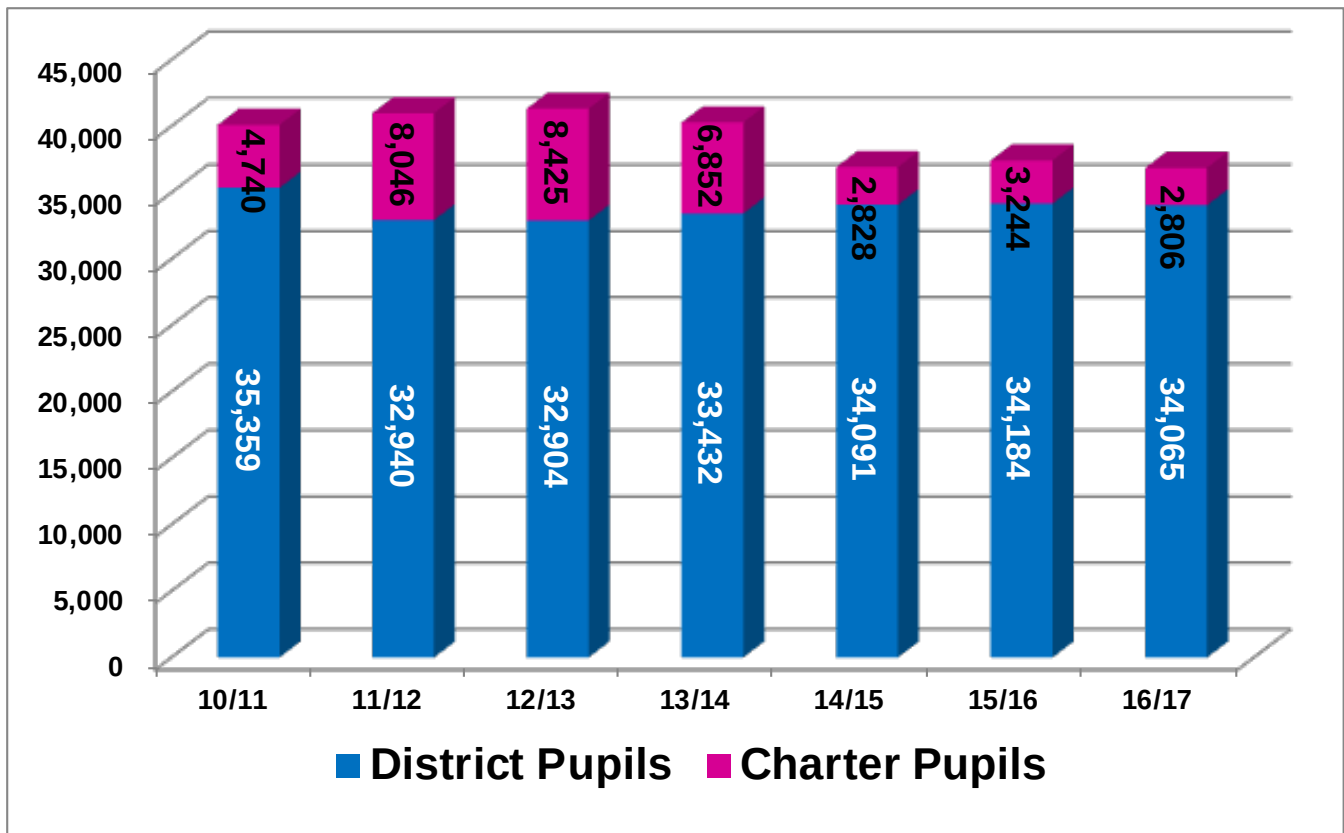
Within Colorado the seven-county Metro Denver region consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties. With a strong entrepreneurial environment, expanded infrastructure and a talented workforce, Metro Denver is poised to achieve new economic milestones in the upcoming year, according to the 2017 Metro Denver Economic Forecast. Metro Denver experienced a job growth rate of 2.9% in 2016 and is forecasted to gain 2.4% in 2017, which represents the addition of about 39,000 jobs. The unemployment rate in Metro Denver is expected to average about 3.6% in 2017, up from 2016, but near levels not posted since before the recession.

Enrollment

Adams 12 Five Star Schools' enrollment (head count) increased by 469 students compared to the prior school year to put the district at 38,818 students for the 2016-2017 school year. The breakdown of those students includes 15,855 in kindergarten - 5th grade; 8,223 in grades 6 - 8; 10,700 in grades 9 - 12; 2,900 in the district's charter schools; and 1,130 pre-school students.

While the district has seen an average district-pupil funded pupil count increase of 290 since fiscal year 2011-12, it decreased in fiscal year 16-17 by 119 students and is projected to decrease by 223 students for fiscal year 2017-18. The decline in charters pupils can be attributed starting in fiscal year 2014-15, the Academy of Charter Schools was chartered by the Charter School Institute (CSI) and Colorado Online Virtual Academy transferring to the Byers School District; in fiscal year 2016-17, Global Village Academy was chartered by CSI. Projections for fiscal 2017-18 for charter students show an increase of 282 students.

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



School Finance Issues

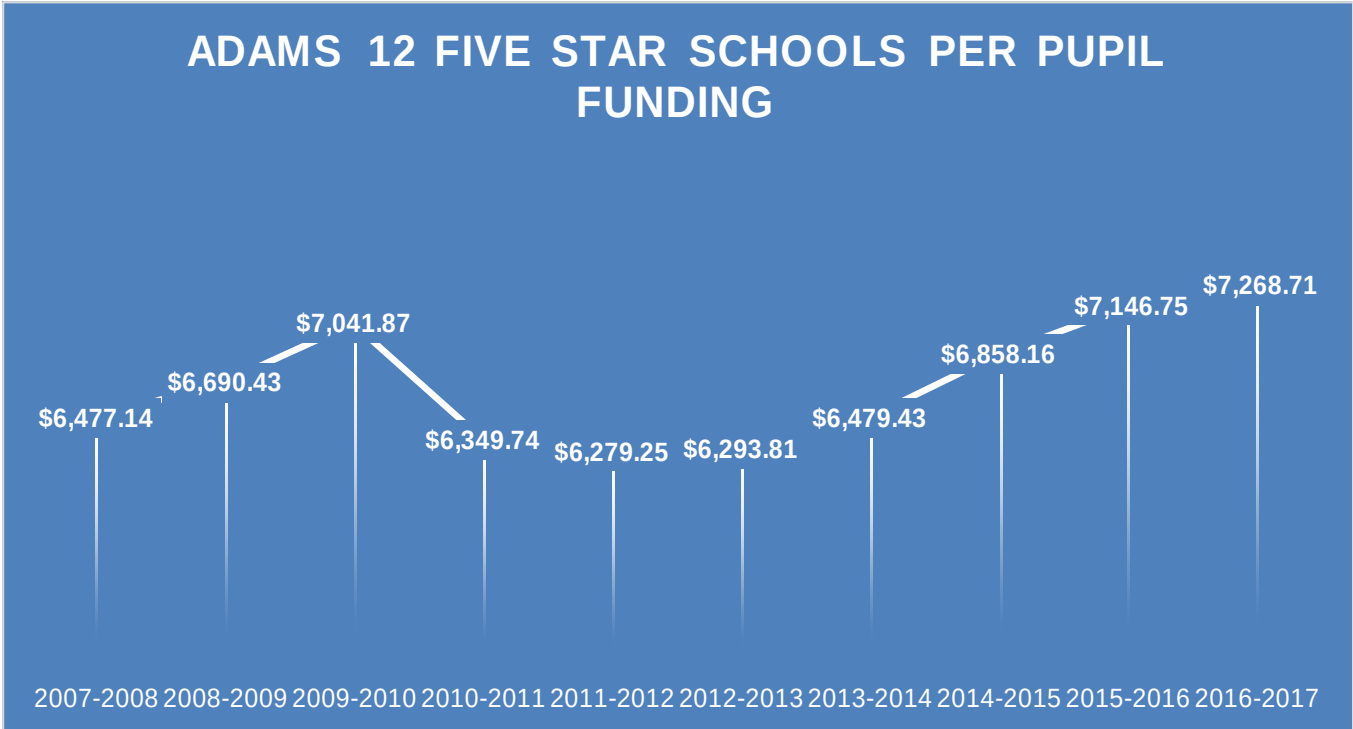
The primary revenue sources for the district are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes including voter approved mill levy budget overrides of \$35.4 million, specific ownership taxes from vehicle registration, and state equalization aid, is approximately 95.5% of the district's General Fund revenues for Fiscal Year 2016-2017.

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 2016-2017 school year was increased by the Consumer Price Index of the prior year of 1.2% 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", now known as the "budget stabilization factor", as part of the School Finance Act. The net result of the budget stabilization factor was an approximate \$829 million reduction of K-12 funding for the 2016-2017 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 the district has received over the past decade. Per pupil funding has increased only 3.2% in aggregate since fiscal 2009-10 prior to the budget

stabilization factor being implemented, while costs continue to increase at a greater rate for instructional programming, utilities, healthcare and the State's retirement plan.



The continued impact of the State's budget stabilization factor resulted in reduced funding to the district of approximately \$39.0 million in Fiscal Year 2016-2017. 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 2017-2018 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 equalization 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 Five Star Schools, 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 2017-2018 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 2017-2018 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 the literacy focus, the implementation of instructional technology at the universal level across the district, and 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) Priority Projects – a) Differentiate resources/support for 3-5 priority improvement/turnaround schools; b) implement universal social/emotional curricula in three elementary schools through counselors; c) create EC@N-STEM to provide a pathway to an associate degree through collaboration with community college and an industry partner; d) explore expanded time and learning opportunities in select schools as pilot; e) begin to identify and formalize teacher leader roles within Title I improvement schools.

District earns “performance” rating

Adams 12 Five Star Schools is 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. For the second consecutive year since the state began giving school and district accountability ratings in 2010, the district has been accredited for the 2017-18 school year as a Performance District.

The recent release of academic growth results in English language arts and math demonstrate students in the district are learning at a faster pace than their peers from across the state. For 2017, growth data for the district meets or exceeds that of the state in 54 of the 58 measured areas.

Based on their academic results, schools are assigned one of four ratings: turnaround, priority improvement, improvement and performance. Eighty percent of district schools received a performance rating for the 2017-18 school year, up from 50 percent in the 2014-15 school year. There are no Adams 12 Five Star Schools assigned a turnaround rating, and the number and percentage of schools rated “priority improvement” or “turnaround” have declined significantly since 2014. These gains have resulted in Adams 12 Five Star Schools demonstrating the most improvement among the state’s 20 largest school districts since 2014 under the state’s accountability scoring system.

Health, Wellness and Student Engagement Support

In 2014 Adams 12 Five Star Schools launched a new department within Learning Services, Student Engagement Initiatives, whose mission is to remove barriers that prevent children 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

Adams 12 Five Star Schools 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 49-84 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, 2017, the district implemented and adopted GASB Statement No. 77, *Tax Abatement Disclosures*. Broomfield County and Adams County entered into developer agreements which affect sales tax revenue, with no impact to property taxes. As a school district, Adams 12 Five Star Schools does not receive sales tax revenue. As a result, these developer agreements do not affect the district.

The district also implemented and adopted GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68. And No. 73*.

No additional accounting policies were adopted and the application of existing policies was not changed during 2017.

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, 2017. 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 17-19 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 to the district for its CAFR for the Fiscal Year ended June 30, 2016. In order to be awarded a Certificate of Achievement, 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 is 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.

ASBO awarded its Meritorious Budget Award to the district for the Fiscal Year 2016-2017 budget document. We believe that our current Budget document continues to meet Meritorious Budget Award requirements will submit it to ASBO to determine eligibility for another award.

Acknowledgment

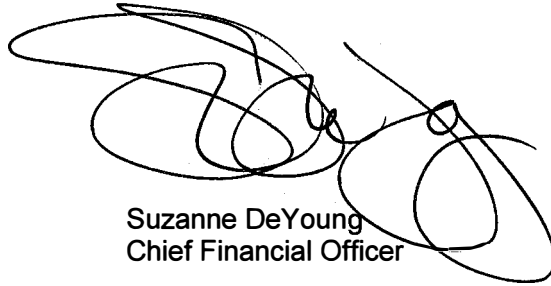
The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated services of the members of the staff of Financial

Services, 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,

A handwritten signature in black ink, appearing to read "Chris Gdowski", with a long horizontal flourish extending to the right.

Christopher E. Gdowski
Superintendent of Schools

A complex, stylized handwritten signature in black ink, featuring multiple overlapping loops and a long horizontal flourish extending to the right.

Suzanne DeYoung
Chief Financial Officer



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, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO



(This page intentionally left blank)

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, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Stargate Charter School, Westgate Community Charter School, and Prospect Ridge Academy, 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 Charter School, and Prospect Ridge Academy, 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 Charter School, and Prospect Ridge Academy 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, 2017, and the respective changes in financial position 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.

Emphasis of a Matter

Correction of an error

As discussed in Note R to the financial statements, the District restated its net position for governmental activities and fiduciary pupil activity agency fund, and fund balances for its pupil activity special revenue fund and other special revenue fund, as of July 1, 2016 due to a correction of an error for deferred losses on refundings and to changing reporting related to student activity fees. A summary of the restatements are presented in Note R.

Our auditors' opinions were not modified with respect to the restatements.

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 21-34, the schedule of the District's proportionate share of the net pension liability and schedule of employer contributions on pages 86-87 and the other post-employment benefits on page 88 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 15, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
November 15, 2017



(This page intentionally left blank)



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, 2017**

As management of the Adams County School District No. 12, Adams County, Colorado ("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, 2017. 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 5-14.

Financial Highlights

- At June 30, 2017, the liabilities and deferred inflows of resources of the district exceed its assets and deferred outflows of resources by \$639.7 million (net position). The net position deficit is due primarily to a June 30, 2017 net pension liability of \$1.45 billion, related deferred inflows of resources of \$15.2 million, offset by related deferred outflows of resources of \$562.8 million, as required by GASB No. 68, which established reporting requirements for governments that provide their employees with pension benefits. The district reports its proportionate share of participation in PERA, the state's cost sharing multi-employer defined benefit pension plan.
- Total net position decreased by \$228.0 million during fiscal year 2017, due primarily to additional pension related expenses, as required by GASB No. 68.
- The district's long-term general obligation debt increased by \$255.5 million to \$507.9 million as a result of a voter approved Bond ballot measure being approved in November, 2016.
- At the end of the current fiscal year, the district's governmental funds reported a combined fund balance of \$413.9 million, an increase of \$270.6 million. This increase is primarily due to the issuance of new bonds in the amount of \$285.0 million of a total \$350.0 million approved bond, offset by a distribution payment of \$15.3 million to district Charter Schools for their portion of Bond proceeds.
- Government-wide revenues increased \$9.1 million from the prior year primarily due to revenues previously reported in the district's fiduciary fund being transitioned into pupil activity special revenue funds in preparation for GASB No. 84 and to more appropriately report financial transactions associated to student fees, student activities, curriculum fees, community use, and local donations and grants. Of the \$9.1 million increase in revenues, \$7 million is attributable to this transition. The remaining increase is due to local property taxes of \$2.2 million due to a 1.77% increase in assessed valuation, specific ownership taxes related to automobile registrations of \$0.9 million, investment earnings of \$1.1 million, offset by a reduction in federal and state funding of \$2.7 million.

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 36-85, 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, Building-Capital Projects 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 three 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 50.

The government-wide financial statements can be found on pages 36-37.

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 eleven 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, Building-Capital Projects 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 six 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 38-46 of this report.

The district is the fiduciary agent for assets that belong to parent 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 47 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 49-85 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 86-88 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 92-105 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 108-109 of this report.

The State Required Report immediately follows component unit combining statements. The Auditors Integrity report can be found on page 111 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 32-33 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 2017-2018. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2017-2018.

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 (\$639,744,158). Of the net position, \$9.1 million has been restricted to comply with the TABOR Amendment.

Liabilities of \$26.5 million represent amounts due to staff for estimated accumulated leave payments and amounts due to retired staff for other post-employment benefits in accordance with negotiated agreements.

Deferred charges on refunding increased \$6.0 million over the prior year to include current year refunding transactions and to correct prior year amortized amounts that had previously been excluded (see Note R).

During the fiscal year, the district issued \$285.0 million General Obligation Bonds, Series 2016B, as approved by the voters November 2016 for the purpose of building a PK-8 school, extending the life of aging school buildings by making major repairs, replacements and improvements, improving emergency response and security, updating instructional support technology and meeting increased demand for career and technical classes and certifications. More information around the 2016 Bond can be found at <https://www.adams12.org/initiatives/2016-bond-program>. Financial impacts related to the bond caused the following changes in district asset and liabilities:

- Current and other assets increased \$276.7 million due primarily to a \$271.4 million increase in cash and investments from bond proceeds and premiums restricted for capital projects. The

additional \$5.3 million can be attributed to special revenue funds related to a change in fund reporting for student fees, student activities, curriculum fees, community use, and local donations and grants in cash and investments.

- Other liabilities increased \$3.5 million due primarily to an increase in accounts payable for construction work completed in May and June of the current year.

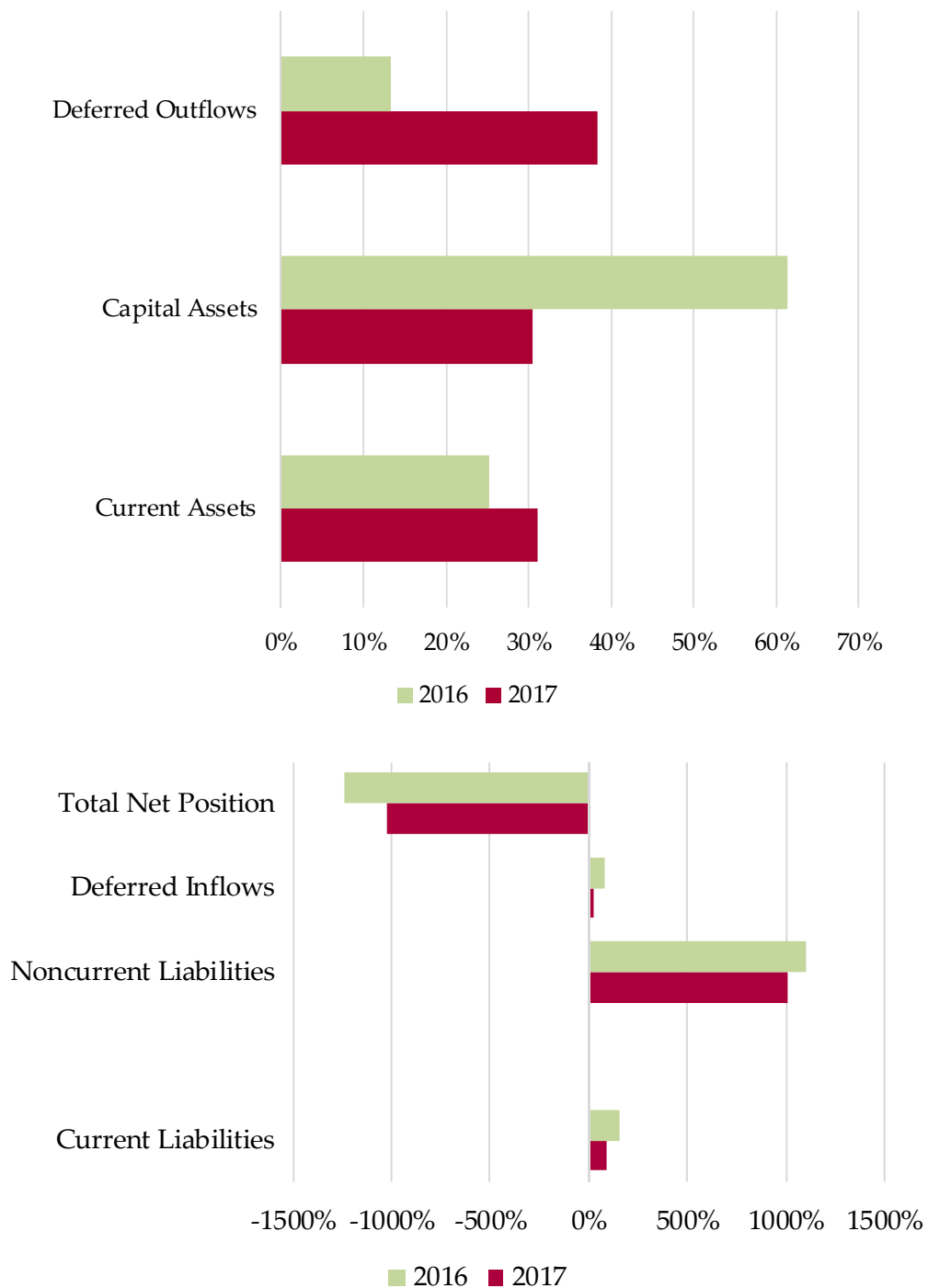
Noncurrent liabilities increased \$253.7 million due primarily to future payments of the General Obligation Bonds, Series 2016 of \$285.0 million, plus related premium of \$34.3 million, offset by principal payments of \$26.3 million and premium amortization of \$6.3 million, refunding of the 2015 COP in the amount of \$27.1 million, \$3.3 million related to refunding GO debt, Series 2006 to GO debt, Series 2016A and \$3.0 million in capital lease payments.

Net pension liability increased \$713.4 million, in addition to an increase in related deferred outflows of resources, due to the application of GASB No. 68, which requires the district to report its proportionate share of participation in PERA, the State's cost-sharing multi-employer defined benefit pension plan. The significant change in fiscal year 2016-17 can be attributed to a provision of Governmental Accounting Standards Board (GASB) for pensions which require future benefit obligations to be measured at a lower discount rate when certain conditions exist. In 2015, PERA's GASB test measured the liability using the assumed rate of return of 7.50 percent. In 2016, PERA's GASB test triggered the need to use a blended rate. Therefore, in 2016 a blended rate consisting of the assumed investment rate of return 7.25 percent and a municipal bond index rate of 3.86 percent resulted in a blended discount rate of 5.26 percent. The use of the blended rate increased the collective net pension liabilities across all State and School Division Trust Funds.

Adams 12 Five Star Schools
Comparative Summary of Net Position
June 30, 2017 and 2016

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Assets:		
Current and other assets	\$ 472,245,279	\$ 195,531,375
Capital assets net of depreciation	463,137,078	473,950,050
Total Assets	<u>935,382,357</u>	<u>669,481,425</u>
Deferred Outflows of Resources:		
Deferred charges on refunding	16,721,448	10,744,899
Deferred outflows related to pensions	562,840,461	92,942,790
Total Deferred Outflows of Resources	<u>579,561,909</u>	<u>103,687,689</u>
Liabilities:		
Other liabilities	57,515,570	53,970,215
Noncurrent liabilities	629,674,139	375,964,303
Net pension liability	1,452,291,268	738,938,497
Total Liabilities	<u>2,139,480,977</u>	<u>1,168,873,015</u>
Deferred Inflows of Resources:		
Deferred revenues related to pensions	15,207,447	28,897,374
Total Deferred Outflows of Resources	<u>15,207,447</u>	<u>28,897,374</u>
Net position:		
Net investment in capital assets	147,159,979	163,015,412
Restricted	71,516,770	70,250,428
Unrestricted	(858,420,907)	(657,867,115)
Total net position	<u>\$ (639,744,158)</u>	<u>\$ (424,601,275)</u>

**Government-Wide Total Assets and Deferred Outflows as compared to
Total Liabilities and Deferred Inflows and Total Net Position
June 30, 2017 and 2016**



Government-Wide Activities

Governmental activities decreased the net position of the district by \$215.1 million from the prior year related to the following:

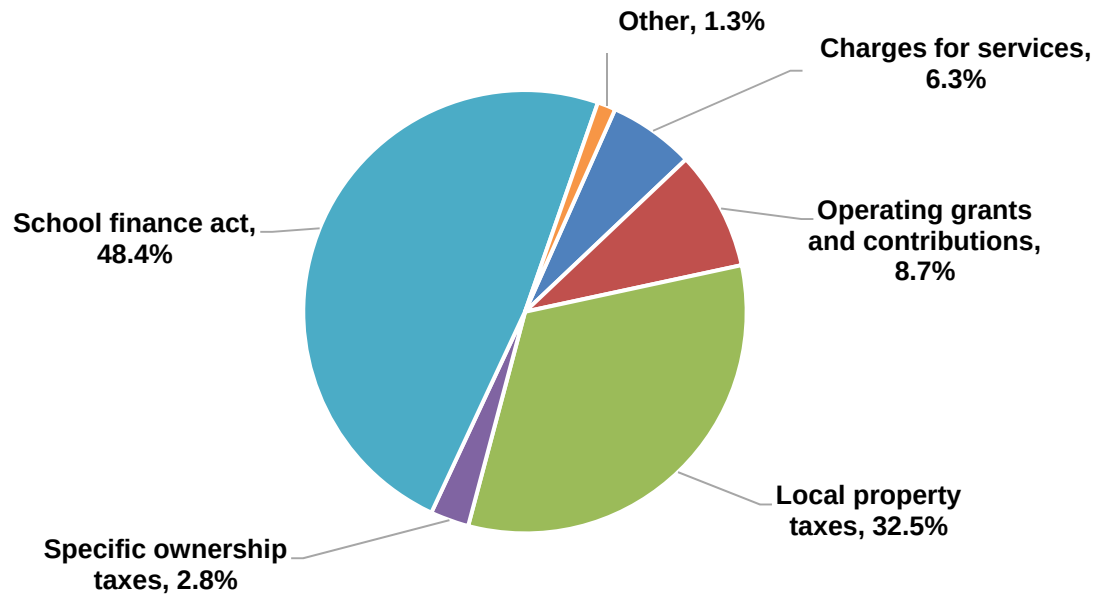
Revenues: Of the \$9.1 million increase in revenues, \$7 million can be attributed to the change in fund reporting from the district's fiduciary activities to special revenue funds. The remaining increase is due to local property taxes of \$2.2 million due to a 1.77% increase in assessed valuation, specific ownership taxes related to automobile registrations of \$0.9 million, investment earnings of \$1.1 million, offset by a reduction in federal and state funding of \$2.7 million.

Expenses: The increase in expenses is primarily due to the net additional pension expense related to GASB No. 68 of \$204.5 million, offset by a \$2.8 million reduction in Charter School funding due to one Charter Schools contract concluding in fiscal year 2015-16 and the net change in principal retirement and gain/loss on refunding.

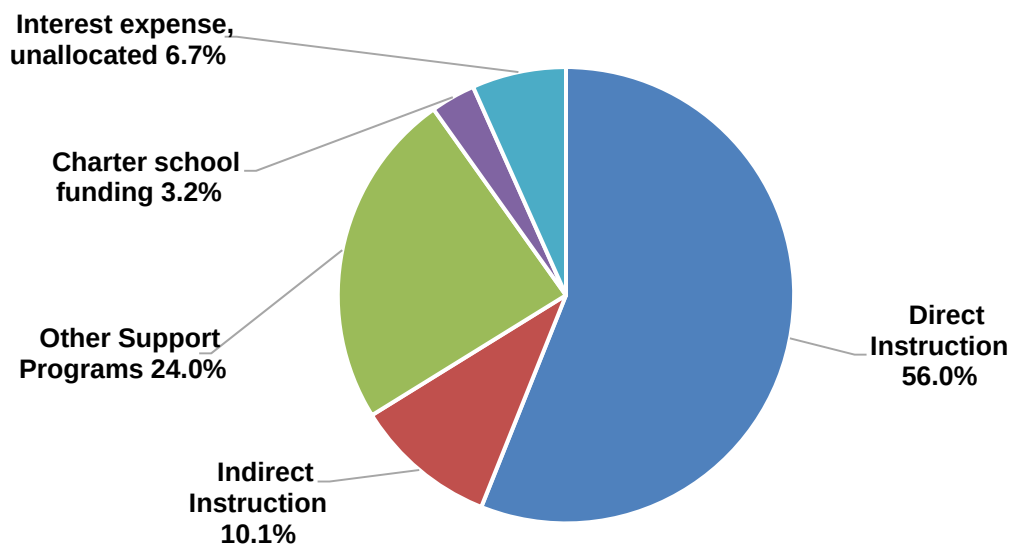
Adams 12 Five Star Schools
Comparative Schedule of Change in Net Position
June 30, 2017 and 2016

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues:		
Charges for services	\$ 26,720,160	\$ 19,494,934
Operating grants and contributions	39,819,643	38,918,265
General revenues:		
Taxes:		
Local property taxes	138,732,861	136,517,005
Specific ownership taxes	12,034,731	11,093,715
State Equilization	206,131,592	206,985,977
Earnings on Investments	2,715,194	1,619,236
All Other Revenues	267,048	2,733,756
Total revenues	<u>426,421,229</u>	<u>417,362,888</u>
Expenses		
Governmental activities:		
Direct Instruction	367,274,260	232,478,810
Indirect Instruction	66,270,495	65,909,683
Other Support Programs	156,778,489	80,863,780
Charter school funding	35,740,446	23,186,915
Interest expense, unallocated	28,356,597	23,185,957
Total expenses	<u>654,420,287</u>	<u>425,625,145</u>
Change in net position	(227,999,058)	(8,262,257)
Net position, July 1 as previously stated	(424,601,275)	(416,339,063)
Restatements (see Note R)	12,856,175	45
Net position, July 1 as restated	<u>(411,745,100)</u>	<u>(416,339,018)</u>
Net position, June 30	<u>\$ (639,744,158)</u>	<u>\$ (424,601,275)</u>

**Government-Wide Revenues
Fiscal Year Ended June 30, 2017**



**Government-Wide Expenditures
Fiscal Year Ended June 30, 2017**



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 \$413.9 million, an increase of \$270.6 million in comparison with the prior year. Most of this increase is due to the funds reported in the new Building-Capital Projects Fund that records proceeds from general obligation bonds issued in the current fiscal year.

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 increased by \$1.7 million in fiscal year 2016-2017. The increase is due primarily to increased Property Tax collections for delinquent taxes and Specific Ownership taxes.

The Bond Redemption-Debt Service Fund has adequate resources accumulated to make the December 2017 principal and interest payments. The mill levy to accumulate resources for the June 2018 interest payment will be certified in December 2017. In compliance with Senate Bill 237, the district has contracted with a third party custodian to administer bond principal and interest payments. The ending fund balance of the Bond Redemption-Debt Service Fund increased by \$0.2 million in fiscal year 2016-2017. This increase was mainly due to the refunding of debt service bonds in prior fiscal years.

The Building-Capital Projects Fund is a new fund in fiscal year 2016-17 that was established to account for the major capital outlay for facilities and improvements funded by the proceeds of the general obligation bonds issued in December 2016. June 30, 2017 ending fund balance of \$269.7 million is restricted for capital projects.

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. The fund balance decreased \$3.6 million due to planned project 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, 2017 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 were amendments to the original budgeted appropriations of the General Fund for both revenues and expenditures. For fiscal year 2016-2017, actual revenues exceeded budget by \$2.5 million. Final budget totaled \$324.2 million and actual revenues totaled \$326.7 million.

Revenue, as defined in the School Finance Act, includes property taxes, specific ownership taxes, and state equalization. For fiscal year 2016-2017, total program and mill levy override funding increased by

\$2.6 million, from \$309.2 million in fiscal year 2015-2016 to \$311.8 million in fiscal year 2016-2017. Expenditures in the General Fund increased \$1.3 million, from \$314.4 million in fiscal year 2015-2016 to \$315.7 million in fiscal year 2016-2017, which can be attributed to planned cost of living increase to employee compensation of 2.5% and an additional 0.5% required contributions to PERA, the State of Colorado's retirement plan.

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 2016-2017, expenditures came in under budget appropriations by \$5.1 million. Final budget totaled \$320.8 million and actual expenditures totaled \$315.7 million. The cost savings relates to various personnel cost saving plans implemented throughout the General Fund.

Total fund balance represents 11.9% of General Fund expenditures.

Capital Assets and Debt Administration

The district's investment in capital assets for governmental activities as of June 30, 2017 is \$463.1 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 beginning on a new PK-8 school.
- Renovations and repurposing at various school sites.
- Instructional upgrades beginning throughout the district schools.
- Deferred maintenance projects throughout the district.

Additional information on the district's capital assets can be found in note F on page 62 of this report.

Adams 12 Five Star Schools
Capital Assets (net of accumulated depreciation)
As of and For the Fiscal Year ended June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
Land	\$ 32,861,536	\$ 31,743,793
Buildings and land improvements	407,094,129	421,099,154
Construction in progress	10,557,990	12,259,100
Equipment and vehicles	12,623,423	8,848,003
Total capital assets	\$ 463,137,078	\$ 473,950,050

At June 30, 2017, the district had total bonded debt outstanding of \$507.9 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 \$29.7 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 increase in debt is due to the issuance of General Obligation Bonds, Series 2016B issued in December 2016. The decrease in COP was due to \$27.0 million being defeased with the bond.

The district has been assigned an “Aa2” rating from Moody’s and Standard & Poor’s has assigned an underlying rating of “A+” and a “AA- stable” long term rating on the 2016 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, 2017 and 2016

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 507,900,000	\$ 252,447,526
Capital leases	6,583,703	9,551,402
Certificates of participation	23,100,000	51,295,000
Total	\$ 537,583,703	\$ 313,293,928

Additional information on the district’s long-term obligations can be found in the notes on pages 64-71.

Economic Factors and Fiscal Year 2017-2018 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 2017-2018 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 (recently changed to Budget Stabilization Factor July 1, 2017) 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 \$334.5 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 2017-2018 decreased from 11.51% to 11.10%, estimated to be \$39.44 million less in funding for the Adams 12 Five Star Schools.

For fiscal year 2017-2018, the statewide base per pupil funding was increased for inflation by 2.8%. The statewide average per pupil funding for fiscal year 2017-2018 is \$7,662; for Adams 12 Five Star Schools per pupil revenue is \$7,507, which equates to an increase of \$238 per pupil over fiscal year 2016-2017. The increase in state funding enabled investments for programs and services with high priority needs. Planned budgetary expenditure increases for fiscal year 2017-2018 consist of compensation increases of 2.4% cost of living adjustment, .5% PERA employer increase from 19.65% for July-December 2017 to 20.15% at January 1, 2018 and 3.0% increase in medical benefits.

At June 30, 2017, total fund balance in the General Fund is \$37.6 million (including the reserve for Risk Management). The district budget for the 2017-2018 fiscal year anticipates the transfer of \$8.5 million of fund balance to other funds. The district continues its policy to maintain discretionary reserves at no less than 3% of General Fund revenues.

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



(This page intentionally left blank)

ADAMS 12 FIVE STAR SCHOOLS
Statement of Net Position
June 30, 2017

	Primary Government Governmental Activities	Component Units Charter Schools
<u>Assets</u>		
Cash and investments - unrestricted	\$ 96,793,824	\$ 13,199,590
Cash and investments - restricted	364,511,658	12,755,077
Accounts receivable	1,330,386	34,002
Prepaid expenses	399,008	20,710
Property taxes receivable	2,153,556	-
Accrued interest receivable	698,843	-
Due from primary government	-	98,424
Due from component units	2,202	-
Due from other governments	4,279,904	-
Inventories	1,355,520	-
Deposit with insurance pool	720,378	-
Capital assets, not being depreciated:		
Land and construction in progress	43,419,526	11,350,088
Capital assets, net of accumulated depreciation:		
Buildings	407,094,129	68,839,660
Equipment/vehicles	12,623,423	289,342
Total assets	<u>935,382,357</u>	<u>106,586,893</u>
<u>Deferred Outflows of Resources</u>		
Deferred charges on refunding	16,721,448	-
Deferred outflows related to pensions	562,840,461	29,482,593
Total deferred outflows of resources	<u>579,561,909</u>	<u>29,482,593</u>
<u>Liabilities</u>		
Accounts payable	9,543,929	294,977
Retainages payable	282,115	-
Payroll withholdings payable	7,425,877	-
Accrued expenses	-	1,886
Accrued salaries and benefits	32,490,072	1,157,053
Accrued interest payable	1,059,045	573,523
Due to primary government	-	2,202
Due to component units	98,424	-
Unearned revenue	6,616,108	153,849
Noncurrent liabilities		
Due within one year:		
Compensated absences	11,609,330	42,100
Loans	-	25,686
General obligation bonds	28,114,101	-
Revenue bonds	-	1,096,743
Certificates of participation	2,555,321	-
Capital leases	3,010,188	-
Due in more than one year:		
Compensated absences	14,849,939	13,567
Loans	-	90,293
General obligation bonds	541,586,058	-
Accreted interest	-	-
Revenue bonds	-	84,875,329
Certificates of participation	23,570,999	-
Capital leases	3,573,515	-
Other post employment benefits	804,688	-
Net pension liability	1,452,291,268	64,344,120
Total liabilities	<u>2,139,480,977</u>	<u>152,671,328</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows related to pensions	15,207,447	552,428
Total deferred inflows of resources	<u>15,207,447</u>	<u>552,428</u>
<u>Net position</u>		
Net investment in capital assets	147,159,979	(4,417,947)
Restricted for:		
Capital projects	-	11,818,629
Debt service	58,305,207	6,085,073
TABOR	9,094,136	712,970
Food Service	3,887,732	-
Special education	-	450,005
Preschool	229,695	-
Unrestricted	(858,420,907)	(31,803,000)
Total net position	<u>\$ (639,744,158)</u>	<u>\$ (17,154,270)</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, 2017

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	Component Units
					Governmental Activities	Charter Schools
Primary government:						
Governmental activities:						
Direct Instruction	\$ 367,274,260	\$ 11,628,380	\$ 20,569,291	\$ -	\$ (335,076,589)	\$ -
Indirect Instruction	66,270,495	-	7,394,343	-	(58,876,152)	-
Other Support Programs	156,778,489	14,677,103	11,856,009	-	(130,245,377)	-
Charter school funding	35,740,446	414,677	-	-	(35,325,769)	-
Interest expense	28,356,597	-	-	-	(28,356,597)	-
Total governmental activities	<u>\$ 654,420,287</u>	<u>\$ 26,720,160</u>	<u>\$ 39,819,643</u>	<u>\$ -</u>	<u>(587,880,484)</u>	<u>-</u>
Component units-Charter schools	<u>\$ 39,767,708</u>	<u>\$ 1,673,922</u>	<u>\$ 339,424</u>	<u>\$ 7,606,507</u>	<u>-</u>	<u>(30,147,855)</u>
General revenues:						
Taxes:						
Local property taxes					138,732,861	-
Specific ownership taxes					12,034,731	125,960
State Equilization					206,131,592	28,965,708
Other Revenues					267,048	1,498,665
Gain (Loss) on sale of assets					-	4,651,706
Earnings on investments					2,715,194	34,475
Total general revenues and transfers					<u>359,881,426</u>	<u>35,276,514</u>
Change in net position					<u>(227,999,058)</u>	<u>5,128,659</u>
Net position July 1, 2016					(424,601,275)	(22,282,929)
Restatements (see note R)					<u>12,856,175</u>	<u>-</u>
Net position July 1, 2016 as restated					<u>(411,745,100)</u>	<u>(22,282,929)</u>
Net position June 30, 2017					<u>\$ (639,744,158)</u>	<u>\$ (17,154,270)</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, 2017

	General	Bond Redemption - Debt Service
ASSETS		
Cash and investments	\$ 78,423,462	\$ 58,716,453
Accounts receivable	835,082	-
Property taxes receivable	1,492,507	661,049
Accrued interest receivable	179,057	-
Due from other governments	-	-
Due from component units	2,202	-
Deposit with insurance pool	720,378	-
Inventories	1,206,381	-
Prepaid Items	315,395	-
Total assets	<u>\$ 83,174,464</u>	<u>\$ 59,377,502</u>
<u>Liabilities, Deferred inflows of Resources and Fund Balances</u>		
LIABILITIES		
Accounts payable	\$ 6,190,042	\$ 13,250
Retainage payable	-	-
Payroll withholdings payable	7,425,877	-
Accrued salaries and benefits	29,848,564	-
Due to component units	29,145	-
Unearned revenue-other	1,058,590	-
Total liabilities	<u>44,552,218</u>	<u>13,250</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	1,038,997	508,573
Unavailable revenue-long term receivable	-	-
Total deferred inflows of resources	<u>1,038,997</u>	<u>508,573</u>
FUND BALANCES		
Nonspendable:		
Inventory	1,206,381	-
Prepaid Items	315,395	-
Restricted for:		
Tabor 3% Emergency Reserve	7,997,996	-
Multi Year Obligations	10,641,224	-
CPP Preschool	229,695	-
Debt Service	-	58,855,679
Capital Projects	-	-
Food Service	-	-
Committed to:		
Contingency Reserve - 3% Per Board Policy	7,997,996	-
Capital Projects	-	-
Activity Special Revenue	-	-
Risk Management	3,681,872	-
Child Care	-	-
Athletics	-	-
Assigned to:		
Assigned Fund Balance	841,530	-
Unassigned:	<u>4,671,160</u>	<u>-</u>
Total fund balances	<u>37,583,249</u>	<u>58,855,679</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 83,174,464</u>	<u>\$ 59,377,502</u>

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

Building - Capital Projects	Capital Reserve - Capital Projects	Governmental Designated- Purpose Grants Special Revenue	Other Governmental Funds	Total
\$ 271,437,838	\$ 34,357,367	\$ 2,786,332	\$ 15,584,030	\$ 461,305,482
-	373,020	-	122,284	1,330,386
-	-	-	-	2,153,556
453,727	66,059	-	-	698,843
-	-	4,202,086	77,818	4,279,904
-	-	-	-	2,202
-	-	-	-	720,378
-	-	-	149,139	1,355,520
-	24,437	-	59,176	399,008
<u>\$ 271,891,565</u>	<u>\$ 34,820,883</u>	<u>\$ 6,988,418</u>	<u>\$ 15,992,447</u>	<u>\$ 472,245,279</u>
\$ 1,993,794	\$ 365,687	\$ 326,462	\$ 654,694	\$ 9,543,929
183,689	89,122	8,104	1,200	282,115
-	-	-	-	7,425,877
2,446	-	2,015,157	623,905	32,490,072
-	-	69,279	-	98,424
-	-	4,569,416	988,102	6,616,108
<u>2,179,929</u>	<u>454,809</u>	<u>6,988,418</u>	<u>2,267,901</u>	<u>56,456,525</u>
-	-	-	-	1,547,570
-	350,063	-	-	350,063
-	350,063	-	-	1,897,633
-	-	-	149,139	1,355,520
-	24,437	-	59,176	399,008
-	-	-	-	-
-	225,490	-	870,650	9,094,136
-	-	-	-	10,641,224
-	-	-	-	229,695
-	-	-	-	58,855,679
269,711,636	-	-	-	269,711,636
-	-	-	3,887,732	3,887,732
-	-	-	-	-
-	-	-	-	7,997,996
-	33,766,084	-	-	33,766,084
-	-	-	6,468,253	6,468,253
-	-	-	-	3,681,872
-	-	-	1,929,598	1,929,598
-	-	-	359,998	359,998
-	-	-	-	841,530
-	-	-	-	4,671,160
<u>269,711,636</u>	<u>34,016,011</u>	<u>-</u>	<u>13,724,546</u>	<u>413,891,121</u>
<u>\$ 271,891,565</u>	<u>\$ 34,820,883</u>	<u>\$ 6,988,418</u>	<u>\$ 15,992,447</u>	<u>\$ 472,245,279</u>

ADAMS 12 FIVE STAR SCHOOLS
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Governmental funds total fund balances		\$ 413,891,121
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		784,462,221
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.		(321,325,143)
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.		1,547,570
Long-term receivables are not collected in the period of availability and, therefore, are not reported in the funds.		350,063
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	(569,700,159)	
Capital leases payable	(6,583,703)	
Certificates of participation	(26,126,320)	
Deferred Loss on refunding	16,721,448	
Compensated absences payable	<u>(26,459,269)</u>	
		(612,148,003)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(804,688)
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.		(1,059,045)
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.		(1,452,291,268)
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	562,840,461	
Deferred inflows of resources	<u>(15,207,447)</u>	
		<u>547,633,014</u>
Governmental activities net position		<u><u>\$ (639,744,158)</u></u>

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



(This page intentionally left blank)

ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	<u>General</u>	<u>Bond Redemption - Debt Service</u>	<u>Building - Capital Projects</u>
REVENUES			
Taxes:			
Property	\$ 93,388,936	\$ 45,718,127	\$ -
Ownership	12,034,731	-	-
Delinquent taxes and interest	209,535	99,615	-
Mineral leases	19,551	-	-
State	217,539,060	-	-
Federal	-	-	-
Local	2,647,295	-	-
Investment earnings	610,873	138,919	1,777,830
Miscellaneous	514,929	-	-
Total revenues	<u>326,964,910</u>	<u>45,956,661</u>	<u>1,777,830</u>
EXPENDITURES			
Current:			
Direct instruction	181,764,367	-	-
Indirect instruction	51,868,930	-	-
Other support programs	61,141,022	-	-
Charter school funding	20,402,364	-	15,338,082
Capital outlay:			
Sites, buildings, and ground improvements	-	-	1,104,237
School additions, improvements, and repairs	-	-	5,791,887
Equipment/vehicles/operation systems	-	-	650,116
Debt service:			
Principal retirement	497,650	26,256,935	-
Interest and fiscal charges	30,329	19,431,401	-
Bond issuance and other costs	-	170,868	1,397,381
Total expenditures	<u>315,704,662</u>	<u>45,859,204</u>	<u>24,281,703</u>
Excess (deficiency) of revenues over (under) expenditures	11,260,248	97,457	(22,503,873)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(9,592,463)	-	-
Issuance from refunding/Issuance of bond proceeds	-	34,845,000	257,912,837
Premium/discount on refunding bonds issued	-	3,394,369	34,302,672
Payments to refunded bonds escrow agent	-	(38,135,593)	-
Total other financing sources (uses)	<u>(9,592,463)</u>	<u>103,776</u>	<u>292,215,509</u>
Net change in fund balances	1,667,785	201,233	269,711,636
Fund balances, July 1, 2016 as restated	35,915,464	58,654,446	-
Fund balances, June 30, 2017	<u>\$ 37,583,249</u>	<u>\$ 58,855,679</u>	<u>\$ 269,711,636</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
\$ -	\$ -	\$ -	\$ 139,107,063
-	-	-	12,034,731
-	-	-	309,150
-	-	-	19,551
-	5,183,530	201,777	222,924,367
-	16,073,893	7,405,509	23,479,402
1,431,056	39,456	21,764,587	25,882,394
169,767	-	17,805	2,715,194
-	-	117,800	632,729
<u>1,600,823</u>	<u>21,296,879</u>	<u>29,507,478</u>	<u>427,104,581</u>
-	12,351,239	9,807,962	203,923,568
-	7,394,343	528,000	59,791,273
-	1,551,297	20,222,932	82,915,251
-	-	-	35,740,446
2,878,238	-	-	3,982,475
2,931,324	-	-	8,723,211
356,402	-	-	1,006,518
3,590,048	-	-	30,344,633
1,398,500	-	-	20,860,230
-	-	-	1,568,249
<u>11,154,512</u>	<u>21,296,879</u>	<u>30,558,894</u>	<u>448,855,854</u>
(9,553,689)	-	(1,051,416)	(21,751,273)
5,915,506	-	3,676,957	9,592,463
-	-	-	(9,592,463)
27,087,163	-	-	319,845,000
-	-	-	37,697,041
<u>(27,087,163)</u>	<u>-</u>	<u>-</u>	<u>(65,222,756)</u>
<u>5,915,506</u>	<u>-</u>	<u>3,676,957</u>	<u>292,319,285</u>
(3,638,183)	-	2,625,541	270,568,012
<u>37,654,194</u>	<u>-</u>	<u>11,099,005</u>	<u>143,323,109</u>
<u>\$ 34,016,011</u>	<u>\$ -</u>	<u>\$ 13,724,546</u>	<u>\$ 413,891,121</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, 2017

Governmental funds change in fund balances	\$ 270,568,012
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 depreciation exceeds capital outlay in the period.	
Capital outlay	11,950,062
Depreciation expense, net	<u>(22,681,381)</u>
	(10,731,319)
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.	(81,653)
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.	(683,352)
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.	95,555,225
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	6,254,108
Deferred gains/losses on refunding	(3,306,107)
Accreted interest	1,831,772
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.	(289,630)
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.	3,335
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.	(357,542,041)
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- Net pension expense of \$229,765,173	<u>(229,765,173)</u>
Governmental activities change in net position	<u>\$ (227,999,058)</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)
General Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts		Variance with
	Original	Final			Final Budget
REVENUES					
Taxes:					
Property	\$ 91,667,044	\$ 92,324,435	\$ 93,388,936	\$	1,064,501
Ownership	11,210,559	11,187,555	12,034,731		847,176
Delinquent taxes and interest	142,500	142,500	209,535		67,035
Mineral leases	-	-	19,551		19,551
State:					
Equalization entitlement	207,712,847	206,216,239	206,131,592		(84,647)
Education of the handicapped	7,268,976	6,970,871	7,154,637		183,766
Vocational education	1,276,900	1,276,900	1,503,115		226,215
Gifted & talented education	355,500	355,500	362,001		6,501
Kinder hold harmless	179,400	179,400	183,186		3,786
State Transportation	1,795,626	1,942,888	1,960,968		18,080
Other State	-	-	243,561		243,561
Federal					
Local	3,076,000	2,687,278	2,647,295		(39,983)
Investment earnings	500,000	500,000	372,339		(127,661)
Miscellaneous	472,787	472,787	514,929		42,142
Total revenues	<u>325,658,139</u>	<u>324,256,353</u>	<u>326,726,376</u>		<u>2,470,023</u>
EXPENDITURES					
Current:					
Direct instruction:					
Elementary education	53,490,086	52,972,944	54,035,277		(1,062,333)
K-8 education	8,653,679	8,656,316	8,349,782		306,534
Middle School education	28,084,759	27,803,574	28,457,725		(654,151)
High School education	33,055,144	32,725,201	32,729,138		(3,937)
Other regular education	28,356,038	28,387,085	25,162,631		3,224,454
Special programs	34,134,238	34,177,587	33,029,814		1,147,773
Total direct instruction	<u>185,773,944</u>	<u>184,722,707</u>	<u>181,764,367</u>		<u>2,958,340</u>
Indirect instruction:					
Pupil support services	12,607,232	12,625,732	12,328,798		296,934
Instructional staff services	16,571,291	16,611,941	16,311,178		300,763
School administration	23,060,566	23,200,977	23,228,954		(27,977)
Total indirect instruction	<u>52,239,089</u>	<u>52,438,650</u>	<u>51,868,930</u>		<u>569,720</u>
Other support programs:					
General administration	2,162,144	2,208,889	1,779,024		429,865
Business/fiscal services	2,884,551	2,893,670	2,639,670		254,000
Procurement and warehouse	1,567,771	1,579,378	1,567,317		12,061
Printing, publishing, and duplicating	248,071	252,974	141,878		111,096
Operations and maintenance	17,294,531	17,062,908	17,261,567		(198,659)
Pupil Transportation Services	9,168,974	9,272,857	9,319,895		(47,038)
Energy/utilities	8,073,408	8,073,408	7,654,767		418,641
Safety services	2,529,210	2,548,340	2,468,674		79,666
Communications division	427,921	430,164	372,756		57,408
Staff Services	2,416,815	2,535,600	2,875,414		(339,814)
Information technology	8,512,451	8,519,195	9,026,866		(507,671)
Other support services	2,128,454	2,594,829	2,301,703		293,126
Community programs	87,607	93,894	126,248		(32,354)
Facilities: planning & development	1,077,819	1,083,562	293,495		790,067
Food Services					
Child Care Operations					
Risk management services	3,638,272	3,433,437	3,311,748		121,689
Total other support programs	<u>62,217,999</u>	<u>62,583,105</u>	<u>61,141,022</u>		<u>1,442,083</u>
Charter school funding	<u>20,882,153</u>	<u>20,483,068</u>	<u>20,402,364</u>		<u>80,704</u>
Principal retirement	497,650	497,650	497,650		-
Interest and fiscal charges	30,329	30,329	30,329		-
Total expenditures	<u>321,641,164</u>	<u>320,755,509</u>	<u>315,704,662</u>		<u>5,050,847</u>
Excess of revenues over expenditures	4,016,975	3,500,844	11,021,714		7,520,870
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(5,285,140)</u>	<u>(8,785,203)</u>	<u>(9,592,463)</u>		<u>(807,260)</u>
Net change in fund balances	(1,268,165)	(5,284,359)	1,429,251		6,713,610
Fund balances, July 1, 2016	<u>28,978,787</u>	<u>35,915,464</u>	<u>37,068,803</u>		<u>1,153,339</u>
Fund balances, June 30, 2017	<u>\$ 27,710,622</u>	<u>\$ 30,631,105</u>	<u>38,498,054</u>	<u>\$</u>	<u>7,866,949</u>
Less unearned revenues related to Forward Delivery Agreement at June 30, 2017			(914,805)		
Fund balance (GAAP Basis), June 30, 2017			<u>\$ 37,583,249</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
Governmental Designated-Purpose Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
State	\$ 5,143,234	\$ 7,889,432	\$ 5,183,530	\$ (2,705,902)
Federal	18,760,742	20,274,048	16,073,893	(4,200,155)
Local	-	-	39,456	39,456
Total revenues	<u>23,903,976</u>	<u>28,163,480</u>	<u>21,296,879</u>	<u>(6,866,601)</u>
EXPENDITURES				
Current:				
Direct instruction:				
Elementary education	3,487,732	3,487,732	2,412,573	1,075,159
Middle School education	479,388	479,388	461,245	18,143
High School education	2,881,108	2,881,108	1,351,716	1,529,392
Other regular education	2,238,838	2,238,838	1,767,897	470,941
Special programs	6,594,337	6,594,337	6,357,808	236,529
Total direct instruction	<u>15,681,403</u>	<u>15,681,403</u>	<u>12,351,239</u>	<u>3,330,164</u>
Indirect instruction:				
Pupil support services	5,359,034	5,359,034	4,477,667	881,367
Instructional staff services	3,204,335	3,204,335	2,916,676	287,659
School administration	-	-	-	-
Total indirect instruction	<u>8,563,369</u>	<u>8,563,369</u>	<u>7,394,343</u>	<u>1,169,026</u>
Other support programs:				
General administration	154,092	154,092	149,662	4,430
Business/fiscal services	2,799,399	2,799,399	331,333	2,468,066
Operations and maintenance	-	-	66	(66)
Pupil Transportation Services	-	-	184,016	(184,016)
Staff Services	66,052	66,052	58,647	7,405
Community programs	591,994	591,994	543,865	48,129
Facilities: planning & development	307,171	307,171	283,708	23,463
Total other support programs	<u>3,918,708</u>	<u>3,918,708</u>	<u>1,551,297</u>	<u>2,367,411</u>
Total expenditures	<u>28,163,480</u>	<u>28,163,480</u>	<u>21,296,879</u>	<u>6,866,601</u>
Excess (deficiency) of revenues over (under) expenditures	(4,259,504)	-	-	-
Net change in fund balances	(4,259,504)	-	-	-
Fund balances, July 1, 2016	<u>4,259,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ -</u>	<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, 2017

	<u>Agency</u>
ASSETS	
Pooled cash and investments	\$ 644,335
Prepaid Items	250
Other Accounts Receivable	<u>292</u>
Total assets	<u>\$ 644,877</u>
LIABILITIES	
Accounts payable	\$ 24,649
Due to student groups and other organizations	<u>620,228</u>
Total liabilities	<u>\$ 644,877</u>

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



(This page intentionally left blank)



NOTES TO BASIC FINANCIAL STATEMENTS

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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.

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

boards; however, the district's Board of Education must approve all charter school applications and budgets. During fiscal year 2016-2017, the district had three 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, 2017. 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

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 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, Building-Capital Projects Fund, Capital Reserve-Capital Projects Fund and Governmental Designated-Purpose Grants Special Revenue Fund) and combined other governmental funds (Pupil Activity Special Revenue Fund, Other Special Revenue Fund, Instructional Special Revenue Fund, Food Service Special Revenue Fund, Before, After, and Summer Enrichment 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/outflows of resources, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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.
- Building-Capital Projects Fund – This fund is used to account for the major capital outlays for facilities funded by the proceeds from general obligation bonds.
- 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.

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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 60 days after year-end. In the Governmental Designated-Purpose Grants Special Revenue Fund, revenue attributable to federal reimbursement 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 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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.

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 acquisition 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 deferred outflows of resources related to pensions are 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 inflows related to pension are discussed on page 73 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 are reported in the government-wide statement of net position as a deferred inflow of resources. The deferred inflows related to pensions are discussed on page 73 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 has a targeted

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

completion date of fiscal year 2017-2018. 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	\$ 54,947
Capital Reserve-Capital Projects Fund	<u>985,626</u>
Total	\$ 1,040,573

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 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

- 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 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 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.

15. Unearned Revenue

Unearned revenues include the carrying balance of the forward delivery agreement (see note I-3), Governmental Designated-Purpose Grant funds that have been collected but the corresponding expenditures have not been incurred, community use rentals, tuition and fees received in advance.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017, the district's carrying amount of the deposits is \$13,111,743. The component units carrying amount of the deposits is \$18,084,609. All of the district's and its component units' bank deposits are collateralized with securities held by the financial institutions agent through PDPA.

The district utilizes the pooled cash concept whereby cash balances of each of the district's funds are pooled together and invested by the district. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Investments are reported at fair value.

The district considers all cash on hand, demand deposits, and highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments in pooled cash are considered to be cash equivalents.

As of June 30, 2017 cash and investment balances in the financial statements consisted of the following:

	Primary government	Component units	Total
Cash and Investments:			
Cash and deposit balance	\$ 13,111,743	\$ 18,084,609	\$ 31,196,352
Investments	448,838,074	7,870,058	456,708,132
Total cash and investments	<u>\$ 461,949,817</u>	<u>\$ 25,954,667</u>	<u>\$ 487,904,484</u>

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Cash, deposits, and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

	Primary government	Component units	Total
Governmental activities:			
Cash and investments - unrestricted	\$ 96,793,824	\$ 13,199,590	\$ 109,993,414
Cash and investments - restricted	364,511,658	12,755,077	377,266,735
Total governmental activities	461,305,482	25,954,667	487,260,149
	Fiduciary	Component unit Fiduciary	Total
Cash and investments	644,335	-	644,335
Total	\$ 461,949,817	\$ 25,954,667	\$ 487,904,484

2. Investments

As of June 30, 2017, 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.

Primary Government:

Type of Security	Fair Value	Concentration	S&P Rating	Maturity		
				12 Months or Less	13 - 24 Months	25 - 60 Months
Colorado Surplus Asset Fund Trust (CSAFE) (external investment pool)	\$ 35,078,802	7.82%	AAAm	\$ 35,078,802	\$ -	\$ -
ColoTrust Plus+ (external investment pool)	55,155,557	12.29%	AAAm	55,155,557	-	-
Negotiable Certificate of Deposit	100,000	0.02%	NR	100,000	-	-
Negotiable Certificates of Deposit	2,904,887	0.65%	AA-	1,503,165	1,401,722	-
Negotiable Certificates of Deposit	2,417,589	0.54%	A+	-	2,417,589	-
Negotiable Certificates of Deposit	1,000,734	0.22%	A-1+	1,000,734	-	-
Negotiable Certificates of Deposit	5,498,481	1.23%	A-1	5,498,481	-	-
Municipal Bond/Note	899,221	0.20%	AAA	-	-	899,221
Municipal Bond/Note	2,812,910	0.63%	AA	323,755	1,332,634	1,156,521
Municipal Bond/Note	935,280	0.21%	A+	-	320,061	615,219
Federal Agency Bond/Note	148,511,749	33.05%	AA+	50,654,447	53,436,376	44,420,926
Corporate Notes	1,640,085	0.37%	AAA	-	1,040,211	599,874
Corporate Notes	2,680,835	0.60%	AA+	543,024	-	2,137,811
Corporate Notes	473,405	0.11%	AA	-	245,075	228,330
Corporate Notes	18,349,174	4.09%	AA-	14,942,765	2,871,574	534,835
Corporate Notes	2,160,448	0.48%	A+	-	1,360,227	800,221
Corporate Notes	250,055	0.06%	A-1	250,055	-	-
Bank Note	863,981	0.19%	AA-	-	-	863,981
Commercial Paper	8,479,345	1.89%	A-1+	8,479,345	-	-
Commercial Paper	39,792,260	8.87%	A-1	39,792,260	-	-
United States Treasury Bond/Note	97,247,997	21.67%	AA+	8,395,047	72,938,738	15,914,212
United States Treasury Bills	4,515,812	1.01%	AA+	4,515,812	-	-
Money Market Fund - PFM Govt Select	11,320,973	2.52%	NR	11,320,973	-	-
Supra-National Agency Bond	5,748,494	1.28%	AAA	543,084	3,960,160	1,245,250
Total	\$ 448,838,074	100.00%		\$ 238,097,307	\$ 141,324,367	\$ 69,416,400

Interest Rate Risk – The district does 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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 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, 2017:

<u>Investments Measured at Fair Value</u>				
<u>June 30, 2017</u>				
Investments by fair value level:	6/30/2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of Deposits	\$ 11,821,690	\$ -	\$ 11,821,690	\$ -
Municipal Bond/Note	4,647,411	-	4,647,411	-
Federal Agency Bond/Note	148,511,749	-	148,511,749	-
Corporate Notes	25,554,002	-	25,554,002	-
Bank Note	863,981	-	863,981	-
Commercial Paper	48,271,605	-	48,271,605	-
United States Treasury Bond	97,247,997	97,247,997	-	-
United States Treasury Bills	4,515,812	4,515,812	-	-
Supra-National Agency Bond	5,748,494	-	5,748,494	-
Total investments by fair value level	\$ 347,182,742	\$ 101,763,810	\$ 245,418,932	\$ -
Colorado Surplus Asset Fund Trust (CSAFE) (external investment pool)	35,078,802			
ColoTrust (external investment pool)	55,155,557			
Money Market Fund-PFM Govt Select (measured at net asset value)	11,320,973			
Total investments	<u>\$ 448,738,074</u>			

Investments held with ColoTrust are held at net asset value and investments held at CSAFE are valued at amortized cost.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

At June 30, 2017, the discretely presented component unit charter schools had investments of approximately \$7.87 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	\$ 2,798,396	35.6%	AAAm	\$ 2,798,396
ColoTrust Plus (external investment pool)	5,071,662	64.4%	AAAm	5,071,662
	<u>\$ 7,870,058</u>	<u>100.0%</u>		<u>\$ 7,870,058</u>

In accordance with Section 22-45-103, C.R.S., the district's bond redemption fund custodian for fiscal year 2016-2017 is UMB Corporate Trust Services, a third party. The amounts held by the custodian were \$57,551,842 at June 30, 2017.

Investment earnings for fiscal year 2016-2017 were \$2,715,194. Earnings by fund are as follows:

General Fund	\$ 610,873
Bond Redemption-Debt Service Fund	138,919
Building-Capital Projects Fund	1,777,830
Capital Reserve-Capital Projects Fund	169,767
Pupil Activity Special Revenue Fund	4,598
Other Special Revenue Fund	5,379
Food Service Special Revenue Fund	6,656
Interscholastic Athletic Special Revenue Fund	1,172

Component units had investment earnings of \$34,475.

NOTE C: RECEIVABLES

Property taxes levied in 2016 but not yet collected in 2017 are identified as property taxes receivable and deferred inflows of resources in the governmental funds balance sheet at June 30, 2017, and are presented in the amount of \$2,153,556 and \$1,547,570 respectively. Intergovernmental receivables of \$4,202,086 in the Governmental Designated-Purpose Grants Special Revenue Fund and \$77,818 in the Food Service Fund includes amounts due from grantors for specific program grants. Program grants are recorded as receivable and revenues at the time reimbursable project costs are incurred.

NOTE D: 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 2017 fiscal year property tax calendar for Adams and Broomfield Counties was as follows:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Levy date	December 15, 2016
Lien date	January 1, 2017
Tax bills mailed	January 15, 2017
First installment due	February 28, 2017
Second installment due	June 15, 2017
If paid in full, due	April 30, 2017
Tax sale: delinquent property taxes	November 16, 2017

Property tax revenue recognized in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds during fiscal year 2016-2017 was \$139,107,063. The General Fund recognized \$93,388,936 and the Bond Redemption-Debt Service Fund recognized \$45,718,127.

As of June 30, 2017 the Balance Sheet reported for the General Fund \$1,492,507 and for the Bond Redemption-Debt Service Fund \$661,049 as property tax revenue due.

NOTE E: GOVERNMENTAL AND INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balance of interfund receivables, payables, and transfers at June 30, 2017:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 9,592,463
Major Governmental Fund:		
Capital Reserve-Capital Projects Fund	5,915,506	-
Non-Major Governmental Fund:		
Other Special Revenue Fund	749,831	-
Instructional Special Revenue Fund	2,732,776	-
Interscholastic Athletic Special Revenue Fund	194,350	-
	<u>\$ 9,592,463</u>	<u>\$ 9,592,463</u>

The district transferred from the General Fund \$194,350 to the Interscholastic Athletic Special Revenue Fund to meet operational needs.

The General Fund transferred \$5,915,506 to the Capital Reserve-Capital Projects Fund to meet current and future capital needs.

As part of a change in accounting practice to record transactions related to student fees, activity rentals, and school-sponsored activity to special revenue funds, the district transferred from the General Fund \$2,732,776 to the Instructional Special Revenue Fund and \$749,831 to the Other Special Revenue Fund.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE F: CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

<u>Governmental Activities</u>	Balance at 6/30/2016	Additions/ Transfers	Deletions/ Transfers	Balance at 6/30/2017
Non-depreciable assets:				
Land	\$ 31,743,793	\$ 1,150,000	\$ 32,257	\$ 32,861,536
Construction in progress	5,065,385	8,809,697	3,317,092	10,557,990
Total non-depreciable assets	36,809,178	9,959,697	3,349,349	43,419,526
Depreciable assets:				
Buildings	695,247,037	3,029,951	-	698,276,988
Equipment/vehicles	41,314,752	2,277,506	826,551	42,765,707
Total depreciable assets	736,561,789	5,307,457	826,551	741,042,695
Less accumulated depreciation for:				
Buildings	(274,147,883)	(17,034,976)	-	(291,182,859)
Equipment/vehicles	(25,273,034)	(5,646,405)	(777,155)	(30,142,284)
Total accumulated depreciation	(299,420,917)	(22,681,381)	(777,155)	(321,325,143)
Total capital assets, net	<u>\$ 473,950,050</u>	<u>\$ (7,414,227)</u>	<u>\$ 3,398,745</u>	<u>\$ 463,137,078</u>

Note: The Construction in progress balance at 6/30/16 was reduced by \$7,193,715 and the Equipment/vehicles balance at 6/30/16 was increased by \$7,193,715 to move the IT infrastructure and equipment capital lease project. There is no net impact to capital assets as a result.

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

<u>Governmental activities:</u>	
Instruction	\$ 15,135,285
School administration	9,367
Business services	90,675
Transportation	664,381
District-wide	6,781,673
Total depreciation expense - governmental activities	<u>\$ 22,681,381</u>

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

	Balance at 6/30/2016	Additions/ Transfers	Deletions/ Transfers	Balance at 6/30/2017
Non-depreciable assets:				
Land	\$ 9,396,838	\$ 2,515,225	\$ 816,675	\$ 11,095,388
Construction in progress	32,711,252	7,177,488	39,634,040	254,700
Total non-depreciable assets	<u>42,108,090</u>	<u>9,692,713</u>	<u>40,450,715</u>	<u>11,350,088</u>
Depreciable assets:				
Buildings and site improvements	21,689,725	57,174,819	7,639,497	71,225,047
Equipment/Vehicles	83,943	281,301	46,865	318,379
Total depreciable assets	<u>21,773,668</u>	<u>57,456,120</u>	<u>7,686,362</u>	<u>71,543,426</u>
Less accumulated depreciation for:				
Buildings and site improvements	(2,811,138)	(1,388,670)	(1,814,421)	(2,385,387)
Equipment/Vehicles	<u>(64,692)</u>	<u>(11,210)</u>	<u>(46,865)</u>	<u>(29,037)</u>
Total accumulated depreciation	<u>(2,875,830)</u>	<u>(1,399,880)</u>	<u>(1,861,286)</u>	<u>(2,414,424)</u>
Total capital assets, net	<u>\$ 61,005,928</u>	<u>\$ 65,748,953</u>	<u>\$ 46,275,791</u>	<u>\$ 80,479,090</u>

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

Operations and maintenance depreciation expense	<u>\$ 1,399,880</u>
---	---------------------

NOTE G: 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, 2017 are estimated to be \$32,490,072. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund, Building-Capital Projects Fund, Pupil Activity Special Revenue Fund, Other Special Revenue Fund, Instructional Special Revenue Fund, Governmental Designated-Purpose Grants Special Revenue Fund, Interscholastic Athletic Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund, and Food Service Special Revenue Fund.

NOTE H: OPERATING LEASES

The General Fund is committed under various leases for office equipment and white fleet vehicles 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, 2017 amounted to \$816,382.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE I: 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, 2017 were as follows:

Issue	Balance at 6/30/2016	Additions	Reductions	Balance at 6/30/2017	Due Within One Year
General Oblig. Refunding Bonds, Series 2006	\$ 43,460,000	\$ -	\$ 43,460,000	\$ -	\$ -
General Obligation Bonds, Series 2006B	1,050,563	-	1,050,563	-	-
General Obligation Bonds, Series 2007A	2,641,964	-	2,641,964	-	-
General Obligation Bonds, Series 2008A	535,000	-	260,000	275,000	275,000
General Oblig. Refunding Bonds, Series 2011A	3,440,000	-	3,240,000	200,000	200,000
General Oblig. Refunding Bonds, Series 2011B	5,519,999	-	5,519,999	-	-
General Oblig. Refunding Bonds, Series 2012	92,750,000	-	-	92,750,000	4,790,000
General Oblig. Refunding Bonds, Series 2014	20,090,000	-	-	20,090,000	-
General Oblig. Refunding Bonds, Series 2014B	55,810,000	-	5,385,000	50,425,000	1,585,000
General Oblig. Refunding Bonds, Series 2015	27,150,000	-	2,835,000	24,315,000	5,225,000
General Oblig. Refunding Bonds, Series 2016A		34,845,000	-	34,845,000	5,255,000
General Obligation Bonds, Series 2016B		285,000,000	-	285,000,000	5,000,000
Unamortized Bond Premiums	30,360,976	37,697,041	6,257,858	61,800,159	5,784,101
Accreted interest GO Bonds, Series 2006B	580,098	39,339	619,437	-	-
Accreted interest GO Bonds, Series 2007A	1,251,674	86,361	1,338,035	-	-
Total GO Bonds	284,640,274	357,667,741	72,607,856	569,700,159	28,114,101
Certificates of Participation, Series 2015A	27,500,000	-	27,500,000	-	-
Refunding Cert. of Participation, Series 2015B	2,150,000	-	695,000	1,455,000	720,000
Certificates of Participation, Series 2016	21,645,000	-	-	21,645,000	1,515,000
Unamortized COP Premiums	3,346,641	-	320,321	3,026,320	320,321
Unamortized COP Discounts	(324,071)	-	(324,071)	-	-
Total COPs	54,317,570	-	28,191,250	26,126,320	2,555,321
Capital Lease Obligations	9,551,402	-	2,967,699	6,583,703	3,010,188
Compensated Absences*	26,462,604	11,604,878	11,608,213	26,459,269	11,609,330
Total	\$ 374,971,850	\$ 369,272,619	\$ 115,375,018	\$ 628,869,451	\$ 45,288,940

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

As of June 30, 2017 the district had \$65.0 million in bonds approved, but not issued.

The changes in long-term liabilities for the component units for the year ended June 30, 2017 were as follows:

Issue	Balance at 6/30/2016	Additions	Reductions	Balance at 6/30/2017	Due Within One Year
Loan payable	\$ -	\$ 134,604	\$ 18,625	\$ 115,979	\$ 25,686
Charter School Revenue Bonds	81,114,839	13,500,000	8,642,767	85,972,072	1,096,743
Total bonds payable	81,114,839	13,500,000	8,642,767	85,972,072	1,096,743
Compensated absences	40,064	49,653	34,050	55,667	42,100
Total	\$ 81,154,903	\$ 13,684,257	\$ 8,695,442	\$ 86,143,718	\$ 1,164,529

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 \$125,000 to \$33,160,000 and are as follows:

\$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%.	\$ 275,000
\$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%.	200,000
\$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%.	50,425,000
\$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%.	24,315,000
\$34,845,000 General Oblig. Refunding Bonds, Series 2016A (<i>refunded Series 2006A</i>) due in semi-annual installments with payments of \$5,255,000 to \$6,510,000 through December 15, 2022. Interest rate: 2.00% to 5.00%	34,845,000
\$285,000,000 General Obligation Bonds, Series 2016B due in semi-annual installments with payments of \$480,000 to \$33,160,000 through December 15, 2036. Interest rate: 2.00% to 5.00%.	285,000,000
	\$ 507,900,000

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017:

Year	Principal	Interest	Total
2018	\$ 22,330,000	\$ 23,745,625	\$ 46,075,625
2019	23,275,000	22,830,050	46,105,050
2020	24,170,000	21,731,975	45,901,975
2021	20,450,000	20,772,025	41,222,025
2022	21,660,000	19,796,250	41,456,250
2023 - 2027	126,495,000	82,630,975	209,125,975
2028 - 2032	118,765,000	52,437,875	171,202,875
2033 - 2037	150,755,000	19,578,875	170,333,875
	<u>\$ 507,900,000</u>	<u>\$ 263,523,650</u>	<u>\$ 771,423,650</u>

Refunding

On December 20, 2016 the District advance refunded \$38,110,000 in general obligation bonds, Series 2006, with an average interest rate of 4.83% by the issuance of \$34,845,000 of general obligation refunding bonds, Series 2016A, with an average interest rate of 4.88%. The net proceeds of \$38,135,593 (after payment of \$127,275 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 2016 refunding bonds will be \$40,990,092 through December 2022 for a decrease of \$3,816,065 from the debt service on the 2016A bonds of \$44,831,750 through December 2022; 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 \$3,404,778.

On November 8, 2016, voters approved a ballot measure authorizing the district to issue general obligation bonds in an amount not to exceed \$350,000,000. The bonds may be sold in one or more series and are for the purpose of funding capital projects outlined in the district's Facilities Master Plan. On December 20, 2017, the district issued \$285,000,000 of General Obligation Bonds, Series 2016B. The remaining amount authorized will be issued in future years to complete the capital projects.

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, 2017 defeased debt was as follows:

<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
		<u>\$ 67,185,000</u>

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Component Unit Revenue Bonds

Stargate Charter School reported on April, 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$42,010,000 Charter School Improvement Revenue Bonds, Series 2015A, \$2,110,000 Charter School Refunding Revenue Bonds, Series 2015B, and \$6,295,000 Charter School Refunding Revenue Bonds, Taxable Series 2015C. Proceeds of the Series 2015A Bonds were loaned to Stargate to acquire land and construct a new school campus consisting of elementary and secondary school buildings. Proceeds of the Series 2015B and 2015C Bonds were used to refund the outstanding Charter School Lease Revenue Refunding Bonds, Series 2006, originally issued to finance the land acquisition and construction of the School's existing educational facilities.

On July 20, 2016, Stargate Charter School sold its existing educational facilities and deposited \$8,515,619 with the trustee to fully redeem the Series 2015B and 2015C Bonds.

Stargate Charter School is obligated under a lease agreement to make monthly lease payments to the Foundation for using the facilities. Stargate is required to make equal loan payments to the trustee, for payment of the bonds. Interest accrues on the Series 2015A Bonds at 5.4% per annum, and is payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1, with a balloon payment due on December 1, 2020.

Westgate Charter School reported on May 1, 2016, the Public Finance Authority issued \$6,362,887 Charter School Refunding and Improvement Revenue Bonds (Westgate Community School Project) Series 2016A, and \$2,726,952 Charter School Refunding and Improvement Revenue Bonds (Westgate Community School Project) Series 2016B (Taxable). These bonds were issued to refund the Charter School Revenue Bonds, Series 2012, fund the debt services reserve, accrued interest account, pay certain issuance costs and fund the project account. Both Series mature on May 2, 2026. Interest on the Series 2016A and Series 2016B (Taxable) accrues at 3.896% and 5.565% per annum, respectively. The Bonds may be called at various dates beginning May 3, 2016 through May 20, 2021 at rates ranging from 105% to 101% and 100% after May 3, 2021.

Westgate Charter School is obligated to make monthly lease payments to the Westgate Charter School Building Corporation for use of the building. Westgate Charter School is required to make equal loan payments to the Trustee for payment of the bonds.

Prospect Ridge Academy reported on March 11, 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued the \$21,630,000 Charter School Refunding and Improvement Revenue Bonds, Series 2016 (Prospect Ridge Academy Project). These bonds were issued to refund the Charter School Revenue Bonds, Series 2013, and to loan to the Prospect Ridge Academy Building Corporation to fund the debt service reserve and accrued interest account, pay certain issuance costs and fund the project account. The bonds mature March 15, 2023. Interest accrues at 4.85%, per annum. The bonds may be called on March 15, 2019 at par.

On March 15, 2017, the Colorado Educational and Cultural Facilities Authority (CECFA) issued the \$13,500,000 Charter School Revenue Bonds, Series 2017 (Prospect Ridge Academy Project). These bonds were issued to loan to the Prospect Ridge Academy Building Corporation in order to finance the cost of acquiring land and existing facilities where the Academy's K-8th grade school operates. In addition, the bonds will fund the capitalized interest, partial fund of the bond reserve and pay certain issuance costs. The bonds mature March 15, 2023. Interest accrues at 5.0%, per annum. The bonds may be called on March 15, 2019 at par.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Prospect Ridge Academy is obligated to make monthly lease payments to the Prospect Ridge Academy Building Corporation for use of the buildings and facilities. The Prospect Ridge Academy Building Corporation is required to make equal loan payments to the Trustee for payment of the bonds.

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, 2017:

Year	Principal	Interest	Total
2018	\$ 1,096,743	\$ 4,346,474	\$ 5,443,217
2019	1,441,119	4,305,740	5,746,859
2020	1,530,911	4,232,023	5,762,934
2021	40,861,138	3,093,218	43,954,356
2022	886,823	1,972,589	2,859,412
2023-2027	40,155,338	2,822,011	42,977,349
	<u>\$ 85,972,072</u>	<u>\$ 20,772,055</u>	<u>\$ 106,744,127</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)
2018	\$ 211,890	\$ 702,916
2019	211,890	491,026
2020	211,890	279,136
2021	140,202	138,934
2022	104,042	34,892
2023	34,892	-

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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
2018	\$ 3,104,753
2019	3,104,753
2020	527,980
	6,737,486
Less Interest	(153,783)
Total Principal	\$ 6,583,703

Assets under capital leases totaled \$8,073,473 at June 30, 2017 as follows:

Equipment	\$ 13,298,324
Accumulated Depreciation	(5,224,851)
Total	\$ 8,073,473

5. Certificates of Participation

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

\$22,805,000. Interest, at rates from 2.00% to 5.00%, is payable semi-annually on June 1 and December 1.

In December 2016, the district defeased the Certificates of Participation, Series 2015A in the amount of \$27,075,000 from proceeds approved through the General Obligation Bond, Series 2016B.

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

Fiscal Year Ending June 30	
2018	\$ 3,049,700
2019	3,236,600
2020	2,477,750
2021	2,473,600
2022	2,474,125
2023-2027	12,291,150
2028	2,439,500
	28,442,425
Less Interest	(5,342,425)
Total Principal	<u>\$ 23,100,000</u>

6. Compensated Absences

At June 30, 2017, compensated absence liabilities of the district included \$1,763,920 for vacation pay with an associated amount of \$346,610 for PERA benefits at 19.65% and \$25,577 for Medicare benefits at 1.45%; and \$9,383,721 for reimbursable leave with \$136,064 of associated Medicare; and \$14,803,377 in early retirement benefits for 481 employees who are eligible for such retirement benefits as of June 30, 2017.

7. Computation of Legal Debt Margin

The computation for the district's legal debt margin as of June 30, 2017 is as follows:

Actual Value of Taxable Property in the District	\$ 21,082,604,911
Debt Limitation – 6% of Actual Value of Taxable Property	1,264,956,295
Total Bonded Debt	507,900,000
Less: Amount set aside to repay general debt	<u>(58,855,679)</u>
Total net debt applicable to debt limit	<u>449,044,321</u>
Legal Debt Margin	<u><u>\$ 815,911,974</u></u>

NOTE: The debt limitation for all school districts in Colorado is dictated by Colorado State Statute 22.42.104. Except as proved in subsections (1.3), (1.4), and (1.6) of this section, the limit on bonded indebtedness of a school district is the greater of the following: (a) Twenty percent of the

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

latest valuation for assessment of the taxable property in such district, as certified by the county assessor to the board of county commissioners; or (b) Six percent of the most recent determination of the actual value of the taxable property in the district, as certified by the county assessor to the board of county commissioners.

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

NOTE J: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. Adams 12 Five Star Schools participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

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

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

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

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

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

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer contribution rate ¹	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	5.00%
Total employer contribution rate to the SCHDTF¹	18.13%	18.63%

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 \$39,735,628 for the year ended June 30, 2017.

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

At June 30, 2017, the district reported a liability of \$1,452,291,268 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The district proportion of the net pension liability was based on district contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, district proportion was 4.87774 percent, which was an increase of 0.04627 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the district recognized pension expense of \$229,765,173. At June 30, 2017, 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	\$ 18,155,868	\$ 12,780
Changes in assumptions or other inputs	\$ 471,238,233	\$ 6,549,095
Net difference between projected and actual earnings on pension plan investments	\$ 48,561,590	\$ -
Changes in proportion and difference between contributions recognized and proportionate share of contributions	\$ 4,614,142	\$ 8,645,572
Contributions subsequent to the measurement date	\$ 20,270,628	
Total	\$ 562,840,461	\$ 15,207,447

\$20,270,628 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Year Ended	
6/30/2018	\$ 207,183,482
6/30/2019	213,365,362
6/30/2020	106,329,183
6/30/2021	484,359

Actuarial assumptions. The total pension liability in the December 31, 2015 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 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

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

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

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

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

Sensitivity of the district 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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

Discount Rate:	<u>1% Decrease</u> <u>(4.26%)</u>	<u>Current Discount</u> <u>Rate (5.26%)</u>	<u>1% Increase</u> <u>(6.26%)</u>
Proportionate share of the net pension liability	<u>\$ 1,826,209,602</u>	<u>\$ 1,452,291,268</u>	<u>\$ 1,147,748,321</u>

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 school's web-site under Financial Transparency.

Westgate: <http://www.westgateschool.org/apps/pages/Financial-transparency>

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

Prospect Ridge:

http://www.prospectridgeacademy.org/apps/pages/index.jsp?uREC_ID=799787&type=d&pREC_ID=968850

NOTE K: 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, 2017, program members contributed \$2,587,643 for the Voluntary Investment Program.

NOTE L: 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,

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the district are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the district contributions to the HCTF were \$2,204,933, \$2,217,364 and \$2,083,849, respectively, equal to their required contributions for each year.

NOTE M: 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, 2017. 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	12.06%
No. 12	41.88%
No. 27J	12.69%
No. 50	33.37%

*Percentage shares are as of June 30, 2017. 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
June 30, 2017

Following is a summary of financial information for the Pool as of and for the year ended June 30, 2017:

	Total	District's Share
Assets	\$ 8,398,865	\$ 4,360,530
Liabilities	6,548,720	3,640,152
Equity	<u>\$ 1,850,145</u>	<u>\$ 720,378</u>
Revenues	\$ 6,149,417	\$ 3,242,814
Expenditures	6,147,736	3,241,928
Net Income (Loss)	1,681	886
Surplus, Beginning	1,660,056	777,750
Restated Surplus, Other Districts	1,831,864	777,750
Equity Reallocation	16,600	(58,258)
Surplus, Ending	<u>\$ 1,850,145</u>	<u>\$ 720,378</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 Retentions (per occurrence)	Excess Insurance (per occurrence)
Liability coverage	\$150,000	\$9,850,000
Property coverage	\$100,000	\$100,000,000
Worker's Compensation	\$550,000	\$1,000,000 (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.

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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE N: 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 2016-2017 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 O: COMMITMENTS AND CONTINGENCIES

1. Litigation

The district is involved in three 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 in the Building-Capital Projects Fund totals \$148,149,513 and in the Capital Reserve-Capital Projects Fund totals \$21,732,269 as of June 30, 2017.

NOTE P: 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, 2017 were \$414,677.

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, 2017, the district paid \$2,609,475 for food related costs. Administrative costs were paid by membership fees.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE Q: 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, 2017, 2016 and 2015 were (\$56,758), (\$56,758), and (\$56,758), respectively. The required annual contributions for the district for the years ended June 30, 2017, 2016 and 2015 were \$54,567, \$54,567, and \$54,567, respectively. Contributions to the plan for the years ended June 30, 2017, 2016 and 2015 were \$131,007, \$131,007, and \$131,007, 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.

<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	<u>(172,884)</u>
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, 2017, 2016, and 2015, the NOO is comprised of the following:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Fiscal</u> <u>Year</u> <u>End</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u> <u>(a)</u>	<u>Interest on</u> <u>Existing</u> <u>NOO</u> <u>(b)</u>	<u>ARC</u> <u>Adjustment</u> <u>(c)</u>	<u>Annual</u> <u>OPEB Cost</u> <u>(a+b+c=d)</u>	<u>Actual</u> <u>Contribution</u> <u>Amount</u> <u>(e)</u>	<u>Net Increase</u> <u>in NOO</u> <u>(d-e=f)</u>	<u>NOO as of end</u> <u>of Fiscal Year</u> <u>(g)</u>
7/1/2014	6/30/2015	54,567	61,559	(172,884)	(56,758)	131,007	(187,765)	1,180,218
7/1/2014	6/30/2016	54,567	61,559	(172,884)	(56,758)	131,007	(187,765)	992,453
7/1/2014	6/30/2017	54,567	61,559	(172,884)	(56,758)	131,007	(187,765)	804,688

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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.

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, 2017 was 7.0%, 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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)
7/1/2011	-	\$ 974,426	\$ 974,426	0.00%	-	N/A
7/1/2014	-	431,770	431,770	0.00%	-	N/A
7/1/2014	-	211,000 *	211,000	0.00%	-	N/A

* Although no current actuarial valuation, the current liability as of 6/30/17 is estimated to be \$211,000.

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.

NOTE R: RESTATEMENT OF NET POSITION

The district previously reported the activities for some student fees, clubs, school-based fundraising and local revenue grants in the Fiduciary Pupil Activity Agency Fund. Beginning July 1, 2016 such activities have been more appropriately reported in Special Revenue Funds. Accordingly, the newly established Special Revenue Funds report a restated beginning balance of \$3,573,519 (Pupil Activity Special Revenue \$3,114,448 and Other Special Revenue \$459,071) which reduces the liabilities associated with due to student groups and other organizations previously reported on the Statement of Fiduciary Assets and Liabilities.

The district identified a formula error on the bond amortization schedule which consequently reported the incorrect amount for deferred charges on refunding for refundings that occurred in fiscal years 2014-2015 and 2015-2016. The amount previously excluded from the carrying amount has been adjusted by \$9,282,656 to correct the beginning net position.

The beginning net position of the Primary Government Type Activities as of July 1, 2016 had a restatement of \$12,856,175. The Government Type Activities increase is due to the restatement to account for the newly established Special Revenue funds and the correction for deferred charges on refunding.

The Component Units net position as of July 1, 2016 as restated is due to the Charter School contract between the district and Global Village Academy Charter School concluding as of June 30, 2016. The beginning net position has been increased by \$4,313,066 to remove Global Village Academy.

NOTE S: SUBSEQUENT EVENTS

Effective July 1, 2017 the district provided notice to Rocky Mountain Risk Insurance Group to withdraw from the Self Insurance Pool. Reported equity in the pool and/or future contributions to pay claims incurred but not reported as of June 30, 2017 are in review.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE T: NEW PRONOUNCEMENTS

Effective July 1, 2016, the district implemented and adopted, as of June 30, 2016, GASB Statement No. 77, *Tax Abatement Disclosures*. Broomfield County and Adams County entered into developer agreements which affect sales tax revenue, with no impact to property taxes. As a school district, Adams 12 Five Star Schools does not receive sales tax revenue. As a result, these developer agreements do not affect the district.

Effective July 1, 2016, the district implemented and adopted, as of June 30, 2016, GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68. And No. 73.*

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*

	2016	2015	2014	2013
District's proportion of the net pension liability	4.8777381%	4.8314652%	4.8866711%	5.1084488%
District's proportionate share of the net pension liability	\$ 1,452,291,268	\$ 738,938,497	\$ 662,308,071	\$ 651,581,259
District's covered payroll	218,921,565	210,551,876	\$ 204,716,575	\$ 206,170,605
Plan fiduciary net position as a percentage of the total pension liability	663.38%	350.95%	323.52%	316.04%
Total Pension Liability	\$ 52,354,913,000	\$ 37,447,062,000	\$ 36,473,966,000	\$ 35,494,976,000
Plan Fiduciary net position	<u>22,581,046,000</u>	<u>22,152,768,000</u>	<u>22,920,607,000</u>	<u>22,740,003,000</u>
Net pension liability	<u>\$ 29,773,867,000</u>	<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	43.13%	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 six years was not available to report.

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

Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 39,735,628	\$ 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
Contribution in relation to the statutorily required contribution	(39,735,628)	(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)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	216,169,864	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
Contribution as a percentage of covered payroll.	18.38%	17.74%	16.89%	15.98%	15.07%	14.19%	13.29%	12.39%	11.49%	10.59%

*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.

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)
7/1/2011	-	\$ 974,426	\$ 974,426	0.00%	-	N/A
7/1/2014	-	431,770	431,770	0.00%	-	N/A
7/1/2016	-	211,000	211,000	0.00%	-	N/A

Plan is closed to active members.

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
6/30/2013	\$ 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
6/30/2017	(56,758)	131,007	N/A

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.



(This page intentionally left blank)

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.

Pupil Activity Special Revenue Fund – This fund accounts for revenues collected from student fees and fines and expenditures associated with intrascholastic and interscholastic activities, classroom materials, technology, and damages paid for by the revenue collected. This fund was created in fiscal year 2016-2017 to more accurately track these types of activities. In prior years, these activities were included in the Pupil Activity Agency Fund.

Other Special Revenue Fund – This fund is used to account for activities associated with self-funded high school lunch programs, school vending sales, vendor rebates, and small local grants. In prior years, these activities were included in the Pupil Activity Agency Fund. This fund was created in fiscal year 2016-2017 to more accurately differentiate and track these types of activities.

Instructional Special Revenue Fund – This fund accounts for the Extended Day Kindergarten Program (EDKP) and reports the revenue collected from tuition and expenses incurred for running the all day kindergarten programs. This fund also accounts for revenues collected from student fees and expenditures associated with textbooks and classroom instructional materials.

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.

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.

Building Fund-Capital Projects Fund – This fund is used to account for the major capital outlays for facilities funded by the proceeds from general obligation bonds.

Capital Reserve-Capital Projects Fund – This fund is authorized by Colorado School Law and is used to fund ongoing capital needs including the acquisition of sites, buildings, equipment, and vehicles.

Governmental Designated-Purpose Grants Special Revenue Fund – This fund accounts for the various federal and state grants awarded to the district to accomplish specific activities.

ADAMS 12 FIVE STAR SCHOOLS
Non-Major Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2017

	<u>Pupil Activity Special Revenue</u>	<u>Other Special Revenue</u>	<u>Instructional Special Revenue</u>
ASSETS			
Cash and investments	\$ 3,472,230	\$ 1,865,557	\$ 2,537,259
Accounts receivable	1,523	75,317	-
Due from other governments	-	-	-
Inventories	-	-	-
Prepaid Items	13,354	42,472	-
Total assets	<u>\$ 3,487,107</u>	<u>\$ 1,983,346</u>	<u>\$ 2,537,259</u>
<u>Liabilities and Fund Balances</u>			
LIABILITIES			
Accounts payable	\$ 208,841	\$ 80,707	\$ 145,037
Retainage payable	-	-	-
Accrued salaries and benefits	9,528	24,181	289,111
Unearned revenue-other	-	1,134	214,470
Total liabilities	<u>218,369</u>	<u>106,022</u>	<u>648,618</u>
FUND BALANCES			
Nonspendable:			
Inventory	-	-	-
Prepaid Items	13,354	42,472	-
Restricted for:			
Tabor 3% Emergency Reserve	247,321	101,721	161,582
Food Service	-	-	-
Committed to:			
Pupil Activity Special Revenue	3,008,063	-	-
Other Special Revenue	-	1,733,131	-
Instructional Special Revenue	-	-	1,727,059
Child Care	-	-	-
Athletics	-	-	-
Total fund balances	<u>3,268,738</u>	<u>1,877,324</u>	<u>1,888,641</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,487,107</u>	<u>\$ 1,983,346</u>	<u>\$ 2,537,259</u>

Food Service Special Revenue	Before, After, and Summer Enrichment Special Revenue	Interscholastic Athletic Special Revenue	Total Non-Major Governmental Funds
\$ 4,187,689	\$ 3,052,897	\$ 468,398	\$ 15,584,030
10,210	35,234	-	122,284
77,818	-	-	77,818
149,139	-	-	149,139
-	-	3,350	59,176
<u>\$ 4,424,856</u>	<u>\$ 3,088,131</u>	<u>\$ 471,748</u>	<u>\$ 15,992,447</u>
\$ 35,107	\$ 154,647	\$ 30,355	\$ 654,694
1,200	-	-	1,200
19,044	230,399	51,642	623,905
236,983	535,515	-	988,102
<u>292,334</u>	<u>920,561</u>	<u>81,997</u>	<u>2,267,901</u>
149,139	-	-	149,139
-	-	3,350	59,176
95,651	237,972	26,403	870,650
3,887,732	-	-	3,887,732
-	-	-	3,008,063
-	-	-	1,733,131
-	-	-	1,727,059
-	1,929,598	-	1,929,598
-	-	359,998	359,998
<u>4,132,522</u>	<u>2,167,570</u>	<u>389,751</u>	<u>13,724,546</u>
<u>\$ 4,424,856</u>	<u>\$ 3,088,131</u>	<u>\$ 471,748</u>	<u>\$ 15,992,447</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, 2017

	Pupil Activity Special Revenue	Other Special Revenue	Instructional Special Revenue
REVENUES			
State	\$ -	\$ -	\$ -
Federal	-	-	-
Local	5,165,239	2,348,598	2,653,294
Investment earnings	4,598	5,379	-
Miscellaneous	-	117,800	-
Total revenues	<u>5,169,837</u>	<u>2,471,777</u>	<u>2,653,294</u>
EXPENDITURES			
Current:			
Direct instruction			
Elementary education	476,678	25,981	3,394,229
K-8 education	76,810	-	-
Middle School education	240,787	1,846	80,737
High School education	1,041,714	55,669	-
Other regular education	3,111,565	351,838	-
Special programs	17,601	4,955	22,463
Total direct instruction	<u>4,965,155</u>	<u>440,289</u>	<u>3,497,429</u>
Indirect instruction			
Pupil support services	805	171,678	-
Instructional staff services	-	94,306	-
School administration	49,005	186,047	-
Total indirect instruction	<u>49,810</u>	<u>452,031</u>	<u>-</u>
Other support programs			
General administration	-	1,591	-
Business/fiscal services	-	1,147	-
Operations and maintenance	582	895,887	-
Pupil Transportation Services	-	8,754	-
Other support services	-	-	-
Community programs	-	3,656	-
Food service operations	-	-	-
Child Care operations	-	-	-
Total other support programs	<u>582</u>	<u>911,035</u>	<u>-</u>
Total expenditures	<u>5,015,547</u>	<u>1,803,355</u>	<u>3,497,429</u>
Excess (deficiency) of revenues over (under) expenditures	154,290	668,422	(844,135)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>749,831</u>	<u>2,732,776</u>
Net change in fund balances	154,290	1,418,253	1,888,641
Fund balances, July 1, 2016 as restated	3,114,448	459,071	-
Fund balances, June 30, 2017	<u>\$ 3,268,738</u>	<u>\$ 1,877,324</u>	<u>\$ 1,888,641</u>

Food Service Special Revenue	Before, After, and Summer Enrichment Special Revenue	Interscholastic Athletic Special Revenue	Total Non-Major Governmental Funds
\$ 201,777	\$ -	\$ -	\$ 201,777
7,405,509	-	-	7,405,509
2,980,484	7,932,389	684,583	21,764,587
6,656	-	1,172	17,805
-	-	-	117,800
<u>10,594,426</u>	<u>7,932,389</u>	<u>685,755</u>	<u>29,507,478</u>
-	-	905,089	905,089
-	-	-	3,896,888
-	-	-	76,810
-	-	-	323,370
-	-	-	1,097,383
-	-	905,089	4,368,492
-	-	-	45,019
-	-	<u>905,089</u>	<u>9,807,962</u>
-	-	26,159	26,159
-	-	-	172,483
-	-	26,159	120,465
-	-	-	235,052
-	-	<u>26,159</u>	<u>528,000</u>
-	-	-	1,591
-	-	-	1,147
2,863	1,203	11,915	912,450
-	-	-	8,754
132,927	35,332	-	168,259
-	-	-	3,656
10,775,965	-	-	10,775,965
-	<u>8,351,110</u>	-	<u>8,351,110</u>
<u>10,911,755</u>	<u>8,387,645</u>	<u>11,915</u>	<u>20,222,932</u>
<u>10,911,755</u>	<u>8,387,645</u>	<u>943,163</u>	<u>30,558,894</u>
(317,329)	(455,256)	(257,408)	(1,051,416)
-	-	194,350	3,676,957
(317,329)	(455,256)	(63,058)	2,625,541
4,449,851	2,622,826	452,809	11,099,005
<u>\$ 4,132,522</u>	<u>\$ 2,167,570</u>	<u>\$ 389,751</u>	<u>\$ 13,724,546</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Bond Redemption - Debt Service Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes:				
Property	\$ 45,262,714	\$ 45,262,714	\$ 45,718,127	\$ 455,413
Delinquent taxes and interest	125,000	125,000	99,615	(25,385)
Investment earnings	35,000	35,000	138,919	103,919
Total revenues	<u>45,422,714</u>	<u>45,422,714</u>	<u>45,956,661</u>	<u>533,947</u>
EXPENDITURES				
Debt service				
Principal retirement	26,282,527	26,282,527	26,256,935	25,592
Interest and fiscal charges	12,801,216	19,535,178	19,431,401	103,777
Bond issuance and other costs	45,000	50,000	170,868	(120,868)
Total expenditures	<u>39,128,743</u>	<u>45,867,705</u>	<u>45,859,204</u>	<u>8,501</u>
Excess (deficiency) of revenues over (under) expenditures	6,293,971	(444,991)	97,457	542,448
OTHER FINANCING SOURCES (USES)				
Issuance from refunding	-	34,845,000	34,845,000	-
Premium/discount on refunding bonds issued	-	3,394,369	3,394,369	-
Payments to refunded bonds escrow agent	-	(38,135,593)	(38,135,593)	-
Total other financing sources (uses)	<u>-</u>	<u>103,776</u>	<u>103,776</u>	<u>-</u>
Net change in fund balances	6,293,971	(341,215)	201,233	542,448
Fund balances, July 1, 2016	58,968,374	58,654,446	58,654,446	-
Fund balances, June 30, 2017	<u>\$ 65,262,345</u>	<u>\$ 58,313,231</u>	<u>\$ 58,855,679</u>	<u>\$ 542,448</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Building - Capital Projects Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,777,830	\$ 1,777,830
Total revenues	-	-	1,777,830	1,777,830
EXPENDITURES				
Capital outlay:				
Sites, buildings, and ground improvements	-	16,250,000	1,104,237	15,145,763
School additions, improvements, and repairs	-	259,485,670	5,791,887	253,693,783
Equipment/vehicles/operation systems	-		650,116	(650,116)
Debt service				
Bond issuance and other costs	-	1,141,757	1,397,381	(255,624)
Total expenditures	-	276,877,427	8,943,621	267,933,806
Excess (deficiency) of revenues over (under) expenditures	-	(276,877,427)	(7,165,791)	269,711,636
OTHER FINANCING SOURCES (USES)				
Issuance of bond proceeds	-	257,912,837	257,912,837	-
Premium/discount on bonds issued	-	34,302,672	34,302,672	-
Contributions to Charter Schools	-	(15,338,082)	(15,338,082)	-
Total other financing sources (uses)	-	276,877,427	276,877,427	-
Net change in fund balances	-	-	269,711,636	269,711,636
Fund balances, July 1, 2016	-	-	-	-
Fund balances, June 30, 2017	\$ -	\$ -	\$ 269,711,636	\$ 269,711,636

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Reserve - Capital Projects Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Local	\$ 1,195,241	\$ 1,195,241	\$ 1,431,056	\$ 235,815
Investment earnings	1,750	1,750	169,767	168,017
Total revenues	<u>1,196,991</u>	<u>1,196,991</u>	<u>1,600,823</u>	<u>403,832</u>
EXPENDITURES				
Capital outlay:				
Sites, buildings, and ground improvements	13,319,760	13,319,760	2,878,238	10,441,522
School additions, improvements, and repairs	5,474,985	5,474,985	2,931,324	2,543,661
Equipment/vehicles/operation systems	1,709,953	1,709,953	356,402	1,353,551
Debt service				
Principal retirement	4,332,741	4,332,741	3,590,048	742,693
Interest and fiscal charges	<u>1,794,338</u>	<u>1,794,338</u>	<u>1,398,500</u>	<u>395,838</u>
Total expenditures	<u>26,631,777</u>	<u>26,631,777</u>	<u>11,154,512</u>	<u>15,477,265</u>
Excess (deficiency) of revenues over (under) expenditures	(25,434,786)	(25,434,786)	(9,553,689)	15,881,097
OTHER FINANCING SOURCES (USES)				
Transfers in	5,490,790	5,490,790	5,915,506	424,716
Transfers out				
Issuance from refunding	-	27,087,163	27,087,163	-
Payments to refunded bonds escrow agent	<u>-</u>	<u>(27,087,163)</u>	<u>(27,087,163)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,490,790</u>	<u>5,490,790</u>	<u>5,915,506</u>	<u>424,716</u>
Net change in fund balances	(19,943,996)	(19,943,996)	(3,638,183)	16,305,813
Fund balances, July 1, 2016	<u>35,791,869</u>	<u>37,654,194</u>	<u>37,654,194</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 15,847,873</u>	<u>\$ 17,710,198</u>	<u>\$ 34,016,011</u>	<u>\$ 16,305,813</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Pupil Activity Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Local	\$ 5,432,504	\$ 5,432,504	\$ 5,165,239	\$ (267,265)
Investment earnings	-	-	4,598	4,598
Total revenues	<u>5,432,504</u>	<u>5,432,504</u>	<u>5,169,837</u>	<u>(262,667)</u>
EXPENDITURES				
Current:				
Direct instruction:				
Elementary education	-	-	476,678	(476,678)
K-8 education	-	-	76,810	(76,810)
Middle School education	-	-	240,787	(240,787)
High School education	-	-	1,041,714	(1,041,714)
Other regular education	5,294,688	5,294,688	3,111,565	2,183,123
Special programs	-	-	17,601	(17,601)
Total direct instruction	<u>5,294,688</u>	<u>5,294,688</u>	<u>4,965,155</u>	<u>329,533</u>
Indirect instruction:				
Pupil support services	-	-	805	(805)
School administration	-	-	49,005	(49,005)
Total indirect instruction	<u>-</u>	<u>-</u>	<u>49,810</u>	<u>(49,810)</u>
Other support programs:				
Operations and maintenance	-	-	582	(582)
Total other support programs	<u>-</u>	<u>-</u>	<u>582</u>	<u>(582)</u>
Total expenditures	<u>5,294,688</u>	<u>5,294,688</u>	<u>5,015,547</u>	<u>279,141</u>
Net change in fund balances	137,816	137,816	154,290	16,474
Fund balances, July 1, 2016 as restated	<u>3,119,907</u>	<u>3,114,448</u>	<u>3,114,448</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 3,257,723</u>	<u>\$ 3,252,264</u>	<u>\$ 3,268,738</u>	<u>\$ 16,474</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts		Variance with
	Original	Final			Final Budget
REVENUES					
Local	\$ 973,397	\$ 1,914,487	\$ 2,348,598	\$ 434,111	
Miscellaneous	169,400	169,400	117,800	(51,600)	
Total revenues	<u>1,142,797</u>	<u>2,083,887</u>	<u>2,471,777</u>	<u>387,890</u>	
EXPENDITURES					
Current:					
Direct instruction:					
Elementary education	1,312,449	214,593	25,981	188,612	
Middle School education	84,874	-	1,846	(1,846)	
High School education	819,368	363,435	55,669	307,766	
Other regular education	4,525	4,525	351,838	(347,313)	
Special programs	70,686	-	4,955	(4,955)	
Total direct instruction	<u>2,291,902</u>	<u>582,553</u>	<u>440,289</u>	<u>142,264</u>	
Indirect instruction:					
Pupil support services	236,246	236,246	171,678	64,568	
Instructional staff services	194,305	194,305	94,306	99,999	
School administration	76,079	76,079	186,047	(109,968)	
Total indirect instruction	<u>506,630</u>	<u>506,630</u>	<u>452,031</u>	<u>54,599</u>	
Other support programs:					
General administration	10,071	10,071	1,591	8,480	
Business/fiscal services	308,250	308,250	1,147	307,103	
Operations and maintenance	344,629	775,221	895,887	(120,666)	
Pupil Transportation Services	535	535	8,754	(8,219)	
Community programs	-	-	3,656	(3,656)	
Total other support programs	<u>663,485</u>	<u>1,094,077</u>	<u>911,035</u>	<u>183,042</u>	
Total expenditures	<u>3,462,017</u>	<u>2,183,260</u>	<u>1,803,355</u>	<u>379,905</u>	
Excess (deficiency) of revenues over (under) expenditures	(2,319,220)	(99,373)	668,422	767,795	
OTHER FINANCING SOURCES (USES)					
Transfers in	-	233,921	749,831	515,910	
Total other financing sources (uses)	<u>-</u>	<u>233,921</u>	<u>749,831</u>	<u>515,910</u>	
Net change in fund balances	(2,319,220)	134,548	1,418,253	1,283,705	
Fund balances, July 1, 2016 as restated	<u>2,576,271</u>	<u>459,071</u>	<u>459,071</u>	-	
Fund balances, June 30, 2017	<u>\$ 257,051</u>	<u>\$ 593,619</u>	<u>\$ 1,877,324</u>	<u>\$ 1,283,705</u>	

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Instructional Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Local	\$ 1,800,603	\$ 2,460,157	\$ 2,653,294	\$ 193,137
Total revenues	<u>1,800,603</u>	<u>2,460,157</u>	<u>2,653,294</u>	<u>193,137</u>
EXPENDITURES				
Current:				
Direct instruction:				
Elementary education	2,197,024	4,138,433	3,394,229	744,204
Middle School education	-	369,874	80,737	289,137
High School education	-	840,933	-	840,933
Special programs	-	170,686	22,463	148,223
Total expenditures	<u>2,197,024</u>	<u>5,519,926</u>	<u>3,497,429</u>	<u>2,022,497</u>
Excess (deficiency) of revenues over (under) expenditures	(396,421)	(3,059,769)	(844,135)	2,215,634
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,256,250	2,732,776	(523,474)
Total other financing sources (uses)	<u>-</u>	<u>3,256,250</u>	<u>2,732,776</u>	<u>(523,474)</u>
Net change in fund balances	(396,421)	196,481	1,888,641	1,692,160
Fund balances, July 1, 2016	<u>452,211</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 55,790</u>	<u>\$ 196,481</u>	<u>\$ 1,888,641</u>	<u>\$ 1,692,160</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Food Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes:				
State	\$ -	\$ -	\$ 201,777	\$ 201,777
Federal	8,071,289	8,071,289	7,405,509	(665,780)
Local	3,216,125	3,216,125	2,980,484	(235,641)
Investment earnings	<u>1,738</u>	<u>1,738</u>	<u>6,656</u>	<u>4,918</u>
Total revenues	<u>11,289,152</u>	<u>11,289,152</u>	<u>10,594,426</u>	<u>(694,726)</u>
EXPENDITURES				
Other support programs:				
Operations and maintenance	-	-	2,863	(2,863)
Other support services	-	-	132,927	(132,927)
Food service operations	<u>12,587,563</u>	<u>12,587,563</u>	<u>10,775,965</u>	<u>1,811,598</u>
Total expenditures	<u>12,587,563</u>	<u>12,587,563</u>	<u>10,911,755</u>	<u>1,675,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,298,411)</u>	<u>(1,298,411)</u>	<u>(317,329)</u>	<u>981,082</u>
Net change in fund balances	(1,298,411)	(1,298,411)	(317,329)	981,082
Fund balances, July 1, 2016	<u>4,638,608</u>	<u>4,449,851</u>	<u>4,449,851</u>	-
Fund balances, June 30, 2017	<u>\$ 3,340,197</u>	<u>\$ 3,151,440</u>	<u>\$ 4,132,522</u>	<u>\$ 981,082</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Before, After, and Summer Enrichment Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Tuition	\$ 8,578,234	\$ 8,578,234	\$ 7,932,389	\$ (645,845)
Total revenues	<u>8,578,234</u>	<u>8,578,234</u>	<u>7,932,389</u>	<u>(645,845)</u>
EXPENDITURES				
Current:				
Other support programs:				
Operations and maintenance	-	-	1,203	(1,203)
Other support services	-	-	35,332	(35,332)
Child Care operations	<u>9,183,218</u>	<u>9,183,218</u>	<u>8,351,110</u>	<u>832,108</u>
Total expenditures	<u>9,183,218</u>	<u>9,183,218</u>	<u>8,387,645</u>	<u>795,573</u>
Excess (deficiency) of revenues over (under) expenditures	(604,984)	(604,984)	(455,256)	149,728
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Net change in fund balances	(1,004,984)	(1,004,984)	(455,256)	549,728
Fund balances, July 1, 2016	<u>2,263,855</u>	<u>2,622,826</u>	<u>2,622,826</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 1,258,871</u>	<u>\$ 1,617,842</u>	<u>\$ 2,167,570</u>	<u>\$ 549,728</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Interscholastic Athletic Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budget Amounts		Actual Amounts		Variance with
	Original	Final			Final Budget
REVENUES					
Local	\$ 664,822	\$ 664,822	\$ 684,583	\$	19,761
Investment earnings	-	-	1,172		1,172
Total revenues	<u>664,822</u>	<u>664,822</u>	<u>685,755</u>		<u>20,933</u>
EXPENDITURES					
Current:					
Direct instruction:					
K-8 education	2,550	2,550	2,626		(76)
Middle School education	5,950	5,950	8,593		(2,643)
High School education	454,500	454,500	506,510		(52,010)
Special programs	<u>515,618</u>	<u>515,618</u>	<u>387,360</u>		<u>128,258</u>
Total direct instruction	<u>978,618</u>	<u>978,618</u>	<u>905,089</u>		<u>73,529</u>
Indirect instruction:					
Instructional staff services	<u>26,306</u>	<u>26,306</u>	<u>26,159</u>		<u>147</u>
Total indirect instruction	<u>26,306</u>	<u>26,306</u>	<u>26,159</u>		<u>147</u>
Other support programs:					
Operations and maintenance	<u>10,000</u>	<u>10,000</u>	<u>11,915</u>		<u>(1,915)</u>
Total other support programs	<u>10,000</u>	<u>10,000</u>	<u>11,915</u>		<u>(1,915)</u>
Total expenditures	<u>1,014,924</u>	<u>1,014,924</u>	<u>943,163</u>		<u>71,761</u>
Excess (deficiency) of revenues over (under) expenditures	(350,102)	(350,102)	(257,408)		92,694
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>194,350</u>	<u>194,350</u>	<u>194,350</u>		<u>-</u>
Net change in fund balances	(155,752)	(155,752)	(63,058)		92,694
Fund balances, July 1, 2016	<u>303,363</u>	<u>452,809</u>	<u>452,809</u>		<u>-</u>
Fund balances, June 30, 2017	<u>\$ 147,611</u>	<u>\$ 297,057</u>	<u>\$ 389,751</u>	<u>\$</u>	<u>92,694</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, 2017

	Balance at June 30, 2016	Restatements	Balance at June 30, 2016 as restated	Additions	Deletions	Balance at June 30, 2017
ASSETS						
Pooled cash and investments	\$ 4,516,842	\$ (3,573,519)	\$ 943,323	\$ 1,007,232	\$ 1,306,220	\$ 644,335
Prepaid Items	6,356	-	6,356	250	6,356	250
Accounts receivable	369	-	369	292	369	292
Total assets	<u>\$ 4,523,567</u>	<u>\$ (3,573,519)</u>	<u>\$ 950,048</u>	<u>\$ 1,007,774</u>	<u>\$ 1,312,945</u>	<u>\$ 644,877</u>
LIABILITIES						
Accounts payable	\$ 306,537	\$ -	\$ 306,537	\$ 24,649	\$ 306,537	\$ 24,649
Accrued salaries and benefits	9,325	-	9,325	-	9,325	-
Due to student groups and other organizations	4,207,705	(3,573,519)	634,186	983,125	997,083	620,228
Total liabilities	<u>\$ 4,523,567</u>	<u>\$ (3,573,519)</u>	<u>\$ 950,048</u>	<u>\$ 1,007,774</u>	<u>\$ 1,312,945</u>	<u>\$ 644,877</u>



(This page intentionally left blank)

COMPONENT UNITS

The component units consist of three charter school administrative units: Stargate Charter School, Westgate Charter School, and Prospect Ridge 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, 2017

	Stargate Charter School	Westgate Charter School	Prospect Ridge Charter School	Total Charter Schools
<u>Assets</u>				
Cash and investments - unrestricted	\$ 7,739,913	\$ 870,673	\$ 4,589,004	\$ 13,199,590
Cash and investments - restricted	2,798,396	2,584,879	7,371,802	12,755,077
Accounts receivable	4,285	70,874	35,192	110,351
Prepaid expenses	3,168	1,296	16,246	20,710
Due from other governments	22,075	-	-	22,075
Capital assets, not being depreciated:				
Land and construction in progress	3,757,769	2,834,000	4,758,319	11,350,088
Capital assets, net of accumulated depreciati				
Buildings	38,189,969	5,873,002	24,776,689	68,839,660
Equipment/vehicles	278,451	8,292	2,599	289,342
Total assets	<u>52,794,026</u>	<u>12,243,016</u>	<u>41,549,851</u>	<u>106,586,893</u>
<u>Deferred Outflows of Resources</u>				
Deferred charges on refunding		-		-
Deferred outflows related to pensions	11,425,566	4,187,149	13,869,878	29,482,593
Total deferred outflows of resources	<u>11,425,566</u>	<u>4,187,149</u>	<u>13,869,878</u>	<u>29,482,593</u>
<u>Liabilities</u>				
Accounts payable	281,552	10,300	5,327	297,179
Accrued expenses	-	-	1,886	1,886
Accrued salaries and benefits	631,320	111,028	414,705	1,157,053
Accrued interest payable	188,820	32,556	352,147	573,523
Unearned revenue	16,849	-	137,000	153,849
Noncurrent liabilities				
Due within one year:				
Compensated absences	-	-	42,100	42,100
Loans	-	25,686	-	25,686
Revenue bonds	580,000	216,743	300,000	1,096,743
Due in more than one year:				
Compensated absences	13,567	-	-	13,567
Loans	-	90,293	-	90,293
Revenue bonds	41,380,000	8,665,329	34,830,000	84,875,329
Capital leases	-	-	-	-
Net pension liability	24,941,458	9,772,601	29,630,061	64,344,120
Total liabilities	<u>68,033,566</u>	<u>18,924,536</u>	<u>65,713,226</u>	<u>152,671,328</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to pensions	102,841	332,814	116,773	552,428
Total deferred inflows of resources	<u>102,841</u>	<u>332,814</u>	<u>116,773</u>	<u>552,428</u>
<u>Net position</u>				
Net investment in capital assets	701,987	(282,757)	(4,837,177)	(4,417,947)
Restricted for:				
Capital projects	5,351,019	1,794,176	4,673,434	11,818,629
Debt service	1,966,617	2,552,323	1,566,133	6,085,073
TABOR	290,000	138,000	284,970	712,970
Commodity inventory	-	-	-	-
Special education	200,000	50,000	200,005	450,005
Unrestricted	(12,426,438)	(7,078,927)	(12,297,635)	(31,803,000)
Total net position	<u>\$ (3,916,815)</u>	<u>\$ (2,827,185)</u>	<u>\$ (10,410,270)</u>	<u>\$ (17,154,270)</u>

ADAMS 12 FIVE STAR SCHOOLS
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2017

	<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	\$ 16,479,809	\$ 746,849	\$ 87,882	\$ 7,137,238	\$ (8,507,840)
Westgate Charter School	5,436,400	344,131	114,523	132,193	(4,845,553)
Prospect Ridge Charter Schc	17,851,499	582,942	137,019	337,076	(16,794,462)
Total expenditures	<u>\$ 39,767,708</u>	<u>\$ 1,673,922</u>	<u>\$ 339,424</u>	<u>\$ 7,606,507</u>	<u>(30,147,855)</u>
General Revenues:					
School Finance Act:					
Stargate Charter School					8,117,595
Westgate Charter School					5,644,587
Prospect Ridge Charter School					15,203,526
Other:					
Stargate Charter School					5,173,520
Westgate Charter School					626,485
Prospect Ridge Charter School					510,801
Total general revenues:					<u>35,276,514</u>
Change in net position					5,128,659
Net position July 1, 2016					<u>(22,282,929)</u>
Net position June 30, 2017					<u>\$ (17,154,270)</u>

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 2016-17

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	33,273,755	289,675,931	289,278,003	33,671,682
18	Risk Mgmt Sub-Fund of General Fund	2,366,652	4,739,187	3,423,967	3,681,872
19	Colorado Preschool Program Fund	275,057	2,554,966	2,600,328	229,695
	Sub- Total	35,915,463	296,970,083	295,302,298	37,583,249
11	Charter School Fund	172,065	46,213,767	30,310,835	16,074,997
20,26-29	Special Revenue Fund	3,075,635	17,879,243	14,631,592	6,323,286
06	Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21	Food Service Spec Revenue Fund	4,449,851	10,594,425	10,911,754	4,132,522
22	Govt Designated-Purpose Grants Fund	0	21,296,878	21,296,878	0
23	Pupil Activity Special Revenue Fund	0	8,284,285	5,015,548	3,268,738
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	58,654,446	84,196,031	83,994,798	58,855,679
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	293,993,339	24,281,703	269,711,636
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	37,654,194	34,603,492	38,241,675	34,016,011
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	139,921,655	814,031,544	523,987,081	429,966,118
	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	4,207,705	-2,590,395	997,083	620,228
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
	Totals	4,207,705	-2,590,395	997,083	620,228
	FINAL				

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

11/16/17

5:05 PM



(This page intentionally left blank)

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.	114-121
<u>Revenue Capacity</u> – These schedules contain information to help the reader understand and assess the District's ability to generate own-source revenues.	122-127
<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.	128-133
<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.	134-135
<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.	136-141

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

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 74,436,046	\$ 102,040,985	\$ 114,481,427	\$ 138,799,116
Restricted	65,039,907	48,784,221	55,066,663	49,107,034
Unrestricted	43,515,990	46,110,635	42,489,892	23,587,271
Total governmental activities net position	<u>\$ 182,991,943</u>	<u>\$ 196,935,841</u>	<u>\$ 212,037,982</u>	<u>\$ 211,493,421</u>
Business-type activities				
Net investment in capital assets	\$ 1,958,259	\$ 1,635,867	\$ 1,489,450	\$ 1,250,821
Unrestricted	4,460,908	5,829,311	7,304,890	8,037,608
Total business-type activities net position	<u>\$ 6,419,167</u>	<u>\$ 7,465,178</u>	<u>\$ 8,794,340</u>	<u>\$ 9,288,429</u>
Primary government				
Net investment in capital assets	\$ 76,394,305	\$ 103,676,852	\$ 115,970,877	\$ 140,049,937
Restricted	65,039,907	48,784,221	55,066,663	49,107,034
Unrestricted	47,976,898	51,939,946	49,794,782	31,624,879
Total primary government net position	<u>\$ 189,411,110</u>	<u>\$ 204,401,019</u>	<u>\$ 220,832,322</u>	<u>\$ 220,781,850</u>

2012	2013	2014	2015	2016	2017
\$ 144,815,482	\$ 157,898,594	\$ 161,427,987	\$ 145,038,966	\$ 163,015,412	\$ 147,159,979
44,641,164	28,001,700	33,474,816	63,890,686	70,250,428	71,516,770
20,042,222	27,474,100	20,724,391	(625,268,715)	(657,867,115)	(858,420,907)
<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>	<u>\$ (639,744,158)</u>
\$ 994,103	\$ 848,479	\$ 686,574	\$ -	\$ -	\$ -
8,896,706	9,077,241	9,936,435	-	-	-
<u>\$ 9,890,809</u>	<u>\$ 9,925,720</u>	<u>\$ 10,623,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 145,809,585	\$ 158,747,073	\$ 162,114,561	\$ 145,038,966	\$ 163,015,412	\$ 147,159,979
44,641,164	28,001,700	33,474,816	63,890,686	70,250,428	71,516,770
28,938,928	36,551,341	30,660,826	(625,268,715)	(657,867,115)	(858,420,907)
<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>	<u>\$ (639,744,158)</u>

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

	2008	2009	2010	2011
Expenses				
Governmental activities:				
Direct Instruction	\$ 193,252,148	\$ 201,130,295	\$ 212,201,199	\$ 204,116,371
Indirect Instruction	42,187,957	45,793,561	49,647,730	49,532,839
Other Support Programs	52,579,176	55,940,976	58,050,462	56,866,813
Charter school funding	31,941,281	40,864,331	47,747,380	43,910,735
Interest expense, unallocated	17,251,248	18,304,052	17,430,439	20,016,965
Total governmental activities expenses	<u>337,211,810</u>	<u>362,033,215</u>	<u>385,077,210</u>	<u>374,443,723</u>
Business-type activities:				
Food services	9,290,461	8,853,982	9,168,538	9,124,435
Child care	5,567,239	5,981,669	6,064,318	6,003,305
Total business-type activities expenses	<u>14,857,700</u>	<u>14,835,651</u>	<u>15,232,856</u>	<u>15,127,740</u>
Total primary government expenses	<u>\$ 352,069,510</u>	<u>\$ 376,868,866</u>	<u>\$ 400,310,066</u>	<u>\$ 389,571,463</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Direct Instruction	\$ 1,450,509	\$ 1,723,158	\$ 2,029,950	\$ 1,479,152
Indirect Instruction	594,846	619,483	730,131	602,470
Other Support Programs	1,814,701	1,856,792	2,099,203	2,956,240
Charter School Funding	989,247	807,938	647,567	530,874
Operating grants and contributions:				
Direct Instruction	16,187,983	16,188,043	23,273,441	32,027,827
Indirect Instruction	4,267,223	5,621,772	7,619,341	8,519,699
Other Support Programs	1,249,955	1,443,077	1,714,297	1,959,642
Capital grants and contributions:				
Direct Instruction	-	575,739	1,540,210	169,519
Total governmental activities program revenues	<u>26,554,464</u>	<u>28,836,002</u>	<u>39,654,140</u>	<u>48,245,423</u>
Business-type activities:				
Charges for services:				
Food service	4,598,273	4,592,122	4,393,297	3,973,120
Child care	5,984,815	6,214,491	6,452,068	6,539,911
Operating grants and contributions:				
Food service	4,309,340	5,040,829	5,611,774	6,103,394
Total business-type activities program revenues	<u>14,892,428</u>	<u>15,847,442</u>	<u>16,457,139</u>	<u>16,616,425</u>
Total primary government program revenues	<u>\$ 41,446,892</u>	<u>\$ 44,683,444</u>	<u>\$ 56,111,279</u>	<u>\$ 64,861,848</u>
Net (Expense)/Revenue				
Governmental activities	\$ (310,657,346)	\$ (333,197,213)	\$ (345,423,070)	\$ (326,198,300)
Business-type activities	34,728	1,011,791	1,224,283	1,488,685
Total primary government net expense	<u>\$ (310,622,618)</u>	<u>\$ (332,185,422)</u>	<u>\$ (344,198,787)</u>	<u>\$ (324,709,615)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Local property taxes	\$ 113,183,996	\$ 123,832,566	\$ 122,733,076	\$ 122,541,664
Specific ownership taxes	9,919,901	9,151,434	8,475,048	7,994,040
Intergovernmental, unrestricted	185,875,113	208,758,597	224,988,909	202,372,669
Intergovernmental agreements	-	-	-	-
Other	1,401,436	1,442,253	1,262,982	1,306,961
Earnings on investments	6,994,160	3,976,195	1,440,595	564,593
Transfers	(171,963)	(19,935)	(82,917)	1,000,000
Gain (loss) on disposal of assets	-	-	1,707,518	130,157
Total governmental activities:	<u>317,202,643</u>	<u>347,141,110</u>	<u>360,525,211</u>	<u>335,910,084</u>
Business-type activities:				
Earnings on investments	64,857	14,285	21,962	5,404
Other	-	-	-	-
Transfers	171,963	19,935	82,917	(1,000,000)
Loss on disposal of assets	-	-	-	-
Total business-type activities:	<u>236,820</u>	<u>34,220</u>	<u>104,879</u>	<u>(994,596)</u>
Total primary government	<u>\$ 317,439,463</u>	<u>\$ 347,175,330</u>	<u>\$ 360,630,090</u>	<u>\$ 334,915,488</u>
Change in Net Position				
Governmental activities	\$ 6,545,297	\$ 13,943,897	\$ 15,102,141	\$ 9,711,784
Business-type activities	271,548	1,046,011	1,329,162	494,089
Total primary government	<u>\$ 6,816,845</u>	<u>\$ 14,989,908</u>	<u>\$ 16,431,303</u>	<u>\$ 10,205,873</u>

2012	2013	2014	2015	2016	2017
\$ 202,400,390	\$ 200,660,934	\$ 201,406,574	\$ 217,179,196	\$ 232,478,810	\$ 367,274,260
43,868,253	42,520,108	47,999,681	58,613,866	65,909,683	66,270,495
54,781,017	58,617,994	68,402,400	72,883,709	80,863,780	156,778,489
49,760,754	51,583,887	43,472,016	19,391,201	23,186,915	35,740,446
24,610,420	18,649,158	13,191,487	34,388,947	23,185,957	28,356,597
<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>	<u>654,420,287</u>
9,572,148	9,769,874	10,116,781	-	-	-
5,984,358	5,807,797	6,184,005	-	-	-
<u>15,556,506</u>	<u>15,577,671</u>	<u>16,300,786</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 654,420,287</u>
\$ 3,549,584	\$ 3,285,911	\$ 3,266,656	\$ 3,130,072	\$ 3,436,695	\$ 11,628,380
525,653	546,271	652,191	792,885	676,633	-
2,154,280	2,772,177	3,892,302	14,427,437	14,938,507	14,677,103
639,861	656,182	631,056	382,008	443,099	414,677
18,750,842	18,738,679	21,374,486	20,126,032	20,487,996	20,569,291
7,807,215	6,835,264	5,911,727	7,752,585	7,943,535	7,394,343
2,041,845	2,046,461	2,414,066	10,700,393	10,486,734	9,158,583
63,138	-	-	-	-	-
<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>	<u>63,842,377</u>
3,624,894	3,443,467	3,279,697	-	-	-
6,450,628	6,430,706	6,879,261	-	-	-
6,079,140	6,135,587	6,837,064	-	-	-
<u>16,154,662</u>	<u>16,009,760</u>	<u>16,996,022</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 63,842,377</u>
\$(339,888,416)	\$(337,151,137)	\$(336,329,674)	\$(345,145,507)	\$(367,211,946)	\$(590,577,910)
598,156	432,089	695,236	-	-	-
<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>	<u>\$(590,577,910)</u>
\$ 121,200,202	\$ 121,511,993	\$ 121,590,268	\$ 122,794,404	\$ 136,517,005	\$ 138,732,861
8,140,240	8,644,074	9,366,253	10,222,765	11,093,715	12,034,731
208,047,852	209,276,528	209,026,802	200,859,028	206,985,977	206,131,592
-	-	-	2,302,560	2,733,756	-
885,902	737,988	163,280	103,728	-	2,964,474
511,328	456,080	394,470	576,636	1,619,236	2,715,194
-	400,000	-	-	-	-
-	-	-	1,525	-	-
<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>	<u>362,578,852</u>
4,220	2,822	2,053	-	-	-
-	-	-	-	-	-
-	(400,000)	-	-	-	-
-	-	-	-	-	-
<u>4,220</u>	<u>(397,178)</u>	<u>2,053</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 362,578,852</u>
\$ (1,102,892)	\$ 3,875,526	\$ 4,211,399	\$ (8,284,861)	\$ (8,262,257)	\$ (227,999,058)
602,376	34,911	697,289	-	-	-
<u>\$ (500,516)</u>	<u>\$ 3,910,437</u>	<u>\$ 4,908,688</u>	<u>\$ (8,284,861)</u>	<u>\$ (8,262,257)</u>	<u>\$ (227,999,058)</u>

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

	2008	2009	2010	2011
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 1,039,078
Restricted	-	-	-	18,028,812
Committed	-	-	-	2,392,938
Assigned	-	-	-	2,995,764
Unassigned	-	-	-	28,474,372
Reserved	22,630,076	24,513,449	25,060,414	-
Unreserved	24,031,680	25,494,530	26,937,265	-
Total general fund	<u>\$ 46,661,756</u>	<u>\$ 50,007,979</u>	<u>\$ 51,997,679</u>	<u>\$ 52,930,964</u>
All Other Governmental Funds				
Nonspendable:				
Capital projects	\$ -	\$ -	\$ -	\$ 400,591
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Tabor 3% Emergency Reserve	-	-	-	-
Debt Service projects	-	-	-	37,500,858
Capital projects	-	-	-	17,367,367
Food Service	-	-	-	-
Committed to:				
Athletics	-	-	-	342,158
Child Care	-	-	-	-
Transportation	-	-	-	-
Capital projects	-	-	-	-
Activity Special Revenue	-	-	-	-
Assigned to:				
Capital projects	-	-	-	8,074,417
Designated Purpose Grants	-	-	-	-
Reserved	80,620,384	71,462,843	66,343,674	-
Unreserved, reported in:				
Special revenue funds	230,295	102,030	15,979	-
Capital projects funds	37,968,196	20,228,344	14,040,347	-
Total all other governmental funds	<u>\$ 118,818,875</u>	<u>\$ 91,793,217</u>	<u>\$ 80,400,000</u>	<u>\$ 63,685,391</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.

2012	2013	2014	2015	2016	2017
\$ 691,093	\$ 673,651	\$ 839,223	\$ 899,916	\$ 1,854,645	\$ 1,521,776
18,572,049	19,131,027	19,202,758	19,154,089	18,894,678	18,868,915
2,314,378	2,978,017	3,029,680	2,492,101	11,103,922	11,679,868
-	17,611,085	10,003,569	13,951,419	4,062,219	841,530
28,294,086	9,286,389	11,955,673	5,893,576	-	4,671,160
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 37,583,249</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	210,395	147,083	149,139
-	-	-	54,641	47,557	83,613
-	-	-	-	761,737	1,096,140
39,400,485	39,803,375	46,639,747	53,111,796	58,654,446	58,855,679
14,376,982	-	6,939,248	26,866,762	24,997,937	269,711,636
-	-	-	5,409,523	4,194,883	3,887,732
383,942	367,360	432,246	364,592	423,947	359,998
-	-	-	3,145,553	2,391,491	1,929,598
-	-	-	669,158	-	-
-	7,952,899	9,463,425	10,111,685	12,248,536	33,766,084
-	-	-	-	-	6,468,253
4,639,035	3,526,175	2,044,029	2,506,772	-	-
-	-	-	-	(33,491)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 376,307,872</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)

	2008	2009	2010	2011
Revenues				
Taxes	\$ 123,315,587	\$ 132,465,291	\$ 131,021,544	\$ 131,549,891
State	193,543,812	218,115,201	236,555,734	225,698,244
Federal	14,036,462	13,896,288	22,674,497	19,351,112
Local	9,569	1,301	772	-
Mineral Leases	-	-	-	-
Investment Earnings	6,994,160	3,976,195	1,440,595	564,593
Miscellaneous	6,241,170	6,448,322	6,831,037	6,875,698
Total revenues	<u>344,140,760</u>	<u>374,902,598</u>	<u>398,524,179</u>	<u>384,039,538</u>
Expenditures				
Direct Instruction	173,389,765	182,733,706	196,173,403	187,724,932
Indirect Instruction	41,762,946	45,290,896	49,461,367	49,400,171
Other Support Programs	50,626,175	52,765,590	55,326,963	53,776,443
Charter school funding	31,941,281	40,864,331	47,747,380	43,910,735
Debt service:				
Principal	22,653,584	23,532,308	24,593,173	25,219,323
Interest	17,601,364	18,806,876	17,878,787	16,889,485
Bond issuance costs	404,373	-	-	-
Capital outlay	36,418,936	34,899,456	24,339,334	25,035,243
Total expenditures	<u>374,798,424</u>	<u>398,893,163</u>	<u>415,520,407</u>	<u>401,956,332</u>
Excess of revenues over (under) expenditures	(30,657,664)	(23,990,565)	(16,996,228)	(17,916,794)
Other Financing Sources (Uses)				
Transfers in	521,062	536,372	612,774	6,578,177
Transfers out	(521,062)	(536,372)	(612,774)	(5,578,177)
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	4,325,000	-	-	-
Issuance of bonds	4,325,000	-	-	-
Bond premium	103,463	-	-	-
Land/building sales	855,491	311,131	7,592,711	132,599
Lease purchase	1,080,520	-	-	1,002,873
Total other financing sources (uses)	<u>39,715,214</u>	<u>311,131</u>	<u>7,592,711</u>	<u>2,135,472</u>
Net change in fund balance	<u>\$ 9,057,550</u>	<u>\$ (23,679,434)</u>	<u>\$ (9,403,517)</u>	<u>\$ (15,781,322)</u>
Debt service as a percentage of noncapital expenditures	11.8%	11.6%	10.9%	11.2%

2012	2013	2014	2015	2016	2017
\$ 129,104,686	\$ 130,814,942	\$ 131,427,784	\$ 133,716,439	\$ 146,675,513	\$ 151,450,944
219,519,011	221,251,686	222,550,056	216,715,737	223,377,140	222,924,367
17,132,769	15,645,246	15,855,381	24,037,648	24,470,458	23,479,402
25,118	20,884	1,330,180	7,133,593	19,633,379	25,882,394
-	-	-	37,520	31,946	19,551
511,328	456,080	394,470	576,636	1,619,236	2,715,194
7,789,274	7,977,645	7,596,949	12,653,755	620,009	632,729
374,082,186	376,166,483	379,154,820	394,871,328	416,427,681	427,104,581
186,273,435	184,188,632	185,347,582	191,442,866	200,880,489	203,923,568
43,771,488	42,342,107	47,962,804	54,922,617	60,590,339	59,791,273
50,344,628	50,405,364	58,606,031	78,201,170	82,031,282	82,915,251
49,760,754	51,583,887	43,472,016	19,391,201	23,186,915	35,740,446
21,071,120	22,247,787	21,792,134	25,988,689	30,614,131	30,344,633
21,828,525	19,880,225	13,326,531	13,958,345	15,699,284	20,860,230
792,243	-	478,487	931,108	454,878	1,568,249
9,826,488	11,215,035	12,655,188	13,654,621	11,060,329	13,712,204
383,668,681	381,863,037	383,640,773	398,490,617	424,517,647	448,855,854
(9,586,495)	(5,696,554)	(4,485,953)	(3,619,289)	(8,089,966)	(21,751,273)
5,454,759	11,338,921	13,961,433	20,123,032	18,632,079	9,592,463
(5,454,759)	(10,938,921)	(13,961,433)	(20,123,032)	(18,632,079)	(9,592,463)
-	-	-	(99,241,278)	(54,472,766)	(65,222,756)
(138,199,482)	-	-	-	-	-
120,537,083	-	-	81,245,325	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	319,845,000
20,196,250	-	-	15,822,745	2,836,956	37,697,041
-	-	-	-	-	-
-	217,500	13,705,573	30,148,442	54,633,388	-
2,533,851	617,500	13,705,573	27,975,234	2,997,578	292,319,285
\$ (7,052,644)	\$ (5,079,054)	\$ 9,219,620	\$ 24,355,945	\$ (5,092,388)	\$ 270,568,012
11.5%	11.2%	9.3%	10.4%	11.2%	11.7%

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
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
2016/2017	1,434,937,543	407,167,480	22,823,790	38,051,010	511,500	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
\$	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%
	10,519,850	21,715,380	177,853,770	2,113,590,203	65.92	21,082,604,911	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 Service Fund	Total	Adams County	Broomfield County
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
2017	44.257	21.665	65.922	27.055	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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Public Service Company of Colorado dba Xcel Energy	\$ 51,021,470	1	2.41%	11,946,590	3	0.68%
Vestar Orchard Town Center Inc	25,916,440	2	1.23%			
Qwest Corp.	21,969,760	3	1.04%	22,484,500	1	1.28%
GC Net Lease Investors	15,992,510	4	0.76%			
Tri State Generation	13,099,810	5	0.62%	8,881,250	6	0.51%
Digital Globe Inc.	12,410,820	6	0.59%			
Marketplace at Northglenn (10410-10450 Melody Lane LLC)	10,479,100	7	0.50%	10,011,170	5	0.57%
Cellco Partnership	10,363,140	8	0.49%			
SITE C LLC	9,061,670	9	0.43%			
Great Western Oil & Gas Company LLC	6,920,390	10	0.33%			
Avaya Inc (real property)				18,270,000	2	1.04%
Avaya Inc (personal property)				11,510,050	4	0.65%
SITE A LLC				7,727,010	7	0.44%
Northview Inc.				7,577,730	8	0.43%
Thornton Town Center				6,153,220	9	0.35%
Wal-Mart Stores Inc				5,642,640	10	0.32%
Total	<u>\$ 177,235,110</u>		<u>8.39%</u>	<u>\$ 110,204,160</u>		<u>6.27%</u>

Total assessed valuation upon which 2016 tax collections are based is \$2,113,590,203

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



(This page intentionally left blank)

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
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%
2017	139,332,094	139,107,064	99.8%	145,235	139,252,298	99.9%

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
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
2017	569,700,159	26,126,320	6,583,703

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, 2016 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⁾
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
602,410,182	28.50%	7.86%	2,582	233,342



(This page intentionally left blank)

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 10
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
(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	\$ 602,410,182	100.00%	\$ 602,410,182	2.857%
<u>Overlapping Debt</u>				
Adams County Fire Protection District	3,039,537	5.87%	178,421	0.001%
Anthem West Metropolitan District	57,600,000	100.00%	57,600,000	0.273%
Bradburn Metropolitan District #2	4,892,000	100.00%	4,892,000	0.023%
Bradburn Metropolitan District #3	8,500,000	100.00%	8,500,000	0.040%
Bramming Farm Metropolitan District #1	4,050,000	100.00%	4,050,000	0.019%
Broadlands Metro District No. 2	13,375,000	100.00%	13,375,000	0.063%
Country Club Highlands Metro District	2,055,000	100.00%	2,055,000	0.010%
Country Club Village Metropolitan Dist.	2,735,000	100.00%	2,735,000	0.013%
Cundall Farms Metropolitan District	8,410,000	100.00%	8,410,000	0.040%
Fallbrook Metropolitan Dist.	5,550,000	100.00%	5,550,000	0.026%
HighPointe Park Metropolitan District	1,550,000	100.00%	1,550,000	0.007%
Huntington Trails Metropolitan Dist.	7,260,000	100.00%	7,260,000	0.034%
Hyland Hills Metro Park and Recreation District	7,315,000	39.33%	2,876,990	0.014%
Lambertson Farms Metropolitan Dist. 1, 2 & 3	33,840,000	100.00%	33,840,000	0.161%
Lambertson Lakes Metro	5,600,000	100.00%	5,600,000	0.027%
Larkridge Metropolitan District No. 1	10,565,000	99.92%	10,556,548	0.050%
Lewis Pointe Metropolitan District	7,775,000	100.00%	7,775,000	0.037%
McKay Landing Metropolitan Dist. No. 2	9,995,000	100.00%	9,995,000	0.047%
North Metro Fire Rescue District	20,365,000	22.02%	4,484,373	0.021%
PLA Metropolitan District	1,125,000	100.00%	1,125,000	0.005%
Red Leaf Metropolitan District No. 2	4,775,000	100.00%	4,775,000	0.023%
Spruce Meadows Metropolitan District	2,750,000	100.00%	2,750,000	0.013%
Wildgrass Metropolitan District	10,485,000	89.43%	9,376,736	0.044%
Total Overlapping Debt	233,606,537		209,310,068	
Total Direct and Overlapping Debt	<u>\$ 836,016,719</u>		<u>\$ 811,720,250</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)

	2008	2009	2010	2011
General bonded debt outstanding				
General Obligation Debt	\$ 413,156,066	\$ 391,773,233	\$ 369,524,844	\$ 346,403,190
Est. Act. Taxable Value	17,108,626,910	17,796,611,079	16,946,998,526	17,366,297,047
Population	201,649	202,459	203,593	207,093
Less: Amounts set aside to repay general debt	<u>(32,780,892)</u>	<u>(34,626,727)</u>	<u>(35,933,846)</u>	<u>(37,500,858)</u>
Total net debt applicable to debt limit	380,375,174	357,146,506	333,590,998	308,902,332
Legal debt limit ⁽³⁾	<u>456,885,588</u>	<u>466,447,215</u>	<u>463,259,898</u>	<u>371,711,605</u>
Legal debt margin ⁽⁴⁾	<u>\$ 76,510,414</u>	<u>\$ 109,300,709</u>	<u>\$ 129,668,900</u>	<u>\$ 62,809,273</u>
Legal debt margin as a percentage of the debt limit	16.75%	23.43%	27.99%	16.90%
Percentage of estimated property value, of net bonded debt ⁽¹⁾	2.22%	2.01%	1.97%	1.78%
Per capita, of net bonded debt ⁽²⁾	\$ 1,886	\$ 1,764	\$ 1,639	\$ 1,492

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 (a) 20% of the valuation for the taxable property in the District as certified by the county assessor; or (b) 6% of the most recent determination of the actual value of the taxable property in the District, as certified by the county assessor (Colorado Revised Statutes 22-42-104).

Beginning in 2016-17, the District began using the 6% of actual value calculation to determine the legal debt margin. Prior years were calculated using the 20% of assessed taxable value method.

(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.

2012	2013	2014	2015	2016	2017
\$ 326,181,456	\$ 306,312,707	\$ 286,987,166	\$ 280,548,214	\$ 252,447,526	\$ 602,410,182
17,196,373,239	16,948,596,051	17,295,184,533	17,532,961,085	20,705,094,601	21,082,604,911
210,736	226,448	222,387	224,741	233,505	233,342
<u>(39,400,485)</u>	<u>(39,803,375)</u>	<u>(46,639,747)</u>	<u>(53,111,796)</u>	<u>(58,654,446)</u>	<u>(58,855,679)</u>
286,780,971	266,509,332	240,347,419	227,436,418	193,793,080	543,554,503
<u>366,650,019</u>	<u>367,771,159</u>	<u>377,727,170</u>	<u>381,274,680</u>	<u>445,076,446</u>	<u>1,264,956,295</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>	<u>\$ 721,401,792</u>
21.78%	27.53%	36.37%	40.35%	56.46%	57.03%
1.67%	1.57%	1.39%	1.30%	0.94%	2.58%
\$ 1,361	\$ 1,177	\$ 1,081	\$ 1,012	\$ 830	\$ 2,329

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⁾
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%
2016/2017	233,342	34.4	43,626	7,667,618,120	32,860	3.5%

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 Pinnacle, The Academy, and Global Village 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	2016			2007		
		Employees	Rank	Percent of Total District Employment	Employees	Rank	Percent of Total District Employment
Waterworld (1)	Amusement Park	948	1	0.77%			
Health One: North Suburban Medical Center	Medical and Rehabilitation Clinic	900	2	0.73%	618	6	0.34%
Centura Health/St. Anthony North	Hospital	895	3	0.72%	655	4	0.36%
Alliance Data Systems	Credit Card Processing	829	4	0.67%			
Wal-Mart / Sam's Club (3 locations)	Retail	737	5	0.59%	560	7	0.31%
Digital Globe	Satellite Imaging	557	6	0.45%			
Tri State Generation	Electric Utilities Generation	512	7	0.41%	355	10	0.19%
King Soopers (3 Locations)	Grocery Retailer	503	8	0.41%	433	8	0.24%
Kaiser Permanente	Health Maintenance Provider	475	9	0.38%			
American Furniture Warehouse	Furniture Retailer	450	10	0.36%	700	3	0.38%
Avaya, Inc.	Telecommunications Research and Development				1,303	1	0.71%
DISH Network/EchoStar Communications	Satellite Television Service Provider				1,045	2	0.57%
T-Mobile	Call Center				650	5	0.35%
Super Target	Retail				373	9	0.20%
		6,806		5.49%	6,692		3.65%

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, 2008	As of June 30, 2009	As of June 30, 2010	As of June 30, 2011
Educational Services				
Executive Directors	4.0	4.0	4.0	4.0
Directors	7.0	8.0	6.0	7.0
Principals	47.0	46.8	47.0	47.0
Assistant Principals	56.5	56.5	57.5	53.5
Dean of Students	22.0	22.0	22.5	11.0
Teachers	1913.4	1926.2	1959.1	1932.3
Counselors	55.1	55.1	53.6	45.6
Library Media Specialists	49.0	49.5	49.0	40.0
Social Workers	19.8	19.8	20.0	15.1
Secretaries/Bookkeepers/Office Clerks	188.0	186.4	182.4	174.6
Campus Supervisors	40.7	41.2	38.4	17.0
Physical/Occupational/Speech Therapists	76.9	72.4	75.2	63.7
Psychologists	26.9	26.9	26.4	28.0
Nurses	8.3	8.3	9.2	8.7
ParaEducator Classified	406.6	426.5	440.8	387.7
Childcare ParaEducators Classified	95.7	103.8	102.4	131.2
Coordinators	13.2	9.7	9.9	10.9
Other (2)	16.7	13.4	4.1	11.3
Substitute Teachers (3)	552.0	599.0	663.0	794.0
Classified Substitues (3)	80.0	85.0	154.0	182.0
Total Educational Services	3678.7	3760.3	3924.3	3964.6
Support Services				
Assistant Superintendent	2.0	2.0	2.0	0.0
Executive Directors	3.0	3.0	2.0	3.0
Directors	5.3	8.0	8.0	8.0
Supervisors	9.0	6.0	5.0	4.0
Managers	17.0	17.0	19.0	18.5
Information Systems - Administrative	16.0	16.0	19.0	19.5
Technicians/Specialists Classified	93.4	92.0	86.3	78.9
Professional/Technical	45.7	47.2	40.3	41.5
Secretaries	34.9	34.1	39.6	25.2
Custodians	206.1	205.8	202.6	179.7
Crafts/Trades/Services	72.8	93.4	79.2	99.7
Food Service Managers	18.9	19.0	17.7	17.9
Food Service Classified	102.6	109.3	112.8	96.3
Bus Drivers	91.6	97.4	82.0	72.4
Other (2)	10.1	10.0	9.0	25.1
Custodial Substitutes (3)	27.0	28.0	26.0	30.0
Total Support Services	755.3	788.1	750.5	719.7
Districtwide Leadership				
Superintendent	1.0	1.0	1.0	1.0
Assistant Superintendent	2.0	2.0	1.0	0.0
Chief Operations Officer	0.0	0.0	0.0	1.0
Chief Academic Officer	0.0	0.0	0.0	1.0
Chief Human Resource Officer	0.0	0.0	0.0	1.0
Chief of Staff	1.0	1.0	1.0	0.0
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	8.0	8.0	7.0	8.0
Charter School Employees	288.2	289.2	310.3	326.4
Grand Total	4730.1	4845.6	4992.0	5018.7

(1) Employee counts are based on Full-Time Equivalent (FTE)

(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, 2012	As of June 30, 2013	As of June 30, 2014	As of June 30, 2015	As of June 30, 2016	As of June 30, 2017
4.0	3.0	3.0	3.0	4.0	3.0
7.0	6.0	5.0	5.0	10.0	8.4
47.0	47.0	50.0	49.1	49.1	49.0
42.5	42.5	43.5	44.6	51.0	51.5
11.0	12.0	12.1	12.1	16.4	15.5
1883.7	1862.3	1927.8	2023.8	2008.3	1963.0
48.9	48.9	53.0	59.6	65.1	64.6
24.7	19.5	21.0	19.0	18.5	17.0
14.8	14.5	14.6	17.3	20.2	25.9
168.4	173.1	181.2	181.0	166.0	165.1
17.0	18.0	23.0	22.5	22.3	23.8
65.4	65.9	67.6	71.0	85.3	82.9
32.0	35.6	35.6	38.4	41.9	35.6
9.7	9.7	11.7	13.7	16.4	16.5
447.8	471.8	503.4	502.3	603.2	565.9
91.7	95.5	106.3	107.9	108.3	178.5
20.4	13.8	14.8	19.9	38.9	33.8
13.0	20.1	26.4	27.3	13.5	15.5
624.0	774.0	779.0	866.0	838.0	815.0
140.0	174.0	181.0	199.0	136.0	140.0
3713.1	3907.2	4060.0	4282.5	4312.4	4270.4
0.0	0.0	0.0	0.0	0.0	0.0
1.0	1.0	3.0	3.0	2.0	1.0
11.5	14.5	15.0	17.0	11.0	11.0
5.0	5.0	3.0	5.0	5.0	5.0
27.0	25.0	32.5	31.5	30.5	25.5
24.0	23.3	28.3	36.8	34.8	35.5
82.9	88.7	87.7	73.7	77.8	64.5
32.1	34.8	34.0	58.8	72.1	70.3
25.9	18.6	14.9	12.9	12.1	16.3
181.2	186.2	179.0	181.2	169.7	168.3
69.7	77.9	72.9	78.0	79.0	89.0
24.8	23.7	22.9	26.3	30.0	26.6
109.6	108.7	114.5	112.1	104.7	95.6
62.5	78.6	83.0	81.4	95.1	109.8
9.7	12.9	22.0	16.0	19.4	27.7
19.0	22.0	28.0	8.0	14.0	15.0
685.8	720.7	740.6	741.6	757.2	761.0
1.0	1.0	1.0	1.0	1.0	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	1.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	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
7.0	7.0	7.0	7.0	7.0	8.0
474.1	498.3	484.8	259.7	331.4	282.0
4879.9	5133.2	5292.4	5290.8	5408.0	5321.4



(This page intentionally left blank)

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
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
2017	654,420,287	38,818	16,859	1,963	19.77	2,462

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

(2) Based on one-day pupil count in October of District schools and the 3 Charters referenced on Pg. 49 (Pinnacle, Academy, and Global Village Academy Charter are not included as the District incurs no expenses on their behalf).

(3) Employee counts based on Full-Time Equivalent (FTE)

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

Note: High School Graduate data for 2016-17 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
30 Elementary Schools				
Total square feet	1,710,023	1,742,064	1,741,914	1,744,767
Total program capacity	15,764	16,520	16,720	17,105
Enrollment	16,442	17,172	17,215	17,218
3 K-8 Schools				
Total square feet	-	-	-	-
Total program capacity	-	-	-	-
Enrollment	-	-	-	-
7 Middle Schools				
Total square feet	1,018,345	1,018,345	1,018,104	1,018,104
Total program capacity	8,766	8,726	8,726	9,355
Enrollment	7,154	7,419	7,506	7,737
5 High Schools & 1 Vocational School				
Total square feet	1,393,797	1,392,719	1,391,222	1,391,222
Total program capacity	10,082	9,885	9,885	9,940
Enrollment	9,538	9,410	9,434	9,299
2 Alternative Schools				
Total square feet	98,842	98,672	81,417	81,416
Total program capacity	400	310	310	530
Enrollment	324	389	447	505
6 Charter Schools				
Enrollment	5,363	6,549	7,475	7,198
District wide Facilities				
Total square feet	502,191	516,089	659,918	604,333

Source: The District Business Services Department

2012	2013	2014	2015	2016	2017
1,751,009	1,639,977	1,678,322	1,678,322	1,678,914	1,693,335
16,727	15,150	15,634	15,690	15,570	15,090
16,696	14,375	15,688	15,980	15,942	15,805
-	342,778	301,440	301,440	301,440	301,440
-	2,360	1,929	1,904	1,979	2,251
-	2,402	1,955	1,938	2,007	2,058
1,014,315	907,720	907,720	907,720	916,365	916,365
9,355	7,390	8,377	8,275	8,173	8,125
7,800	6,810	7,019	7,311	7,398	7,281
1,393,890	1,393,890	1,393,890	1,404,285	1,404,293	1,404,293
9,885	9,885	10,274	10,572	10,572	10,572
9,387	9,446	9,661	9,840	9,893	10,030
81,416	100,751	100,751	100,751	100,751	100,751
585	635	310	310	650	700
509	568	659	641	630	744
8,598	8,886	7,248	2,991	3,417	2,900
610,850	625,004	625,004	625,004	625,004	610,583



(This page intentionally left blank)

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2017. Our report includes a reference to other auditors who audited the financial statements of Stargate Charter School, Westgate Community Charter School, and Prospect Ridge Academy, 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.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency, 2017-001.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
November 15, 2017

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

Board of 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, 2017. 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, 2017.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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

Broomfield, Colorado
November 15, 2017

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor / Pass-Thru Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through from Colorado Department of Education			
Title I, Part A			
Title I - Improving the Academic Achievement of the Disadvantaged			
Part A - Basic	84.010	4010	\$ 3,476,439
School Improvement	84.010	5010	178,663
Eligible Homeless Children - Set Aside	84.010	9202	35,226
Neglected Institutions - Set Aside	84.010	9204	45,404
Non-Public School - Set Aside	84.010	9205	14,142
District Managed Activities - Set Aside	84.010	9206	282,982
School Choice - Set Aside	84.010	9209	88,573
Supplemental Education Services - Set Aside	84.010	9210	21,260
Parental Activities School Level - Set Aside	84.010	9211	45,601
Parental Activities District Managed - Set Aside	84.010	9212	366
Subtotal Title I, Part A			4,188,656
Special Education Cluster			
Special Education	84.027	4027	6,060,125
Special Education - Preschool	84.173	4173	131,215
Subtotal Special Education Cluster			6,191,340
Education of Homeless Children and Youth			
Title X - Education for Homeless Children and Youth	84.196	5196	29,156
Subtotal Education of Homeless Children and Youth			29,156
21st Century Community Learning Centers - Cohort 6	84.287	5287	331,330
21st Century Community Learning Centers - Cohort 7	84.287	5287	735,758
Title III - English Language Acquisition	84.365	4365	365,252
Title II - Improving Teacher Quality	84.367	4367	664,938
Title IV - Student Support and Academic Enrichment	84.424	4424	9,001
Passed through from State Board of Community Colleges and Occupation Education			
Career and Technical Education	84.048	4048	209,269
Subtotal Passed-Through Programs			12,724,700
Direct Federal Programs			
Title VII - Indian Education	84.060	4060	51,343
Subtotal Direct Programs			51,343
TOTAL U.S. DEPARTMENT OF EDUCATION			12,776,043

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor / Pass-Thru Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through from Colorado Department of Human Services			
Donated Commodities	10.555	4555	851,216
Passed through from Colorado Department of Education			
School Breakfast Program	10.553	4553	1,294,383
National School Lunch Program	10.555	4555	5,040,173
Summer Food Service Program for Children	10.559	4559	89,150
Subtotal Child Nutrition Cluster			7,274,922
Fresh Fruit and Vegetable Program	10.582	4582	130,587
TOTAL U.S. DEPARTMENT OF AGRICULTURE			7,405,509
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through from City of Thornton			
Community Development Block Grant	14.218	7218	165,230
Subtotal Passed-Through Programs			165,230
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			165,230
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 20,346,782

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, 2017

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 2016 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 (\$851,216).

NOTE 4 – INDIRECT COST RATE

The district's negotiated restricted indirect cost rate for FY 2016-2017 is 8.19%, 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.



(This page intentionally left blank)

**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ 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)

84.010

Name of Federal Program or Cluster

Title I, Part A Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

Finding 2017-001 Restatement of Beginning Fund Balance and Net Position

Significant Deficiency

Condition: The District reported two restatements of beginning fund balance and net position in the year ended June 30, 2017. The first restatement related to student fees, fundraising, and local revenue grants which adjusted beginning fund balance for special revenue funds, and was previously reported in the District's agency fund. The second restatement corrected beginning net position for a formula error in the calculation of deferred charges on refunding.

Criteria: The District should only report amounts held in a fiduciary capacity in an agency fund in accordance with U.S. GAAP. The District should have internal controls in place to detect errors in the calculation of amounts presented on the financial statements in a timely manner.

Effect: The beginning balances of fund balance and net position were required to be restated.

Cause: The District was recording student fees, fundraising, and local revenue grants in an agency fund based on a determination of the revenue classification made in previous years. The formula error in the deferred charges on refunding was detected during the District's internal control process during fiscal year 2017, but was not timely as the error related to fiscal year 2016.

Recommendation: We recommend that District's management continue to review their accounting policies to ensure that the District's financial reporting is accurate. We recommend that the District improve the review process over deferred charges on refunding to ensure that misstatements are detected timely.

Views of responsible officials: District staff proactively made the changes in the fund balance and net position as a result of the review process and internal controls in place. There is no disagreement with the audit finding and believe our current processes are sufficient.

Responsible Official: Suzi DeYoung, Chief Financial Officer.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

ADAMS 12 FIVE STAR SCHOOLS
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017

Adams 12 Five Star Schools respectfully submits the following corrective action plan for the year ended June 30, 2017.

The findings from the schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2017-001 Restatement of Beginning Fund Balance and Net Position

Recommendation: We recommend that District's management continue to review their accounting policies to ensure that the District's financial reporting is accurate. We recommend that the District improve the review process over deferred charges on refunding to ensure that misstatements are detected timely.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The district accounting team performed due diligence during fiscal year 2015-16 reviewing all school and department transactions being recorded in the agency fund. The outcome of this research identified that many of the transactions should be reclassified to special revenue funds. Effective July 1, 2016 any transactions that were not fiduciary in nature were properly transferred into special revenue funds to ensure accurate reporting.

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

Planned completion date for corrective action plan: 7/1/2016

Action taken in response to finding: Through improved processes and procedures and delegation of responsibilities to staff, the district financial office has already implemented improved review and analysis processes. These improvements resulted in the accounting team identifying the formula error on the deferred charges on refunding schedule. Additional check figures and review processes were added and implemented to audit work papers and schedules that maintain amortization schedules and accrual balances which prompted further review that identified the prior year misstatement.

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

Planned completion date for corrective action plan: 6/30/2017

**ADAMS 12 FIVE STAR SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

Adams 12 Five Star Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2017.

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

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

If there are questions regarding this schedule, please call Mimi Livermore at 720-972-4022.



(This page intentionally left blank)



1500 E. 128th Avenue
Thornton, Colorado 80241
(720) 972-4000
www.adams12.org