

Comprehensive Annual Financial Report

2017-18

For the Fiscal Year Ended June 30, 2018

Adams County School District 14
5291 East 60th Avenue
Commerce City, CO 80022
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www.Adams14.org

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

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

Board of Education

Ms. Connie Quintana, President

Mr. Harvest Thomas, Vice President/Secretary

Dr. Bill Hyde, Treasurer

Mr. David Rolla, Director

Mr. Dominick Moreno, Director

Superintendent of Schools

Dr. Javier Abrego

Issued by Division of Finance

Director of Finance

Mr. Eduard Storz CPA

Executive Director of Budget, Operations, and Construction

Mr. Sean Milner

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November 19, 2018

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

Dear Members of the Board of Education,

I am so pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Adams County School District 14 for the fiscal year ended June 30, 2018.

The CAFR, for the fiscal year ended June 30, 2017, received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. These awards represent acknowledgement from our peers that our District has prepared and presented our fiscal information in a clear, open and user-friendly format for stakeholders that qualifies the report for its recognition of excellence. I am confident that this year's CAFR will also qualify for these prestigious awards.

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

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

Sincerely,

Dr. Javier Abrego
Superintendent



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November 19, 2018

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

We are pleased to submit the fiscal year 2018 Comprehensive Annual Financial Report (CAFR) of Adams County School District 14 (District) for the fiscal period from July 1, 2017, to June 30, 2018. The District's Division of Financial Services prepared this report. Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data as presented is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

All funds within the District are required under Colorado statute (C.R.S. 1973, 29-1-603) to have an annual audit performed on its financial statements by an independent certified public accountant. The District's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

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



THE SCHOOL DISTRICT

The District lies immediately north of Denver, Colorado, and serves a population of 55,923 according to the 2017 U.S. census bureau estimate. The District boundaries cover 52 square miles and serve Commerce City, parts of the City of Thornton and unincorporated Adams County “County”. We are fortunate to enjoy culture and ethnic diversity in our school district. Our ethnic composition is .2% Asian, .6% American Indian, 2.5% African American, 82.8% Hispanic, 13.2% White and 0.7% multiple ethnicities. Adams County School District 14, has 458 teachers and 425 other staff, for a total of 883 employees. The District served 7,400 students in fiscal year 2017-18 based on enrollment, a decrease of 67 students from the prior fiscal year. These students were served in two preschools, seven pre-kindergarten to eighth grade schools, two middle schools and two high schools.

ENROLLMENT

The District has experienced declining enrollment for the last three school years after seeing growth in each of the preceding three school years. Future enrollment is difficult to project as the District works with potential charter schools while also seeing potential development in the area. Overall, pending these variables, enrollment is projected to continue to decrease in the coming years. The district currently has two schools that are below the recommended capacity, one elementary and one middle school. The school buildings within the District with the exception of Adams City High School, which was built in 2009, were built between 1951 and 1968 and most of these have been renovated beginning in 2006, with Dupont Elementary and Adams City Middle School being the exceptions.

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Superintendent is the Chief Executive Officer and is accountable to the Board for the education and support operations within the District. The Assistant Treasurer is the Director of Finance and along with the Executive Director of Budget, Operations and Construction is accountable to the Board for maintaining all financial records, issuing checks to pay the District's liabilities, acting custodian of all District funds and investing the District's idle cash as stipulated by Colorado law. Other Board appointed officials are the Executive Director of Curriculum and Instruction, Executive Director of Student Support Services, Executive Director of Human Resources, Legal and Risk, Director of Student Services, School Principals and the Directors and Managers of the many various educational, operational and support services within the District, all of whom report to the Superintendent.



THE REPORTING ENTITY

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

SERVICES PROVIDED

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

ECONOMIC CONDITION AND OUTLOOK

According to the Legislative Council Forecast (June 2018), U.S. and Colorado economies are firing on all cylinders and appear positioned to flourish in the near term, with strong labor markets, rising housing markets, and robust consumer activity. The economic expansion is expected to weaken late in the current forecast period as the business cycle comes to a close. Inflationary pressure is mounting. CPI increased 2.7% national in May relative to the same period the year earlier. This pressure is particularly noted in Colorado where the Denver-Boulder-Greeley CPI for the second half of 2017 was at 3.7%. Inflationary pressure is expected to increase nationally and locally with rising energy prices and a tight labor market. Interest Rates are on the rise. The Federal Reserve is expected to pursue an aggressive agenda of ongoing interest rate hikes over 2018 and 2019. With the U.S. unemployment rate now firmly below the Fed's target, coupled with rising inflationary pressure, further tightening appears imminent.

According to the Adams County 2018 Annual Budget, Adams County unemployment rates decreased to 2.4% in the fall of 2017, meanwhile Adams County population continued to grow in 2017 however the most recent statistics are those from 2016 with population growth of 1.53% for that year. The county was ranked 8th nationally for economic growth in 2017 as measured in non-farm related industry growth.

The District welcomes the overall positive economic trends at a national and state level. Initially the District expects to see it's interest income increase with rising rates, state equalization revenues will increase for each funded pupil with the rising CPI. Higher expenses are expected as well however in the form of rising salaries and benefit costs. Outside of economic concerns, efforts to improve instruction are anticipated to utilize District reserves to some extent moving



forward, beyond the planned spending of approximately 3.5 million and 3.7 from General fund and Capital fund reserves for the construction of the new Alsup Elementary beginning in January 2019.

MAJOR INITIATIVES

Adams 14 made significant changes to its classrooms by following a plan it developed for the state. The plan calls for an organization called Beyond Textbooks to take over the management of specific parts of the district, specifically targeting scope and sequence of curriculum, instruction and professional development. The District will meet again with State Board of Education in November of 2018 to discuss changes to this plan as state framework scores achieved by the District were insufficient to move it out of a turnaround status. The State Board could elect to move forward with one of several courses of action of the District including among other actions chartering the entire District or certain schools, bringing in full external management or merging the District with other surrounding area Districts.

Beyond Textbooks is a non-profit created by the Vail, Arizona school district when it found itself near the bottom of the districts in its home state. They used the best thinking of teachers, administrators, business leaders and community members to develop materials aligned to the state standards which very closely match Colorado's academic standards. They also developed intensive training so teachers knew how to best teach each lesson using tried-and-true strategies and practices. The result was dramatic increases in state test scores and overall academic improvement.

In May of 2018 the District was awarded a BEST(Build Excellent Schools Today) grant for approximately \$19.0 million from the Colorado Department of Education. The District is planning on issuing COP's of approximately \$7.0 million and utilizing reserves of approximately \$7.2 million beginning in December of 2018 to replace it's lowest rated facility Alsup Elementary.

FINANCIAL INFORMATION

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

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



by District management.

Budgeting Controls The Board adopts the annual budget (appropriation) for the District in June for the next fiscal year. Colorado statutes provide that the Board can make changes to this adopted budget through January 31st. All disbursements and transfers of cash between funds require appropriate authorization from the Board. All purchase order requests must comply with District's purchasing practices and must be approved by the Assistant Treasurer or her designee. Upon approval, the necessary funds are encumbered and the purchase orders are released to the appropriate vendor. Appropriations within a fund that exceed the amount available are prohibited by law and rejected until additional funds have been secured. Management has the authority to modify budget line items as long as the total fund appropriation is not exceeded.

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

OTHER INFORMATION

Awards The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to Adams County School District 14 for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2017. These certificates are awarded to government units that publish an easy-to-read and well-organized Comprehensive Annual Financial Report, whose content conforms to the program standards. Such reports must satisfy both generally accepted accounting principles and any other applicable legal requirements.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to Adams County School District 14 for its comprehensive annual financial report the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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



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

Respectfully submitted,

Sean Milner

Executive Director of Budget, Operations and Construction

Eduard Storz

Director of Financial Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Adams County School District 14

for its Comprehensive Annual Financial Report (CAFR)

for the Fiscal Year Ended June 30, 2017.

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written over a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written over a horizontal line.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Adams County School District 14
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

ADAMS COUNTY SCHOOL DISTRICT 14

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

BOARD OF EDUCATION

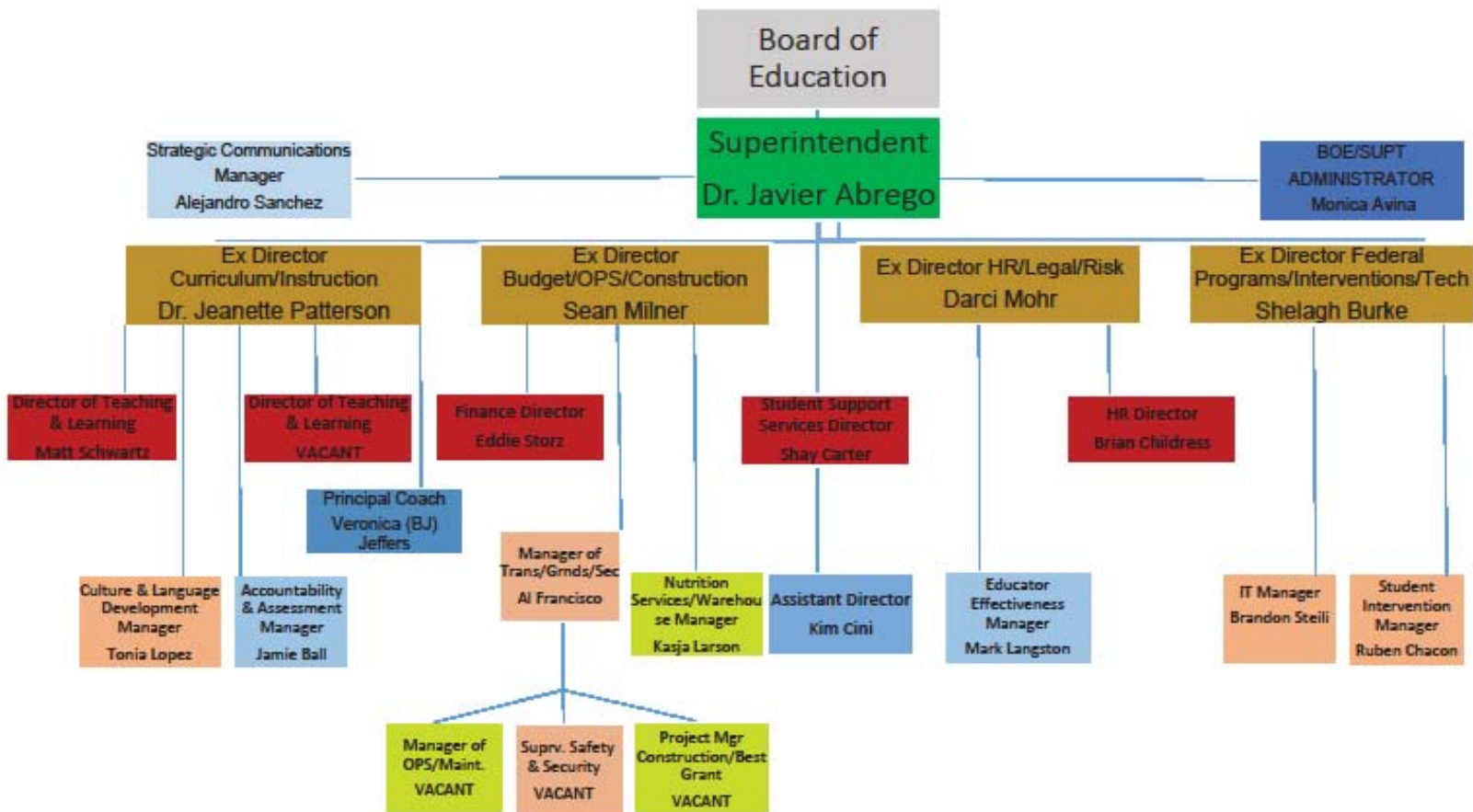
- Ms. Connie Quintana President
 - Mr. Harvest Thomas. Vice President/Secretary
 - Mr. Bill Hyde..... Treasurer
 - Mr. David Rolla Director
 - Mr. Dominick Moreno Director
-

DISTRICT INSTRUCTIONAL TEAM

- Dr. Javier Abrego Superintendent of Schools
 - Ms. Jeanette Patterson Executive Director of Curriculum and Instruction
 - Ms. Shelagh Burke Executive Director of Student Support Services
 - Ms. Shay Carter Director of Student Services
-

DISTRICT OPERATIONAL TEAM

- Mr. Sean Milner Executive Director of Budget, Operations and Construction
- Ms. Darci Mohr..... Executive Director of Human Resources, Legal and Risk





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County School District 14, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County School District 14 as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of GASB Statement No. 75 as described in Note J.7. to the financial statements, the District reported a restatement for the change in accounting principle for its net position for governmental activities.

Also, as discussed in Note J.7. to the financial statements, the District also restated its net position for governmental activities as of July 1, 2017 due to a correction of an error for capital assets.

Our opinions are 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, budgetary comparison schedules, and GASB required pension and other postemployment benefits schedules as listed in the table of contents 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 Adams County School District 14's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Colorado Department of Education Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by 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, budgetary comparison schedules, Colorado Department of Education Auditor's 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018, on our consideration of Adams County School District 14'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 results of that testing, and not to provide an opinion on the effectiveness of Adams County School District 14'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 Adams County School District 14's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
November 19, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Adams County School District 14 (District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letters of transmittal on pages 1 - 6 of this report.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources, including long term bonds payable exceeded total assets and deferred outflows of resources of the primary government, including land, buildings and equipment at the close of fiscal year 2017-18 by \$190,659,616 (*Net Position*). To arrive at unrestricted net position, this amount is further reduced by, \$25,078,397 representing the net investment in capital assets, \$6,517,833 restricted for debt service, \$2,439,416 restricted for emergencies, \$1,013,229 restricted for Food Services and \$205,768 restricted for use in the Colorado preschool program. This leaves the final Unrestricted Net Position at a negative \$225,914,259.
- The District's total Net Position for the primary reporting entity decreased by \$43,276,337 while unrestricted Net Position decreased by \$53,199,813. This change is mainly reflective of three things (Outside of typical increases and decreases to fund balances). First, the District's adoption of GASB 75 which required recognizing OPEB (Other Post-Employment Benefits) liabilities for the District's participation in the PERA HCTF (Health Care Trust Fund) totaling \$7,097,842. Second, the District elected to perform a physical inventory of all assets during the year. As part of this inventory it was noted that some purchases previously not recorded as capital assets needed to be added to that listing, totaling \$1,500,479. Finally, pension expense for the year totaled \$50,803,728, as PERA recognized a large change in assumptions.
- The District's Governmental Funds fund balance increased by \$6,358,453 to an ending fund balance of \$36,213,375.
- The Governmental Funds reported combined unassigned fund balance of \$9,719,993.

At June 30, 2018, \$2,645,184 of the \$22,241,722 fund balance of the General Fund was restricted for the Colorado Preschool Program and the emergency contingency required by Article X, Section 20 of the Colorado Constitution. In addition, \$1,661,204 was considered non-spendable as it was held in inventories, prepaid items and equity in the insurance pool, while another \$5,053,739 is assigned to risk management and insurance reserves. The \$9,655,043 unassigned portion of the fund balance is equivalent to 15.4% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the Net Position of the District changed during the current fiscal year. Changes in Net Position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (example: levied but uncollected property taxes and earned but unused employees' vacation leave).

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

The government-wide financial statements can be found on pages 27-28 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the General and Grants funds are included in the Required Supplementary Information to demonstrate compliance with the adopted budget. The remaining

governmental funds budgetary comparisons are reported as Supplementary Information and can be found after the Required Supplementary Information section of this report.

Fiduciary Fund

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the District are classified as current assets or non-current assets. Cash and investments, receivables, prepaid expenses and inventories are current assets available to provide resources for the near-term operations of the District. Non-current assets include equity in the insurance pool and capital assets. Capital assets are used in the operations of the District and include buildings, land, machinery and equipment. The District also has deferred outflows of resources which include deferred pension outflows and deferred charges resulting from the refunding of debt. These deferred outflows will not provide resources for near-term operations of the District, but instead represent the delayed recording of expenses as required by generally accepted accounting principles.

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

Adams County School District 14
Statement of Net Position
For June 30, 2018 and 2017

	Total (Restated)	
	2018	2017
Assets:		
Current and other assets	\$ 42,485,929	\$ 37,775,823
Capital assets	<u>93,563,465</u>	<u>94,574,735</u>
Total assets	<u>136,049,394</u>	<u>132,350,558</u>
Deferred outflows of resources		
Deferred outflow pension	89,341,829	114,691,095
Deferred outflow OPEB	259,224	-
Deferred charge on refunding	<u>6,261,972</u>	<u>6,782,622</u>
	<u>95,863,025</u>	<u>121,473,717</u>
Liabilities:		
Current liabilities	10,896,890	11,688,469
Non-current liabilities	<u>390,342,945</u>	<u>376,063,776</u>
Total liabilities	<u>401,239,835</u>	<u>387,752,245</u>
Deferred inflow of resources		
Deferred inflow pension	20,955,797	7,790,436
Deferred inflow OPEB	<u>376,403</u>	<u>-</u>
	<u>21,332,200</u>	<u>7,790,436</u>
Net position:		
Net investment in capital assets	25,078,397	22,389,890
Restricted	10,176,246	8,606,139
Unrestricted	<u>(225,914,259)</u>	<u>(172,714,435)</u>
Total net position	<u>\$ (190,659,616)</u>	<u>\$ (141,718,406)</u>

GOVERNMENT-WIDE ACTIVITIES

Governmental activities decreased the Net Position of the District by \$43,276,337 during the current fiscal year. As discussed earlier this is largely reflective of the change in the PERA pension plan liability and deferred inflow causing pension expense of approximately \$50.8 million, addition of PERA HCTF amounts netting to a liability of \$7.1 million, a restatement to capital assets of \$1.5 million, but it also reflects the sum of all other activity within the District for the year including the growth in the General Fund balance of \$4.2 million and regular debt service payments on General Obligation Bonds of \$2.6 million. While these are the basic areas causing the decrease in our net position we believe that our discussion of the overall change in the General Fund balance provided later in this document provides more relevant financial information regarding the fiscal activity at the District during the year and we direct the user to that section for further discussion.

The main sources of governmental revenue for the primary government are local property tax, state equalization payments and grants. Property taxes and specific ownership taxes account for 35.4% of the revenue received by the District with 42.0% being received from state equalization payments. Operating grants and contributions provide an additional 16.9%. Other sources, including general revenue grants, account for the remaining 5.7% of revenue.

Within the government wide financial statements revenues were up from fiscal year 2017 to 2018, increasing by \$2.8 million or 3.2%. Operating grants received by the district showed an increase of \$271,683 being offset by a decrease of \$170,303 in grants not restricted to specific programs due to additional nonstandard Impact Aid funds being received in the prior year. The District did see an increase of investment earnings of \$216,007 as interest rates increased. The previously discussed increase of PERA pension expense impacted every category of the government wide expenses as it is the District's policy to proportionately spread the effect of the change in pension liability according to current year actual expenditures in each category.

Adams County School District 14
Changes in Net Position
For June 30, 2018 and 2017

	Total	
	2018	2017
REVENUES		
Program revenues		
Charges for services	\$ 409,936	\$ 362,681
Operating grants and contributions	15,371,637	15,099,954
Property taxes	29,787,242	27,442,500
Specific ownership taxes	2,469,691	2,469,691
Grants not restricted to specific programs	2,934,979	3,105,282
State equalization	38,260,102	38,759,964
Investment earnings	402,629	186,622
Gain on disposal	8,039	46,512
Miscellaneous	1,405,750	763,434
Total revenues	91,050,005	88,236,640
EXPENSES		
Instructional services	60,998,562	61,922,957
Operation and maintenance	19,519,541	16,517,855
Pupil services	8,045,099	7,991,280
Central support services	7,149,787	8,106,343
School administration	8,492,941	7,738,609
Instructional support	10,552,341	8,951,936
Pupil transportation	3,607,206	3,161,484
Business administration	2,206,973	2,103,394
General administration	2,217,620	1,971,712
Community services	1,019,469	1,537,309
Adult education	1,278,399	844,666
Other support services	112,830	623,265
Nutrition services	6,137,642	5,781,057
Interest and fiscal charges	2,987,932	3,113,437
Total expenses	134,326,342	130,365,304
Change in net position	(43,276,337)	(42,128,664)
Net position - beginning (Restated)*	(147,383,279)	(99,589,742)
Net position - ending	\$ (190,659,616)	\$ (141,718,406)

*Restated beginning net position for fiscal year 2018 for implementation of GASB 75 and capital asset correction. See footnote J. 7.

FUND FINANCIAL ANALYSIS

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

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

At the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of \$36,213,375.

Major Governmental Funds

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Revenues for the General Fund totaled \$70.5 million in fiscal year 2017-18 compared to \$68.8 million in fiscal year 2016-17, an increase of 2.5%, mainly as a result of increased per pupil funding which came in the form of property taxes as assessed valuations increased in the District.

	<u>FY2017-18</u>	<u>FY2016-17</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
Revenues				
Federal				
Impact Aid	\$ 2,934,979	\$ 3,105,282	\$ (170,303)	-5.5%
Subtotal	<u>2,934,979</u>	<u>3,105,282</u>	<u>(170,303)</u>	
State				
Equalization payments	38,260,102	38,759,964	(499,862)	-1.3%
Vocational education	96,066	89,792	6,274	7.0%
Exceptional children's act (ECEA)	1,376,745	1,438,929	(62,184)	-4.3%
Transportation reimbursement	459,387	460,421	(1,034)	-0.2%
ELPA reimbursement	443,939	460,537	(16,598)	-3.6%
Subtotal	<u>40,636,239</u>	<u>41,209,643</u>	<u>(573,404)</u>	
Local				
Property taxes	25,730,564	23,622,091	2,108,473	8.9%
Payment in lieu of taxes	63,610	54,941	8,669	15.8%
Miscellaneous	857,763	656,654	201,109	30.6%
Investment income	289,603	130,726	158,877	121.5%
Subtotal	<u>26,941,540</u>	<u>24,464,412</u>	<u>2,477,128</u>	
Total revenues	<u>\$ 70,512,758</u>	<u>\$ 68,779,337</u>	<u>\$ 1,733,421</u>	2.5%

Fiscal year 2017-18 General Fund expenditures, which include the accrual for teacher salaries and benefits, totaled \$63.2 million, compared to \$62.8 million in fiscal year 2016-17. This represents an increase of \$.5 million (0.7%) from the previous fiscal year and is an expected increase based on annual salary increases approved by the board effective for fiscal year 2017-18. When transfers to other funds are factored in the change in the General fund balance for the year was an increase of \$4.2 million. Instructional services costs decreased from the prior year as fiscal year 2016-17 expenses included \$1.2 million spent for Benchmark curriculum materials but there was not a comparable purchase of curriculum in fiscal year 2017-18. The following table compares expenditures for fiscal years 2017-18 and 2016-17 using the modified accrual basis of accounting.

	<u>FY2017-18</u>	<u>FY2016-17</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
Expenditures				
Instructional services	\$ 33,839,372	\$ 34,618,893	\$ (779,521)	-2.3%
Operations and maintenance	7,374,416	6,794,037	580,379	8.5%
Pupil services	4,006,399	4,248,069	(241,670)	-5.7%
Central support services	4,196,086	4,350,183	(154,097)	-3.5%
School administration	5,106,705	4,807,243	299,462	6.2%
Instructional support	2,621,826	2,486,574	135,252	5.4%
Pupil transportation	1,956,999	1,964,149	(7,150)	-0.4%
Business administration	1,141,307	1,322,289	(180,982)	-13.7%
General administration	893,220	863,281	29,939	3.5%
Other supporting services	67,821	403,652	(335,831)	-83.2%
Community services	102,998	200,351	(97,353)	-48.6%
Education for adults	69,130	64,547	4,583	0.0%
Capital outlay	1,080,525	639,345	441,180	69.0%
Principal retirement	766,141	-	766,141	0.0%
Interest	9,100	-	9,100	0.0%
Total Expenditures	<u>\$ 63,232,045</u>	<u>\$ 62,762,613</u>	<u>\$ 469,432</u>	0.7%

Grants Fund

The Grants Fund, a special revenue fund, maintains a separate accounting for Federal, State and local grant-funded programs which may have a different fiscal period than that of the District. Funds are received for a specific purpose to address a particular student group or need related to student achievement. The funds must be supplemental to the efforts of the District and are not used to supplant District funding responsibilities. Specific rules, statutes and regulations guide these programs, and the money received is accounted for independently of local budget funds. Board of Education policy regulates the application and receipt of these funds. Fiscal year 2017-18 grant revenues totaled \$9.6 million and expenditures totaled \$9.6 million compared to grant revenues of \$9.0 million and expenditures of \$9.0 million in the 2016-17 fiscal year. This increase was a result of the District receiving BEST grant funds for roof repairs in fiscal year 2017-18.

Bond Redemption Fund

The Bond Redemption Fund is reported as a major fund for the fiscal year 2017-18. The Bond Redemption Fund is used to account for the requirements of the general obligation bonds. The primary revenue source is a voter approved mill levy to satisfy principal and interest requirements on the debt. Principal and interest payments were \$5.6 million for fiscal year 2017-18 compared to \$5.5 million for fiscal year 2016-17. The increase in payments was a result of the 2013 refunding GO bond payments beginning while the 2004 and 2006 GO bonds were fully paid off in the prior year. This difference and minor additional differences were also a part of the overall schedule of debt payments agreed upon within all the bond agreements.

Capital Projects Fund

The Capital Projects Fund, is reported as a major fund for fiscal year 2017-18, and is used to account for Board approved capital outlay and routine preventative and repair maintenance. Capital Projects Fund revenues and other financing sources totaled \$2.2 million in 2017-18 compared to \$1.4 million in 2016-17, this is reflecting a greater current year transfer from the General Fund as planned projects for fiscal year 17-18 were larger than prior years. Total expenditures and other financing uses totaled \$1.6 million. The fund balance grew in the fiscal year as the net amount of projects with funding approved and transferred from the general fund but not yet completed grew.

GENERAL FUND BUDGETARY HIGHLIGHTS

The proposed budget for fiscal year 2017-18 was presented and approved by the Board of Education on June 26, 2017, with total General Fund appropriations of \$78,562,530 including appropriated fund balance. There were no amendments to this budget during the year. This compares to the prior year ending total appropriations of \$77,081,121.

Overall actual revenues were approximately \$1.9 million greater than final budgeted revenues. Variances were seen in Impact Aid where the District received \$.6 million more than budgeted, and in total per pupil revenues (equalization + property tax) where the combined amount was \$.7 million greater than budgeted.

Total operating expenditures were \$15.3 million under total appropriations. When restricted reserves of \$4.0 million (Insurance) not board approved for spending, and other appropriated reserves not board approved for spending of \$6.4 million are factored out of this total expenditures are \$4.9 million under the final budget approved for spending. This includes \$1.3 million of the \$2.2 million in reserve spending the board approved for technology and curriculum which went unspent. The District monitors and controls budgets comprised of two components, amounts budgeted within department or building budgets (budget control groups) and amounts not included in department or building budgets, typically salaries and benefits as FTE, but also including other unreleased budget items such as budget contingency. The amounts budgeted within building or department budgets in fiscal year 2017-18 totaled \$18.7 million however \$3.3 million of these funds were budgeted but unspent at year end. These department budgets included budgeted reserve spending of \$2.2 million. The largest unspent amounts within all department budgets were \$1,077,858 budgeted for curriculum adoption, \$334,972 budgeted for risk management, \$222,955 budgeted for utilities, \$232,925 budgeted for technology special projects and \$281,494 budgeted for the preschool program. The remaining unspent budgeted dollars not included within budget control groups of \$1.6 million consisted of budgeted salary costs coming in lower than expected by \$1.6 million and PERA, health insurance and other benefit expense occurring at \$.7 million. All of these unspent budgets, salaries and benefits were then offset by \$766,141 of unbudgeted, but board approved, payments to exit the District's capital lease program three years early. Together, these factors, along with variances between budgeted and actual General Fund revenue resulted in the increase in the General Fund balance in the current year of \$4.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's governmental activities net investment in capital assets totaled \$94,574,735 for fiscal year 2016-17, but subsequent to a physical inventory and review of listed assets this amount was increased through a restatement to \$96,075,214. This was the result of the District adding assets to the listing based on the results of the physical inventory. Current year activity including additions, change in useful lives estimates and depreciation accounted for a decrease of \$2.5 million. Current year additions were \$606,799 mainly a new turf field at the high school. The decrease is a result of the annual depreciation of capital assets out pacing a minimal level of capital additions completed for the year.

At June 30, 2018, the District had total bonded debt outstanding of \$67,280,000 backed by the full faith and credit of the District. In November 2006, the voters in our District approved \$78 million in general obligation bonds along with a 6.876 mill levy increase to fund the construction of a new high school, install air conditioning in schools that did not already have it, expanded our full-day kindergarten facilities and upgraded our middle school science labs. The final \$3.375 million of general obligation bonds were issued on January 3, 2008. In fiscal year 2012-13, the District issued 2013 Refunding bonds to advance refund a portion of the 2006 series bonds and take advantage of a lower available interest rate. The District again took advantage of low interest rates in 2014-15 to issue \$11,590,000 in refunding bonds and refund \$12,435,000 worth of series 2007 and series 2008 general obligation bonds.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April 1994, the Colorado state legislature enacted the Public School Finance Act of 1994, which remains in effect. Funding is based on a statewide base per pupil funding formula that is adjusted for individual school districts by recognizing differences in personnel costs, non-personnel costs, local cost of living and school district size. Additional funding is also provided based on the presence of at-risk pupils. Starting in FY 2010-11, a new factor was introduced in the school finance formula due to the statewide budget challenges facing Colorado at the time. This new factor named the "Negative Factor" reduces the amount of funding districts would have received prior to this factors application.

At the time of the Colorado Legislative Council's September 20, 2018 Economic Forecast, inflation expectations for 2018 were 3.2% up .3% since March while projected pupil count state wide is expected to increase by about 5,250 pupils state wide for 2018-19. These two items together require additional state education program requirements of \$295 million with \$186 million for that increase coming from state aid and the remainder from local share. If the inflation expectations are realized absent other factors the District would expect a proportionate increase in revenue in fiscal year 2018-19. One factor likely to fluctuate however is the District's pupil count which will move significantly as the District works through the State turnaround process and considers applications from charter schools.

Local economic expansion and rising incomes for the community served by the District appear likely to have a negative impact on the per pupil revenue the District will receive in fiscal year 2018-19. In Fiscal year 2017-18 the District received \$8,009,416 in funding for at risk students which was determined using the District's count of student families qualifying for free lunch. The guidelines for free lunch qualification are based on national poverty income levels and aren't adjusted for local conditions. This means as local incomes rise the District will lose funding for students no longer considered at risk even though the local cost of living has likely increased a similar amount.

In addition to the concerns noted surrounding pupil count and at risk funding it is noted the Districts mill levy override is lower than most other Adams County Districts and remains on the far lower end when compared to other Denver/Boulder area District's. This offsets additional funding received for at risk or ELL students when comparing Adams 14 to other districts.

Mill Levy Overrides
Adams County & Selected School Districts

	Overrides Passed Nov. 2018	Overrides 2017	2017 Funded Pupil Count w/Charters	2017 Per Pupil Amount	Projected 2019 Per Pupil Amount
Englewood	\$ -	\$ 6,107,448	2,685	\$ 2,275	\$ 2,275
Boulder Valley	-	66,143,111	29,676	2,229	2,229
DPS	-	156,696,543	86,231	1,817	1,817
Cherry Creek	-	91,400,000	51,889	1,761	1,761
Adams 12	27,000,000	35,400,000	41,857	846	1,491
Westminster 50	9,900,000	7,844,000	10,516	746	1,687
Mapleton	-	5,670,000	8,351	679	679
Adams 14	-	4,890,000	8,048	608	608
Douglas	40,000,000	33,514,312	64,224	522	1,145
Strasburg 31J	-	300,000	954	314	314
27J	-	750,000	17,209	44	44
Bennett 29J	failed	-	1,021	-	-

REQUESTS FOR INFORMATION

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

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



Adams County School District 14
Statement of Net Position
June 30, 2018

	Total Primary Government
ASSETS	
Current assets:	
Cash and investments	\$ 37,334,298
Accounts receivable	489,660
Property taxes receivable	689,145
Internal balances	0
Due from other governments	2,065,409
Inventories	324,194
Prepaid expenses	1,518,273
Equity in insurance pool	64,950
Total current assets	42,485,929
Non-current assets:	
Capital assets, not depreciated	
Land and land improvements	8,647,082
Capital assets, net of accumulated depreciation	
Buildings and improvements	141,965,046
Machinery and equipment	9,771,570
Accumulated depreciation	(66,820,233)
Total non-current assets	93,563,465
Total assets	136,049,394
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow pension	89,341,829
Deferred outflow OPEB	259,224
Deferred charge on refunding debt	6,261,972
Total Deferred outflows of resources	95,863,025
LIABILITIES	
Current liabilities:	
Accounts payable	953,182
Retainage payable	19,025
Accrued liabilities	7,483
Accrued salaries and benefits	3,791,990
Unearned revenue	1,241,346
Accrued interest payable	245,307
Due within one year:	
General obligation bonds	4,192,789
Compensated absences and early retirement	445,768
Total current liabilities	10,896,890
Non-current liabilities:	
Due in more than one year:	
General obligation bonds	70,554,263
Compensated absences and early retirement	1,866,318
Net pension liability	310,824,522
Net OPEB liability	7,097,842
Total non-current liabilities	390,342,945
Total liabilities	401,239,835
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow pension	20,955,797
Deferred inflow OPEB	376,403
Total deferred inflows of resources	21,332,200
NET POSITION	
Net investment in capital assets	25,078,397
Restricted for:	
Debt service	6,517,833
Emergencies	2,439,416
Food Service	1,013,229
Colorado preschool program	205,768
Unrestricted	(225,914,259)
Total net position	\$ (190,659,616)

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

Adams County School District 14
Statement of Activities
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Total</u>
Primary Government				
Governmental activities:				
Instructional services	\$ 60,998,562	\$ -	\$ 8,535,000	\$ (52,463,562)
Operation and maintenance	19,519,541	-	183,888	(19,335,653)
Pupil services	8,045,099	-	829,418	(7,215,681)
Central support services	7,149,787	-	101,569	(7,048,218)
School administration	8,492,941	-	104,654	(8,388,287)
Instructional staff	10,552,341	-	3,569,839	(6,982,502)
Pupil transportation	3,607,206	-	670,638	(2,936,568)
Business administration	2,206,973	-	-	(2,206,973)
General administration	2,217,620	-	439,766	(1,777,854)
Other supporting services	112,830	-	-	(112,830)
Community services	1,019,469	409,936	198,332	(411,201)
Food service operations	6,137,642	-	176,687	(5,960,955)
Education for adults	1,278,399	-	561,846	(716,553)
Interest and fiscal charges	2,987,932	-	-	(2,987,932)
Total primary government	<u>\$ 134,326,342</u>	<u>\$ 409,936</u>	<u>\$ 15,371,637</u>	<u>(118,544,769)</u>
General revenues:				
Taxes:				
				29,787,242
				2,469,691
				2,934,979
				38,260,102
				402,629
				8,039
				1,405,750
				<u>75,268,432</u>
				(43,276,337)
				(147,383,279)
				<u>\$ (190,659,616)</u>

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

Adams County School District 14
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 27,095,959	\$ -	\$ 6,609,616	\$ 3,626,298	\$ 2,425	\$ 37,334,298
Accounts receivable	27,025	-	-	-	462,635	489,660
Property taxes receivable	536,011	-	153,134	-	-	689,145
Due from other funds	-	-	390	2,749,855	686,548	3,436,793
Due from other governments	-	2,065,409	-	-	-	2,065,409
Inventories	84,098	-	-	-	240,096	324,194
Prepaid items	1,512,156	-	-	-	6,117	1,518,273
Equity in insurance pool	64,950	-	-	-	-	64,950
Total assets	<u>\$ 29,320,199</u>	<u>\$ 2,065,409</u>	<u>\$ 6,763,140</u>	<u>\$ 6,376,153</u>	<u>\$ 1,397,821</u>	<u>\$ 45,922,722</u>
LIABILITIES						
Liabilities:						
Accounts payable	\$ 437,029	\$ 151,704	\$ -	\$ 362,019	\$ 2,430	\$ 953,182
Retainage payable	-	-	-	19,025	-	19,025
Accrued liabilities	6,597	886	-	-	-	7,483
Accrued salaries and benefits	3,172,063	480,406	-	-	139,521	3,791,990
Due to other funds	3,245,726	191,067	-	-	-	3,436,793
Unearned revenue	-	1,241,346	-	-	-	1,241,346
Total liabilities	<u>6,861,415</u>	<u>2,065,409</u>	<u>-</u>	<u>381,044</u>	<u>141,951</u>	<u>9,449,819</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue	217,062	-	42,466	-	-	259,528
Total deferred inflow of resources	<u>217,062</u>	<u>-</u>	<u>42,466</u>	<u>-</u>	<u>-</u>	<u>259,528</u>
FUND BALANCE:						
Nonspendable:						
Inventories	84,098	-	-	-	240,096	324,194
Prepaid items	1,512,156	-	-	-	6,117	1,518,273
Equity in insurance pool	64,950	-	-	-	-	64,950
Restricted for:						
TABOR	2,439,416	-	-	-	-	2,439,416
Colorado preschool program	205,768	-	-	-	-	205,768
Food service activities	-	-	-	-	773,133	773,133
Debt service	-	-	6,720,674	-	-	6,720,674
Committed:	3,161,602	-	-	1,109,184	-	4,270,786
Assigned for:						
Athletics activities	-	-	-	-	77,752	77,752
Fee supported activities	-	-	-	-	158,772	158,772
Capital projects fund activities	-	-	-	4,885,925	-	4,885,925
Risk management activities	5,053,739	-	-	-	-	5,053,739
Unassigned:	9,719,993	-	-	-	-	9,719,993
Total fund balance	<u>22,241,722</u>	<u>-</u>	<u>6,720,674</u>	<u>5,995,109</u>	<u>1,255,870</u>	<u>36,213,375</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 29,320,199</u>	<u>\$ 2,065,409</u>	<u>\$ 6,763,140</u>	<u>\$ 6,376,153</u>	<u>\$ 1,397,821</u>	<u>\$ 45,922,722</u>

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

Adams County School District 14
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds	\$	36,213,375
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		93,563,465
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds		259,528
OPEB plan accounts, such as deferred inflows/outflows and net OPEB liability, are not receivable or payable in the current period and, therefore, are not reported in the fund statements		(7,215,021)
Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, are not reported in the fund statements		(242,438,490)
Long-term liabilities, including long-term debt outstanding of (\$74,747,053) net of deferred charge on refunding debt of \$6,261,972, compensated absences and early retirement payments of (\$2,312,086), and accrued interest payable of (\$245,307) are not due and payable in the current period and therefore are not reported in the funds		(71,042,473)
		<u>(71,042,473)</u>
Total net position of governmental activities	\$	<u>(190,659,616)</u>

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

Adams County School District 14
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Federal	\$ 2,934,979	\$ 6,593,495	\$ -	\$ -	\$ 3,464,851	\$ 12,993,325
State	40,636,239	2,865,649	-	-	71,505	43,573,393
Local:						
Taxes	25,730,564	-	6,608,733	-	-	32,339,297
Payments in lieu of taxes	63,610	-	47,576	-	-	111,186
Charges for services	-	-	-	-	409,936	409,936
Miscellaneous	857,763	100,079	-	-	-	957,842
Investment income	289,603	-	57,454	55,572	-	402,629
Total revenues	<u>70,512,758</u>	<u>9,559,223</u>	<u>6,713,763</u>	<u>55,572</u>	<u>3,946,292</u>	<u>90,787,608</u>
EXPENDITURES						
Current operating:						
Instructional services	33,839,372	2,148,963	-	-	542,417	36,530,752
Operations and maintenance	7,374,416	1,033,010	-	391,876	10,694	8,809,996
Pupil services	4,006,399	829,418	-	-	-	4,835,817
Central support services	4,196,086	101,569	-	-	-	4,297,655
School administration	5,106,705	104,654	-	-	-	5,211,359
Instructional support	2,621,826	3,569,839	-	-	151,226	6,342,891
Pupil transportation	1,956,999	211,251	-	-	-	2,168,250
Business administration	1,141,307	-	-	169,980	15,299	1,326,586
General administration	893,220	439,766	-	-	-	1,332,986
Other supporting services	67,821	-	-	-	-	67,821
Community services	102,998	198,332	-	-	311,461	612,791
Food service operations	-	176,687	-	-	3,512,579	3,689,266
Education for adults	69,130	561,846	-	-	137,455	768,431
Capital outlay	1,080,525	183,888	-	760,622	62,091	2,087,126
Debt Service:						
Principal retirement	766,141	-	2,625,000	228,266	-	3,619,407
Interest and fiscal charges	9,100	-	3,020,131	42,826	-	3,072,057
Paying agent fee	-	-	725	-	-	725
Total expenditures	<u>63,232,045</u>	<u>9,559,223</u>	<u>5,645,856</u>	<u>1,593,570</u>	<u>4,743,222</u>	<u>84,773,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,280,713</u>	<u>-</u>	<u>1,067,907</u>	<u>(1,537,998)</u>	<u>(796,930)</u>	<u>6,013,692</u>
OTHER FINANCING SOURCES (USES)						
Insurance proceeds	-	-	-	336,722	-	336,722
Proceeds from sale	-	-	-	8,039	-	8,039
Transfers out	(3,085,000)	-	-	-	-	(3,085,000)
Transfers in	-	-	-	2,200,000	885,000	3,085,000
Total other financing sources (uses)	<u>(3,085,000)</u>	<u>-</u>	<u>-</u>	<u>2,544,761</u>	<u>885,000</u>	<u>344,761</u>
Net change in fund balances	4,195,713	-	1,067,907	1,006,763	88,070	6,358,453
Fund balance - beginning	18,046,009	-	5,652,767	4,988,346	1,167,800	29,854,922
Fund balance - ending	<u>\$ 22,241,722</u>	<u>\$ -</u>	<u>\$ 6,720,674</u>	<u>\$ 5,995,109</u>	<u>\$ 1,255,870</u>	<u>\$ 36,213,375</u>

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

**Adams County School District 14
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ 6,358,453
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the sum of depreciation expense of (\$3,557,384) exceeds the sum of capital outlays of \$606,799 less depreciation of (\$438,836) improperly excluded from accumulated depreciation previously.	(2,511,749)
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. This amount represents property taxes not available at year end.	(82,364)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of bond premium of \$616,031, amortization of loss on refunding of \$520,649 and a decrease in accrued interest payable of \$4,492.	99,874
Additional funding of the net pension liability in the pension plan does not use current financial resources and, therefore, is not reported as expenses in the governmental funds.	(50,803,728)
Additional funding of the net OPEB liability in the pension plan does not use current financial resources and, therefore, is not reported as expenses in the governmental funds.	(49,670)
Compensated absences and early retirement are not recorded as an expenditure in the governmental statements until it becomes due and payable. However, in the statement of activities they are reported as an expense when earned or incurred.	108,464
Repayments of bond principal of \$2,625,000, and capital lease payments of \$979,383 are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	3,604,383
Change in net position of governmental activities	<u><u>\$ (43,276,337)</u></u>

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

Adams County School District 14
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2018

		<u>Agency</u>
ASSETS		
Cash and investments	\$	<u>290,552</u>
Total assets		<u><u>290,552</u></u>
 LIABILITIES		
Due to student organizations		<u>290,552</u>
Total liabilities	\$	<u><u>290,552</u></u>

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equal to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support; however, at this time, the District has no business-type activities.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Property tax revenues are considered to be available if collected within 60 days after year-end. All other revenues are considered to be available in the period earned if the receipt of the money is expected to be collected within 120 days.

Property taxes, specific ownership taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The District reports the following major governmental funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those that are required to be accounted for in another fund. This fund would typically be used to liquidate pension and OPEB liabilities if required.

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

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

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

The District reports the following non-major funds:

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

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

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

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

4. Assets, Deferred Outlays of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and Investments

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

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

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

Property and Specific Ownership Tax Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible representing 1% of expected revenue, for fiscal year 2017-18 this amount was \$295,788.

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

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

Due from Other Governments

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

Prepaid Items

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

Inventories

General Fund purchased inventories are stated at cost, determined by the weighted average cost method and recorded under the consumption method. Inventory in the General Fund consists of expendable supplies held for consumption. Expenditures for supplies are recorded upon delivery of these items to the various schools and departments from the District warehouse.

Food Service Fund purchased inventories are stated at cost, determined by the weighted average cost

method and recorded under the consumption method. Expenses for food items are recorded when used.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value.

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

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

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

Accrued Salaries and Benefits

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

Unearned Revenues

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, the deferred OPEB outflow and the deferred pension outflow reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred pension & OPEB outflows consists of several pension & OPEB related items including the accumulated payments made to reduce the District's liabilities at PERA after the measurement date used to record the net pension liability and OPEB, the difference between projected and actual earnings on pension plan and Health Care Trust Fund investments or projected and actual pension & OPEB experience, and changes assumptions and other inputs. The deferred pension & OPEB outflows will be recorded as a reduction of pension or OPEB liability in the next year's pension & OPEB liability calculations. The deferred charge on refunding amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The District also has two items, deferred inflow pension and deferred inflow OPEB, which arise only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly that item is reported only on the Statement of Net Position. The deferred inflow of resources is related to experience, assumptions and change in proportionate share for the pension and OPEB.

Compensated Absences/Early Retirement

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

Sick pay is accumulated for all certified, classified, support & technical and administrative and full-time personnel. District policy allows certified and classified employees to accumulate up to 90 days of unused sick leave, while admin and support & technical employees can accumulated up to 120 days. Payment is made to employees upon separation with the District and is paid out at an employee's per diem rate for 50% of the unused leave. Sick pay is reported as a liability in the government-wide financial statements. Beginning in fiscal year 2018 certified employees were required to have 5 years of continuous employment to qualify for a payout.

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported

as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued along with any premium or discount is reported as other financing sources while issue costs are recorded as expenditures when debt is issued.

Net Position/Fund Balance

In the government-wide financial statements and governmental fund statements, Net Position and Fund Balance are restricted when constraints placed on the Net Position or Fund Balance are externally imposed.

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

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

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

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

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

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

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

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

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Cash and investments	\$ 37,334,298
Fiduciary fund cash and investments	290,552
Total	<u>\$ 37,624,850</u>

A summary of deposits and investments at June 30, 2018 follows:

Petty Cash	\$ 2,925
Deposits	1,624,936
Investments	35,996,989
Total	<u>\$ 37,624,850</u>

1. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of Federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2018, the District had bank deposits of \$4,244,600 collateralized by securities held by the financial institution's agent but not in the District's name.

2. Investments

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

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

Local Government Investment Pool	Fair Value	S&P Rating	Maturity
			12 Months or Less
Colotrust	\$ 26,533,706	AAAm	\$ 26,533,706
CSAFE	9,463,283	AAAm	9,463,283
	<u>\$ 35,996,989</u>		<u>\$ 35,996,989</u>

CSAFE – As of June 30, 2018, the District had invested \$9,463,283 in the Colorado Surplus Asset Fund Trust, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

ColoTrust – The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust records its investments at fair value and the District records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At year end June 30, 2018 the district had \$26,533,706 of investments, at COLOTRUST.

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

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

2018, all of the District's investments were in CSAFE or COLOTRUST which invests in a mix of these security types.

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

NOTE C – PROPERTY TAXES

Under Colorado law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are recognized as revenue based upon when received by the County Treasurer. The 2018 fiscal year property tax calendar for Adams County was as follows:

Assessor certifies total assessed valuation.....	December 10, 2017
Levy date	December 15, 2017
Lien date.....	January 1, 2018
Tax bills mailed.....	January 15, 2018
First installment due	February 28, 2018
Second installment due	June 15, 2018
If paid in full, due	April 30, 2018
Tax sale: Delinquent property taxes.....	November 6, 2018

NOTE D – INTERFUND BALANCES AND TRANSACTIONS

Interfund balances at June 30, 2018, were as follows:

FUND	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ -	\$ 3,245,726
Grants Fund	-	191,067
Athletics Fund	79,913	-
Food Service Fund	458,887	-
Bond Redemption Fund	390	-
Capital Projects Fund	2,749,855	-
Non-Major Funds	147,748	-
Total	<u>\$ 3,436,793</u>	<u>\$ 3,436,793</u>

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

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

Interfund transfer activity for the year ended June 30, 2018 is as follows:

FUND	TRANSFERS IN	TRANSFERS OUT
Governmental Funds		
General Fund	\$ -	\$ 3,085,000
Capital Projects Fund	2,200,000	-
Non-Major Funds	885,000	-
Total Governmental Funds	<u>\$ 3,085,000</u>	<u>\$ 3,085,000</u>

NOTE E – CAPITAL ASSETS

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

	New Balance June 30, 2017 *	Additions	Deletions	Balance June 30, 2018
Governmental Activities Capital Assets				
Not Being Depreciated				
Land	\$ 8,647,082	\$ -	\$ -	\$ 8,647,082
Total Not Being Depreciated	<u>8,647,082</u>	<u>-</u>	<u>-</u>	<u>8,647,082</u>
Being Depreciated				
Buildings	141,494,526	470,520	-	141,965,046
Machinery and Equipment	9,635,291	136,279	-	9,771,570
Total Being Depreciated	<u>151,129,817</u>	<u>606,799</u>	<u>-</u>	<u>151,736,616</u>
Less: Accumulated Depreciation				
Buildings	56,208,080	3,549,974	-	59,758,054
Machinery and Equipment	7,493,605	7,410	438,836	7,062,179
Total Accumulated Depreciation	<u>63,701,685</u>	<u>3,557,384</u>	<u>438,836</u>	<u>66,820,233</u>
Total Being Depreciated, Net	<u>87,428,132</u>	<u>(2,950,585)</u>	<u>(438,836)</u>	<u>84,916,383</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 96,075,214</u>	<u>\$ (2,950,585)</u>	<u>\$ (438,836)</u>	<u>\$ 93,563,465</u>

*2017 amounts were restated as described in Footnote J.7.

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

Governmental Activities	
Instruction	\$ 137,463
Operations and Maintenance	3,419,921
Total Governmental Activities	<u>\$ 3,557,384</u>

NOTE F – SHORT-TERM DEBT

During the year ended June 30, 2018, the District had no short-term debt.

NOTE G – LONG-TERM OBLIGATIONS

1. Changes in Long-Term Obligations

The changes in long-term debt for the year ended June 30, 2018, are as follows:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds					
Dated January 3, 2008	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
Dated March 11, 2013	60,200,000	-	2,510,000	57,690,000	3,580,000
Dated April 14, 2015	9,590,000	-	-	9,590,000	-
Bond Premium (2008)	3,242	-	3,242	-	-
Bond Premium (2013)	6,417,066	-	445,114	5,971,952	445,114
Bond Premium (2015)	1,662,776	-	167,675	1,495,101	167,675
Net Pension Liability	298,535,421	12,289,101	-	310,824,522	-
Net OPEB Liability	7,389,376	-	291,534	7,097,842	-
Compensated Absences	2,306,915	2,736,101	3,139,588	1,903,428	285,514
Early Retirement	113,635	347,779	52,756	408,658	160,254
Capital Lease (2008)	979,383	-	979,383	-	0
Totals	<u>\$ 387,312,814</u>	<u>\$ 15,372,981</u>	<u>\$ 7,704,292</u>	<u>\$ 394,981,503</u>	<u>\$ 4,638,557</u>

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

The Series 2008 General Obligation Bonds dated January 3, 2008, were issued for a total of \$3,375,000 to finance improvements to school buildings. On April 14, 2015, the District refunded a portion of these bonds. Following this refunding principal of \$340,000 remained outstanding with principal payments due December 1, 2015 to December 1, 2017. Interest payments are due semi-annually on June 1 and December 1 with interest accruing at 4.00%.

On June 13, 2018 using the General fund the District paid off the capital lease agreement dated October 3, 2008 approximately 3 years early for \$775,241 saving the District \$38,034 in future principal and interest payments. The lease was for energy performance equipment, including but not limited to lighting upgrades, HVAC systems, water/sewer improvements and an energy management system originally totaling \$2,242,942, of which \$1,713,275 was capitalized and has a remaining book value of \$1,284,956. Amortization of leased equipment under capital assets is included with depreciation expense. Lease payments were due annually beginning on September 11, 2009, through March 11, 2021, with interest accruing at 4.64% per annum. The lease had been capitalized at the present value of future lease payments.

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

On April 14, 2015, the District issued \$11,590,000 of General Obligation Refunding Bonds, Series 2015, with

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

2. Summary of Debt Service Requirements to Maturity

The following schedule reflects the debt service requirements to maturity for the District's general obligation bonded debt at June 30, 2018;

Year Ended June 30,	GO Bonds		Total
	Principal	Interest	
2019	\$ 3,580,000	\$ 2,903,231	\$ 6,483,231
2020	3,765,000	2,719,606	6,484,606
2021	3,955,000	2,546,381	6,501,381
2022	4,100,000	2,394,531	6,494,531
2023	4,250,000	2,236,781	6,486,781
2024-2028	23,890,000	7,883,356	31,773,356
2029-2032	23,740,000	1,739,529	25,479,529
Totals	<u>\$ 67,280,000</u>	<u>\$ 22,423,415</u>	<u>\$ 89,703,415</u>

NOTE H – RISK MANAGEMENT – EQUITY IN INSURANCE POOL

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

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

The market value of assets approximates the book value. This pooling plan allows the participating districts to set self-insurance retention amounts under the various purchased insurance policies. As of July 1, 2014 the District is no longer carrying insurance coverage through the plan and has not paid any premiums since the 2013-14 fiscal year. The District has since instead been insured through an alternative market provider of insurance coverage. Until all existing claims periods have passed and existing claims have been settled, the District and the pool have agreed to keep a limited amount of District Equity in the pool to pay for expected future costs.

As of June 30, 2018, the District has recorded equity in insurance pool of \$64,950 in the General Fund to reflect the District's equity in the insurance pool.

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

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

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

As mentioned above, beginning July 1, 2015, the District obtained Property and Liability insurance through Colorado School District Self Insurance Pool (CSDSIP). Coverage levels for fiscal year 2017-18 were as follows;

Property	CSDSIP per Occurrence Limit	CSDSIP Member Limit
	\$1,000,000,000	\$193,495,601
		Per Occurrence Limit
General Liability		\$ 10,000,000
Equipment Breakdown		\$ 250,000,000
Crime Coverage		\$ 100,000
Excess Crime		\$ 900,000
Nuclear, Chemical, Biological, Terrorism		\$ 10,000,000
Employee Benefits Liability		\$ 250,000
School Auto		\$ 5,000,000
School Crisis		\$ 250,000
Pollution & Remediation		\$ 1,000,000
Privacy and Network		\$ 1,000,000

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

NOTE I – RETIREMENT PLANS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and June 30, 2018.

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 as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; 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.

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years 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 of Adams County School District 14 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
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	5.00%	5.50%
Total Employer Contribution Rate to the SCHDTF¹	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and Adams County School District 14 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Adams County School District 14 were \$8,372,757 for the year ended June 30, 2018.

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

At June 30, 2018 Adams County School District 14 reported a liability of \$310,824,522 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Adams County School District 14 proportion of the net pension liability was based on Adams County School District 14 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Adams County School District 14 proportion was 0.9612 percent, which was a decrease of 0.04 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, Adams County School District 14 recognized pension expense of \$50,957,732. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$5,714,753	-
Changes of assumptions or other inputs	\$79,365,048	\$503,632
Net difference between projected and actual earnings on pension plan investments	-	\$12,206,375
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$8,245,790
Contributions subsequent to the measurement date	\$4,262,028	-
Total	\$89,341,829	\$20,955,797

\$4,262,028 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2019	\$44,531,074
2020	\$24,870,982
2021	(\$685,965)
2022	(\$4,592,087)
2023	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the

year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and 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 Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the Adams County School District 14 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 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 (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$392,624,236	\$310,824,522	\$244,167,097

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.

Payables to the pension plan

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years. A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

Increases employer contribution rates by 0.25 percent on July 1, 2019.

Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.

Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018 Adams County School District 14 reported a liability of \$310,824,522 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what Adams County School District 14 proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 140,427,825

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$145,094,829 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$322,018. The District makes no contributions to this plan.

Other Post-Employment Benefits

Plan Description

Eligible employees of the Adams County School District 14 are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Adams County School District 14 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Adams County School District 14 were \$452,355 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Adams County School District 14 reported a liability of \$7,097,842 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The Adams County School District 14's proportion of the net OPEB liability was based on the Adams County School District 14's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the Adams County School District 14's proportion was 0.5461559193%, which was an decrease of 0.0237771164% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Adams County School District 14 recognized OPEB expense of \$51,302. At June 30, 2018, the Adams County School District 14 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$33,567	
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		\$118,745
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions		\$257,658
Contributions Subsequent to the Measurement Date	\$225,657	
Total	\$259,224	\$376,403

\$225,657 reported as deferred outflows of resources related to OPEB resulting from Adams County School District 14 contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ (73,711)
2020	(73,711)
2021	(73,711)
2022	(73,701)
2023	(44,022)
Thereafter	(3,980)

Actuarial assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on 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.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
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 percent.

Sensitivity of the Adams County School District 14's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Adams County School District 14's proportionate share of the net OPEB liability, as well as what the Adams County School District 14's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rate	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Intitial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	6,902,553	7,097,842	7,333,055

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- 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 percent.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Adams County School District 14’s proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Adams County School District 14’s proportionate share of the net OPEB liability, as well as what the Adams County School District 14’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	7,980,206	7,097,842	6,344,721

OPEB plan fiduciary net position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE J – COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

TABOR requires the District to maintain an emergency reserve of 3 percent of fiscal year eligible expenditures. At June 30, 2018, the District has restricted fund balance of \$2,439,416 in the General Fund and restricted Net Position in the government-wide financial statements. The District believes it is in compliance with the requirement of TABOR. However, TABOR is complex and subject to interpretation. Ultimate interpretation may depend upon litigation and legislative guidance.

2. Operating Agreement

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

3. Grants

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2018, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

4. Litigation

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

5. Construction Commitments

The District had ongoing construction at June 30, 2018 for the completion of the roofing repair projects at Kemp Elementary and Dupont Elementary. The total outstanding commitment at year end was \$1,109,184.

6. Contingency with the Colorado Department of Education

Schools and districts not meeting expectations in achievement, growth and postsecondary workforce readiness, as determined by the School and District Performance Frameworks, are assigned a plan type of Priority Improvement or Turnaround. Per state law, schools and districts cannot retain one of those plan types for five consecutive years before significant action must be taken. This statutory timeline is referred to as the Accountability Clock. Adams 14 is currently in year 8 of this clock. The State Board of Education voted on November 15, 2018 to bring in an external management organization (EMO) to oversee management within the District. This organization is expected to be in place for 4 years. If scores and results don't improve while this EMO is in place the State Board of Education will take additional action. The District is in the initial stages of the EMO selection process pending more exact requirements of the EMO from the State.

7. Restatement Footnote

For the year ended June 30, 2018, the (Entity) adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB no. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For the District, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below. There was also a restatement correcting beginning capital asset totals to reflect the results of a full District wide capital asset physical inventory completed as of June 30, 2018. This was the full District wide inventory completed in several years and included adding asset tags to all assets, updating asset locations, removing assets from old listings and adding assets previously not recorded on District listings. This inventory resulted in the restatement as shown below.

Net Position, June 30, 2017 as Previously Reported	(\$141,718,406)
Net Effect of Correction to Fixed Assets as Previously Reported	\$1,500,478
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	<u>(\$7,165,351)</u>
Net Position, June 30, 2017, as Restated	<u>(\$147,383,279)</u>

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**Adams County School District 14
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Federal:				
Impact aid	\$ 2,300,000	\$ 2,300,000	\$ 2,934,979	\$ 634,979
Subtotal	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,934,979</u>	<u>634,979</u>
State:				
Equalization payments	39,533,148	39,533,148	38,260,102	(1,273,046)
Vocational education	150,000	150,000	96,066	(53,934)
Exceptional Children's Educational Act (ECEA)	1,284,000	1,284,000	1,376,745	92,745
Transportation reimbursement	476,000	476,000	459,387	(16,613)
ELPA reimbursement	511,710	511,710	443,939	(67,771)
Subtotal	<u>41,954,858</u>	<u>41,954,858</u>	<u>40,636,239</u>	<u>(1,318,619)</u>
Local:				
Property taxes	23,733,760	23,733,760	25,730,564	1,996,804
Payments in lieu of taxes	-	-	63,610	63,610
Tuition	-	-	-	-
Miscellaneous	548,840	548,840	857,763	308,923
Investment income	55,000	55,000	289,603	234,603
Subtotal	<u>24,337,600</u>	<u>24,337,600</u>	<u>26,941,540</u>	<u>2,603,940</u>
Total revenues	<u>68,592,458</u>	<u>68,592,458</u>	<u>70,512,758</u>	<u>1,920,300</u>
EXPENDITURES				
Current operating:				
Instructional services	42,961,917	42,961,917	33,839,372	9,122,545
Operation and maintenance	8,138,304	8,138,304	7,374,416	763,888
Pupil services	4,575,593	4,575,593	4,006,399	569,194
Central support services	4,803,680	4,803,680	4,196,086	607,594
School administration	5,330,567	5,330,567	5,106,705	223,862
Instructional support	3,060,476	3,060,476	2,621,826	438,650
Pupil transportation	2,011,951	2,011,951	1,956,999	54,952
Business administration	1,218,421	1,218,421	1,141,307	77,114
General administration	783,330	783,330	893,220	(109,890)
Other supporting services	50,724	50,724	67,821	(17,097)
Community services	206,775	206,775	102,998	103,777
Education for adults	70,594	70,594	69,130	1,464
Capital outlay	1,350,198	1,350,198	1,080,525	269,673
Debt service:				
Principal retirement	-	-	766,141	(766,141)
Interest and fiscal charges	-	-	9,100	(9,100)
Contingency(Insurance Reserves)	4,000,000	4,000,000	-	4,000,000
Total expenditures	<u>78,562,530</u>	<u>78,562,530</u>	<u>63,232,045</u>	<u>15,330,485</u>
Excess (deficiency) of revenues over (under) expenditures	(9,970,072)	(9,970,072)	7,280,713	17,250,785
Other financing (uses)				
Transfers out	(3,095,000)	(3,095,000)	(3,085,000)	10,000
Total other financing (uses)	<u>(3,095,000.00)</u>	<u>(3,095,000)</u>	<u>(3,085,000)</u>	<u>10,000</u>
Net change in fund balance	(13,065,072)	(13,065,072)	4,195,713	17,260,785
Fund balance - beginning	16,032,730	16,032,730	18,046,009	2,013,279
Fund balance - ending	<u>\$ 2,967,658</u>	<u>\$ 2,967,658</u>	<u>\$ 22,241,722</u>	<u>\$ 19,274,064</u>

See the accompanying independent auditors' report.

Adams County School District 14
Budgetary Comparison Schedule
Grants Fund
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Federal	\$ 10,159,044	\$ 10,159,044	\$ 6,593,495	\$ (3,565,549)
State	3,196,006	3,196,006	2,865,649	(330,357)
Local	287,413	287,413	100,079	(187,334)
Total revenues	<u>13,642,463</u>	<u>13,642,463</u>	<u>9,559,223</u>	<u>(4,083,240)</u>
EXPENDITURES				
Instructional services	5,189,763	5,189,763	2,148,963	3,040,800
Operation and maintenance	1,305,861	1,305,861	1,033,010	272,851
Pupil services	1,384,603	1,384,603	829,418	555,185
Central support services	77,079	77,079	101,569	(24,490)
School administration	186,078	186,078	104,654	81,424
Instructional support	3,925,681	3,925,681	3,569,839	355,842
Pupil transportation	11,072	11,072	211,251	(200,179)
General administration	509,159	509,159	439,766	69,393
Community services	171,449	171,449	198,332	(26,883)
Food service operations	182,345	182,345	176,687	5,658
Education for adults	564,450	564,450	561,846	2,604
Capital Outlay	134,923	134,923	183,888	(48,965)
Total expenditures	<u>13,642,463</u>	<u>13,642,463</u>	<u>9,559,223</u>	<u>4,083,240</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

See the accompanying independent auditors' report.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Distict's proportion of the net pension liability	0.961220%	1.002676%	1.034914%	1.068534%
District's proportionate share of the net pension liability	\$ 310,824,522	\$ 298,535,421	\$ 158,282,838	\$ 144,822,259
District's covered payroll	\$ 44,188,524	\$ 44,869,373	\$ 45,100,841	\$ 44,773,404
District's proportionate share of net pension liability as a percentage of it's covered payroll	703.41%	665.34%	350.95%	323.46%
Plan fiduciary net position as a percentage of the total pension liability	44.0%	43.1%	59.2%	62.8%

GASB 68 was implemented in fiscal year 2015 so the District can only provide data for the years shown above.

See the accompanying independent auditors' report.

Adams County School District 14
Schedule of District's Contributions to the Pension Plan
School Division Trust Fund
Last 10 Fiscal Years
For the Year Ended June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	8,372,757	\$ 8,122,695	\$ 8,070,745	\$ 7,414,954	\$ 7,223,309	\$ 6,649,419	\$ 5,049,901	\$ 5,075,298	\$ 5,129,913	\$ 4,623,109
Contribution in relation to the contractually required contribution	8,372,757	8,122,695	8,070,745	7,414,954	7,223,309	6,649,419	5,049,901	5,075,298	5,129,913	4,623,109
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distict's covered payroll	\$44,348,577	\$44,196,792	\$45,520,276	\$43,927,451	\$45,196,743	\$44,082,592	\$38,410,002	\$38,219,953	\$41,384,548	\$40,261,280
Contributions as a percentage of covered payroll	18.88%	18.38%	17.73%	16.88%	15.98%	15.08%	13.15%	13.28%	12.40%	11.48%

See the accompanying independent auditors' report.

Adams County School District 14
Schedule of the Proportionate Share of Net OPEB Liability
Public Employees' Retirement Association of Colorado Health Care Trust Fund
Last 10 Fiscal Years
For the Year Ended December 31, (Measurement Date)

	<u>2017</u>	<u>2016</u>
Distict's proportion of the OPEB liability	0.546156%	0.569933%
District's proportionate share of the OPEB liability	\$ 7,097,842	\$ 7,389,376
District's covered payroll	\$ 44,188,524	\$ 44,869,373
District's proportionate share of net OPEB liability as a percentage of it's covered payroll	16.06%	16.47%
Plan fiduciary net position as a percentage of the total OPEB liability	16.72%	17.53%
Total OPEB Liability	1,556,762,000	1,575,822,000
Plan Fiduciary Net Position	260,228,000	276,222,000
Net Opeb Liablity	1,296,534,000	1,299,600,000

See the accompanying independent auditors' report.

Adams County School District 14
Schedule of District's Contributions to the OPEB Plan
Health Care Trust Fund
Last 10 Fiscal Years
For the Year Ended June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	452,355	\$ 450,807	\$ 464,307	\$ 448,060	\$ 461,025	\$ 449,643	\$ 391,782	\$ 389,845	\$ 422,122	\$ 410,685
Contribution in relation to the contractually required contribution	452,355	450,807	464,307	448,060	461,025	449,643	391,782	389,845	422,122	410,685
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$44,348,577	\$44,196,792	\$45,520,276	\$43,927,451	\$45,196,743	\$44,082,592	\$38,410,002	\$38,219,953	\$41,384,548	\$40,261,280
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.

ADAMS COUNTY SCHOOL DISTRICT 14
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE I – BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

All appropriations lapse at the end of each fiscal year.



**SUPPLEMENTARY
INFORMATION**



**Adams County School District 14
 Budgetary Comparison Schedule
 Bond Redemption Fund
 For The Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes:				
Property taxes	\$ 6,234,377	\$ 6,234,377	\$ 6,608,733	\$ 374,356
Payments in lieu of taxes	43,000	43,000	47,576	4,576
Investment income	20,000	20,000	57,454	37,454
Total revenues	<u>6,297,377</u>	<u>6,297,377</u>	<u>6,713,763</u>	<u>416,386</u>
EXPENDITURES				
Principal retirement	2,625,000	2,625,000	2,625,000	-
Interest and fiscal charges	3,020,131	3,020,131	3,020,131	-
Paying Agent Fees	1,750	1,750	725	1,025
Total expenditures	<u>5,646,881</u>	<u>5,646,881</u>	<u>5,645,856</u>	<u>1,025</u>
Net change in fund balance	650,496	650,496	1,067,907	417,411
Fund balance - beginning	5,040,437	5,040,437	5,652,767	612,330
Fund balance - ending	<u>\$ 5,690,933</u>	<u>\$ 5,690,933</u>	<u>\$ 6,720,674</u>	<u>\$ 1,029,741</u>

See the accompanying independent auditors' report.

**Adams County School District 14
Budgetary Comparison Schedule
Capital Projects Fund
For The Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment income	\$ 28,000	\$ 28,000	\$ 55,572	\$ 27,572
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>55,572</u>	<u>27,572</u>
EXPENDITURES				
Operations and maintenance	1,339,696	1,339,696	391,876	947,820
Capital outlay	5,032,153	5,697,849	760,622	4,937,227
Business Administration	200,000	200,000	169,980	30,020
Instructional Services	49,431	49,431	-	49,431
Debt service				
Principal retirement	228,266	228,266	228,266	-
Interest and fiscal charges	42,826	42,826	42,826	-
Total expenditures	<u>6,892,372</u>	<u>7,558,068</u>	<u>1,593,570</u>	<u>5,964,498</u>
Excess (deficiency) of revenues (under) expenditures	<u>(6,864,372)</u>	<u>(7,530,068)</u>	<u>(1,537,998)</u>	<u>5,992,070</u>
OTHER FINANCING SOURCES				
Insurance proceeds	-	336,722	336,722	-
Proceeds from sale of assets	5,000	5,000	8,039	3,039
Transfers in	2,200,000	2,200,000	2,200,000	-
Total other financing sources	<u>2,205,000</u>	<u>2,541,722</u>	<u>2,544,761</u>	<u>3,039</u>
Net change in fund balance	(4,659,372)	(4,988,346)	1,006,763	5,995,109
Fund balance - beginning	<u>4,659,372</u>	<u>4,988,346</u>	<u>4,988,346</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,995,109</u>	<u>\$ 5,995,109</u>

See the accompanying independent auditors' report.

**Adams County School District 14
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue			
	Fee Supported	Food Service Fund	Athletics Fund	Total
ASSETS				
Cash and investments	\$ 180	\$ 1,245	\$ 1,000	\$ 2,425
Accounts receivable	32,736	429,899	-	462,635
Due from other funds	147,748	458,887	79,913	686,548
Prepaid items	-	-	6,117	6,117
Inventory	-	240,096	-	240,096
Total assets	\$ 180,664	\$ 1,130,127	\$ 87,030	\$ 1,397,821
LIABILITIES				
Accounts payable	\$ 70	\$ 2,309	\$ 51	\$ 2,430
Accrued salaries and benefits	21,822	114,589	3,110	139,521
Total liabilities	21,892	116,898	3,161	141,951
FUND BALANCE				
Nonspendable	-	240,096	-	240,096
Prepaid items	-	-	6,117	6,117
Restricted	-	773,133	-	773,133
Assigned	158,772	-	77,752	236,524
Total fund balance	158,772	1,013,229	83,869	1,255,870
Total liabilities and fund balance	\$ 180,664	\$ 1,130,127	\$ 87,030	\$ 1,397,821

See the accompanying independent auditors' report.

Adams County School District 14
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For The Year Ended June 30, 2018

	<u>Fee Supported</u>	<u>Food Service Fund</u>	<u>Athletics Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Tuition and fees	\$ 31,760	\$ -	\$ -	\$ 31,760
Daycare fees	136,466	-	-	136,466
Instructional fees	12,064	-	-	12,064
Outside printing printshop	9,326	-	-	9,326
Local - Charges for Services	-	110,952	-	110,952
State - Grants	-	71,505	-	71,505
Federal - Donated Commodities	-	232,168	-	232,168
Federal - Grants	-	3,232,683	-	3,232,683
Event gate fees	-	-	26,067	26,067
Student athletic fees	-	-	18,881	18,881
Facility use	64,420	-	-	64,420
Total revenues	<u>254,036</u>	<u>3,647,308</u>	<u>44,948</u>	<u>3,946,292</u>
EXPENDITURES				
Education for adults	137,455	-	-	137,455
Business services	15,299	-	-	15,299
Instructional services	19,553	-	522,864	542,417
Food service operations	-	3,512,579	-	3,512,579
Community services	311,461	-	-	311,461
Instructional support staff	-	-	151,226	151,226
Operations and maintenance	10,694	-	-	10,694
Capital outlay	598	48,520	12,973	62,091
Total expenditures	<u>495,060</u>	<u>3,561,099</u>	<u>687,063</u>	<u>4,743,222</u>
Excess (deficiency) of revenues (under) expenditures	<u>(241,024)</u>	<u>86,209</u>	<u>(642,115)</u>	<u>(796,930)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>221,000</u>	<u>-</u>	<u>664,000</u>	<u>885,000</u>
Total other financing sources	<u>221,000</u>	<u>-</u>	<u>664,000</u>	<u>885,000</u>
Net change in fund balance	(20,024)	86,209	21,885	88,070
Fund balance - beginning	<u>178,796</u>	<u>927,020</u>	<u>61,984</u>	<u>1,167,800</u>
Fund balance - ending	<u>\$ 158,772</u>	<u>\$ 1,013,229</u>	<u>\$ 83,869</u>	<u>\$ 1,255,870</u>

See the accompanying independent auditors' report.

**Adams County School District 14
Budgetary Comparison Schedule
Athletics Fund
For The Year Ended June 30, 2018**

	<u>Orginal and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Local			
Event gate fees	\$ 21,500	\$ 26,067	\$ 4,567
Student athletics fees	17,000	18,881	1,881
Total revenues	<u>38,500</u>	<u>44,948</u>	<u>6,448</u>
EXPENDITURES			
Instructional services	550,815	522,864	27,951
Instructional support staff	150,970	151,226	(256)
Capital Outlay	23,073	12,973	10,100
Total expenditures	<u>724,858</u>	<u>687,063</u>	<u>37,795</u>
Operating (loss)	(686,358)	(642,115)	44,243
OTHER FINANCING SOURCES			
Transfers in	<u>664,000</u>	<u>664,000</u>	<u>-</u>
Change in fund balance	(22,358)	21,885	44,243
Net fund balance - beginning	22,358	61,984	39,626
Net fund balance - ending	<u>\$ -</u>	<u>\$ 83,869</u>	<u>\$ 83,869</u>

See the accompanying independent auditors' report.

**Adams County School District 14
Budgetary Comparison Schedule
Fee Supported Fund
For The Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Local				
Tuition and fees- adult education	\$ 38,000	\$ 38,000	\$ 31,760	\$ (6,240)
Outside printing - printshop	5,500	5,500	9,326	3,826
Facility use fees	28,000	28,000	64,420	36,420
Instructional fees	7,800	7,800	12,064	4,264
Daycare fees	201,000	201,000	136,466	(64,534)
Total revenues	<u>280,300</u>	<u>280,300</u>	<u>254,036</u>	<u>(26,264)</u>
EXPENDITURES				
Education for adults	136,044	136,044	137,455	(1,411)
Community services	395,030	395,030	311,461	83,569
Business services	53,402	53,402	15,299	38,103
Instructional services	58,271	58,271	19,553	38,718
Operations and maintenance	15,500	15,000	10,694	4,306
Capital Outlay	5,000	5,000	598	4,402
Total expenditures	<u>663,247</u>	<u>662,747</u>	<u>495,060</u>	<u>167,687</u>
OTHER FINANCE SOURCES				
Transfers in adult education	30,000	30,000	30,000	-
Transfers in LAHS child care	145,000	145,000	145,000	-
Transfers in printshop	46,000	46,000	46,000	-
Total other financing sources	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>	<u>-</u>
Net change in fund balance	(161,947)	(161,447)	(20,024)	141,423
Net fund balance - beginning	215,401	215,401	178,796	(36,605)
Net fund balance - ending	<u>\$ 53,454</u>	<u>\$ 53,954</u>	<u>\$ 158,772</u>	<u>\$ 104,818</u>

See the accompanying independent auditors' report.

Adams County School District 14
Budgetary Comparison Schedule
Food Service Fund
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Local				
Charges for Services	\$ 59,000	\$ 59,000	\$ 110,952	\$ 51,952
State				
State Grants	67,700	67,700	71,505	3,805
Federal				
Donated Commodities	219,000	219,000	232,168	13,168
Federal Grants	3,100,000	3,100,000	3,232,683	132,683
Total revenues	<u>3,445,700</u>	<u>3,445,700</u>	<u>3,647,308</u>	<u>201,608</u>
Expenditures				
Food Service Operations				
Salaries and benefits	1,805,383	1,805,383	1,666,421	138,962
Contracted services	71,100	71,100	59,125	11,975
Food costs:				
Purchased food	1,700,000	1,700,000	1,470,862	229,138
Donated commodities	219,000	219,000	232,168	(13,168)
Supplies	64,175	64,175	81,183	(17,008)
Other	37,599	37,599	2,820	34,779
Capital Outlay	5,000	5,000	48,520	(43,520)
Total expenditures	<u>3,902,257</u>	<u>3,902,257</u>	<u>3,561,099</u>	<u>341,158</u>
Net change in Fund Balance	(456,557)	(456,557)	86,209	542,766
Fund Balance - beginning	<u>481,077</u>	<u>481,077</u>	<u>927,020</u>	<u>445,943</u>
Fund Balance - ending	<u>\$ 24,520</u>	<u>\$ 24,520</u>	<u>\$ 1,013,229</u>	<u>\$ 988,709</u>

See the accompanying independent auditors' report.

Adams County School District 14
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Fund
For the Year Ended June 30, 2018

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
ASSETS				
Cash and investments	\$ 282,047	\$ 433,646	\$ 425,141	\$ 290,552
Total assets	<u>\$ 282,047</u>	<u>\$ 433,646</u>	<u>\$ 425,141</u>	<u>\$ 290,552</u>
LIABILITIES				
Due to student organizations	\$ 282,047	\$ 433,646	\$ 425,141	\$ 290,552
Total liabilities	<u>\$ 282,047</u>	<u>\$ 433,646</u>	<u>\$ 425,141</u>	<u>\$ 290,552</u>

See the accompanying independent auditors' report.



STATISTICAL SECTION

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

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

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



Financial Trends

Financial Trends

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

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



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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 25,078,397	\$ 22,389,890	\$ 23,562,485	\$ 26,109,796	\$ 25,656,053	\$ 24,097,581	\$ 22,930,071	\$ 22,362,425	\$ 23,205,012	\$ 23,343,291
Restricted	10,176,246	8,606,139	8,157,574	9,749,252	8,590,710	8,784,118	8,114,785	8,956,973	9,035,343	9,774,162
Unrestricted	<u>(225,914,259)</u>	<u>(172,714,435)</u>	<u>(131,309,801)</u>	<u>(134,789,975)</u>	<u>6,035,003</u>	<u>12,052,165</u>	<u>14,332,393</u>	<u>13,458,965</u>	<u>8,320,999</u>	<u>3,858,165</u>
Total governmental activities net position	<u>\$ (190,659,616)</u>	<u>\$ (141,718,406)</u>	<u>\$ (99,589,742)</u>	<u>\$ (98,930,927)</u>	<u>\$ 40,281,766</u>	<u>\$ 44,933,864</u>	<u>\$ 45,377,249</u>	<u>\$ 44,778,363</u>	<u>\$ 40,561,354</u>	<u>\$ 36,975,618</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ 0	\$ 0	\$ 499,417	\$ 522,455	\$ 513,718	\$ 478,541	\$ 560,670	\$ 667,501
Unrestricted	<u>-</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>1,574,919</u>	<u>1,595,342</u>	<u>1,734,355</u>	<u>1,207,924</u>	<u>167,830</u>	<u>(148,927)</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,074,336</u>	<u>\$ 2,117,797</u>	<u>\$ 2,248,073</u>	<u>\$ 1,686,465</u>	<u>\$ 728,500</u>	<u>\$ 518,574</u>
Total primary government										
Net investment in capital assets	\$ 25,078,397	\$ 22,389,890	\$ 23,562,485	\$ 26,109,796	\$ 26,155,470	\$ 24,620,036	\$ 23,443,789	\$ 22,840,966	\$ 23,765,682	\$ 24,010,792
Restricted	10,176,246	8,606,139	8,157,574	9,749,252	8,590,710	8,784,118	8,114,785	8,956,973	9,035,343	9,774,162
Unrestricted	<u>(225,914,259)</u>	<u>(172,714,435)</u>	<u>(131,309,801)</u>	<u>(134,789,975)</u>	<u>7,609,922</u>	<u>13,647,507</u>	<u>16,066,748</u>	<u>14,666,889</u>	<u>8,488,829</u>	<u>3,709,238</u>
Total primary government activities net position	<u>\$ (190,659,616)</u>	<u>\$ (141,718,406)</u>	<u>\$ (99,589,742)</u>	<u>\$ (98,930,927)</u>	<u>\$ 42,356,102</u>	<u>\$ 47,051,661</u>	<u>\$ 47,625,322</u>	<u>\$ 46,464,828</u>	<u>\$ 41,289,854</u>	<u>\$ 37,494,192</u>

Note: In FY 2015 the district implemented GASB 68, adding the PERA pension liability to its statements causing the large decrease in Net Position. The large decrease in FY 2017 is due to adjustments to the District's pension liability occurring in that year. The large decrease in 2018 is due to implementation of GASB 75 and the recognition of OPEB liabilities.

Table 1

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

	2018	2017	2016	2015	2014
Expenses					
Governmental activities:					
Instructional services	\$ 60,998,562	\$ 61,922,957	\$ 40,456,798	\$ 40,359,843	\$ 39,958,656
Operations and maintenance	19,519,541	16,517,855	9,030,290	8,721,472	10,856,904
Pupil services	8,045,100	7,991,280	6,287,319	7,924,550	7,471,544
Central support services	7,149,787	8,106,344	4,845,945	5,056,863	4,521,097
School administration	8,492,941	7,738,609	6,560,067	5,245,988	4,954,754
Instructional staff	10,552,341	8,951,936	7,385,379	5,110,063	4,976,165
Pupil transportation	3,607,206	3,161,484	1,984,778	2,061,549	2,001,980
Business administration	2,206,973	2,103,394	1,360,493	1,646,335	1,323,702
General administration	2,217,620	1,971,712	1,692,565	1,305,793	1,141,060
Community services & education for adults	1,019,469	1,537,309	1,017,152	659,839	686,882
Other support services	112,830	623,265	111,016	451,005	689,553
Non-instructional services	-	-	-	-	-
Food service operations	6,137,642	5,781,057	4,227,985	4,443,612	203,210
Interest and fiscal charges	2,987,932	3,113,437	3,224,180	3,344,643	3,281,050
Education for Adults	1,278,399	844,666	502,932.67	469,677.00	-
Charter schools	-	-	-	-	-
Total governmental activities expenses	<u>134,326,342</u>	<u>130,365,304</u>	<u>88,686,900</u>	<u>86,801,232</u>	<u>82,066,557</u>
Business-type activities:					
Nutrition services	-	-	-	0	4,060,047
Child care services	-	-	-	-	-
Adult education	-	-	-	0	202,383
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>4,262,430</u>
Total primary government expenses	<u>\$ 134,326,342</u>	<u>\$ 130,365,304</u>	<u>\$ 88,686,900</u>	<u>\$ 86,801,232</u>	<u>\$ 86,328,987</u>
Program revenues					
Governmental activities:					
Charges for services	\$ 409,936	\$ 362,681	\$ 223,850	\$ 322,751	\$ 159,723
Operating grants and contributions	<u>15,371,637</u>	<u>15,099,954</u>	<u>15,517,305</u>	<u>14,016,699</u>	<u>10,123,352</u>
Total governmental activities program revenues	<u>15,781,573</u>	<u>15,462,635</u>	<u>15,741,155</u>	<u>14,339,450</u>	<u>10,283,075</u>
Business-type activities:					
Food services:					
Charges for services	-	-	-	0	62,581
Operating grants and contributions	-	-	-	0	4,113,478
Preschool and daycare:					
Charges for services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Adult education:					
Charges for services	-	-	-	0	41,625
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>4,217,684</u>
Total primary government revenues	<u>\$ 15,781,573</u>	<u>\$ 15,462,635</u>	<u>\$ 15,741,155</u>	<u>\$ 14,339,450</u>	<u>\$ 14,500,759</u>
Net (expense) / revenue					
Governmental activities	\$ (118,544,769)	\$ (114,902,669)	\$ (72,945,745)	\$ (72,461,782)	\$ (71,783,482)
Business-type activities	<u>-</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>(44,746)</u>
Total primary government net (expense) / revenue	<u>\$ (118,544,769)</u>	<u>\$ (114,902,669)</u>	<u>\$ (72,945,745)</u>	<u>\$ (72,461,782)</u>	<u>\$ (71,828,228)</u>
General revenues and other changes in net position					
Governmental activities:					
Property and specific ownership taxes	\$ 32,256,933	\$ 29,912,191	\$ 29,885,430	\$ 29,887,697	\$ 29,921,303
State equalization	38,260,102	38,759,964	38,554,537	36,011,262	33,216,587
Investment earnings	402,629	186,622	54,136	12,243	12,154
Grants not restricted to specific programs	2,934,979	3,105,282	2,660,849	2,682,835	2,891,498
Miscellaneous	1,413,789	809,946	1,131,978	1,121,265	1,089,842
Transfers and special items	-	-	-	-	-
Total governmental activities	<u>75,268,432</u>	<u>72,774,005</u>	<u>72,286,930</u>	<u>69,715,302</u>	<u>67,131,384</u>
Business-type activities:					
Investment earnings	-	-	-	0	1,285
Miscellaneous revenues	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>1,285</u>
Total primary government	<u>\$ 75,268,432</u>	<u>\$ 72,774,005</u>	<u>\$ 72,286,930</u>	<u>\$ 69,715,302</u>	<u>\$ 67,132,669</u>
Change in net position					
Governmental activities:	\$ (43,276,337)	\$ (42,128,664)	\$ (658,815)	\$ (2,746,480)	\$ (4,652,098)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>(43,461)</u>
Total primary government	<u>\$ (43,276,337)</u>	<u>\$ (42,128,664)</u>	<u>\$ (658,815)</u>	<u>\$ (2,746,480)</u>	<u>\$ (4,695,559)</u>

	2013	2012	2011	2010	2009
\$	40,827,701	\$ 37,736,796	\$ 34,686,243	\$ 35,852,977	\$ 36,357,316
	10,185,647	9,008,428	8,674,271	9,806,015	8,375,355
	7,411,260	6,574,264	5,908,477	6,075,319	5,271,708
	4,887,399	4,301,242	3,281,133	3,249,458	3,033,224
	3,332,084	4,105,888	4,792,929	3,832,092	4,248,702
	4,757,335	4,479,727	4,219,442	5,153,995	4,365,083
	1,965,158	1,852,093	1,865,482	2,348,355	1,883,602
	1,250,496	1,071,252	1,006,205	1,075,206	1,078,572
	897,594	809,942	740,524	744,823	731,859
	488,088	982,298	1,437,829	390,788	103,991
	974,016	657,785	728,150	577,063	408,042
	7,504.00	-	-	-	442.00
	284,423	529,798	234,235	131,700.00	31,681.00
	3,818,841	4,174,576	4,268,348	3,208,339	4,614,771
	-	-	-	-	-
	-	0	3,442,596	3,367,398	3,134,349
	<u>81,087,546</u>	<u>76,284,089</u>	<u>75,285,864</u>	<u>75,813,528</u>	<u>73,638,697</u>
	4,458,373	3,791,818	3,529,311	2,990,867	3,105,226
	-	-	-	-	0
	396,842	443,171	398,361	552,879	556,261
	<u>4,855,215</u>	<u>4,234,989</u>	<u>3,927,672</u>	<u>3,543,746</u>	<u>3,661,487</u>
\$	<u>85,156,226</u>	<u>80,519,078</u>	<u>79,213,536</u>	<u>79,357,274</u>	<u>77,300,184</u>
\$	149,507	\$ 180,247.00	\$ 171,408.00	\$ -	\$ -
	12,668,165	12,760,903	11,016,989	11,819,682	9,838,136
	<u>12,817,672</u>	<u>12,941,150</u>	<u>11,188,397</u>	<u>11,819,682</u>	<u>9,838,136</u>
	75,498	85,548	103,370	166,164	203,832
	4,143,045	4,046,090	4,243,148	2,966,365	2,613,710
	-	-	-	-	0
	-	-	-	-	0
	<u>504,765</u>	<u>565,702</u>	<u>538,835</u>	<u>621,123</u>	<u>452,488</u>
	4,723,308	4,697,340	4,885,353	3,753,652	3,270,030
\$	<u>17,540,980</u>	<u>17,638,490</u>	<u>16,073,750</u>	<u>15,573,334</u>	<u>13,108,166</u>
\$	(68,269,874)	\$ (63,342,939)	\$ (64,097,467)	\$ (63,993,846)	\$ (63,800,561)
	(131,907)	462,351	957,681	209,906	(391,457)
\$	<u>(67,615,246)</u>	<u>(62,880,588)</u>	<u>(63,139,786)</u>	<u>(63,783,940)</u>	<u>(64,192,018)</u>
\$	26,023,906	\$ 27,327,313	\$ 27,327,313	\$ 27,235,570	\$ 27,000,313
	32,991,855	34,452,245	34,452,245	36,775,469	32,960,291
	21,071	16,651	16,651	103,498	245,932
	7,313,489	4,601,222	4,601,222	1,601,233	1,614,789
	1,476,168	1,874,840	1,874,840	1,863,812	1,875,401
	-	-	-	-	0
	<u>67,826,489</u>	<u>68,272,271</u>	<u>68,272,271</u>	<u>67,579,582</u>	<u>63,696,726</u>
	1,631	284	284	20	540
	-	-	-	-	-
	-	-	-	-	0
	<u>1,631</u>	<u>284</u>	<u>284</u>	<u>20</u>	<u>540</u>
\$	<u>67,828,120</u>	<u>68,272,555</u>	<u>68,272,555</u>	<u>67,579,602</u>	<u>63,697,266</u>
\$	(443,385)	\$ 4,174,804	\$ 4,174,804	\$ 3,585,736	\$ (103,835)
	(130,276)	957,965	957,965	209,926	(390,917)
\$	<u>(573,661)</u>	<u>5,132,769</u>	<u>5,132,769</u>	<u>3,795,662</u>	<u>(494,752)</u>

Table 2

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

(modified accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund					
Non Spendable					
Inventories	\$ 84,098	\$ 82,784	\$ 77,646	\$ 91,848	\$ 95,161
Prepaid items	1,512,156	102,445	92,699	123,618	182,436
Deposit in insurance pool	64,950	129,900	41,880	41,880	740,442
Restricted					
Tabor	2,439,416	2,297,229	2,553,486	3,435,539	3,088,733
Colorado preschool program	205,768	197,560	58,827	35,453	5,065
Committed	3,161,602	-	-	-	-
Assigned	5,053,739	3,736,785	4,190,333	3,948,844	3,569,132
Unassigned	9,719,993	11,499,306	7,384,414	2,875,391	2,459,831
Total General Fund Balance	<u>\$ 22,241,722</u>	<u>\$ 18,046,009</u>	<u>\$ 14,399,285</u>	<u>\$ 10,552,573</u>	<u>\$ 10,140,799</u>
All other governmental Funds					
Non spendable	\$ 246,213	\$ 295,380	\$ 186,805	\$ 133,432	\$ -
Restricted					
Food service	773,133	631,640	546,444	426,277	-
Debt service	6,720,674	5,652,767	4,998,817	5,851,983	5,496,912
Assigned	5,122,449	3,841,479	6,071,452	1,351,288	980,636
Committed	1,109,184	1,387,647	-	-	-
Unassigned	-	-	-	(2,250)	-
Total other governmental funds	<u>\$ 13,971,653</u>	<u>\$ 11,808,913</u>	<u>\$ 11,803,518</u>	<u>\$ 7,760,730</u>	<u>\$ 6,477,548</u>
Total Governmental Funds	<u>\$ 36,213,375</u>	<u>\$ 29,854,922</u>	<u>\$ 26,202,803</u>	<u>\$ 18,313,303</u>	<u>\$ 16,618,347</u>

Table 3

Fiscal Year					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	
					General Fund
\$ 94,463	\$ 97,908	\$ 83,605	\$ 77,138	\$ 86,970	Inventories
267,616	93,830	98,345	124,497	31,658	Prepaid items
744,320	567,710	632,680	687,555	676,829	Deposit in insurance pool
2,154,269	2,098,716	2,053,853	2,421,178	2,269,525	
337,152	482,140	599,966	529,530	238,954	Colorado preschool program
-	409,535	475,000	-	-	Committed
741,538.00	-	2,060,650	-	-	Assigned
10,423,323	15,184,147	11,846,338	7,365,032	5,526,759	Unassigned
<u>\$ 14,762,681</u>	<u>\$ 18,933,986</u>	<u>\$ 17,850,437</u>	<u>\$ 11,204,930</u>	<u>\$ 8,830,688</u>	
					All other governmental Funds
\$ -	\$ -	\$ -	\$ 31,366.00	\$ -	Non spendable
-	-	-	-	-	Restricted
6,292,697	5,533,929	5,524,240	5,281,696	4,757,543	Debt service
2,193,505	734,885	796,976	2,084	1,380,439	Assigned
-	-	-	-	-	Committed
-	-	0	1,687,450	3,816,210	Unassigned
<u>\$ 8,486,202</u>	<u>\$ 6,268,814</u>	<u>\$ 6,321,216</u>	<u>\$ 7,002,596</u>	<u>\$ 9,954,192</u>	Total other governmental funds
<u>\$ 23,248,883</u>	<u>\$ 25,202,800</u>	<u>\$ 24,171,653</u>	<u>\$ 18,207,526</u>	<u>\$ 18,784,880</u>	Total Governmental Funds

Table 3

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

(modified accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 32,450,483	\$ 29,811,875	\$ 31,202,617	\$ 29,239,114	\$ 29,668,336
Intergovernmental	56,566,718	56,965,200	56,732,691	52,599,787	45,825,049
Investment income	402,629	186,622	54,136	12,243	12,154
Tuition	409,936	295,059	113,351	216,383	159,723
Miscellaneous	957,842	810,224	1,155,515	1,236,754	1,405,592
Total revenues	<u>90,787,608</u>	<u>88,068,980</u>	<u>89,258,310</u>	<u>83,304,281</u>	<u>77,070,854</u>
Expenditures					
Instructional services	36,530,752	37,220,596	35,353,002	35,771,554	37,439,874
Operations and maintenance	8,809,996	9,206,876	6,822,646	6,776,533	8,960,817
Pupil services	4,835,817	5,175,402	5,906,443	7,565,720	7,392,180
Central support services	4,297,655	4,413,536	4,544,196	4,136,858	4,113,673
School administration	5,211,359	4,883,844	5,425,302	5,009,684	4,914,962
Instructional staff	6,342,891	5,788,844	6,954,048	4,913,455	4,593,847
Pupil transportation	2,168,250	2,047,322	1,863,691	1,825,450	1,995,165
Business administration	1,326,586	1,355,118	1,243,847	1,359,153	1,321,442
General administration	1,332,986	1,276,034	1,594,010	1,258,258	1,130,916
Other supporting services	67,821	403,652	104,558	616,999	682,157
Non-instructional services	-	-	-	-	-
Community services & education for adults	1,381,222	1,540,898	1,431,310	873,326	685,923
Food service operations	3,689,266	3,737,752	3,974,289	4,305,733	203,210
Construction in progress and capital outlay	2,087,126	1,636,701	1,982,666	1,749,631	2,211,730
Charter school	-	-	-	-	-
Debt service					
Principal	3,619,407	2,618,032	4,397,877	3,869,619	3,904,813
Interest and fiscal charges	3,072,057	3,157,016	3,296,704	3,258,719	4,150,681
Bond issuance cost	725	1,750	2,101	117,652	-
Total expenditures	<u>84,773,916</u>	<u>84,463,373</u>	<u>84,896,690</u>	<u>83,408,344</u>	<u>83,701,390</u>
Excess of revenues over (under) expenditures	6,013,692	3,605,607	4,361,620	(104,063)	(6,630,536)
Other financing sources (uses)					
Transfers in	3,085,000	2,370,000	3,434,200	1,300,000	1,460,000
Transfers out	(3,085,000)	(2,370,000)	(3,434,200)	(1,300,000)	(1,460,000)
Bonds issued	-	-	-	11,590,000	-
Bond premium	-	-	-	2,033,058	-
Proceeds from Sale	8,039	46,512	3,527,880	-	-
Bond discount	-	-	-	-	-
Insurance Proceeds	336,722	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(13,505,406)	-
Capital Lease	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 344,761</u>	<u>\$ 46,512</u>	<u>\$ 3,527,880</u>	<u>\$ 117,652</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 6,358,453</u>	<u>\$ 3,652,119</u>	<u>\$ 7,889,500</u>	<u>\$ 13,589</u>	<u>\$ (6,630,536)</u>
Debt service as a percentage of noncapital expenditures	8.0%	6.9%	9.2%	8.6%	9.7%

Fiscal Year					
2013	2012	2011	2010	2009	
					Revenues
\$ 26,269,189	\$ 26,799,359	\$ 27,031,879	\$ 27,319,353	\$ 27,148,442	Taxes
52,131,566	48,350,259	49,801,645	49,587,607	44,200,103	Intergovernmental
21,071	15,674	16,651	103,498	245,932	Investment income
149,507	180,247.00	171,408.00	-	-	Tuition
1,962,475	1,938,150	2,254,651	2,156,540	1,975,166	Miscellaneous
<u>80,533,808</u>	<u>77,283,689</u>	<u>79,276,234</u>	<u>79,166,998</u>	<u>73,569,643</u>	Total revenues
					Expenditures
38,263,206	34,981,226	32,077,298	33,585,669	34,263,432	Instructional services
8,156,368	8,592,693	7,018,797	8,676,448	9,296,945	Operations and maintenance
7,376,909	6,367,014	5,661,880	5,923,728	5,261,300	Pupil services
4,015,129	3,799,334	2,839,161	2,768,538	3,302,839	Central support services
3,725,211	3,463,853	3,608,618	3,955,457	4,295,356	School administration
4,757,335	4,436,125	4,177,089	5,049,373	4,363,771	Instructional staff
1,962,499	1,839,484	1,838,033	1,869,139	1,996,520	Pupil transportation
1,235,139	1,068,123	986,452	1,084,317	1,076,730	Business administration
882,895	804,752	735,669	737,353	729,086	General administration
974,016	657,785	677,655	531,990	408,042	Other supporting services
-	-	-	-	442.00	Non-instructional services
488,088	948,895	1,437,829	373,114	103,991	Community services & education for adults
283,403	238,533	234,235	131,700.00	31,681.00	Food service operations
4,496,387	2,411,144	1,965,798	5,567,652	38,713,890	Construction in progress and capital outlay
-	-	3,442,596	3,367,398	3,134,349	Charter school
					Debt service
2,677,648	2,385,804	2,255,115	2,121,815	1,500,000	Principal
3,193,492	4,257,777	4,355,882	4,472,660	4,409,566	Interest and fiscal charges
541,451	-	-	-	-	Bond issuance cost
<u>83,029,176</u>	<u>76,252,542</u>	<u>73,312,107</u>	<u>80,216,351</u>	<u>112,887,940</u>	Total expenditures
(2,495,368)	(2,077,526)	5,964,127	(1,049,353)	(39,318,297)	Excess of revenues over (under) expenditures
					Other financing sources (uses)
4,825,000	1,607,000	4,172,986	3,010,571	1,286,000	Transfers in
(4,825,000)	(1,607,000)	(4,172,986)	(3,010,571)	(1,286,000)	Transfers out
62,797,630	-	-	-	-	Bonds issued
8,721,976	-	-	-	-	Bond premium
-	-	-	-	-	Proceeds from Sale
-	-	-	-	-	Bond discount
-	-	-	-	-	Insurance Proceeds
(70,978,155)	-	-	-	-	Payment to refunded bond escrow agent
-	-	-	471,999	2,242,942	Capital Lease
<u>\$ 541,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,999</u>	<u>\$ 2,242,942</u>	Total other financing sources (uses)
<u>\$ (1,953,917)</u>	<u>\$ 1,031,147</u>	<u>\$ 5,964,127</u>	<u>\$ (577,354)</u>	<u>\$ (37,075,355)</u>	Net change in fund balances
7.5%	9.0%	9.3%	8.8%	8.0%	Debt service as a percentage of noncapital expenditures

Revenue Capacity

Revenue Capacity

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

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



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

	Fiscal Year									
	2018		2017		2016		2015		2014	
Revenue from Local Sources										
Property taxes	\$ 23,324,483	36.2 %	\$ 21,207,341	32.9 %	\$ 22,198,060	35.6 %	\$ 19,678,922	34.1 %	\$ 20,562,755	28.4 %
Specific ownership taxes	2,469,691	3.8 %	2,469,691	3.8 %	2,419,465	3.9 %	2,330,239	3.5 %	2,086,957	2.8 %
Investment income	289,603	0.4 %	130,726	0.2 %	33,948	0.1 %	6,318	0.0 %	7,346	0.0 %
Tuition	-	0.0 %	-	0.0 %	81,615	0.1 %	176,994	0.3 %	159,723	0.2 %
Other	857,763	1.3 %	656,654	1.0 %	634,567	1.0 %	1,019,028	1.6 %	999,204	1.9 %
Total local sources	<u>26,941,540</u>	<u>41.8 %</u>	<u>24,464,412</u>	<u>38.0 %</u>	<u>25,367,655</u>	<u>40.7 %</u>	<u>23,211,501</u>	<u>39.4 %</u>	<u>23,815,985</u>	<u>33.3 %</u>
Revenue from State Sources										
Equalization	38,260,102	59.4 %	38,759,964	60.1 %	38,554,537	61.8 %	36,011,262	55.0 %	33,216,587	51.8 %
Vocational education	96,066	0.1 %	89,792	0.1 %	221,264	0.4 %	145,976	0.2 %	105,520	0.2 %
Exceptional children's act (ECEA)	1,376,745	2.1 %	1,438,929	2.2 %	1,532,900	2.5 %	1,549,382	2.8 %	1,661,595	2.2 %
Transportation reimbursement	459,387	0.7 %	460,421	0.7 %	495,824	0.8 %	479,526	0.8 %	469,214	0.7 %
ELPA reimbursement	443,939	0.7 %	460,537	0.7 %	419,549	0.7 %	381,488	0.6 %	367,442	0.5 %
Other	-	0.0 %	-	0.0 %	-	0.0 %	-	(0.3) %	(191,593.00)	0.0 %
Total state sources	<u>40,636,239</u>	<u>63.0 %</u>	<u>41,209,643</u>	<u>63.9 %</u>	<u>41,224,074</u>	<u>66.1 %</u>	<u>38,567,634</u>	<u>59.0 %</u>	<u>35,628,765</u>	<u>55.4 %</u>
Revenue from Federal Sources										
Impact aid	2,934,979	4.6 %	3,105,282	4.8 %	2,660,849	4.3 %	2,679,175	4.6 %	2,801,979	11.4 %
Other	-	0.0 %	-	0.0 %	-	0.0 %	3,660	0.1 %	89,519	0.1 %
Total federal sources	<u>2,934,979</u>	<u>4.6 %</u>	<u>3,105,282</u>	<u>4.8 %</u>	<u>2,660,849</u>	<u>4.3 %</u>	<u>2,682,835</u>	<u>4.8 %</u>	<u>2,891,498</u>	<u>11.5 %</u>
Total revenue	<u>\$ 70,512,758</u>	<u>100.0 %</u>	<u>\$ 68,779,337</u>	<u>100.0 %</u>	<u>\$ 69,252,578</u>	<u>100.0 %</u>	<u>\$ 64,461,970</u>	<u>100.0 %</u>	<u>\$ 62,336,248</u>	<u>100.0 %</u>

										Fiscal Year	
2013		2012		2011		2010		2009			
										Revenue from Local Sources	
\$ 18,141,956	28.5 %	\$ 18,719,780	28.5 %	\$ 18,765,531	29.7 %	\$ 18,941,786	30.0 %	\$ 18,692,716	31.6 %	Property taxes	
1,773,962	2.9 %	1,667,424	2.9 %	1,759,336	2.8 %	1,742,041	2.8 %	1,940,348	3.3 %	Specific ownership taxes	
13,802	0.2 %	11,642	0.2 %	9,553	0.0 %	7,133	0.0 %	66,907	0.1 %	Investment income	
149,507	0.0 %	180,247.00	0.0 %	171,408.00	0.3 %	-	0.0 %	-	0.0 %	Tuition	
1,218,770	1.7 %	1,061,163	1.7 %	1,755,892	2.8 %	1,755,713	2.8 %	1,735,767	2.9 %	Other	
<u>21,297,997</u>	<u>33.3 %</u>	<u>21,640,256</u>	<u>33.3 %</u>	<u>22,461,720</u>	<u>35.5 %</u>	<u>22,446,673</u>	<u>35.5 %</u>	<u>22,435,738</u>	<u>37.9 %</u>	Total local sources	
										Revenue from State Sources	
32,991,855	52.2 %	32,205,865	52.2 %	34,452,245	54.5 %	36,775,469	58.1 %	32,872,044	55.5 %	Equalization	
117,436	0.2 %	137,977	0.2 %	(11,274)	(0.0) %	310,827	0.5 %	114,366	0.2 %	Vocational education	
1,428,409	2.3 %	1,399,736	2.3 %	1,599,090	2.5 %	1,326,514	2.1 %	1,389,331	2.3 %	Exceptional children's act (ECEA)	
472,049	0.7 %	428,513	0.7 %	352,331	0.6 %	431,658	0.7 %	475,045	0.8 %	Transportation reimbursement	
286,791	0.5 %	315,245	0.5 %	266,455	0.4 %	350,616	0.6 %	295,526	0.5 %	ELPA reimbursement	
-	0.0 %	-	0.0 %	-	0.0 %	210	0.0 %	1,020	0.0 %	Other	
<u>35,296,540</u>	<u>55.8 %</u>	<u>34,487,336</u>	<u>55.8 %</u>	<u>36,658,847</u>	<u>58.0 %</u>	<u>39,195,294</u>	<u>62.0 %</u>	<u>35,147,332</u>	<u>59.4 %</u>	Total state sources	
										Revenue from Federal Sources	
7,238,982	11.4 %	3,904,909	11.4 %	2,636,733	4.2 %	1,487,646	2.4 %	1,501,390	2.5 %	Impact aid	
74,507	0.1 %	355,569	0.1 %	1,954,307	3.1 %	113,587	0.2 %	113,399	0.2 %	Other	
<u>7,313,489</u>	<u>11.6 %</u>	<u>4,260,478</u>	<u>11.6 %</u>	<u>4,591,040</u>	<u>7.3 %</u>	<u>1,601,233</u>	<u>2.5 %</u>	<u>1,614,789</u>	<u>2.7 %</u>	Total federal sources	
<u>\$ 63,908,026</u>	<u>100.0 %</u>	<u>\$ 60,388,070</u>	<u>100.0 %</u>	<u>\$ 63,711,607</u>	<u>100.0 %</u>	<u>\$ 63,243,200</u>	<u>100.0 %</u>	<u>\$ 59,197,859</u>	<u>100.0 %</u>	Total revenue	

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

Assessment Year	Residential Property	Commercial Property	Personal Property	Industrial, Agricultural, and Natural Resources	State Assessed, Vacant Land, And Other	Total Assessed Value	Total Direct Tax Rate Per \$1,000 of Valuation	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Assessment Rate	
										Residential	All Others
2008	110,503,470	191,136,810	212,244,550	25,585,290	19,001,000	558,471,120	44.961	2,932,950,578	19.04%	7.96%	29.00%
2009	85,196,620	201,631,020	241,542,710	24,684,940	19,059,300	572,114,590	44.813	2,772,628,789	20.63%	7.96%	29.00%
2010	86,314,120	200,703,510	233,626,070	24,293,490	17,745,300	562,682,490	44.908	2,726,997,791	20.63%	7.96%	29.00%
2011	82,505,250	201,805,490	230,348,730	24,245,400	17,953,670	556,858,540	44.977	2,672,199,115	20.84%	7.96%	29.00%
2012	82,597,020	209,345,790	229,850,500	24,068,320	19,493,360	565,354,990	44.917	2,713,476,371	20.84%	7.96%	29.00%
2013	83,631,300	226,156,950	259,219,100	25,700,090	19,842,720	614,550,160	45.080	2,894,428,250	21.23%	7.96%	29.00%
2014	83,726,930	225,178,420	258,247,350	25,318,080	19,749,270	612,220,050	45.080	2,896,617,498	21.14%	7.96%	29.00%
2015	106,045,440	241,802,090	244,511,400	26,535,930	21,819,700	640,714,560	45.080	3,233,091,493	19.82%	7.96%	29.00%
2016	107,122,670	241,334,810	240,437,200	26,784,270	21,925,730	637,604,680	43.154	3,196,328,364	19.95%	7.96%	29.00%
2017	142,942,960	280,053,770	240,812,400	31,449,930	30,440,730	725,699,790	40.759	4,012,759,896	18.08%	7.96%	29.00%

Source: Adams County Assessor's Office.

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

<u>Taxing Authority</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Adams County School District 14</u>										
General Fund	33.486	33.338	33.433	33.502	33.442	33.605	32.975	34.799	33.492	31.702
Bond Redemption Fund	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>11.475</u>	<u>12.105</u>	<u>10.281</u>	<u>9.681</u>	<u>9.057</u>
Adams County School District 14 Total	<u>44.961</u>	<u>44.813</u>	<u>44.908</u>	<u>44.977</u>	<u>44.917</u>	<u>45.080</u>	<u>45.080</u>	<u>45.080</u>	<u>43.173</u>	<u>40.759</u>
Adams County	26.809	26.824	26.883	26.806	26.903	26.815	27.042	26.817	27.055	27.055
Cities & Towns										
Commerce City	3.280	3.280	3.206	3.280	3.269	3.280	3.280	3.280	3.128	3.160
City of Thornton	10.210	10.210	10.210	10.210	10.210	10.210	10.210	10.210	10.210	10.210
Fire Districts										
North Metro Fire Rescue District #1	11.268	11.307	11.225	11.176	11.375	11.246	14.903	14.713	14.810	14.710
Adams County Fire Protection District	13.451	13.335	17.403	17.318	17.344	17.274	17.286	16.892	16.841	16.733
South Adams Fire District #4	4.300	4.300	4.300	4.300	4.300	9.900	9.900	9.900	9.900	9.900
North Metro Fire Dist #1 Bond	-	-	-	-	-	1.400	1.400	1.400	1.400	1.400
North Metro Fire Dist #1 Fire Pension	0.500	0.500	0.500	0.500	0.500	0.500	-	-	-	-
Sanitation & Water Districts										
South Adams Water & Sanitation District	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102	2.701
Hazeltine Heights Water & Sanitation District	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Metropolitan Districts										
Eagle Creek Metropolitan District	54.000	80.000	80.000	95.000	85.000	88.000	88.000	83.000	80.000	75.000
Special Districts										
Central Colo Water Conservancy District	0.540	0.425	0.425	0.392	1.856	1.887	1.737	1.533	2.004	1.800
Central Colo. Ground Water Subdistrict	1.306	1.338	1.339	1.319	1.291	1.301	1.309	1.272	1.583	1.353
City of Commerce City North GID	-	-	-	-	-	27.000	27.000	27.000	27.000	27.000
Urban Drainage & Flood Control District	0.528	0.508	0.523	0.566	0.599	0.632	0.608	0.553	0.559	0.500
Urban Drainage South Platte	0.063	0.061	0.053	0.057	0.058	0.068	0.064	0.058	0.061	0.057
Rangeview Library										
f/k/a Anythink Libraries	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.669

Notes:

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

Source: Adams County Assessor's Office.

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

Taxpayer	Type of Business	December 31, 2017			December 31, 2008		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Suncor Energy USA Inc. (formerly Conoco, Inc.)	Oil refinery	\$ 111,433,320	1	15.30%	\$ 114,789,180	1	20.60%
Public Service CO of Colorado	Public utility	17,656,020	2	2.40%	7,664,250	3	1.40%
Lineage Master RE 4 LLC	Logistics	9,314,710	3	1.30%			
Qwest Corp (formerly U.S. West, Inc.)	Telecommunications	8,283,800	4	1.10%	9,792,000	2	1.80%
BT-OH LLC	Real estate	7,781,600	5	1.10%	3,987,820	9	0.70%
Kew Realty Corporation	Real estate leasing	7,028,230	6	1.00%			
ARC3 FECMCCO01 LLC (Fed Ex)	Air delivery & freight services	6,498,070	7	0.90%			
CalEast Nat, LLC	Distribution warehouse	4,909,560	8	0.70%	4,187,920	7	0.70%
United Parcel Service - Rocky Mountain	Air delivery & freight services	4,703,820	9	0.60%			
FEDEX Ground Package System	Air delivery & freight services	4,622,790	10	0.60%	5,838,360	5	1.00%
Setzer Properties Commerce City LLC	Property Management				5,551,540	6	1.00%
Continental World Leasing Real Estate	Real estate leasing				3,669,140	10	0.70%
1480 Welton, Inc	Subsidiary of Public Service CO				4,082,690	8	0.70%
Rocky Mountain Pipeline System	Oil & Gas						
Con Agra Floor Milling Company	Process and packed food				6,615,040	4	1.20%
Totals		\$ 182,231,920		25.00%	\$ 166,177,940		29.80%
Total Assessed Valuation		\$ 730,501,260			\$ 558,471,120		

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

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy⁽¹⁾</u>	<u>Estimated Outstanding Delinquent Taxes</u>	<u>Ratio of Estimated Delinquent Taxes to Total Tax Levy</u>
2008	2009	25,109,420	25,061,903	99.81%	32,844	25,094,747	99.94%	47,500	0.19%
2009	2010	25,579,243	25,468,476	99.57%	25,053	25,493,529	99.66%	110,800	0.43%
2010	2011	25,268,945	25,303,253	100.14%	(108,636)	25,194,617	99.71%	(34,300)	-0.14%
2011	2012	25,045,827	25,119,784	100.30%	12,152	25,131,936	100.34%	(74,000)	-0.30%
2012	2013	25,394,050	24,379,780	96.01%	(510,266)	23,869,514	94.00%	1,014,300	3.99%
2013	2014	27,703,921	27,490,741	99.23%	(29,546)	27,461,195	99.12%	213,200	0.77%
2014	2015	27,598,880	26,806,988	97.13%	(496,179)	26,310,809	95.33%	791,900	2.87%
2015	2016	28,883,412	29,261,158	101.31%	(553,096)	28,708,062	99.39%	(377,700)	-1.31%
2016	2017	27,515,001	27,206,714	98.88%	35,140	27,241,854	99.01%	308,300	1.12%
2017	2018	29,578,794	29,550,442	99.90%	(110,763)	29,439,679	99.53%	28,400	0.10%

Note:

(1) Tracking of paid delinquent taxes by levy year is currently not available, instead delinquent taxes are recorded in the year collected.

The district is working to ensure future reports include this information. Ratios above 100% represent collections of prior year delinquent taxes.

Source: Adams County Abstract of Assessments.



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Debt Capacity

Debt Capacity

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

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

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

Fiscal Year	Governmental Activities		Total Primary Government	Less; Debt	Net Debt	Net Debt as a Percentage of	
	General Obligation Bonds	Capital Leases		Redemption Fund Available		Personal Income (1)	Per Capita (1)
2009	95,442,617	2,242,943	97,685,560	4,757,543	92,928,017	660.10%	2,187
2010	93,567,723	2,318,126	95,885,849	5,281,696	90,604,153	647.57%	2,133
2011	91,452,829	2,023,011	93,475,840	5,524,240	87,951,600	622.40%	2,063
2012	89,062,935	1,877,207	90,940,142	5,533,929	85,406,213	589.28%	1,849
2013	86,109,025	1,724,559	87,833,584	6,292,697	81,540,887	540.75%	1,729
2014	89,158,912	1,564,746	90,723,658	5,496,912	85,226,746	534.48%	1,757
2015	85,984,970	1,385,292	87,370,262	5,851,983	81,518,279	479.24%	1,681
2016	81,068,335	1,197,415	82,265,750	4,998,817	77,266,933	454.24%	1,593
2017	77,988,084	979,383	78,967,467	5,652,767	73,314,700	403.69%	1,336
2018	74,747,053	-	74,747,053	6,720,674	68,026,379	355.80%	1,216

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

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

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

Assessment Year	Collection Year	Assessed Value	General Bonded Debt	Less Debt Service Fund Available	Net Debt	Ratio of General Bonded Debt to Assessed Value	Population	Net Bonded Debt Per Capita
2007	2008	\$ 542,700,500	\$ 97,092,511	\$ 3,540,506	\$ 91,477,044	17.89%	37874 (1)	\$2,453
2008	2009	558,471,120	95,442,617	4,187,177	92,905,334	17.09%	42,500 (2)	2134
2009	2010	572,114,590	93,567,723	4,757,543	88,810,180	16.35%	42,473 (3)	2079
2010	2011	562,682,490	91,452,829	5,281,696	86,171,133	16.25%	42,630 (3)	2016
2011	2012	556,858,540	89,062,935	5,524,240	83,538,695	15.23%	43,193 (3)	1865
2012	2013	565,354,990	86,109,025	5,533,929	80,575,096	14.01%	43,193 (3)	1848
2013	2014	614,550,160	89,158,912	6,292,697	82,866,215	14.51%	45,913 (3)	1822
2014	2015	612,220,050	85,984,970	5,851,983	80,132,987	14.04%	45,913 (3)	1745
2015	2016	640,714,560	81,068,335	4,998,817	76,069,518	12.65%	45,913 (3)	1657
2016	2017	637,604,680	77,988,084	5,652,767	72,335,317	12.23%	54,869 (3)	1318
2017	2018	725,699,790	74,747,053	6,720,674	68,026,379	10.30%	55,923 (3)	1216

Note: Net Debt shown as Restricted Net Position on the Statement of Net Position is less accrued interest payable.

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

(2) City of Commerce City - estimate

**ADAMS COUNTY SCHOOL DISTRICT 14
RATIO OF DIRECT AND OVERLAPPING DEBT (1)
JUNE 30, 2018
(Unaudited)**

	<u>2017 Assessed Valuation (3)</u>	<u>Outstanding General Obligation Debt (4)</u>	<u>Percent Applicable To The District</u>	<u>Overlapping Debt (2)</u>
Direct Debt:				
Adams County School District 14	\$ 725,699,790	\$ 74,747,053	100.000%	\$ 74,747,053
Overlapping Debt: (1)				
Commerce City North GID	270,149,020	78,965,000	1.02%	805,048
Anythink Library	4,625,381,080	39,193,981	13.24%	5,187,755
North Metro Fire Rescue District	419,653,780	17,565,000	0.12%	20,867
Central CO. Water Conservancy	608,554,520	26,040,000	15.15%	3,944,617
Central CO. Well Augmentation Subdistrict	9,314,930	13,572,368	100.00%	13,572,368
Central CO. Ground Water Subdistrict	130,845,070	6,771,793	34.44%	2,332,368
Aberdeen Metropolitan District No 1	1,724,120	7,870,000	33.83%	2,662,649
Eagle Creek Metropolitan District	<u>7,638,410</u>	<u>3,325,000</u>	<u>50.99%</u>	<u>1,695,494</u>
Total Overlapping Debt	<u>1,885,017,050</u>	<u>75,144,161</u>		<u>24,228,364</u>
 TOTAL	 <u>\$ 7,506,246,940</u>	 <u>\$ 268,050,195</u>		 <u>\$ 104,968,219</u>

Notes:

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

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

Fiscal Year	Assessment Year	Assessed Value	DEBT LIMIT COMPUTATIONS			Percentage of Total net debt applicable to the limit to Debt limit
			Debt limit (20% of Assessed Value)	Total net debt applicable to the limit	Legal debt margin	
2009	2008	\$ 558,471,120	\$ 111,694,224	- \$ 90,685,074	= \$ <u>21,009,150</u>	81.19%
2010	2009	\$ 572,114,590	\$ 114,422,918	- \$ 88,286,027	= \$ <u>26,136,891</u>	77.16%
2011	2010	\$ 562,682,490	\$ 112,536,498	- \$ 85,928,589	= \$ <u>26,607,909</u>	76.36%
2012	2011	\$ 556,858,540	\$ 111,371,708	- \$ 83,529,006	= \$ <u>27,842,702</u>	75.00%
2013	2012	\$ 565,354,990	\$ 113,070,998	- \$ 79,816,328	= \$ <u>33,254,670</u>	70.59%
2014	2013	\$ 614,550,160	\$ 122,910,032	- \$ 83,662,000	= \$ <u>39,248,032</u>	68.07%
2015	2014	\$ 612,220,050	\$ 122,444,010	- \$ 80,132,987	= \$ <u>42,311,023</u>	65.44%
2016	2015	\$ 640,714,560	\$ 128,142,912	- \$ 76,069,518	= \$ <u>52,073,394</u>	59.36%
2017	2016	\$ 637,604,680	\$ 127,520,936	- \$ 72,335,317	= \$ <u>55,185,619</u>	56.72%
2018	2017	\$ 725,699,790	\$ 145,139,958	- \$ 68,026,379	= \$ <u>77,113,579</u>	46.87%

Source: Adams County Assessor's Office.

Demographic and Economic Information

Demographic and Economic Information

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

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

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

<u>Year Ending December 31,</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Median Age (in years) (4)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (5)</u>
2008	42,500	\$14,077,872 (3)	32.10	6,731	5.5%
2009	42,473	\$13,991,470 (3)	32.80	7,058	8.6%
2010	42,630	\$14,131,000 (3)	32.40	7,048	10.0%
2011	46,193	\$14,493,196 (3)	32.50	7,321	9.5%
2012	47,150	\$15,079,147 (3)	32.50	7,500	9.2%
2013	48,500	\$15,945,588 (3)	32.50	7,598	5.7%
2014	48,500	\$16,578,475 (3)	32.50	7,663	5.6%
2015	48,500	\$17,010,005 (3)	32.40	7,577	3.8%
2016	54,869	\$18,160,959 (3)	33.00	7,467	3.6%
2017	55,923	\$19,119,527 (3)	33.00	7,400	3.6%

Sources:

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

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

Year Ending December 31,	City of Commerce City Commercial and Residential Construction (1)		Adams County School District 14 Property Values (2)	
	No. of Permits	Value	Assessed	Estimated Actual (3)
2008	1,604	129,165,777	558,471,120	2,932,950,578
2009	1,477	49,765,432	572,114,590	2,772,628,789
2010	4,770	116,568,290	562,682,490	2,726,997,791
2011	1,940	124,178,841	556,858,540	2,672,199,115
2012	1,773	82,416,720	565,354,990	2,713,476,371
2013	1,934	94,990,823	614,550,160	2,894,428,250
2014	2,332	110,582,651	612,220,050	2,896,617,498
2015	2,591	141,544,696	640,714,560	3,233,091,493
2016	8,755	128,334,457	637,604,680	3,196,328,364
2017	3,719	297,492,538	725,699,790	4,012,759,896

Notes:

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

ADAMS COUNTY SCHOOL DISTRICT 14
CITY of COMMERCE CITY, COLORADO PRINCIPAL EMPLOYERS
For the Calendar Years Ended December 31, 2017 and 2008
(Unaudited)

Name of Employer (1)	Industry (1)	December 31, 2017			December 31, 2008		
		Number of Employees (3)	Rank	Percentage to Total City Employment	Number of Employees (1)	Rank	Percentage to Total City Employment
United Parcel Service	Parcel Delivery Service	2,700	1	9.2%	2,595	1	8.7%
Adams County School District 14	Public School District	1,247	2	4.5%	1,108	2	3.7%
Shamrock Foods(United Food Service)	Food Service Distribution	860	3	3.1%	647	4	2.2%
FedEx Freight	Trucking	630	4	2.3%			
FedEX Ground Package System INC	Parcel Delivery Service	600	5	2.2%	800	3	2.7%
City of Commerce City	City Government	449	6	1.6%	436	6	1.5%
Suncor Energy USA Inc.	Energy Production	420	7	1.5%	412	7	1.4%
Douglas Colony Group	Refinery	400	8	1.4%			
Old Dominion Freight Lines	Trucking	370	9	1.3%			
Waste Management of Colorado Inc	Waste Removal	290	10	1.0%	261	9	0.9%
Viking Freight, Inc.	Trucking				501	5	1.7%
Wal-Mart Super Center	Retail				271	8	0.9%
Asphalt Specialties Colorado Inc	Construction				252	10	0.8%
	Total	<u>7,966</u>		28.7%	<u>7,283</u>		24.5%
Total Employers' Employees		<u>27,771</u>	(3)		<u>29,760</u>	(2)	

Sources:

- (1) Denver Business Journal
- (2) US 2000 Census

Operating Information

Operating Information

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

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

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

Fund Type	Full Time Equivalents										
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	
Total general fund	743.71	756.06	793.76	786.10	0	840.06	809.69	780.05	749.36	736.41	753.12
Total grants fund	70.74	71.13	59.02	58.95	0	72.39	67.89	41.42	38.90	88.04	78.32
Total other special revenue funds	52.69	52.91	55.93	46.62	0	43.53	42.53	47.65	39.88	43.76	53.73
Total all funds	<u>867.14</u>	<u>880.10</u>	<u>908.71</u>	<u>891.67</u>	<u>0</u>	<u>955.98</u>	<u>920.11</u>	<u>869.12</u>	<u>828.13</u>	<u>868.21</u>	<u>885.17</u>

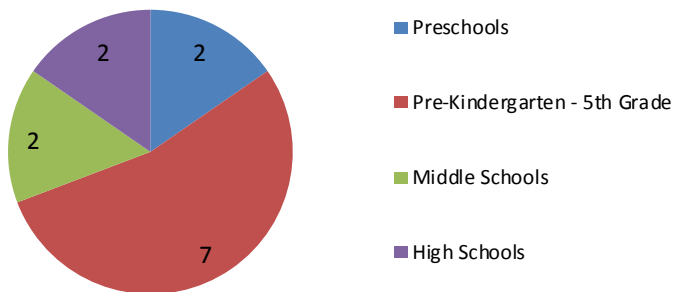
(1) Source: Adams County School District 14; Position Control

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

District Statistics:

- * Year of organization: 1902
- * Year of consolidation: 1947
- * Geographical area: 52 Square miles all within Adams County
- * Accreditation: North Central Association of Colleges and Schools
- * Twenty-sixth (26th) largest school district (by student population) in the state fiscal year 2017-18
- * Fifth (5th) largest school district (by student population) in Adams County fiscal year 2017-18

Number of Schools in FY2017-18



Enrollment and Funded Pupil Count (1)

School Year	Student Enrollment	Funded Pupil Count
2007-2008	6,296	5,952
2008-2009	6,606	6,098
2009-2010	6,950	6,424
2010-2011	7,048	7,020
2011-2012	7,321	6,757
2012-2013	7,500	6,925
2013-2014	7,598	6,978
2014-2015	7,663	7,205
2015-2016	7,577	7,185
2016-2017	7,467	7,151
2017-2018	7,400	7,128

Summary of Teachers by Education Level

Teacher FTE	Education Level	% of Total
91.5	Bachelor of Arts (BA)	19.98%
20	BA + 10 Hrs	4.37%
16	BA+ 20 Hrs	3.49%
15	BA + 30 Hrs	3.28%
11	BA + 40 Hrs	2.40%
187.5	BA + 50 Hrs or Master's Degree	40.94%
29	Master's Degree + 10 Hrs	6.33%
24	Master's Degree + 20 Hrs	5.24%
24	Master's Degree + 30 Hrs	5.24%
36	Master's Degree + 40 Hrs	7.86%
4	Doctorate (EDD or PhD)	0.87%
<u>458</u>		<u>100.00%</u>

Summary of Teachers by Years of Service

Teacher FTE	Years of Service	% of Total
102.7	Less than 1 year	22.42%
83.1	At least 1 year, but less than 2	18.14%
48.3	At least 2 years, but less than 3	10.55%
49.8	At least 3 years, but less than 4	10.87%
39.6	At least 4 years, but less than 5	8.65%
31.6	At least 5 years, but less than 6	6.90%
35.6	At least 6 years, but less than 10	7.77%
23.7	At least 10 years, but less than 15	5.17%
21.4	At least 15 years, but less than 20	4.67%
12.7	At least 20 years, but less than 25	2.77%
9.5	25 or more years	2.07%
<u>458</u>		<u>100.00%</u>

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

(2) Number of persons employed as teachers during the fiscal year ending June 30, 2018

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

Schools	Year of Original Construction	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Sarville Preschool	1954										
Square feet		5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440
Capacity (students)		50	50	50	50	50	50	50	50	50	50
Enrollment (head count)		87	92	91	89	92	90	89	83	92	90
Stars Early Learning Center Preschool	1981										
Square feet		7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Capacity (students)		94	94	94	94	94	94	94	94	94	94
Enrollment (head count)		111	120	105	104	115	76	80	78	110	140
Alsup Elementary	1959										
Square feet		50,114	50,114	50,114	50,114	50,114	50,114	50,114	50,114	50,114	50,114
Capacity (students)		477	477	477	477	477	477	477	477	477	477
Enrollment (head count)		519	532	545	521	504	484	598	640	591	581
Central Elementary	1954										
Square feet (3)		54,790	54,790	54,790	54,790	54,790	54,790	54,790	54,790	54,790	54,790
Capacity (students)		548	548	548	548	548	548	548	548	548	548
Enrollment (head count)		570	577	580	544	577	609	624	634	638	605
Dupont Elementary	1956										
Square feet		51,599	51,599	51,599	51,599	51,599	51,599	51,599	51,599	51,599	51,599
Capacity (students)		516	516	516	516	516	516	516	516	516	516
Enrollment (head count)		576	589	642	698	699	622	562	586	572	549
Kemp Elementary	1951										
Square feet (3)		46,403	46,403	44,963	44,963	44,963	44,963	44,963	44,963	44,963	44,963
Capacity (students)		475	475	450	450	450	450	450	450	450	450
Enrollment (head count)		554	569	566	625	587	555	482	483	432	387
Monaco Elementary	1956										
Square feet		37,496	37,496	37,496	37,496	37,496	37,496	37,496	37,496	37,496	37,496
Capacity (students)		375	375	375	375	375	375	375	375	375	375
Enrollment (head count)		439	449	472	490	501	525	583	480	494	475
Rose Hill Elementary	1952										
Square feet (3)		56,542	56,542	56,542	56,542	56,542	56,542	56,542	56,542	56,542	56,542
Capacity (students)		565	565	565	565	565	565	565	565	565	565
Enrollment (head count)		455	472	536	521	539	543	535	453	424	417
Hanson PK-8	1968										
Square feet (3)		50,355	50,355	50,355	50,355	50,355	50,355	50,355	50,355	50,355	50,355
Capacity (students)		419	419	419	419	419	419	419	419	419	419
Enrollment (head count)		448	416	426	446	461	488	388	501	513	511
Adams City Middle School	2009										
Square feet		96,900	96,900	96,900	96,900	96,900	96,900	96,900	96,900	96,900	96,900
Capacity (students)		808	808	808	808	808	808	808	808	808	808
Enrollment (head count)		831	818	798	761	774	762	740	717	691	653
Kearney Middle School	1953										
Square feet		120,601	120,601	120,601	120,601	120,601	120,601	120,601	120,601	120,601	120,601
Capacity (students)		1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Enrollment (head count)		785	792	821	820	783	742	697	538	525	470
Lester Arnold Alternative High School	1949										
Square feet		19,972	19,972	19,972	19,972	19,972	19,972	19,972	19,972	19,972	19,972
Capacity (students)		133	133	133	133	133	133	133	133	133	133
Enrollment (head count)		227	239	213	182	220	147	149	160	203	213
Adams City High School	2009										
Square feet		293,000	293,000	293,000	293,000	293,000	293,000	293,000	293,000	293,000	296,000
Capacity (students)		1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720
Enrollment (head count)		1,798	1,799	1,782	1,783	1,749	1,748	1,689	1,695	1,665	1,515
Other capital assets (Square feet)											
ESS Building	1971	43,020	43,020	43,020	43,020	43,020	43,020				
Administration building	1956	14,020	14,020	14,020	14,020	14,020	14,020				
Bus Terminal	1956	15,113	15,113	15,113	15,113	15,113	15,113				
Warehouse	1971	12,096	12,096	12,096	12,096	12,096	12,096				
Operations and Maintenance	1971	5,568	5,568	5,568	5,568	5,568	5,568				

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





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

Board of Education
Adams County School District 14
Commerce City, 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, each major fund, and the aggregate remaining fund information of Adams County School District 14, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Adams County School District 14's basic financial statements, and have issued our report thereon dated November 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Adams County School District 14'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 Adams County School District 14's internal control. Accordingly, we do not express an opinion on the effectiveness of Adams County School District 14'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams County School District 14'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*.

Adams County School District 14's Response to Findings

Adams County School District 14's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Adams County School District 14's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
November 19, 2018



CliftonLarsonAllen

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 County School District 14
Commerce City, Colorado

Report on Compliance for Each Major Federal Program

We have audited Adams County School District 14's 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 County School District 14's major federal programs for the year ended June 30, 2018. Adams County School District 14's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Adams County School District 14's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adams County School District 14's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Adams County School District 14's compliance.

Opinion on Each Major Federal Program

In our opinion, Adams County School District 14 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, 2018.

Report on Internal Control Over Compliance

Management of Adams County School District 14 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 County School District 14'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 County School District 14's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 19, 2018

Adams County School District 14
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Expenditures 2017-18
<u>U.S. Department of Education</u>		
Passed Through the Colorado Department of Education:		
<u>Special Education Cluster</u>		
Special Education (4027)	84.027	\$ 1,513,030
Special Education - Preschool (4173)	84.173	50,841
Total Special Education Cluster		<u>\$ 1,563,871</u>
Title I (4010, 5010, 6010, 7010, 8010)	84.010	\$ 2,577,424
Tiered Intervention Grant (7377)	84.377	80,000
Improving Teacher Quality (4367)	84.367	310,483
English Language Acquisition (4365)	84.365	178,146
Student Support and Academic Enrichment (4424)	84.424	12,656
McKinney Vento Homeless Children and Youth (5196)	84.196	26,331
Adult Education (5002, 6002)	84.002	563,426
IDEA Part D Improvement Grant (5323)	84.323	16,021
Race to the Top - Early Learning Challenge (5412)	84.412	4,846
Passed through Colorado Community College System:		
Career and Technical Education (4048)	84.048	67,010
Direct Program:		
Impact Aid (4041)	84.041	2,934,979
Total U.S. Department of Education		<u>\$ 8,335,193</u>
<u>U. S. Department of Agriculture</u>		
<u>Child Nutrition Cluster</u>		
Passed Through the Colorado Department of Education:		
School Breakfast Program (4553)	10.553	\$ 961,855
National School Lunch Program (4555)	10.555	2,065,921
Summer Food Service Program for Children (4559)	10.559	68,998
Passed Through the Colorado Department of Human Services:		
Food Donation (4555)	10.555	232,168
Total Child Nutrition Cluster		<u>\$ 3,328,942</u>
Passed Through the Colorado Department of Public Health and the Environment:		
Child and Adult Care Food Program (4558)	10.558	\$ 139,952
Passed Through the Colorado Department of Education:		
Nutrition Equipment Assistance (5579)	10.579	\$ 25,539
Fresh Fruit & Vegetable Program (4582)	10.582	175,269
Total U.S. Department of Agriculture		<u>\$ 3,669,702</u>
<u>U.S. Department of Defense</u>		
Direct Program		
ROTC (9001)	12.000	\$ 89,840
Total U.S. Department of Defense		<u>\$ 89,840</u>
Total		<u>\$ 12,094,735</u>

1) Modified Accrual Basis of Accounting was used to prepare this report.
See Notes to Schedule of Expenditures of Federal Awards.

ADAMS COUNTY SCHOOL DISTRICT 14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, which includes the federal grant activity of the Adams County School District 14 (District), is presented on the modified accrual basis of accounting, except for the U.S. Department of Education grants, which are presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the District's financial statements for the year ended June 30, 2018.

NOTE B – NON-CASH

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

NOTE C – INDIRECT COSTS

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

**ADAMS COUNTY SCHOOL DISTRICT 14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition 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 COUNTY SCHOOL DISTRICT 14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

2018 – 001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Internal controls over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with the accounting principles general accepted in the United States of America (U.S. GAAP). The District should have controls in place to properly review and approve journal entries before they are recorded in the general ledger to prevent material misstatements in the financial statements.

Criteria or specific requirement: The District should have a process and control structure in place where by all journal entries posted to the general ledger are required to go through a formal review and approval prior to posting to the general ledger. This should include a control structure for all month end processes performed by the District, specifically, related to the bank reconciliation process performed at the conclusion of each month.

Context: Five manual journal entries were haphazardly selected for testing and it was identified that two were not approved by someone separate from the preparer before being posted to the general ledger. In addition, the Cash Bank Reconciliation module within the financial software allows for posting to the general ledger without a formal approval to ensure accuracy of the bank reconciliation process. We did note that the District implemented a process during fiscal year 2018 where adjustments are no longer made through the Bank Reconciliation module but instead made through the Adjusting Journal Entry module to allow for review by someone other than the preparer.

Effect: Posting entries to the general ledger without prior review and approval could lead to potential material misstatements or falsified entries.

Cause: The financial system used by the District does not require approval before posting to the general ledger if performed by certain District personnel. This includes the Cash Bank Reconciliation module utilized during the month end bank reconciliation process.

Repeat Finding: Yes, finding 2017-001.

Recommendation: The District should continue to implement a process and control structure which requires all journal entries to go through a formal review and approval process prior to posting to the general ledger.

Views of responsible officials and planned corrective actions: The District agrees with the finding and implemented a control structure to eliminate this issue in approximately November of 2017. Because some months of fiscal year 2018 occurred prior to our correcting this issue the finding is repeated, however the Finance administration anticipates this finding will not reoccur in future years.

**ADAMS COUNTY SCHOOL DISTRICT 14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

2018 – 002

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The District reported a restatement of beginning net position in the year ended June 30, 2018. This restatement corrected beginning net position for corrections of capital assets as a result of a detailed review and inventory of capital assets undertaken by District management.

Criteria or specific requirement: The District should have internal controls in place to detect errors in the amounts presented in the financial statements in a timely manner.

Context: The District performed a District-wide capital asset physical inventory in fiscal year 2018 and determined that certain capital assets should have been removed from the District's records and certain capital assets should have been added to the District's records for a net addition to capital assets as of July 1, 2017 for \$1,500,479. This physical inventory process included adding asset tags to all assets, updating asset locations, removing assets from old listings and adding assets previously not recorded on the District's listings.

Effect: The beginning balance of net position was required to be restated.

Cause: The District performed a full District-wide inventory process and this restatement was detected as a result of the District's internal control process during fiscal year 2018, but was not timely as the error related to fiscal year 2017.

Repeat Finding: No.

Recommendation: We recommend that the District continue to enhance its internal controls and processes surrounding capital assets to ensure misstatements are detected timely in the future.

Views of responsible officials and planned corrective actions: District Finance administration staff initiated the process to complete a full physical inventory and contract with an external inventory firm to implement a complete asset tracking system because it understands the importance of accurately tracking, reporting and safeguarding its assets. As a result of this inventory the vast majority of the adjustments to the asset listings were to add items previously not tracked as individual assets giving the District better accountability for its buildings and equipment.

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 County School District 14 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: June 30, 2018

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

2017 – 001

Condition: Internal controls over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with the accounting principles general accepted in the United States of America (U.S. GAAP). The District should have controls in place to properly review and approve journal entries before they are recorded in the general ledger to prevent material misstatements in the financial statements.

Status: Finding not fully resolved, see current year finding 2018 – 001.

2017 – 002

Condition: Internal controls over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with the accounting principles general accepted in the United States of America. (U.S. GAAP). The District should have controls in place to properly record grant related activity as a means to prevent material misstatements in the financial statements.

Status: Corrective action was taken.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2017 – 003

Condition: Upon review of the entire population of three, it was noted that no SAM check was completed on one entity. In addition to this, the SAM checks done for the other two entities were performed after the contracts were signed but prior to any payments being made to the entity.

Status: Corrective action was taken.

2017 – 004

Condition: Upon review of the entire population of three, it was noted that SAM check was completed for one entity and the SAM check for another entity had expired before entering into covered transactions and another check was not completed.

Status: Corrective action was taken.

If there are questions regarding this schedule, please call Eduard Storz, Director at 303-853-3209.



**ADAMS COUNTY SCHOOL DISTRICT 14
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2018**

Adams County School District 14 respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: June 30, 2018

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

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2018-001 Condition: Internal controls over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with the accounting principles general accepted in the United States of America (U.S. GAAP). The District should have controls in place to properly review and approve journal entries before they are recorded in the general ledger to prevent material misstatements in the financial statements.

Recommendation: The District should continue to implement a process and control structure which requires all journal entries to go through a formal review and approval process prior to posting to the general ledger.

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

Action planned in response to finding: The District restructured the approval process in 2017 and will continue to ensure this process ensures journal entries are processed in a formal review prior to posting.

Names of the contact persons responsible for corrective action: Eduard Storz, Director

Planned completion date for corrective action plan: Completed in 2017

SIGNIFICANT DEFICIENCY

2018-00 Condition: The District reported a restatement of beginning net position in the year ended June 30, 2018. This restatement corrected beginning net position for corrections of capital assets as a result of a detailed review and inventory of capital assets undertaken by District management.

Recommendation: We recommend that the District continue to enhance its internal controls and processes surrounding capital assets to ensure misstatements are detected timely in the future.



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

Action planned in response to finding: The District will continue to enhance controls surrounding capital assets ensuring misstatements are prevented and detected.

Names of the contact persons responsible for corrective action: Eduard Storz, Director

Planned completion date for corrective action plan: November 31, 2018

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

No findings noted for federal awards.

If there are any questions regarding this plan, please call Eduard Storz, Director, Division of Financial Services, at 303-853-3209.



Colorado Department of Education
Auditors Integrity Report
 District: 0030 - ADAMS COUNTY 14
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	17,119,895		61,957,826	58,095,506		20,982,215
18 Risk Mgmt Sub-Fund of General Fund	728,554		1,725,213	1,400,028		1,053,739
19 Colorado Preschool Program Fund	197,559		3,744,719	3,736,511		205,768
Sub-Total	18,046,009		67,427,758	63,232,045		22,241,722
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	178,796		475,036	495,060		158,771
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
21 Food Service Spec Revenue Fund	927,020		3,647,308	3,561,099		1,013,229
22 Govt Designated-Purpose Grants Fund	0		9,559,223	9,559,223		0
23 Pupil Activity Special Revenue Fund	61,985		708,948	687,063		83,869
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	5,652,767		6,713,763	5,645,856		6,720,674
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	4,988,347		2,600,333	1,593,570		5,995,109
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	29,854,923		91,132,368	84,773,916		36,213,375
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	282,047		433,646	425,141		290,552
79 GASB 34 Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	282,047		433,646	425,141		290,552
			FINAL			