



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

*Investing In Every Student,
Every School, Every Community*



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

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Office of the State Auditor

November 27, 2018

Graphic Design: Holly Pollack
Bollman Technical Education Center



1500 East 128th Avenue, Thornton, Colorado 80241

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018

Prepared by:
Department of Financial Services

Suzanne DeYoung.....Chief Financial Officer

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Meghan Deutsch.....Grant Fiscal Analyst

Steven Coblak.....Accountant

Alison Westerhold.....Accountant

TABLE OF CONTENTS

ADAMS 12 FIVE STAR SCHOOLS Comprehensive Annual Financial Report June 30, 2018

INTRODUCTORY SECTION	Page
Board of Education.....	1
Senior Staff	2
Organizational Chart	3
Letter of Transmittal	5
Government Finance Officers Association Award of Financial Reporting Achievement.....	15
 FINANCIAL SECTION	
Independent Auditors' Report	17
Management's Discussion and Analysis	21
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	36
Statement of Activities	37
Fund Financial Statements:	
Balance Sheet - Governmental Funds	38
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	40
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..	44
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund.....	45
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Designated Purpose Grants Special Revenue Fund	46
Statement of Fiduciary Assets and Liabilities - Pupil Activity Agency Fund ..	47
Notes to Basic Financial Statements	49
Required Supplementary Information	88

TABLE OF CONTENTS

Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Non-Major Governmental Funds - Special Revenue Funds	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds - Special Revenue Funds.....	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual: Bond Redemption-Debt Service Fund	104
Building-Capital Projects Fund	105
Capital Reserve-Capital Projects Fund.....	106
Pupil Activity Special Revenue Fund	107
Other Special Revenue Fund	108
Instructional Special Revenue Fund	109
Food Service Special Revenue Fund	110
Before, After, and Summer Enrichment Special Revenue Fund.....	111
Interscholastic Athletic Fund Special Revenue Fund	112
Agency Fund: Statement of Changes in Fiduciary Assets and Liabilities	113
Component Units: Combining Statement of Net Position	116
Combining Statement of Activities.....	117
Colorado Department of Education - Auditor Integrity Report.....	119

STATISTICAL SECTION

Financial Trends Schedule 1 - Net Position by Component.....	122
Financial Trends Schedule 2 - Changes in Net Position.....	124
Financial Trends Schedule 3 - Fund Balances of Governmental Funds.....	126
Financial Trends Schedule 4 - Changes in Fund Balances of Governmental Funds	128
Revenue Capacity Schedule 5 - Assessed Value and Estimated Actual Value of Taxable Property	130
Revenue Capacity Schedule 6 - Property Tax Rates-Direct and Overlapping Governments.....	132

TABLE OF CONTENTS

Revenue Capacity Schedule 7 - Principal Property Taxpayers.....	133
Revenue Capacity Schedule 8 - Property Tax Levies and Collections	135
Debt Capacity Schedule 9 - Ratios of Outstanding Debt by Type	136
Debt Capacity Schedule 10 - Direct and Overlapping Governmental Activities Debt.....	139
Debt Capacity Schedule 11 - Ratios of Outstanding Debt by Type	140
Debt Capacity Schedule 12 – Legal Debt Margin Information	142
Demographic and Economic Information Schedule 13 - Demographic and Economic Statistics	143
Demographic and Economic Information Schedule 14 - Principal Employers ..	145
Operating Information Schedule 15 - Full-time Equivalent District Employees by Category.....	146
Operating Information Schedule 16 - Operating Statistics	148
Operating Information Schedule 17 - School Building Information.....	149

SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	152
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	154
Schedule of Expenditures of Federal Awards	156
Notes to Schedule of Expenditures of Federal Awards.....	158
Schedule of Findings and Questioned Costs	160
Summary Schedule of Prior Audit Findings	163



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Artist: Taeryn Jeannelle
School: Eagleview Elementary School



Artist: Jimena Duran-Chacon
School: Thornton High School



Artist: Nicholas Aragon
School: Stukey Elementary School



Board of Education Fiscal Year 2017-2018



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



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



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



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



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

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

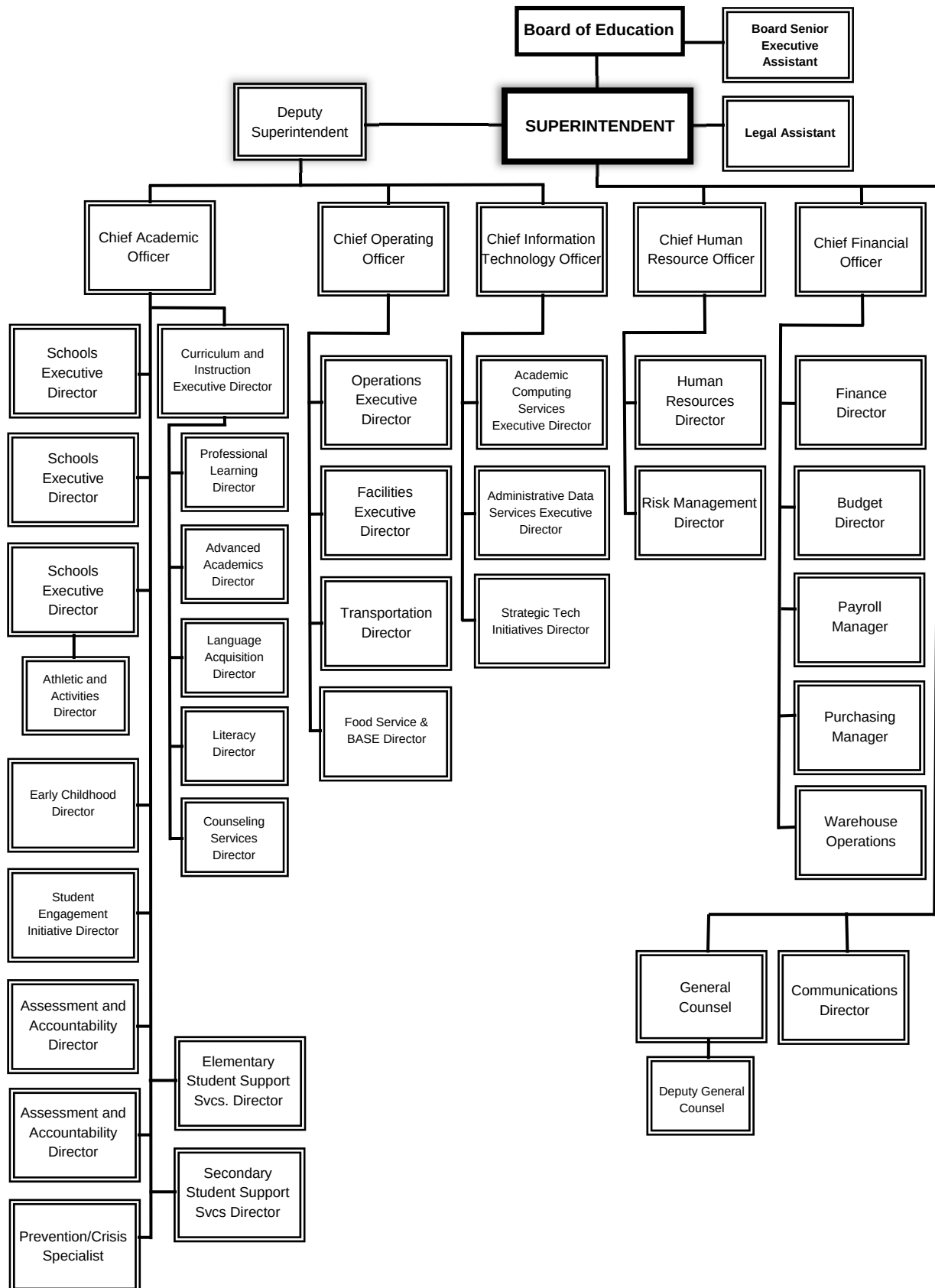
Senior Staff Fiscal Year 2017-2018



Superintendent of Schools
Christopher Gdowski

Tracy Dorland	Deputy Superintendent
Priscilla Straughn	Chief Academic Officer
Suzanne DeYoung	Chief Financial Officer
Myla Shepard	Chief Human Resource Officer
Ashish Mahajan	Chief Information Technology Officer
Pat Hamilton	Chief Operating Officer
Philip Spare	General Counsel
Joe Ferdani	Communications Director

District Organizational Chart





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November 14, 2018

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

The Comprehensive Annual Financial Report (CAFR) of Adams 12 Five Star Schools, ("district"), for the Fiscal Year June 30, 2018, is hereby submitted. The CAFR has been prepared in conformity with Statement No. 34 of the Governmental Accounting Standards Board. Statement No. 34 is titled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities into a single total column for government-wide activities.

The district's Financial Services department prepared this report which contains management's representations concerning the finances of the district. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects, reported in a manner to present fairly the financial position and results of operations of the district's funds. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. Statement No. 34 also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditor in the Financial Section on pages 21-34.

The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements and publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement of the fiscal year ended June 30, 2018.

The role of the auditors is to audit the financial statements to determine if the basic financial statements are free of material misstatements and to assess the accounting principles followed. Based on their findings, they express an opinion of the fairness of the statements and disclose any material weaknesses. District management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, based upon a comprehensive framework of internal control that has been established for this purpose.

CliftonLarsonAllen LLP, Certified Public Accountants have issued an unmodified opinion on the district's financial statements for the year ended June 30, 2018. The independent auditors' report is located at the front of the financial section of this report and the independent auditor's report on Internal Control over Financial Reporting is located at the front of the single audit section of this report.

Profile of the Adams 12 Five Star Schools

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

The district provides a full range of educational programs and services authorized by Colorado state statutes to approximately 38,870 students. Included is basic kindergarten through twelfth-grade (K-12) education, as well as special education for students with disabilities, career/technical education, English-as-a-second-language education, and numerous other programs. There were three charter schools authorized by the district's Board of Education during the 2017-2018 school year that were legally separate entities. While charter schools are funded under the School Finance Act of Colorado and are under the general supervision of the Board of Education, the charter schools meet the requirement to be presented as discrete component units.

Economic Condition and Outlook

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

The remaining data in this "Economic Condition and Outlook" section obtained from the September 2018 revenue forecast for the State of Colorado, prepared by the Colorado Legislative Council Staff. The Colorado economy near-term growth prospects through the remainder of the decade remain bright. The robust economy supported employment growth and wage and salary appreciation in 2018, and that is expected to moderate in 2019 and 2020. Legislative Council staff cautions that forecast estimates are subjected to a higher margin of error than usual due to recent changes in federal tax law. Unusual shifts in taxpayer behavior occurred as a result of the passage of the federal Tax Cuts and Jobs Act.

The expansion of the Colorado economy continues to outpace that of the nation. The upswing in energy prices is proving a boon to Colorado producers, reigniting the state's oil and gas industry. The Federal Reserve has already begun to apply the brakes this year, raising interest rates to rein in rising inflationary pressures. As interest rates rise, households are expected to reprioritize savings at the expense of some spending, which will reduce growth capacity. Employers are already constrained by labor shortages, which will be exacerbated as many workers age out of the labor force. Colorado's information industry has received a boost from strong growth in software application development. The state's educated and growing workforce continues to attract new companies.

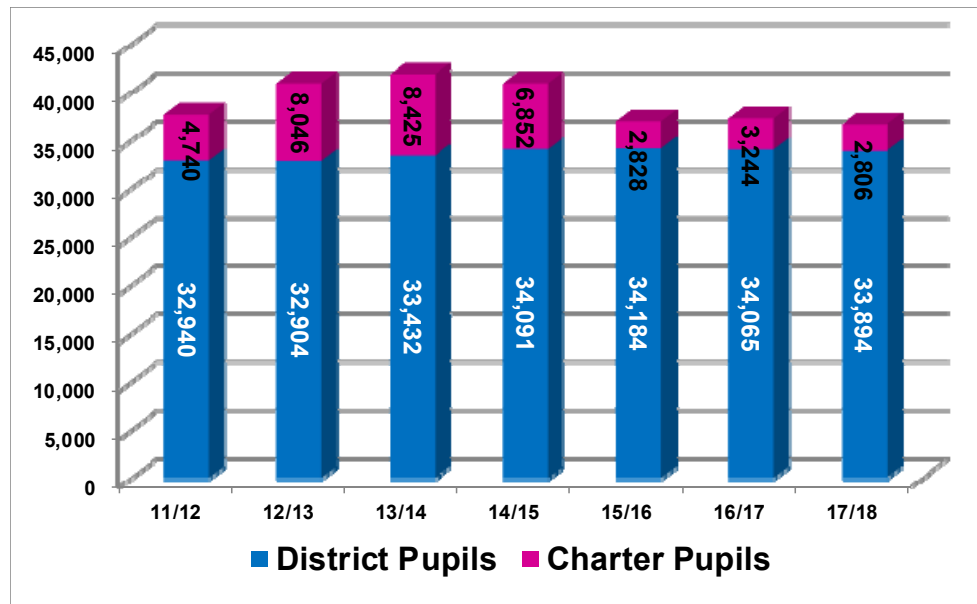
Within Colorado the seven-county Metro Denver region consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties. The Metro Denver economy is expanding and is bolstered by a vibrant entrepreneurial community, an active start-up market, and optimistic businesses according to the 2018 Metro Denver Economic Forecast. Employment in Metro Denver increased 3 percent between July 2017 and July 2018, adding an additional 50,500 jobs. The unemployment rate in Metro Denver is has held steady at 2.9 percent, which is a 0.2 percent increase from July 2017.

Enrollment

Adams 12 Five Star Schools' enrollment (head count) increased by 52 students compared to the prior school year to put the district at 38,870 students for the 2017-2018 school year. The breakdown of those students includes 15,637 in kindergarten - 5th grade; 8,150 in grades 6 - 8; 10,777 in grades 9 - 12; 3,188 in the district's charter schools; and 1,118 pre-school students.

While the district has seen an average district-pupil funded pupil count increase of 159 since fiscal year 2011-12, it decreased in fiscal year 17-18 by 171 students from the prior year and is projected to decrease by 158 students for fiscal year 2018-19. The decline in charters pupils can be attributed starting in fiscal year 2014-15, the Academy of Charter Schools was chartered by the Charter School Institute (CSI) and Colorado Online Virtual Academy transferring to the Byers School District; in fiscal year 2016-17, Global Village Academy was chartered by CSI. Projections for fiscal 2018-19 for charter students show an increase of 398 students, which is a result of chartering New America School Thornton.

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



School Finance Issues

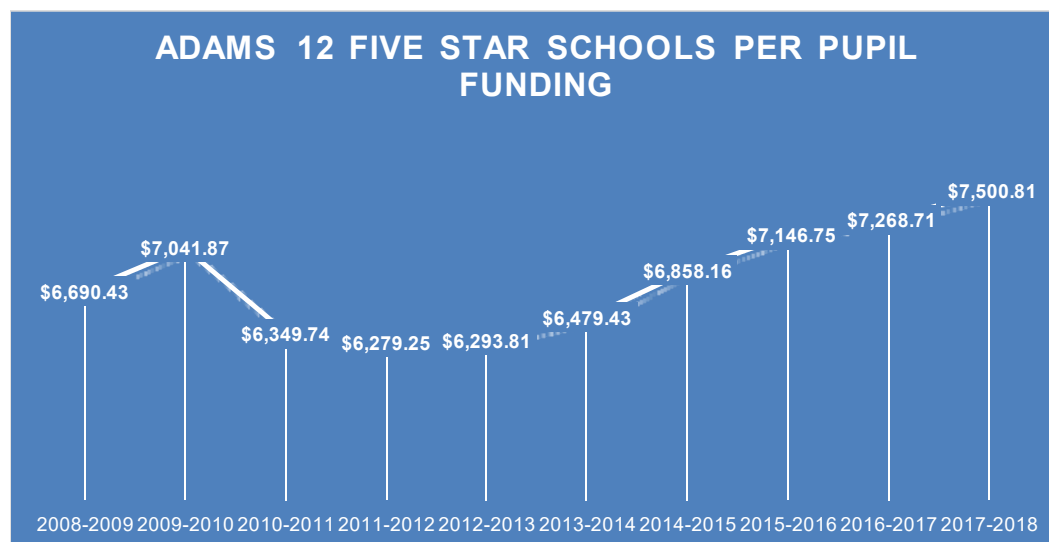
The primary revenue sources for the district are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes including voter approved mill levy budget overrides of \$35.4 million, specific ownership

taxes from vehicle registration, and state equalization aid, is approximately 95.6% of the district's General Fund revenues for Fiscal Year 2017-2018.

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

The per pupil funding for the 2017-2018 school year was increased by the Consumer Price Index of the prior year of 2.8% because of requirements under Amendment 23. However, due to the lack of available resources at the State level, the State continues to fund the district at a level significantly lower than what was anticipated under the Amendment 23 formula. Beginning with the 2010-2011 school year, the legislature has applied a "negative factor", now known as the "budget stabilization factor", as part of the School Finance Act. The net result of the budget stabilization factor was an approximate \$824 million reduction of K-12 funding for the 2017-2018 school year throughout the state as measured against anticipated funding increases under Amendment 23.

The following graph depicts the amount of per pupil funding that the district has received over the past decade. Per pupil funding has increased only 6.5% in aggregate since fiscal 2009-10 prior to the budget stabilization factor being implemented, while costs continue to increase at a greater rate for instructional programming, utilities, healthcare and the State's retirement plan.



The continued impact of the State's budget stabilization factor resulted in reduced funding to the district of approximately \$39.0 million in Fiscal Year 2017-2018. As a result of the reduction in funding at the State level, the district planned for the use of General Fund reserves to mitigate this funding shortfall. The reserve was available as the result of positive budget variances and cost containment in prior fiscal years.

Funding for K-12 education remains uncertain in the 2019-2020 Fiscal Year and beyond, in part because of the financial restrictions of two State constitutional amendments: the Gallagher Amendment and TABOR. In November 2018 voters will have the opportunity to increase funding at a state-wide level with

the passage of Amendment 73, and more locally within the boundaries of Adams 12 Five Star Schools with the passage of Issue 5C.

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

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

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

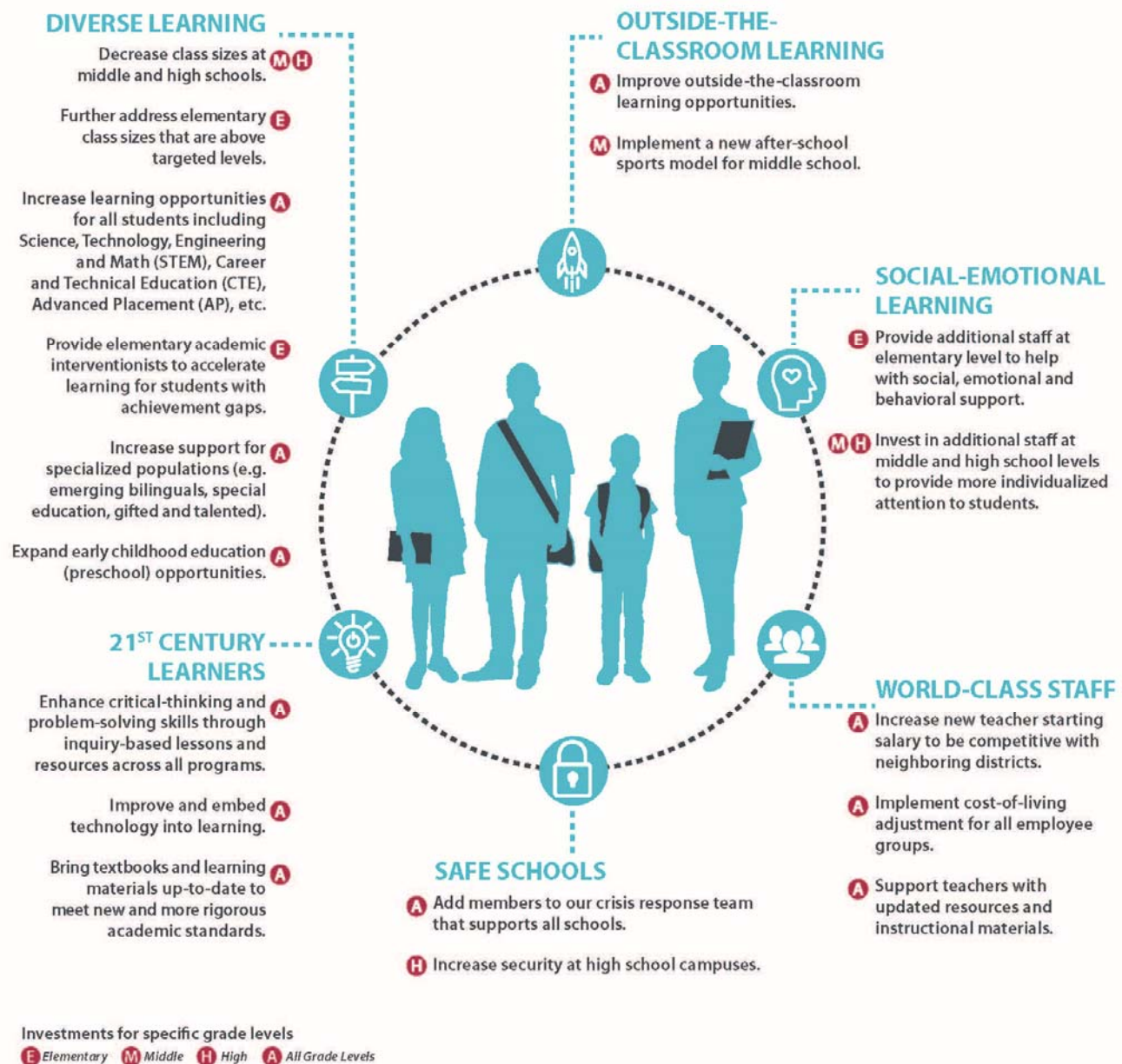
In 1992, TABOR limited school districts from retaining any revenues that exceed inflation plus student enrollment growth. In response to TABOR, the School Finance Act of 1994 established a new formula requiring districts to impose a mill levy at the same level as the preceding year, unless that particular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

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

Areas of Focus

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

During the 2017-18 school year, more than 7,000 parents, community members, students and staff came together to develop a five-year strategic plan to elevate student success in the Five Star District. The new strategic plan called ELEVATE was unveiled in Fall 2018. ELEVATE, the district's strategic plan identifies six focus areas, which include defined strategies and tactics, to further build on district success:



The six focus areas drive the plan to achieve the following three overarching goals:

- **Student Achievement**
 - o Raise Achievement levels and close gaps for all student groups (special education, emerging bilinguals, students of color, at-risk)
 - o Increase graduation rate while increasing rigor
 - o Outperform peer districts
- **Climate and Culture**
 - o Students, parents and staff take pride in and feel connected to the district's positive culture
- **Social-Emotional Well-being**
 - o Know students by name, strength and need

The Board of Education formally approved the plan in August 2018. The district budget is designed so that the district achieves, or makes substantial progress toward achievement of the strategic plan as approved by the Board of Education. The budget plan for Fiscal Year 2018-2019 supports our educational commitments of student learning, professional practice and collective responsibility.

District accredited with performance rating for third consecutive year, demonstrates greatest sustained performance when compared to other large school districts in Colorado

Adams 12 Five Star Schools is accountable for many standards and practices, including achievement and growth at both the aggregate and disaggregated (student subgroup) levels. These learning indicators are measured by mandated state assessments. For the third consecutive year since the state began giving school and district accountability ratings in 2010, the district has been accredited for the 2018-19 school year as a Performance District.

The Five Star District received 63.2 percent of framework points, an increase of more than 6 percent since 2016 when the district received its first accreditation as a Performance District. The Five Star District demonstrated the greatest sustained academic growth over the past four years when compared to other school districts in Colorado serving 10,000 or more students. The 2018 results represent the district's highest score for academic performance.

2016 Bond Program

In November 2016, the Five Star community made a significant investment in students and schools when it passed a \$350 million bond issue to improve every school in the district. In the coming year the district will continue the multi-year plan to invest in aging school buildings, relieve overcrowding, address programming needs and ensure all students in the Five Star District learn in a safe, warm, and dry environment.

Among the work all over the district that has been done, major highlights to recognize include:

- Completion of the new Thunder Vista P-8 in Broomfield and expansion projects at Arapahoe Creek elementary schools. Ribbon-cutting celebrations were planned throughout the month of September.
- Completion of the first phase and start of the second phase of construction on STEM Lab in Northglenn, part of a two-year renovation and expansion.
- Renovation work at 8 district schools, including some of the oldest buildings in our district. This included repairs to critical building systems, reconfigurations of existing space and aesthetic improvements identified by individual school Design Advisory Groups such as new paint and flooring. Several schools also received secured main entry vestibules.
- Horizon and Northglenn High Schools also underwent the first phase of two-year improvement projects. At Northglenn High, this included a remodeled cafeteria, new gym bleachers and a new outdoor practice field. At Horizon, work included crawl space ventilation updates and new bleachers in the school's main gymnasium.
- More than 300 technology classrooms featuring new interactive projectors and whiteboards as well as classroom audio systems were installed as part of individual school Instructional Upgrade purchases.

Financial Information

Adams 12 Five Star Schools management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from theft, loss, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) and statutory requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

Accounting Policies: Detailed descriptions of the district's accounting policies are contained in the Notes to Basic Financial Statements on pages 49-87 and are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and adjustments and other significant accounting information.

During the year ended June 30, 2018, the district implemented and adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

No additional accounting policies were adopted and the application of existing policies were not changed during 2018.

Other Information

Under the provisions of the Colorado statutes, an annual audit of the district's financial statements must be performed by an independent public accounting firm licensed to practice in Colorado. The independent public accounting firm of CliftonLarsonAllen LLP was selected to perform the audit for Fiscal Year ended June 30, 2018. In addition to meeting the requirements of Colorado statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Independent Auditors' Report on

the basic financial statements and schedules and supplementary information included in the financial section is on pages 17-19 of the Financial Section. The Independent Auditors' Report related specifically to the single audit is included in the Single Audit Reports Section.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its CAFR for the Fiscal Year ended June 30, 2017. In order to be awarded a Certificate of Achievement, the district published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and will submit it to GFOA to determine eligibility for another certificate.

ASBO awarded its Meritorious Budget Award to the district for the Fiscal Year 2017-2018 budget document. We believe that our current Budget document continues to meet Meritorious Budget Award requirements will submit it to ASBO to determine eligibility for another award.

Acknowledgment

The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated service of the entire staff of the Financial Services Division. We would also like to express our sincere appreciation to all members of the accounting team for their contributions to this report. We also thank the district's independent auditors, CliftonLarsonAllen LLP, for the professional manner in which they accomplished the audit and for their work to review the Comprehensive Annual Financial Report. We would also like to thank the members of the Adams 12 Five Star School District Board of Education for their support and investment in planning and conducting the financial operations of the district in a responsible and progressive manner.

Respectfully submitted,



Christopher E. Gdowski
Superintendent of Schools



Suzanne DeYoung
Chief Financial Officer



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Government Finance Officers Association

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

Presented to

**Adams 12 Five Star Schools
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



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Artist: Macey Biggins
School: Eagleview Elementary School



Artist: Noah Otterson
School: Rocky Top Middle School



Artist: Isabella Hernandez
School: North Star Elementary School



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Adams 12 Five Star Schools (the District), as of and for the year ended June 30, 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 did not audit the financial statements of Stargate Charter School, Westgate Community Charter School, and Prospect Ridge Academy, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Stargate Charter School, Westgate Community Charter School, and Prospect Ridge Academy, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Stargate Charter School, Westgate Community Charter School, and Prospect Ridge Academy were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Governmental Designated-Purpose Grants - Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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 Q to the financial statements, the District reported a restatement for the change in accounting principle. Our opinions are not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21-34 and pension and other postemployment benefits information on pages 88-95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
November 14, 2018



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MANAGEMENT'S DISCUSSION AND ANALYSIS

**Adams 12 Five Star Schools
Management's Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2018**

As management of the Adams County School District No. 12, Adams County, Colorado ("district"), we offer readers of the district's Comprehensive Annual Financial Report 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 letter of transmittal on pages 5-14.

Financial Highlights

- As of July 1, 2017, due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Other Postemployment Benefits Other than Pensions (OPEB)*, the District restated the Beginning Net Position of the Government-wide financial statements by a negative \$34.8 million. Additional information on the change in accounting practice and restatement can be found in Note Q, page 86.
- At June 30, 2018, the liabilities and deferred inflows of resources of the district exceed its assets and deferred outflows of resources by \$904.3 million (net position). The net position deficit is due primarily to a June 30, 2018 net pension and OPEB liability of \$1.51 billion and \$34.7 million respectively, related deferred inflows of resources of \$89.4 million, offset by related deferred outflows of resources of \$440.8 million, as required by GASB No. 68 and 75, which established reporting requirements for governments that provide their employees with pension and OPEB benefits. The district reports its proportionate share of participation in PERA, the state's cost sharing multi-employer defined benefit pension plan and healthcare trust fund.
- Total net position decreased by \$264.6 million during fiscal year 2018, due primarily to additional pension and OPEB related expenses, as required by GASB No. 68 and 75.
- At the end of the current fiscal year, the district's governmental funds reported a combined fund balance of \$358.0 million, a decrease of \$55.9 million from the prior year. This decrease is primarily attributed to the approved spending of the 2016 Bond proceeds.
- The district's capital assets increased \$56.1 million during fiscal year 2018 to \$519.2 million. This increase is due to \$72.1 million of additions as a result of progress made on projects outlined in the 2016 Bond Program, offset by \$16.0 million of depreciation expense.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the district's basic financial statements. This document also provides a comparison to the prior year's activity. The basic financial statements, presented on pages 36-87, are comprised of three components: 1.) government-wide financial statements, 2.) fund financial statements and 3.) notes to the basic

financial statements. This comprehensive annual financial report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader of the district's Comprehensive Annual Financial Report with a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the district's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the net position of the district changed during the current fiscal year. Changes in net position are recorded on the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flow may be recorded in a future period.

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

Also presented on the government-wide financial statements are component units, representing the district's three charter schools. While the charter schools have independent governing boards, they are financially dependent on the district for most of their funding. Accounting principles prescribe a discrete presentation of the component units, meaning separate presentation from their primary government. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices; please see page 50.

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

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special objectives. Fund financial statements for the district include two fund types: governmental and fiduciary.

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

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report

differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

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

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

The basic governmental fund financial statements can be found on pages 38-46 of this report.

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

The basic fiduciary fund financial statement is presented on page 47 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 49-87 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplemental information concerning the district's obligation to provide pension and OPEB benefits to its employees which can be found on pages 88-95.

The combining statements referred to earlier in connection with non-major governmental and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 100-113 of this report.

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

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

Government-Wide Financial Analysis

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

Capital assets are used in the operation of the district. These assets include land, buildings, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, on pages 32-33 of this report.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2018-2019. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2018-2019.

A useful indicator of the district's financial position is the net position; and as previously noted, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources resulting in a total net position of (\$904,311,076). Of the net position, \$9.3 million has been restricted to comply with the TABOR Amendment.

Current and other assets decreased \$41.2 million due primarily to a reduction in cash and investments for payments made on progress for capital improvements from the use of 2016 Bond proceeds.

Capital assets net of depreciation increased \$56.1 million due to \$72.1 million construction in progress and equipment additions as a result of progress made on projects outlined in the 2016 Bond Program, offset by \$16.0 million of depreciation expense.

Liabilities of \$26.8 million represent amounts due to staff for estimated accumulated leave payments and amounts due to retired staff for other post-termination benefits in accordance with negotiated agreements. *Under governmental fund accounting, long term compensated absences, which also include post-termination benefits for staff that meet contractual agreements and accept the terms upon retirement, are not recorded in governmental funds as a liability because they are not payable with current funds.*

Other liabilities increased \$14.4 million due primarily to an increase in accounts payable and retainage payable for construction work completed in June of the current year.

Noncurrent liabilities decreased \$34.1 million due to principal payments on general obligation bonds, certificates of participation and capital leases of \$22.3 million, \$2.2 million and \$3.0 million respectively. Additionally, the district recorded bond premium amortization of \$6.1 million and \$0.8 million for the retiree pay-as-you go OPEB plan that has concluded.

Net pension liability increased \$66.2 million, in addition to an increase in related deferred inflows and a decrease in related deferred outflows of resources, due to the application of GASB No. 68, which requires the district to report its proportionate share of participation in PERA, the State's cost-sharing multi-employer defined benefit pension plan.

As of June 30, 2018 the district reported \$34.7 million in net OPEB liability, in addition to increases in related deferred inflows and outflows of resources, due to the implementation and application of GASB No. 75, which requires the district to report its proportionate share of participation in PERA, the State's cost-sharing multi-employer healthcare trust fund.

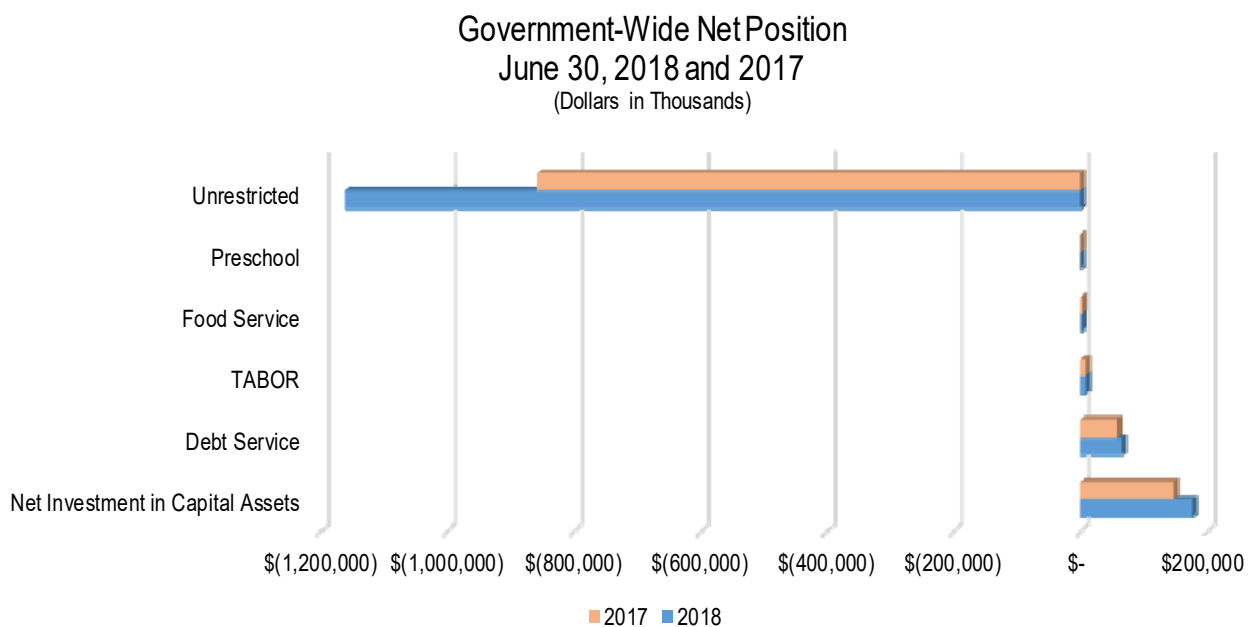
**Adams 12 Five Star Schools
Comparative Summary of Net Position
June 30, 2018 and 2017**

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Assets:		
Current and Other Assets	\$ 430,998,155	\$ 472,245,279
Capital Assets Net of Depreciation	519,220,188	463,137,078
Total Assets	<u>950,218,343</u>	<u>935,382,357</u>
Deferred Outflows of Resources:		
Deferred Charges on Refunding	14,593,894	16,721,448
Deferred Outflows Related to Pensions	439,514,057	562,840,461
Deferred Outflows Related to OPEB	1,290,490	-
Total Deferred Outflows of Resources	<u>455,398,441</u>	<u>579,561,909</u>
Liabilities:		
Other Liabilities	71,896,487	57,515,570
Noncurrent Liabilities	595,526,005	629,674,139
Net Pension Liability	1,518,471,530	1,452,291,268
Net OPEB liability	34,675,488	-
Total Liabilities	<u>2,220,569,510</u>	<u>2,139,480,977</u>
Deferred Inflows of Resources:		
Deferred Revenues Related to Pensions	87,646,844	15,207,447
Deferred Revenues Related to OPEB	1,711,506	-
Total Deferred Inflows of Resources	<u>89,358,350</u>	<u>15,207,447</u>
Net Position:		
Net Investment in Capital Assets	178,067,913	147,159,979
Restricted		
Debt Service	66,007,989	58,305,207
TABOR	9,277,336	9,094,136
Food Service	3,279,535	3,887,732
Preschool	42,367	229,695
Unrestricted	(1,160,986,216)	(858,420,907)
Total Net Position	<u>\$ (904,311,076)</u>	<u>\$ (639,744,158)</u>

At June 30, 2018, the net position of the district's governmental activities reports (\$904.3) million which includes \$178.1 million net investment in capital assets (land, buildings, equipment and vehicles), less outstanding debt used to acquire these assets. This balance increased \$30.1 million primarily due to progress and completion of projects as part of the voter approved 2016 Bond.

Net position of \$78.6 million is restricted for debt service payments, TABOR, food service and preschool operations. This balance increased \$7.1 million primarily due to an increase in property tax collections restricted for future debt service payments.

The remaining balance, which represents a deficit of \$1.161 billion, is unrestricted net position and increased \$302.6 million from the prior year due primarily to the application of GASB 68 and 75 reporting for PERA's pension and healthcare trust fund.



The overall deficit in net pension is related to the proportionate share of participating in PERA, the State's cost-sharing multi-employer defined benefit pension plan. The increase can be attributed to a provision of the Governmental Accounting Standards Board (GASB) for pensions which require future benefit obligations to be measured at a lower discount rate when certain conditions exist. In 2015, PERA's GASB test measured the liability using the assumed rate of return of 7.50 percent. In 2016, PERA's GASB test triggered the need to use a blended rate that consisted of the assumed rate of return and a municipal bond index rate resulting in a blended discount rate of 5.26 percent. In 2017, PERA's GASB test resulted in a blended discount rate of 4.78 percent. The use of the blended rate increased the collective net pension liability across all State and School Division Trust Funds. On June 4, 2018 the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The goal of this reform is eliminating the unfunded actuarial accrued liability of the Division Trust Funds and reach 100 percent funded ratio for each Division within the next 30 years.

Government-Wide Activities

Governmental activities decreased the net position of the district by \$264.6 million from the prior year related to the following:

Revenue:

Charges for services increased \$0.3 million due to revenues received from school meal sales and extended day Kindergarten.

Operating grants and contributions increased \$1.8 million due to increases in federal and state categorical funding.

Local property taxes increased \$18.3 million due to a 17.6% combined increase in net total taxable assessed valuation in Adams and Broomfield Counties.

Specific ownership taxes related to automobile registrations increased \$1.8 million.

State Equalization funding decreased by \$1.1 million. State program funding increased 2.8% from the prior year, however, due to increased assessed property values, state equalization is reduced to maintain total program funding.

Earnings on investment increased \$1.0 million.

Expenses:

Direct and Indirect Instruction expenses increased \$21.6 million primarily due to the net additional pension and OPEB expenses related to GASB No. 68 and 75 of \$19.9 million. The remaining increase is primarily due to a 1.2% cost of living increase, an average 1.2% movement on salary schedules, a 3.0% rate increase for insurance and a 0.50% increase for required contributions to the state's retirement plan.

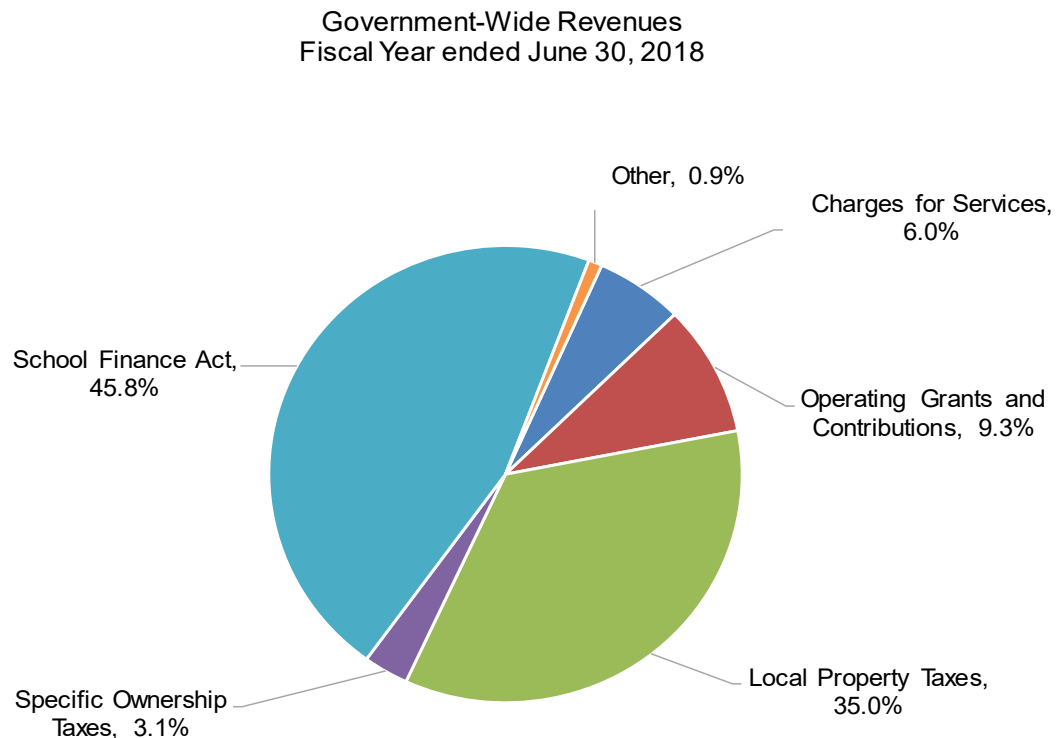
Other support programs increased \$24.8 million primarily due to the net additional pension and OPEB expenses related to GASB No. 68 and 75 of \$12.0 million, and \$12.1 million is related to expenses from the 2016 Bond program that are not capitalized for accounting purposes (equipment, furniture, etc.). The remaining increase is primarily due to a 1.2% cost of living increase, an average 1.2% movement on salary schedules, a 3.0% rate increase for insurance and a 0.50% increase for required contributions to the state's retirement plan.

Charter school funding decreased \$12.5 million from the prior year due to the reduction of the one-time distribution of the 2016 Bond proceed allocation of \$15.3 million, offset by the increase in total program funding of \$2.8 million.

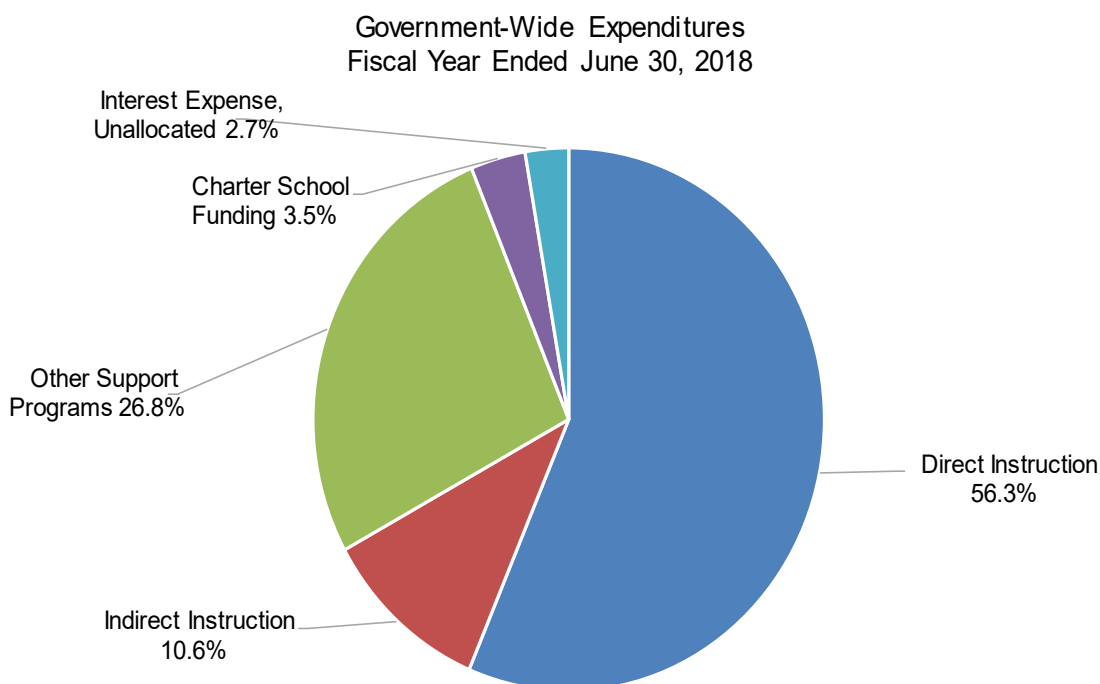
Adams 12 Five Star Schools
Comparative Schedule of Change in Net Position
June 30, 2018 and 2017

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 27,000,033	\$ 26,720,160
Operating Grants and Contributions	41,591,258	39,819,643
General Revenues:		
Taxes:		
Local Property Taxes	157,040,586	138,732,861
Specific Ownership Taxes	13,862,710	12,034,731
State Equalization	205,047,241	206,131,592
Earnings on Investments	3,729,733	2,715,194
All Other Revenues	428,313	267,048
Total Revenues	<u>448,699,874</u>	<u>426,421,229</u>
Expenses		
Governmental Activities:		
Direct Instruction	382,902,884	367,274,260
Indirect Instruction	72,239,890	66,270,495
Other Support Programs	181,577,452	156,778,489
Charter School Funding	23,164,902	35,740,446
Interest Expense, Unallocated	18,544,253	28,356,597
Total Expenses	<u>678,429,381</u>	<u>654,420,287</u>
Change in Net Position	(229,729,507)	(227,999,058)
Net Position, July 1 as Previously Stated	(639,744,158)	(424,601,275)
Restatements (see Note Q)	(34,837,411)	12,856,175
Net Position, July 1 as Restated	<u>(674,581,569)</u>	<u>(411,745,100)</u>
Net Position, June 30	<u>\$ (904,311,076)</u>	<u>\$ (639,744,158)</u>

The Colorado Public School Finance Act (SFA) provides for the majority of the funding of local school districts based on a funded pupil count formula and a maximum property tax mill levy determined for each school district. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. For the district, state equalization provided 45.8% of the governmental revenue, which was a decrease of 2.6% from the prior year. Local property taxes provided 35.0% and specific ownership tax provided for 3.1% of the governmental revenue, an increase of 2.8% over the prior year. The district mill levies for fiscal year 2017-2018 were 63.259 and were comprised of 27.000 mills for school finance, 0.356 for abatement, 14.238 for override mills for an annual collection of \$35.4 million and 21.665 for debt service which is considered restricted for future debt service payments. The remaining governmental revenue comes from charges for services of 6.0%, which includes revenue from sources related to before, after, and summer enrichment programs, food service programs, extended day kindergarten, athletic activities, school activities and building usage rentals. Operating grants and contributions, which is funding through federal, state and local grants provided 9.3% of government revenue while other revenue, which is local revenue that cannot be categorized as above, provided 0.9%.



Direct governmental instructional expenses make up 56.3% of the total government expenditures. This category relates to direct instruction of students and costs associated to paying teaching staff and the purchase of supplies and materials. Indirect governmental instruction expenditures are 10.6% of the total government expenditures and these costs are associated with supporting staff and students, which includes school administration staff, instructional training and curriculum development. Other support governmental programs include costs associated for district-wide staff which include staff in food services, before, after, and summer enrichment programs, transportation services, information technology, custodial, operations and general administration. This category also includes the expenditures associated with building, maintaining and repairing school buildings, district buildings, equipment and vehicles. The district authorizes three Charter schools and is required to transfer funding based on funded pupil count for their operational needs. For fiscal year 2017-2018 the Charter count totaled 3,088 pupils and accounts for 3.5% of the government expenditures. The remaining 2.7% is related to debt service interest expenditures.



Financial Analysis of the District's Governmental Funds

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the district's governmental funds reported a combined ending fund balance of \$358.0 million, a decrease of \$55.9 million in comparison with the prior year. Approximately 59.5% of the fund balance is restricted for Building-Capital Projects as approved by the 2016 Bond and an additional 25.1% is restricted for TABOR, multi-year commitments, future debt service payments, and food service and preschool operations. Committed fund balance accounts for 10.8% of the fund balance and assigned accounts for 1.5% of the fund balance. The remaining 2.4% (\$8.5 million) of the fund balance is considered unassigned fund balance, which is available for the district's discretionary spending.

The General Fund is the primary operating fund of the district with the majority of funding received from the School Finance Act in the form of per pupil revenue and property taxes. The ending fund balance of the General Fund increased by \$10.2 million in fiscal year 2017-2018. The increase can be attributed to a rise of 17.6% net assessed property values, increasing the amount of property tax collections, in addition to increased specific ownership taxes which are a result of automobile registration collections.

The Bond Redemption-Debt Service Fund has adequate resources accumulated to make the December 2018 principal and interest payments. The mill levy to accumulate resources for the June 2019 interest payment will be certified in December 2018. In compliance with Senate Bill 237, the district has contracted with a third party custodian to administer bond principal and interest payments. The ending fund balance of the Bond Redemption-Debt Service Fund increased by \$7.6 million in fiscal year 2017-2018. This increase was mainly due to the refunding of debt service bonds in prior fiscal years.

The Building-Capital Projects Fund accounts for the major capital outlay for facilities and improvements funded by the proceeds of the general obligation bonds issued in December 2016. The June 30, 2018 ending fund balance of \$213.0 million is restricted for capital projects. The fund balance decreased \$56.7 million from the prior year.

The Capital Reserve-Capital Projects Fund is funded by an annual allocation from the General Fund as well as building rental revenue. The funding is used to purchase equipment, maintain and renovate buildings and for debt service payments on certificates of participation. The fund balance decreased \$18.9 million due to planned project work on some of the district's most critical deferred maintenance projects in coordination with the 2016 Bond projects.

The Governmental Designated-Purpose Grant Special Revenue Fund operates mainly on a reimbursement basis. Expenditures not reimbursed as of June 30, 2018 are recorded as receivable amounts. Revenue paid in advance, but not earned, is recorded as unearned revenue. Fund balance at year end is \$0, as expected.

General Fund Budgetary Highlights

Colorado local laws require that the board of education adopt a budget and an appropriation resolution for each fiscal year prior to the beginning of the fiscal year. Total expenditures may not exceed the amount appropriated. All appropriations lapse at the end of each fiscal year. Supplemental budget and an appropriation resolution that alter total expenditures of any fund must be approved by the board of education.

The board of education adopted the 2017-2018 budget in June 2017, and approved the amended budget in January 2018. The total General Fund appropriations was increased \$4.8 million to account for the beginning fund balance coming in higher than anticipated as a result of surplus from fiscal year 2016-17. General Fund revenues were increased \$0.35 million as a net to account

for increased property tax (\$6.9 million) and specific ownership tax (\$0.93 million) collections and the decrease for state equalization (\$7.5 million) to align total program funding. The expenditure budget was increased \$3.5 million to account for increased revenue for approved expenditures to support a financial system upgrade and other IT related costs (\$2 million), ADA compliant door hardware (\$1.4 million) throughout district schools and other instructional supplies and materials (\$0.1 million). For fiscal year 2017-2018, actual revenues exceeded budget by \$2.7 million. Final budgeted revenues totaled \$334.3 million and actual revenues totaled \$337.0 million.

Revenue, as defined in the School Finance Act, includes property taxes, specific ownership taxes, and state equalization. For fiscal year 2017-2018, total program and mill levy override funding increased by \$10.2 million, from \$311.8 million in fiscal year 2016-2017 to \$322.0 million in fiscal year 2017-2018. Expenditures in the General Fund increased \$2.2 million, from \$315.7 million in fiscal year 2016-2017 to \$317.9 million in fiscal year 2017-2018, which can primarily be attributed to the increase in Charter School funding due to the 2.8% increase in per pupil funding and enrollment growth in Charter pupils of 281.5 funded students.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. For fiscal year 2017-2018, expenditures came in under budget appropriations by \$11.3 million. Final budget totaled \$329.2 million and actual expenditures totaled \$317.9 million. The cost savings of \$7.9 million relates to various personnel cost saving plans implemented throughout the General Fund. The \$1.4 million door hardware project was not started by year end and is planned for fiscal year 2018-2019. The remaining \$1.7 million is attributed to general savings in spending across all district schools and department.

Total fund balance represents 15.0% of General Fund expenditures.

Capital Assets and Debt Administration

The district's investment in capital assets for governmental activities as of June 30, 2018 is \$519.2 million (net of accumulated depreciation). Capital assets include land, buildings, vehicles, equipment, and construction projects in process.

Major capital events during the year include the following:

- New school construction on Thunder Vista PK-8 School.
- Design of a new Career Technical Education (CTE) facility.
- Renovations and repurposing at various school sites.
- Instructional upgrades throughout the district schools.
- Deferred maintenance projects throughout the district.

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

Adams 12 Five Star Schools
Capital Assets (net of accumulated depreciation)
As of and For the Fiscal Year ended June 30, 2018 and 2017

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Land	\$ 32,861,536	\$ 32,861,536
Buildings and land improvements	408,784,275	407,094,129
Construction in progress	65,584,821	10,557,990
Equipment and vehicles	<u>11,989,556</u>	<u>12,623,423</u>
 Total capital assets	 <u>\$ 519,220,188</u>	 <u>\$ 463,137,078</u>

At June 30, 2018, the district had total bonded debt outstanding of \$485.6 million backed by the full faith and credit of the district. Additionally, the district has long-term debt obligations for capital leases and certificates of participation in the amount of \$24.4 million still outstanding at the end of the current fiscal year. These amounts do not include unamortized bond and COP premiums, discounts and other deferred charges.

During the current fiscal year, the district repaid \$22.3 million of principal on general obligation bonds, \$2.2 million of principal on certificates of participation and \$3.0 million of principal on capital leases.

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

Adams 12 Five Star Schools
General Obligation Bonds, Capital Leases and Certificates of Participation
As of and For the Fiscal Year ended June 30, 2018 and 2017

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 485,570,000	\$ 507,900,000
Capital leases	3,573,515	6,583,703
Certificates of participation	<u>20,865,000</u>	<u>23,100,000</u>
 Total	 <u>\$ 510,008,515</u>	 <u>\$ 537,583,703</u>

Additional information on the district’s long-term obligations can be found in the notes on pages 64-70.

Economic Factors and Fiscal Year 2018-2019 Budgets

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

The district follows a multi-step budget development process that involves receiving input on values and priorities from staff, parents and community members. District leadership prepares a budget plan that balances priorities of the community with federal, state and local regulations, desired academic outcomes, student safety and fiscal responsibility. The budget plan for fiscal year 2018-2019 supports the educational commitments of student learning, professional practice and collective responsibility.

Due to the economic downturn and Colorado's associated budget crisis, the School Finance Act implemented a budget stabilization factor (formerly called the negative factor) for program funding in fiscal year 2010-2011. The impact of the budget stabilization factor for Adams 12 Five Star Schools has been substantial and has resulted in more than \$361.8 million decreased funding over the past seven years.

After a number of years of reduced funding resulting in budget reductions for school districts across the state, the State of Colorado restored some funding for public education that had previously been cut. The budget stabilization factor for fiscal year 2017-2018 decreased from 11.04% to 8.66%, estimated to be \$31.6 million less in funding for the Adams 12 Five Star Schools.

For fiscal year 2018-2019, the statewide base per pupil funding was increased for inflation by 3.4%. The statewide average per pupil base funding for fiscal year 2018-2019 is \$6,546; the Adams 12 Five Star Schools per pupil revenue is \$7,968, which equates to an increase of \$467 per pupil over fiscal year 2017-2018. The increase in state funding enabled investments for programs and services with high priority needs.

Planned budgetary expenditure increases for fiscal year 2018-2019 consist of compensation increases including a 2.0% cost of living adjustment, 2.3% step/step equivalent for all employee groups on salary schedules, 5.7% increase in insurance rates and 0.25% increase required contributions to the state's retirement plan

At June 30, 2018, total fund balance in the General Fund is \$47.8 million (including the reserve for Risk Management). The district budget for the 2018-2019 fiscal year anticipates the transfer of \$10.7 million of General Fund balance to other funds. The district continues its policy to maintain discretionary reserves at no less than 3% of General Fund revenues.

In fiscal year 2018-2019, the district plans to issue the remaining \$65.0 million in bonds.

Requests for Information

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

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



BASIC FINANCIAL STATEMENTS



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ADAMS 12 FIVE STAR SCHOOLS
Statement of Net Position
June 30, 2018

	Primary Government Governmental Activities	Component Units Charter Schools
<u>Assets</u>		
Cash and Investments - Unrestricted	\$ 79,191,708	\$ 9,137,396
Cash and Investments - Restricted	340,040,954	8,842,261
Accounts Receivable	1,343,184	153,888
Prepaid Expenses	940,910	121,137
Property Taxes Receivable	2,333,791	-
Accrued Interest Receivable	743,277	-
Due from Primary Government	-	57,453
Due from Component Units	6,908	-
Due from Other Governments	3,954,719	-
Inventories	1,722,326	-
Deposit with Insurance Pool	720,378	-
Capital Assets, not being Depreciated:		
Land and Construction in Progress	98,446,357	20,575,630
Capital Assets, net of Accumulated Depreciation:		
Buildings	408,784,275	67,236,054
Equipment/Vehicles	11,989,556	457,050
Total Assets	<u>950,218,343</u>	<u>106,580,869</u>
<u>Deferred Outflows of Resources</u>		
Deferred Charges on Refunding	14,593,894	-
Deferred Outflows Related to Pensions	439,514,057	36,585,502
Deferred Outflows Related to OPEB	1,290,490	374,390
Total Deferred Outflows of Resources	<u>455,398,441</u>	<u>36,959,892</u>
<u>Liabilities</u>		
Accounts Payable	19,846,207	1,783,081
Retainages Payable	3,415,527	175,204
Payroll withholdings Payable	7,783,076	-
Accrued Expenses	-	2,113
Accrued Salaries and Benefits	32,574,705	1,343,359
Accrued Interest Payable	1,026,572	574,132
Due to Primary Government	-	6,908
Due to Component Units	57,453	-
Unearned Revenue	7,192,947	144,164
Noncurrent Liabilities		
Due within One Year:		
Compensated Absences	12,106,177	45,350
Loans	-	28,898
General Obligation Bonds	28,916,965	-
Revenue Bonds	-	1,441,119
Certificates of Participation	2,780,245	-
Capital Leases	3,053,287	-
Due in more than One Year:		
Compensated Absences	14,689,256	19,527
Loans	-	63,575
General Obligation Bonds	512,669,093	-
Revenue Bonds	-	83,434,210
Certificates of Participation	20,790,754	-
Capital Leases	520,228	-
Net Pension Liability	1,518,471,530	85,321,450
Net OPEB Liability	34,675,488	1,948,382
Total Liabilities	<u>2,220,569,510</u>	<u>176,331,472</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows Related to Pensions	87,646,844	4,522,045
Deferred Inflows Related to OPEB	1,711,506	32,596
Total Deferred Inflows of Resources	<u>89,358,350</u>	<u>4,554,641</u>
<u>Net Position</u>		
Net Investment in Capital Assets	178,067,913	4,064,572
Restricted for:		
Capital Projects	-	2,272,774
Debt Service	66,007,989	5,897,590
TABOR	9,277,336	717,915
Food Service	3,279,535	-
Special Education	-	450,005
Preschool	42,367	-
Unrestricted	(1,160,986,216)	(50,748,208)
Total Net Position	<u>\$ (904,311,076)</u>	<u>\$ (37,345,352)</u>

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position	Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Charter Schools
					Governmental Activities	
Primary Government:						
Governmental Activities:						
Direct Instruction	\$ 382,902,884	\$ 11,552,685	\$ 23,721,969	\$ -	\$ (347,628,230)	\$ -
Indirect Instruction	72,239,890	-	8,019,330	-	(64,220,560)	-
Other Support Programs	181,577,452	14,945,360	9,849,959	-	(156,782,133)	-
Charter School Funding	23,164,902	501,988	-	-	(22,662,914)	-
Interest Expense	18,544,253	-	-	-	(18,544,253)	-
Total Governmental Activities	<u>\$ 678,429,381</u>	<u>\$ 27,000,033</u>	<u>\$ 41,591,258</u>	<u>\$ -</u>	<u>(609,838,090)</u>	<u>-</u>
Component Units-Charter Schools	<u>\$ 45,737,693</u>	<u>\$ 1,956,158</u>	<u>\$ 417,161</u>	<u>\$ 480,314</u>	<u>-</u>	<u>(42,884,060)</u>
General Revenues:						
Taxes:						
Local Property Taxes					157,040,586	-
Specific Ownership Taxes					13,862,710	140,193
State Equalization					205,047,241	23,157,644
Other Revenues					428,313	823,829
Earnings on Investments					3,729,733	96,770
Total General Revenues and Transfers					<u>380,108,583</u>	<u>24,218,436</u>
Change in Net Position					<u>(229,729,507)</u>	<u>(18,665,624)</u>
Net Position July 1, 2017, as previously stated					(639,744,158)	(17,154,270)
Restatement (see note Q)					<u>(34,837,411)</u>	<u>(1,525,458)</u>
Net Position July 1, 2017 as restated					<u>(674,581,569)</u>	<u>(18,679,728)</u>
Net Position June 30, 2018					<u>\$ (904,311,076)</u>	<u>\$ (37,345,352)</u>

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

ADAMS 12 FIVE STAR SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Bond Redemption - Debt Service</u>
ASSETS		
Cash and Investments	\$ 58,377,534	\$ 66,289,967
Accounts Receivable	823,194	-
Property Taxes Receivable	1,586,197	747,594
Accrued Interest Receivable	192,773	-
Due from Other Governments	-	-
Due from Other Funds	27,150,810	-
Due from Component Units	6,908	-
Deposit with Insurance Pool	720,378	-
Inventories	1,600,514	-
Prepaid Items	852,375	-
Total Assets	<u>\$ 91,310,683</u>	<u>\$ 67,037,561</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>		
LIABILITIES		
Accounts Payable	\$ 3,611,060	\$ 3,000
Retainage Payable	-	-
Payroll withholdings Payable	7,783,076	-
Accrued Salaries and Benefits	29,920,895	-
Due to Other Funds	-	-
Due to Component Units	-	-
Unearned Revenue-Other	1,028,776	-
Total Liabilities	<u>42,343,807</u>	<u>3,000</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	1,196,475	623,206
Unavailable Revenue-Long Term Receivable	-	-
Total Deferred Inflows of Resources	<u>1,196,475</u>	<u>623,206</u>
FUND BALANCES		
Nonspendable:		
Inventory	1,600,514	-
Prepaid Items	852,375	-
Restricted for:		
Tabor 3% Emergency Reserve	8,276,053	-
Multi Year Obligations	10,881,224	-
CPP Preschool	42,367	-
Debt Service	-	66,411,355
Capital Projects	-	-
Food Service	-	-
Committed to:		
Contingency Reserve - 3% Per Board Policy	8,276,053	-
Capital Projects	-	-
Activity Special Revenue	-	-
Risk Management	4,113,142	-
Child Care	-	-
Athletics	-	-
Assigned to:		
Assigned Fund Balance	5,181,523	-
Unassigned:	8,547,150	-
Total Fund Balances	<u>47,770,401</u>	<u>66,411,355</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 91,310,683</u>	<u>\$ 67,037,561</u>

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

Building - Capital Projects	Capital Reserve - Capital Projects	Governmental Designated Purpose Grants Special Revenue	Other Governmental Funds	Total
\$ 257,377,613	\$ 16,373,375	\$ 3,071,989	\$ 17,742,184	\$ 419,232,662
-	353,405	-	166,585	1,343,184
-	-	-	-	2,333,791
550,504	-	-	-	743,277
-	-	3,886,315	68,404	3,954,719
-	-	-	-	27,150,810
-	-	-	-	6,908
-	-	-	-	720,378
-	-	-	121,812	1,722,326
-	2,163	-	86,372	940,910
<u>\$ 257,928,117</u>	<u>\$ 16,728,943</u>	<u>\$ 6,958,304</u>	<u>\$ 18,185,357</u>	<u>\$ 458,148,965</u>
\$ 15,267,505	\$ 139,979	\$ 86,360	\$ 738,303	\$ 19,846,207
2,456,552	958,975	-	-	3,415,527
-	-	-	-	7,783,076
2,179	-	1,979,114	672,517	32,574,705
27,150,810	-	-	-	27,150,810
-	-	57,453	-	57,453
66,668	170,431	4,835,377	1,091,695	7,192,947
<u>44,943,714</u>	<u>1,269,385</u>	<u>6,958,304</u>	<u>2,502,515</u>	<u>98,020,725</u>
-	-	-	-	1,819,681
-	350,063	-	-	350,063
<u>-</u>	<u>350,063</u>	<u>-</u>	<u>-</u>	<u>2,169,744</u>
-	-	-	121,812	1,722,326
-	2,163	-	86,372	940,910
-	222,724	-	778,559	9,277,336
-	-	-	-	10,881,224
-	-	-	-	42,367
-	-	-	-	66,411,355
212,984,403	-	-	-	212,984,403
-	-	-	3,279,535	3,279,535
-	-	-	-	8,276,053
-	14,884,608	-	-	14,884,608
-	-	-	10,280,184	10,280,184
-	-	-	-	4,113,142
-	-	-	792,548	792,548
-	-	-	343,832	343,832
-	-	-	-	5,181,523
-	-	-	-	8,547,150
<u>212,984,403</u>	<u>15,109,495</u>	<u>-</u>	<u>15,682,842</u>	<u>357,958,496</u>
<u>\$ 257,928,117</u>	<u>\$ 16,728,943</u>	<u>\$ 6,958,304</u>	<u>\$ 18,185,357</u>	<u>\$ 458,148,965</u>

ADAMS 12 FIVE STAR SCHOOLS
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Governmental funds total fund balances		\$ 357,958,496
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		856,570,756
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.		(337,350,568)
Deferred property taxes will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, revenue is not recognized in the funds.		1,819,681
Long-term receivables are not collected in the period of availability and, therefore, are not reported in the funds.		350,063
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds payable	(541,586,058)	
Capital leases payable	(3,573,515)	
Certificates of participation	(23,570,999)	
Deferred Loss on refunding	14,593,894	
Compensated absences payable	(26,795,433)	
		(580,932,111)
Accrued interest payable is recognized in the statement of net position but is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(1,026,572)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in the funds. Net pension liability of \$1,518,471,530		(1,518,471,530)
Net OPEB liability of \$34,675,488		(34,675,488)
Deferred outflows and inflows of resources related to pensions are applicable in future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources	439,514,057	
Deferred inflows of resources	(87,646,844)	
Deferred outflows and inflows of resources related to OPEB are applicable in future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources	1,290,490	
Deferred inflows of resources	(1,711,506)	
		351,446,197
Governmental activities net position		\$ (904,311,076)

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



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ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	<u>General</u>	<u>Bond Redemption - Debt Service</u>	<u>Building - Capital Projects</u>
REVENUES			
Taxes:			
Property	\$ 102,855,605	\$ 53,521,433	\$ -
Ownership	13,862,710	-	-
Delinquent Taxes and Interest	262,318	129,118	-
Mineral Leases	17,338	-	-
State	216,573,026	-	-
Federal	-	-	-
Local	2,644,586	-	-
Investment Earnings	645,637	-	2,687,323
Miscellaneous	446,370	-	-
Total Revenues	<u>337,307,590</u>	<u>53,650,551</u>	<u>2,687,323</u>
EXPENDITURES			
Current:			
Direct Instruction	177,571,733	-	-
Indirect Instruction	55,912,893	-	-
Other Support Programs	60,681,382	-	-
Charter School Funding	23,164,902	-	-
Capital Outlay:			
Sites, Buildings, and Ground Improvements	-	-	3,564,284
School Additions, Improvements, and Repairs	-	-	50,557,254
Equipment/Vehicles/Operation Systems	-	-	5,293,018
Debt Service:			
Principal Retirement	505,065	22,330,000	-
Interest and Fiscal Charges	22,914	23,745,625	-
Bond Issuance and Other Costs	-	19,250	-
Total Expenditures	<u>317,858,889</u>	<u>46,094,875</u>	<u>59,414,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,448,701	7,555,676	(56,727,233)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(9,261,549)	-	-
Total Other Financing Sources (Uses)	<u>(9,261,549)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	10,187,152	7,555,676	(56,727,233)
Fund Balances, July 1, 2017	37,583,249	58,855,679	269,711,636
Fund Balances, June 30, 2018	<u>\$ 47,770,401</u>	<u>\$ 66,411,355</u>	<u>\$ 212,984,403</u>

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

Capital Reserve - Capital Projects	Governmental Designated Purpose Grants Special Revenue	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 156,377,038
-	-	-	13,862,710
-	-	-	391,436
-	-	-	17,338
-	6,255,965	211,945	223,040,936
-	16,666,526	7,217,214	23,883,740
1,779,569	131,313	21,895,673	26,451,141
358,920	-	37,853	3,729,733
39,576	-	187,744	673,690
<u>2,178,065</u>	<u>23,053,804</u>	<u>29,550,429</u>	<u>448,427,762</u>
-	13,713,693	9,613,623	200,899,049
-	8,019,330	477,076	64,409,299
-	1,320,781	21,516,927	83,519,090
-	-	-	23,164,902
789,715	-	-	4,353,999
19,468,959	-	-	70,026,213
438,481	-	-	5,731,499
4,740,123	-	-	27,575,188
886,351	-	-	24,654,890
7,008	-	-	26,258
<u>26,330,637</u>	<u>23,053,804</u>	<u>31,607,626</u>	<u>504,360,387</u>
(24,152,572)	-	(2,057,197)	(55,932,625)
5,246,056	-	4,015,493	9,261,549
-	-	-	(9,261,549)
<u>5,246,056</u>	<u>-</u>	<u>4,015,493</u>	<u>-</u>
(18,906,516)	-	1,958,296	(55,932,625)
34,016,011	-	13,724,546	413,891,121
<u>\$ 15,109,495</u>	<u>\$ -</u>	<u>\$ 15,682,842</u>	<u>\$ 357,958,496</u>

ADAMS 12 FIVE STAR SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Governmental funds change in fund balances	\$ (55,932,625)
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlay in the period.	
Capital outlay	78,182,539
Depreciation expense, net	<u>(20,181,085)</u>
	58,001,454
Disposals of capital assets resulted in a loss that is reported in the statement of activities. The governmental funds only report the proceeds from the sale. The difference between the loss and the proceeds is the net book value of the assets disposed.	(1,918,344)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This amount represents the change in unavailable property tax revenue.	272,112
Repayment of long term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	27,575,188
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Amortization of bond premiums/discounts	6,104,422
Deferred gains/losses on refunding	(2,127,554)
Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. The change in the liability is recognized.	32,473
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds - changes in long-term compensated absences payable.	(336,164)
Expenses for other post employment benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	804,688
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds- Net pension expense of \$261,946,063	(261,946,063)
Net OPEB expense of \$259,094	<u>(259,094)</u>
Governmental activities change in net position	<u>\$ (229,729,507)</u>

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts		Variance with
	Original	Final			Final Budget
REVENUES					
Taxes:					
Property	\$ 95,416,681	\$ 102,332,126	\$ 102,855,605	\$	523,479
Ownership	11,100,000	12,034,731	13,862,710		1,827,979
Delinquent Taxes and Interest	200,000	200,000	262,318		62,318
Mineral Leases	15,000	15,000	17,338		2,338
State:					
Equalization Entitlement	212,310,188	204,815,815	205,047,241		231,426
Education of the Handicapped	7,197,010	7,197,010	7,302,841		105,831
Vocational Education	1,503,114	1,503,114	1,328,491		(174,623)
Gifted & Talented Education	360,000	360,000	360,452		452
Kinder Hold Harmless	175,000	175,000	189,018		14,018
State Transportation	1,942,888	1,942,888	2,081,301		138,413
Other State	200,000	200,000	263,682		63,682
Federal					
Local	2,786,018	2,577,658	2,644,586		66,928
Investment Earnings	400,000	500,000	433,747		(66,253)
Miscellaneous	415,000	515,000	446,370		(68,630)
Total Revenues	<u>334,020,899</u>	<u>334,368,342</u>	<u>337,095,700</u>		<u>2,727,358</u>
EXPENDITURES					
Current:					
Direct Instruction:					
Elementary Education	53,408,657	54,677,208	51,794,454		2,882,754
K-8 Education	8,452,164	11,136,847	8,680,193		2,456,654
Middle School Education	26,838,820	27,570,246	27,150,782		419,464
High School Education	31,811,585	39,038,180	40,591,048		(1,552,868)
Other Regular Education	29,607,613	18,051,583	16,991,222		1,060,361
Special Programs	32,069,272	32,522,038	32,364,034		158,004
Total Direct Instruction	<u>182,188,111</u>	<u>182,996,102</u>	<u>177,571,733</u>		<u>5,424,369</u>
Indirect Instruction:					
Pupil Support Services	15,165,105	15,064,284	15,138,598		(74,314)
Instructional Staff Services	16,487,354	16,793,580	16,525,098		268,482
School Administration	23,870,735	24,686,692	24,249,197		437,495
Total Indirect Instruction	<u>55,523,194</u>	<u>56,544,556</u>	<u>55,912,893</u>		<u>631,663</u>
Other Support Programs:					
General Administration	2,440,852	2,485,800	2,120,554		365,246
Business/Fiscal Services	2,683,453	2,515,572	2,384,413		131,159
Procurement and Warehouse	1,447,046	1,433,860	1,513,966		(80,106)
Printing, Publishing, and Duplicating	235,866	239,659	175,101		64,558
Operations and Maintenance	16,539,234	16,998,544	17,054,276		(55,732)
Pupil Transportation Services	9,380,609	9,478,282	10,374,419		(896,137)
Energy/Utilities	8,039,112	7,675,280	7,595,820		79,460
Safety Services	2,600,714	2,534,594	2,745,609		(211,015)
Communications Division	433,568	442,859	479,538		(36,679)
Staff Services	4,632,027	4,677,634	2,690,891		1,986,743
Information Technology	8,698,116	10,133,445	9,613,463		519,982
Other Support Services	3,218,536	3,313,992	322,604		2,991,388
Community Programs	177,046	167,723	210,009		(42,286)
Facilities: Planning & Development	213,226	238,471	245,445		(6,974)
Risk Management Services	3,350,298	3,437,995	3,155,274		282,721
Total Other Support Programs	<u>64,089,703</u>	<u>65,773,710</u>	<u>60,681,382</u>		<u>5,092,328</u>
Charter School Funding	<u>23,339,938</u>	<u>23,339,938</u>	<u>23,164,902</u>		<u>175,036</u>
Principal Retirement	505,065	505,065	505,065		-
Interest and Fiscal Charges	22,915	22,915	22,914		1
Total Expenditures	<u>325,668,926</u>	<u>329,182,286</u>	<u>317,858,889</u>		<u>11,323,397</u>
Excess of revenues over expenditures	8,351,973	5,186,056	19,236,811		14,050,755
OTHER FINANCING SOURCES (USES)					
Transfers Out	(8,469,075)	(8,020,540)	(9,261,549)		(1,241,009)
Total Other Financing Sources (Uses)	<u>(8,469,075)</u>	<u>(8,020,540)</u>	<u>(9,261,549)</u>		<u>(1,241,009)</u>
Net Change in Fund Balances	(117,102)	(2,834,484)	9,975,262		12,809,746
Fund Balances, July 1, 2017	<u>33,110,739</u>	<u>37,583,249</u>	<u>38,498,054</u>		<u>914,805</u>
Fund Balances, June 30, 2018	<u>\$ 32,993,637</u>	<u>\$ 34,748,765</u>	<u>48,473,316</u>	<u>\$</u>	<u>13,724,551</u>
Less unearned revenues related to Forward Delivery Agreement at June 30, 2018			(702,915)		
Fund balance (GAAP Basis), June 30, 2018			<u>\$ 47,770,401</u>		

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Governmental Designated Purpose Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
State	\$ 8,052,325	\$ 8,829,091	\$ 6,255,965	\$ (2,573,126)
Federal	20,695,779	20,015,288	16,666,526	(3,348,762)
Local	-	314,965	131,313	(183,652)
Total Revenues	<u>28,748,104</u>	<u>29,159,344</u>	<u>23,053,804</u>	<u>(6,105,540)</u>
EXPENDITURES				
Current:				
Direct Instruction:				
Elementary Education	4,541,260	2,519,590	3,524,939	(1,005,349)
Middle School Education	674,327	957,213	909,047	48,166
High School Education	2,779,816	3,051,482	1,303,233	1,748,249
Other Regular Education	2,411,588	2,643,708	1,774,530	869,178
Special Programs	6,541,488	6,742,532	6,201,944	540,588
Total Direct Instruction	<u>16,948,479</u>	<u>15,914,525</u>	<u>13,713,693</u>	<u>2,200,832</u>
Indirect Instruction:				
Pupil Support Services	5,763,931	5,682,853	4,460,632	1,222,221
Instructional Staff Services	4,546,124	4,850,990	3,499,274	1,351,716
School Administration	58,896	58,896	59,424	(528)
Total Indirect Instruction	<u>10,368,951</u>	<u>10,592,739</u>	<u>8,019,330</u>	<u>2,573,409</u>
Other Support Programs:				
Business/Fiscal Services	343,371	813,613	372,508	441,105
Operations and Maintenance	-	2,000	3,127	(1,127)
Pupil Transportation Services	193,423	191,905	88,999	102,906
Staff Services	51,441	55,269	53,071	2,198
Other Support Services	69,237	70,575	-	70,575
Community Programs	523,202	567,323	568,323	(1,000)
Facilities: Planning & Development	250,000	951,395	234,753	716,642
Total Other Support Programs	<u>1,430,674</u>	<u>2,652,080</u>	<u>1,320,781</u>	<u>1,331,299</u>
Total Expenditures	<u>28,748,104</u>	<u>29,159,344</u>	<u>23,053,804</u>	<u>6,105,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1, 2017	-	-	-	-
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ADAMS 12 FIVE STAR SCHOOLS
Statement of Fiduciary Assets and Liabilities
Pupil Activity Agency Fund
June 30, 2018

	<u>Agency</u>
ASSETS	
Pooled Cash and Investments	\$ 606,994
Total Assets	<u>\$ 606,994</u>
LIABILITIES	
Accounts Payable	\$ 11,380
Due to student groups and other organizations	<u>595,614</u>
Total Liabilities	<u>\$ 606,994</u>

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



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NOTES TO BASIC FINANCIAL STATEMENTS

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Financial Reporting Entity

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

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

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

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

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

Discretely Presented Component Units – Charter Schools

The Legislature of the State of Colorado enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act permits the district to contract with individuals and organizations for the operation of schools within the district. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the district's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the district's Board of Education must approve all charter school applications and

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

budgets. During fiscal year 2017-2018, the district had three charter schools in operation. The charter schools are discretely presented component units because the district is financially accountable for them.

Each charter school issues separate financial statements for the fiscal year ended June 30, 2018. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices:

Stargate Charter School
14530 Washington Street
Thornton, CO 80023

Westgate Community Charter School
12500 Washington Street
Thornton, CO 80233

Prospect Ridge Academy
2555 Preble Creek Parkway
Broomfield, CO 80023

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the district and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

2. Fund Accounting

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

a. *Major Governmental Funds*

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

b. *Fiduciary Fund*

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

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

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

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

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period,

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

or soon enough thereafter, to pay liabilities of the current period. Property tax revenue is considered to be available if collected by the district within 30 days after year-end. Revenue attributable to State and Federal reimbursement is considered to be available if collected within 120 days after year-end. All other revenue is considered to be available if collected within 60 days after year-end.

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

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

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due, and certain sick and retirement pay which are accounted for as expenditures when expected to be liquidated with expendable financial resources.

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

4. Fund Balance

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

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

When expenditures occur for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first. When expenditures occur

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

for which committed, assigned or unassigned fund balances are available, the district considers amount to have been spent first out of committed, then assigned, and finally unassigned funds, as needed.

5. Capital Assets

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

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

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

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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position and fund level balance sheet will sometimes report a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. Deferred charge on refunding and deferred outflows of resources related to pensions and Other Post-Employment Benefits (OPEB) are reported in the government-wide statement of net position as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows related to pension and OPEB are discussed on pages 73 and 80 in the notes to basic financial statements.

In addition to liabilities, the statement of net position and fund level balance sheet will sometimes report a separate section for deferred inflows of resources. This section represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pensions and OPEB are reported in the government-wide statement of net position as a deferred inflow of resources. The deferred inflows related to pensions and OPEB are discussed on pages 73 and 80 in the notes to basic financial statements. In addition to government-wide inflows, the district has two carrying items that qualify for reporting in this category at the fund level. On the fund level balance sheet, the General Fund and Bond Redemption-Debt Service Fund report unavailable revenues from property taxes that will be collected, but not soon enough to pay for current period expenditures. The Capital Reserve-Capital Projects Fund reports unavailable revenue from a development project that has a targeted completion date of fiscal year 2018-2019. These amounts are deferred and recognized as an inflow of resources in the period they become available.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

7. Liabilities

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

8. Encumbrances

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

Major Governmental Funds

Capital Projects Funds:	
Building	\$ 43,716,890
Capital Reserve	\$ 140,373
Subtotal Capital Project Funds	<u>\$ 43,857,263</u>

Non-Major Governmental Fund

Special Revenue Fund:	
Food Service	\$ 130,020
Total	<u>\$ 43,987,283</u>

9. Budgets and Budgetary Accounting

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

- a. Budgets for all funds are required by the state. During June, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

10. Use of Estimates in Preparing Financial Statements

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

11. Inventories

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

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

12. Prepaid Items

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

13. Investments

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

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

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

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

14. Compensated Absences

District policy allows employees to accumulate unused vacation to the extent of one year's leave beyond the current year. District policy allows administrative employees to accumulate unused temp (sick) leave at a rate of one day per month; classified hourly employees to a maximum of 150 days or 1200 hours. Certified employees may accumulate up to 180 days.

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

15. Unearned Revenue

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

16. Net Pension Liability

The district's governmental activities report a net pension liability as of June 30, 2018. The district is required to report its proportionate share of PERA's unfunded pension liability. See Note J for additional information.

17. 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. See Note L for additional information.

NOTE B: CASH DEPOSITS AND INVESTMENTS

1. Deposits

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. The district and the discretely presented component units do not have a deposit policy for custodial credit risk. At June 30, 2018, the district's carrying amount of the deposits is \$3,207,121. The component units carrying amount of the deposits is \$10,695,738. All of the district's and its component units' bank deposits are collateralized with securities held by the financial institutions agent through PDPA.

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

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

As of June 30, 2018 cash and investment balances in the financial statements consisted of the following:

	Primary Government	Component Units	Total
Cash and Investments:			
Cash and Deposit Balance	\$ 3,207,121	\$ 10,695,738	\$ 13,902,859
Investments	416,632,535	7,283,919	423,916,454
Total Cash and Investments	<u>\$ 419,839,656</u>	<u>\$ 17,979,657</u>	<u>\$ 437,819,313</u>

Cash, deposits, and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

	Primary Government	Component Units	Total
Governmental Activities:			
Cash and Investments - Unrestricted	\$ 79,191,708	\$ 9,137,396	\$ 88,329,104
Cash and Investments - Restricted	340,040,954	8,842,261	348,883,215
Total Governmental Activities	<u>419,232,662</u>	<u>17,979,657</u>	<u>437,212,319</u>
	Fiduciary	Component Unit Fiduciary	Total
Cash and Investments	606,994	-	606,994
Total	<u>\$ 419,839,656</u>	<u>\$ 17,979,657</u>	<u>\$ 437,819,313</u>

2. **Investments**

As of June 30, 2018, the district had the following investments. Investments held in repurchase agreements are not a part of pooled cash until drawn. All other deposits and investments are internally pooled to maximize investment safety, liquidity, and interest yield.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Primary Government:

Type of Security	Fair Value	Concentration	S&P Rating	Maturity		
				12 Months or Less	13 - 24 Months	25 - 60 Months
ColoTrust Plus+ (external investment pool)	\$ 67,975,285	16.32%	AAAm	\$ 67,975,285	\$ -	\$ -
Money Market Fund - US Bank	20,939,334	5.03%	NR	\$ 20,939,334	\$ -	\$ -
Negotiable Certificates of Deposit	2,331,892	0.56%	AA-	\$ -	\$ 795,780	\$ 1,536,112
Negotiable Certificates of Deposit	348,155	0.08%	AA3	\$ -	\$ 348,155	\$ -
Negotiable Certificates of Deposit	743,530	0.18%	A+	\$ -	\$ 743,530	\$ -
Negotiable Certificates of Deposit	338,025	0.08%	A1	\$ 338,025	\$ -	\$ -
Negotiable Certificates of Deposit	597,394	0.14%	A-1+	\$ 597,394	\$ -	\$ -
Negotiable Certificates of Deposit	18,402,628	4.42%	A-1	\$ 18,402,628	\$ -	\$ -
Municipal Bond/Note	690,390	0.17%	AAA	\$ -	\$ -	\$ 690,390
Municipal Bond/Note	1,193,416	0.29%	AA	\$ 398,368	\$ 795,048	\$ -
Municipal Bond/Note	672,834	0.16%	AA3	\$ 325,000	\$ 347,834	\$ -
Municipal Bond/Note	98,487	0.02%	AA1	\$ -	\$ 98,487	\$ -
Municipal Bond/Note	743,997	0.18%	A	\$ 317,827	\$ 426,170	\$ -
Municipal Bond/Note	186,143	0.04%	A1	\$ -	\$ 186,143	\$ -
Federal Agency Bond/Note	9,379,346	2.25%	AAA	\$ 4,779,500	\$ 3,294,345	\$ 1,305,501
Federal Agency Bond/Note	75,567,311	18.12%	AA+	\$ 36,793,609	\$ 22,887,630	\$ 15,886,072
Federal Agency Bond/Note	294,279	0.07%	A2	\$ -	\$ 172,582	\$ 121,697
Federal Agency Bond/Note	147,757	0.04%	A1	\$ -	\$ -	\$ 147,757
Corporate Notes	688,454	0.17%	NR	\$ 688,454	\$ -	\$ -
Corporate Notes	1,423,708	0.34%	AAA	\$ -	\$ 671,063	\$ 752,645
Corporate Notes	5,257,466	1.26%	AA+	\$ -	\$ 5,257,466	\$ -
Corporate Notes	3,105,801	0.75%	AA	\$ -	\$ 226,539	\$ 2,879,262
Corporate Notes	1,479,755	0.36%	AA-	\$ -	\$ 407,861	\$ 1,071,894
Corporate Notes	693,337	0.17%	AA3	\$ 348,104	\$ 117,936	\$ 227,297
Corporate Notes	335,868	0.08%	AA2	\$ -	\$ -	\$ 335,868
Corporate Notes	1,154,408	0.28%	AA1	\$ -	\$ 913,218	\$ 241,190
Corporate Notes	789,500	0.19%	A+	\$ -	\$ 789,500	\$ -
Corporate Notes	247,842	0.06%	A-1	\$ -	\$ 247,842	\$ -
Bank Note	603,353	0.14%	A+	\$ 603,353	\$ -	\$ -
Commercial Paper	15,831,088	3.80%	NR	\$ 15,831,088	\$ -	\$ -
Commercial Paper	5,973,864	1.43%	A-1+	\$ 5,973,864	\$ -	\$ -
Commercial Paper	57,055,338	13.69%	A-1	\$ 57,055,338	\$ -	\$ -
United States Treasury Bond/Note	9,168,610	2.20%	AAA	\$ 6,585,212	\$ 1,231,089	\$ 1,352,309
United States Treasury Bond/Note	96,069,440	23.06%	AA+	\$ 57,258,976	\$ 4,852,783	\$ 33,957,681
United States Treasury Bills	3,451,184	0.83%	AA+	\$ 3,451,184	\$ -	\$ -
Money Market Fund - PFM Govt Select	1,850,466	0.44%	NR	\$ 1,850,466	\$ -	\$ -
International Bond	108,633	0.03%	AAA	\$ -	\$ -	\$ 108,633
Supra-National Agency Bond	10,694,217	2.57%	AAA	\$ 3,950,327	\$ 1,307,812	\$ 5,436,078
Total	\$ 416,632,535	100.00%		\$ 304,463,336	\$ 46,118,813	\$ 66,050,386

Interest Rate Risk – The district investment policy limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less depending on the specific investment held unless formally approved by the governing board.

Credit Risk – State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency. ColoTrust is regulated by the Colorado Division of Securities and the district's position in the pool is the same as the value of the pool shares. For repurchase agreements, the district's investment policy requires that the agreement be collateralized as required by state law at a minimum of 102% of the purchase price by U.S. Treasuries and U.S. Agencies under a tri-party master repurchase agreement.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

The district has the following recurring fair value measurements as of June 30, 2018:

<u>Investments Measured at Fair Value</u> <u>June 30, 2018</u>				
Investments by fair value level:	6/30/2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of Deposits	\$ 22,761,624	\$ -	\$ 22,761,624	\$ -
Municipal Bond/Note	3,585,267	-	3,585,267	-
Federal Agency Bond/Note	85,388,693	-	85,388,693	-
Corporate Notes	15,176,139	-	15,176,139	-
Bank Note	603,353	-	603,353	-
Commercial Paper	78,860,290	-	78,860,290	-
United States Treasury Bond	105,238,050	105,238,050	-	-
United States Treasury Bills	3,451,184	3,451,184	-	-
International Bond	108,633	-	108,633	-
Supra-National Agency Bond	10,694,217	-	10,694,217	-
Total investments by fair value level	325,867,450	108,689,234	217,178,216	-
ColoTrust (external investment pool)	67,975,285			
Money Market Fund-PFM Govt Select (measured at net asset value)	22,789,800			
Total investments	<u>\$ 416,632,535</u>			

Investments held with ColoTrust are held at net asset value.

At June 30, 2018, the discretely presented component unit charter schools had investments of approximately \$7.28 million in various money markets with maturities of less than one year.

Component Units:

	<u>Fair Value</u>	<u>Concentration</u>	<u>S&P Rating</u>	<u>Maturity 12 Months or Less</u>
Fidelity Government Portfolio Money Market Fund	\$ 2,223,452	30.5%	AAAm	\$ 2,223,452
ColoTrust Plus (external investment pool)	5,060,467	69.5%	AAAm	5,060,467
	<u>\$ 7,283,919</u>	<u>100.0%</u>		<u>\$ 7,283,919</u>

In accordance with Section 22-45-103, C.R.S., the district's bond redemption fund custodian for fiscal year 2017-2018 is UMB Corporate Trust Services, a third party. The amounts held by the custodian were \$65,420,324 at June 30, 2018.

Investment earnings for fiscal year 2017-2018 were \$3,729,733. Earnings by fund are as follows:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

General Fund	\$ 645,637
Building-Capital Projects Fund	2,687,323
Capital Reserve-Capital Projects Fund	358,920
Pupil Activity Special Revenue Fund	9,352
Other Special Revenue Fund	11,811
Food Service Special Revenue Fund	12,470
Interscholastic Athletic Special Revenue Fund	4,220
	<u>\$ 3,729,733</u>

Component units had investment earnings of \$96,770.

NOTE C: RECEIVABLES

Property taxes levied in 2017 but not yet collected in 2018 are identified as property taxes receivable and deferred inflows of resources in the governmental funds balance sheet at June 30, 2018, and are presented in the amount of \$2,333,791 and \$1,819,681 respectively. Intergovernmental receivables of \$3,886,315 in the Governmental Designated-Purpose Grants Special Revenue Fund and \$68,404 in the Food Service Fund includes amounts due from grantors for specific program grants. Program grants are recorded as receivable and revenues at the time reimbursable project costs are incurred.

NOTE D: PROPERTY TAXES

Under Colorado law, all property taxes become due and payable in the year following that in which they are levied. Property taxes attach an enforceable lien on property as of January 1 of the year following the levy. Property taxes are recognized as revenue when available and measurable. "Available" is the amount collected at the end of the period and the amount expected to be collected within 30 days, whether or not budgeted. The 2018 fiscal year property tax calendar for Adams and Broomfield Counties was as follows:

Levy date	December 15, 2017
Lien date	January 1, 2018
Tax bills mailed	January 15, 2018
First installment due	February 28, 2019
Second installment due	June 15, 2019
If paid in full, due	April 30, 2019
Tax sale: delinquent property taxes	November 15, 2019

Property tax revenue recognized in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds during fiscal year 2017-2018 was \$156,377,038. The General Fund recognized \$102,855,605 and the Bond Redemption-Debt Service Fund recognized \$53,521,433.

As of June 30, 2018 the Balance Sheet reported for the General Fund \$1,586,197 and for the Bond Redemption-Debt Service Fund \$747,594 as property tax revenue due.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

Balance of interfund receivables, payables, and transfers at June 30, 2018:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 27,150,810	\$ -	\$ -	\$ 9,261,549
Major Governmental Fund:				
Building-Capital Projects Fund	-	27,150,810		
Capital Reserve-Capital Projects Fund	-	-	5,246,056	-
Non-Major Governmental Fund:				
Instructional Special Revenue Fund			2,631,009	-
Interscholastic Athletic Special Revenue Fund	-	-	1,384,484	-
	<u>\$ 27,150,810</u>	<u>\$ 27,150,810</u>	<u>\$ 9,261,549</u>	<u>\$ 9,261,549</u>

The district transferred from the General Fund \$2,631,009 and \$1,384,484 respectively to the Instructional Special Revenue Fund and the Interscholastic Athletic Special Revenue Fund to meet operational needs.

The General Fund transferred \$5,246,056 to the Capital Reserve-Capital Projects Fund to meet current and future capital needs.

Interfund balance transfers are used to account for pooled cash investing of the District. The General Fund is due from the Building-Capital Projects fund \$27,150,810 to account for negative pooled cash balances, which will be satisfied in the subsequent year by transferring investment accounts to the pooled operating account.

NOTE F: CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

<u>Governmental Activities</u>	<u>Balance at 6/30/2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance at 6/30/2018</u>
Non-depreciable assets:				
Land	\$ 32,861,536	\$ -	\$ -	\$ 32,861,536
Construction in progress	\$ 10,557,990	\$ 75,002,560	\$ 19,975,729	\$ 65,584,821
Total non-depreciable assets	<u>\$ 43,419,526</u>	<u>\$ 75,002,560</u>	<u>\$ 19,975,729</u>	<u>\$ 98,446,357</u>
Depreciable assets:				
Buildings	\$ 698,276,988	\$ 20,661,754	\$ 5,948,706	\$ 712,990,036
Equipment/vehicles	\$ 42,765,707	\$ 2,493,954	\$ 125,298	\$ 45,134,363
Total depreciable assets	<u>\$ 741,042,695</u>	<u>\$ 23,155,708</u>	<u>\$ 6,074,004</u>	<u>\$ 758,124,399</u>
Less accumulated depreciation for:				
Buildings	\$ (291,182,859)	\$ (17,058,805)	\$ (4,035,903)	\$ (304,205,761)
Equipment/vehicles	\$ (30,142,284)	\$ (3,122,280)	\$ (119,757)	\$ (33,144,807)
Total accumulated depreciation	<u>\$ (321,325,143)</u>	<u>\$ (20,181,085)</u>	<u>\$ (4,155,660)</u>	<u>\$ (337,350,568)</u>
Total capital assets, net	<u>\$ 463,137,078</u>	<u>\$ 77,977,183</u>	<u>\$ 21,894,073</u>	<u>\$ 519,220,188</u>

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

Governmental activities:

Instruction	\$ 15,018,371
School administration	7,512
Business services	96,110
Transportation	629,608
District-wide	<u>4,429,484</u>
Total depreciation expense - governmental activities	<u><u>\$ 20,181,085</u></u>

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

	Balance at 6/30/2017	Additions/ Transfers	Deletions/ Transfers	Balance at 6/30/2018
Non-depreciable assets:				
Land	\$ 11,095,388	\$ -	\$ -	\$ 11,095,388
Construction in progress	254,700	9,225,542	-	9,480,242
Total non-depreciable assets	<u>11,350,088</u>	<u>9,225,542</u>	<u>-</u>	<u>20,575,630</u>
Depreciable assets:				
Buildings and site improvements	71,225,047	374,206	-	71,599,253
Equipment/Vehicles	318,379	209,547	-	527,926
Total depreciable assets	<u>71,543,426</u>	<u>583,753</u>	<u>-</u>	<u>72,127,179</u>
Less accumulated depreciation for:				
Buildings and site improvements	(2,385,387)	(1,977,812)	-	(4,363,199)
Equipment/Vehicles	(29,037)	(41,839)	-	(70,876)
Total accumulated depreciation	<u>(2,414,424)</u>	<u>(2,019,651)</u>	<u>-</u>	<u>(4,434,075)</u>
Total capital assets, net	<u><u>\$ 80,479,090</u></u>	<u><u>\$ 7,789,644</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 88,268,734</u></u>

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

Operations and maintenance depreciation expense	<u><u>\$ 2,019,651</u></u>
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NOTE G: ACCRUED SALARIES AND BENEFITS

Salaries and longevity benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2018 are estimated to be \$32,574,705. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund, Building-Capital Projects Fund, Pupil Activity Special Revenue Fund, Other Special Revenue Fund, Instructional Special Revenue Fund, Governmental Designated-Purpose Grants Special

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Revenue Fund, Interscholastic Athletic Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund, and Food Service Special Revenue Fund.

NOTE H: OPERATING LEASES

The General Fund is committed under various leases for office equipment and white fleet vehicles on a year-by-year basis. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2018 amounted to \$892,230.

NOTE I: LONG TERM LIABILITIES

1. Changes in Long Term Liabilities

The changes in long-term liabilities for the primary government for the year ended June 30, 2018 were as follows:

Issue	Balance at 6/30/2017	Additions	Reductions	Balance at 6/30/2018	Due Within One Year
General Obligation Bonds, Series 2008A	\$ 275,000	\$ -	\$ 275,000	\$ -	\$ -
General Oblig. Refunding Bonds, Series 2011A	200,000	-	200,000	-	-
General Oblig. Refunding Bonds, Series 2012	92,750,000	-	4,790,000	87,960,000	4,965,000
General Oblig. Refunding Bonds, Series 2014	20,090,000	-	-	20,090,000	-
General Oblig. Refunding Bonds, Series 2014B	50,425,000	-	1,585,000	48,840,000	1,895,000
General Oblig. Refunding Bonds, Series 2015	24,315,000	-	5,225,000	19,090,000	6,060,000
General Oblig. Refunding Bonds, Series 2016A	34,845,000	-	5,255,000	29,590,000	5,355,000
General Obligation Bonds, Series 2016B	285,000,000	-	5,000,000	280,000,000	5,000,000
Unamortized Bond Premiums	61,800,159	-	5,784,101	56,016,058	5,641,965
Total GO Bonds	569,700,159	-	28,114,101	541,586,058	28,916,965
Refunding Cert. of Participation, Series 2015B	1,455,000	-	720,000	735,000	735,000
Certificates of Participation, Series 2016	21,645,000	-	1,515,000	20,130,000	1,745,000
Unamortized COP Premiums	3,026,320	-	320,321	2,705,999	300,245
Total COPs	26,126,320	-	2,555,321	23,570,999	2,780,245
Capital Lease Obligations	6,583,703	-	3,010,188	3,573,515	3,053,287
Compensated Absences*	26,459,269	12,443,384	12,107,220	26,795,433	12,106,177
Total	\$ 628,869,451	\$ 12,443,384	\$ 45,786,830	\$ 595,526,005	\$ 46,856,674

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

As of June 30, 2018 the district had \$65.0 million in bonds approved, but not issued.

The changes in long-term liabilities for the component units for the year ended June 30, 2018 were as follows:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Issue	Balance at 6/30/2017	Additions	Reductions	Balance at 6/30/2018	Due Within One Year
Loan payable	\$ 115,979	\$ -	\$ 23,506	\$ 92,473	\$ 28,898
Charter School Revenue Bonds	85,972,072	-	1,096,743	84,875,329	1,441,119
Total bonds payable	85,972,072	-	1,096,743	84,875,329	1,441,119
Compensated absences	55,667	51,310	42,100	64,877	45,350
Total	\$ 86,143,718	\$ 51,310	\$ 1,162,349	\$ 85,032,679	\$ 1,515,367

2. General Obligation and Capital Appreciation Serial Bonds

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

The district's general obligation serial bonds are payable from general property taxes. Interest, at rates from 2.00% to 5.00%, is payable semi-annually on June 15 and December 15. The bonds mature annually on December 15 in principal amounts varying from \$125,000 to \$33,160,000 and are as follows:

\$93,460,000 2012 Series Refunding Bonds (*refunded Series 2005A*) due in semi-annual installments with annual payments of \$710,000 to \$22,970,000 through December 15, 2024. Interest rate: 2.00% to 5.00%. 87,960,000

\$20,215,000 2014 Series Refunding Bonds (*partially refunded Series 2006B*) due in semi-annual installments with annual payments of \$125,000 to \$20,090,000 through December 15, 2025. Interest rate: 2.00% to 5.00%. 20,090,000

\$61,030,325 2014B Series Refunding Bonds (*partially refunded Series 2006B, 2007A & 2008A*) due in semi-annual installments with annual payments of \$1,585,000 to \$28,660,000 through December 15, 2024. Interest rate: 3.00% to 5.00%. 48,840,000

\$27,150,000 2015 Series Refunding Bonds (*refunded Series 2005B*) due in semi-annual installments with payments of \$2,835,000 to \$6,685,000 through December 15, 2020. Interest rate: 2.00% to 5.00%. 19,090,000

\$34,845,000 General Oblig. Refunding Bonds, Series 2016A (*refunded Series 2006A*) due in semi-annual installments with payments of \$5,255,000 to \$6,510,000 through December 15, 2022. Interest rate: 2.00% to 5.00% 29,590,000

\$285,000,000 General Obligation Bonds, Series 2016B due in semi-annual installments with payments of \$480,000 to \$33,160,000 through December 15, 2036. Interest rate: 2.00% to 5.00%. 280,000,000

\$ 485,570,000

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Summary of Debt Service Requirements to Maturity

The following schedule reflects the debt service requirements to maturity of the district's general obligation bonded debt as of June 30, 2018:

Year	Principal	Interest	Total
2019	\$ 23,275,000	\$ 22,830,050	\$ 46,105,050
2020	24,170,000	21,731,975	45,901,975
2021	20,450,000	20,772,025	41,222,025
2022	21,660,000	19,796,250	41,456,250
2023	22,735,000	18,756,425	41,491,425
2024 - 2028	125,255,000	76,663,175	201,918,175
2029 - 2033	124,555,000	46,504,875	171,059,875
2034 - 2037	123,470,000	12,723,250	136,193,250
	<u>\$ 485,570,000</u>	<u>\$ 239,778,025</u>	<u>\$ 725,348,025</u>

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

Component Unit Revenue Bonds

Stargate Charter School reported on April, 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$42,010,000 Charter School Improvement Revenue Bonds, Series 2015A. Bond proceeds were loaned to the Foundation to acquire land and construct a new school campus consisting of elementary and secondary school buildings. The School is obligated under a lease agreement to make monthly lease payments to the Foundation for using the facilities. The Foundation is required to make equal loan payments to the trustee, for payment of the bonds. Interest accrues on the bonds at 5.4% per annum, and is payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1, with a balloon payment due on December 1, 2020.

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

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

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

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

Component Unit Summary of Debt Service Requirements to Maturity

The following schedule reflects the debt service requirements to maturity of the Charter school's revenue bonded debt as of June 30, 2018:

Year	Principal	Interest	Total
2019	\$ 1,441,119	\$ 4,306,555	\$ 5,747,674
2020	1,530,911	4,232,875	5,763,786
2021	40,861,138	3,094,108	43,955,246
2022	886,823	1,973,519	2,860,342
2023	32,722,985	1,844,470	34,567,455
2024-2028	7,432,353	1,611,304	9,043,657
	<u>\$ 84,875,329</u>	<u>\$ 17,062,831</u>	<u>\$ 101,938,160</u>

3. Forward Delivery Agreement

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

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

Fiscal Year Ending	Revenue	Balance
June 30	Recognized	(Unearned Revenue)
2019	\$ 211,890	\$ 491,026
2020	211,890	279,136
2021	140,202	138,934
2022	104,042	34,892
2023	34,892	-

4. Capital Lease Obligations

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

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

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

The leases provide for the following minimum annual lease payments:

Ending June 30,	Lease
2019	\$ 3,104,753
2020	527,980
	<u>3,632,733</u>
Less Interest	<u>(59,218)</u>
Total Principal	<u>\$ 3,573,515</u>

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Assets under capital leases totaled \$6,223,776 at June 30, 2018 as follows:

Equipment	\$ 13,307,919
Accumulated Depreciation	(7,084,143)
Total	<u>\$ 6,223,776</u>

5. Certificates of Participation

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

In June 2016, Refunding Certificates of Participation were issued by the district in the amount of \$21,645,000 to refund the existing Certificates of Participation, Series 2008, in the amount of \$22,805,000. Interest, at rates from 2.00% to 5.00%, is payable semi-annually on June 1 and December 1.

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

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

Fiscal Year Ending June 30	
2019	\$ 3,236,600
2020	2,477,750
2021	2,473,600
2022	2,474,125
2023	2,463,300
2024-2028	<u>12,267,350</u>
	25,392,725
Less Interest	<u>(4,527,725)</u>
Total Principal	<u>\$ 20,865,000</u>

At June 30, 2018 defeased debt on refunded COP was as follows:

<u>Certificate of Participation</u>	<u>Date of Issue</u>	<u>Outstanding Principal Balance</u>
Series 2008	Refunded June, 2016	\$ 18,130,000

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

6. Compensated Absences

At June 30, 2018, compensated absence liabilities of the district included \$1,821,022 for vacation pay with an associated amount of \$366,936 for PERA benefits at 20.15% and \$26,405 for Medicare benefits at 1.45%; and \$9,251,909 for reimbursable leave with \$134,153 of associated Medicare; and \$15,195,008 in early retirement benefits for 470 employees who are eligible for such retirement benefits as of June 30, 2018.

7. Computation of Legal Debt Margin

The computation for the district's legal debt margin as of June 30, 2018 is as follows:

Actual Value of Taxable Property in the District	\$ 27,397,199,777
Debt Limitation – 6% of Actual Value of Taxable Property	1,643,831,987
Total Bonded Debt	485,570,000
Less: Amount set aside to repay general debt	<u>(66,411,355)</u>
Total net debt applicable to debt limit	<u>419,158,645</u>
Legal Debt Margin	<u>\$ 1,224,673,342</u>

NOTE: The debt limitation for all school districts in Colorado is dictated by Colorado State Statute 22.42.104. Except as proved in subsections (1.3), (1.4), and (1.6) of this section, the limit on bonded indebtedness of a school district is the greater of the following: (a) Twenty percent of the latest valuation for assessment of the taxable property in such district, as certified by the county assessor to the board of county commissioners; or (b) Six percent of the most recent determination of the actual value of the taxable property in the district, as certified by the county assessor to the board of county commissioners.

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

NOTE J: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 provisions as of June 30, 2018: Eligible employees and the district are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 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 the district is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the district were \$41,212,203 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, the district reported a liability of \$1,518,471,530 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF 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 district proportion of the net pension liability was based on district 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 district proportion was 4.69585 percent, which was a decrease of 0.18189 from its proportion measured as of December 31, 2016.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

For the year ended June 30, 2018, the district recognized pension expense of \$262,802,936. At June 30, 2018, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ 27,918,294	\$ -
Changes in assumptions or other inputs	\$ 387,722,195	\$ 2,460,391
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 59,631,822
Changes in proportion and difference between contributions recognized and proportionate share of contributions	\$ 2,746,069	\$ 25,554,631
Contributions subsequent to the measurement date	\$ 21,127,499	\$ -
Total	\$ 439,514,057	\$ 87,646,844

\$21,127,499 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:

For the Fiscal Year Ended	
6/30/2018	\$ 229,545,012
6/30/2019	126,511,129
6/30/2020	(2,882,700)
6/30/2021	(22,433,727)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, 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	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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 district proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 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:

	<u>1% Decrease</u> <u>(3.78%)</u>	<u>Current Discount</u> <u>Rate (4.78%)</u>	<u>1% Increase</u> <u>(5.78%)</u>
Discount Rate:			
Proportionate share of the net pension liability	\$ 1,918,087,800	\$ 1,518,471,530	\$ 1,192,829,903

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.

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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, the district reported a liability of \$1,518,471,530 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 the district 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%	\$686,032,275

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 \$708,831,996 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

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

Prospect Ridge:

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

NOTE K: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the district that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. 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 \$2,187,707 for the Voluntary Investment Program.

NOTE L: Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The district participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the district are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by 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. 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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. 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. 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 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 district is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the district were \$2,226,151 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 district reported a liability of \$34,675,488 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 district proportion of the net OPEB liability was based on district 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 district proportion was 2.66817 percent, which was a decrease of 0.10440 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the district recognized OPEB expense of \$275,774. At June 30, 2018, the district reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 163,985	\$ -
Changes in assumptions or other inputs	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 580,113
Changes in proportion and difference between contributions recognized and proportionate share of contributions	\$ -	\$ 1,131,393
Contributions subsequent to the measurement date	\$ 1,126,505	\$ -
Total	\$ 1,290,490	\$ 1,711,506

\$1,126,505 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of 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:

For the Fiscal Year Ended	
6/30/2018	(335,088)
6/30/2019	(335,088)
6/30/2020	(335,088)
6/30/2021	(335,035)
6/30/2022	(190,047)
Thereafter	(17,175)

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 percent in aggregate
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent 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%

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 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.

For disabled retirees, the mortality assumption 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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 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 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 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%.

Sensitivity of the district proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

	1% Decrease in Trend Rates	Current Trned Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$33,721,432	\$34,675,488	\$35,824,587

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%.
- 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 projection test indicates the HCTF's fiduciary net position was projected 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, and therefore, the discount rate is 7.25 percent.

Sensitivity of the district proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the 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 rate:

Discount Rate:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$38,986,150	\$34,675,488	\$30,996,220

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE M: RISK MANAGEMENT

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The district uses the Insurance Reserve sub fund of the General Fund to account for and finance risks for workers' compensation, general liability and property damage. For workers' compensation the district contracts and purchases for insurance coverage to cover individual claims. For liability and property coverage, the district contacts with the Colorado School District Self Insurance Pool (CDSIP).

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by the Pool Board. The district pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The Pool Agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

Prior to July 1, 2017 the district participated with four other Adams County school districts to form the Rocky Mountain Risk Insurance Group Self-Insurance Pool (the "Pool"). The Pool provides insurance to the participating districts in the areas of liability, property and workers' compensation. Assets held by the Pool include reserves restricted under the various pool agreements, including statutory reserves required by the Colorado Commissioner of Insurance. Pool assets consist primarily of direct obligations of the U.S. government or funds collateralized by such obligations. The district has recorded as a deposit its portion of the surplus in the Pool as of June 30, 2018. The surplus of \$720,378 is a capitalization contribution which may be returned to the entity once final dissolution of the withdrawal from the Pool has been finalized.

The district had no significant reductions in insurance coverage from coverage in the prior year and had no settlements that exceeded insurance coverage for each of the past three fiscal years.

NOTE N: TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Article X calls for various spending and revenue limitations and other restrictions to growth in government. Compliance may ultimately be determined by numerous legal opinions and court interpretations. However, the district believes it is in compliance with Article X, Section 20 of the Colorado Constitution and recognizes this in its reservation for emergencies of fund balance in the General Fund. Said reservation is 3% of fiscal year 2017-2018 spending.

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

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE O: COMMITMENTS AND CONTINGENCIES

1. Litigation

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

2. Grants

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

3. Construction Contract Commitments

Commitments for construction and improvement contracts in the Building-Capital Projects Fund totals \$178,638,130 and in the Capital Reserve-Capital Projects Fund totals \$905,898 as of June 30, 2018.

NOTE P: RELATED PARTY TRANSACTIONS

The district provides administrative and other service to its charter schools, shown in this report as component units. The amount charged for services, in accordance with governing state statutes, range from 1% to 5% of per pupil funding under the Colorado Public School Finance Act. Amounts charged to all charter schools for the fiscal year ended June 30, 2018 were \$501,988.

The district's Food Services program is a member of a food co-operative along with other school districts in the state of Colorado. During the year ended June 30, 2018, the district paid \$2,463,322 for food related costs. Administrative costs were paid by membership fees.

NOTE Q: RESTATEMENT OF NET POSITION

Effective July 1, 2017 the District implemented and adopted, as of June 30, 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other than Pensions (OPEB)*, which revises and establishes new financial reporting requirements for most governments that provide their employees with OPEB benefits. The District contributes for its employees to a health care trust fund through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employers' Retirement Association of Colorado (PERA). The District has recorded their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of Statement No. 75 to record a portion of PERA's unfunded liability has negatively impacted the District's future unrestricted net position.

The beginning Net Position of the Statement of Activities as of July 1, 2017 had a restatement of (\$34,837,410) due to the change in accounting principal per GASB Statement No. 75.

ADAMS 12 FIVE STAR SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

	Governmental Activities	Component Units	Total
Net position June 30, 2017 as previously stated	\$(639,744,158)	\$ (17,154,270)	\$(656,898,428)
Restatement	(34,837,410)	(1,525,458)	(36,362,868)
Net position July 1, 2017 as restated	<u>\$(674,581,568)</u>	<u>\$ (18,679,728)</u>	<u>\$(693,261,296)</u>

NOTE R: SUBSEQUENT EVENTS

The district has received a new Charter School application from Ascent Classical Academy Flatirons. The application is under review and will go before the Board of Education for an initial review in November, 2018.

On November 6, 2018 voters approved a \$27.0 million mill levy override to invest in ongoing expenses and needs such as high-quality teachers and staff, instructional programs and classroom resources.

NOTE S: NEW PRONOUNCEMENTS

As identified in Note Q, effective July 1, 2017, the district implemented and adopted, as of June 30, 2018, The GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which revises and establishes new financial reporting requirements for state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement requires the liability of employers for defined benefit OPEB (net of OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees for those employees' past periods of service.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERA Pension Plan – School Division Trust Fund

	Last 10 Years*				
	2017	2016	2015	2014	2013
District's proportion of the net pension liability	4.6958516%	4.8777381%	4.8314652%	4.8866711%	5.1084488%
District's proportionate share of the net pension liability	\$ 1,518,471,530	\$ 1,452,291,268	\$ 738,938,497	\$ 662,308,071	\$ 651,581,259
District's covered payroll	216,614,182	218,921,565	210,551,876	\$ 204,716,575	\$ 206,170,605
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	701.00%	663.38%	350.95%	323.52%	316.04%
Total Pension Liability	\$ 57,699,176,000	\$ 52,354,913,000	\$ 37,447,062,000	\$ 36,473,966,000	\$ 35,494,976,000
Plan Fiduciary net position	25,362,730,000	22,581,046,000	22,152,768,000	22,920,607,000	22,740,003,000
Net pension liability	<u>\$ 32,336,446,000</u>	<u>\$ 29,773,867,000</u>	<u>\$ 15,294,294,000</u>	<u>\$ 13,553,359,000</u>	<u>\$ 12,754,973,000</u>
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.20%	62.80%	64.06%

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

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



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

	Last 10 Fiscal Years*			
	2018	2017	2016	2015
Statutorily required contribution	\$ 41,212,203	\$ 39,735,628	\$ 38,564,555	\$ 34,508,020
Contribution in relation to the statutorily required contribution	(41,212,203)	(39,735,628)	(38,564,555)	(34,508,020)
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	218,250,104	216,169,864	217,388,594	204,298,944
Contribution as a percentage of covered payroll.	18.88%	18.38%	17.74%	16.89%

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 33,093,081	\$ 30,951,475	\$ 29,618,525	\$ 27,921,084	\$ 26,608,313	\$ 23,421,482
(33,093,081)	(30,951,475)	(29,618,525)	(27,921,084)	(26,608,313)	(23,421,482)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
207,042,843	205,348,253	208,750,579	210,019,550	214,687,049	203,774,946
15.98%	15.07%	14.19%	13.29%	12.39%	11.49%

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

Last 10 Years*

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	2.6681661839%	2.7725640212%
District's proportionate share of the net OPEB liability	\$ 34,675,488	\$ 35,947,235
District's covered payroll	216,614,182	218,921,565
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.01%	16.42%
Total OPEB Liability	\$ 1,575,822,000	\$ 1,556,762,000
Plan Fiduciary net position	<u>276,222,000</u>	<u>260,228,000</u>
Net OPEB liability	<u>\$ 1,299,600,000</u>	<u>\$ 1,296,534,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

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

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



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

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,226,151	\$ 2,204,933	\$ 2,217,364	\$ 2,083,849
Contribution in relation to the contractually required contribution	2,226,151	2,204,933	2,217,364	2,083,849
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	218,250,104	216,169,864	217,388,594	204,298,944
Contribution as a percentage of covered payroll.	1.02%	1.02%	1.02%	1.02%

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,111,837	\$ 2,094,552	\$ 2,129,256	\$ 2,142,199	\$ 2,189,808	\$ 2,078,504
2,111,837	2,094,552	2,129,256	2,142,199	2,189,808	2,078,504
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
207,042,843	205,348,253	208,750,579	210,019,550	214,687,049	203,774,946
1.02%	1.02%	1.02%	1.02%	1.02%	1.02%



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SUPPLEMENTARY INFORMATION
INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

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



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

Before, After, and Summer Enrichment Special Revenue Fund – This fund accounts for Before, After, and Summer Enrichment operations offered at 30 locations in the district.

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

MAJOR GOVERNMENTAL FUNDS

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

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

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

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

ADAMS 12 FIVE STAR SCHOOLS
Non-Major Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2018

	Pupil Activity Special Revenue	Other Special Revenue	Instructional Special Revenue
ASSETS			
Cash and Investments	\$ 3,932,046	\$ 2,257,392	\$ 5,237,172
Accounts Receivable	557	96,076	27,097
Due from Other Governments	-	-	-
Inventories	-	-	-
Prepaid Items	5,882	20,250	23,740
Total Assets	<u>\$ 3,938,485</u>	<u>\$ 2,373,718</u>	<u>\$ 5,288,009</u>
<u>Liabilities and Fund Balances</u>			
LIABILITIES			
Accounts Payable	\$ 186,472	\$ 107,616	\$ 75,294
Accrued Salaries and Benefits	16,536	19,261	255,261
Unearned Revenue-Other	-	-	233,860
Total Liabilities	<u>203,008</u>	<u>126,877</u>	<u>564,415</u>
FUND BALANCES			
Nonspendable:			
Inventory	-	-	-
Prepaid Items	5,882	20,250	23,740
Restricted for:			
Tabor 3% Emergency Reserve	151,176	64,904	159,776
Food Service	-	-	-
Committed to:			
Pupil Activity Special Revenue	3,578,419	-	-
Other Special Revenue	-	2,161,687	-
Instructional Special Revenue	-	-	4,540,078
Child Care	-	-	-
Athletics	-	-	-
Total Fund Balances	<u>3,735,477</u>	<u>2,246,841</u>	<u>4,723,594</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,938,485</u>	<u>\$ 2,373,718</u>	<u>\$ 5,288,009</u>

Food Service Special Revenue	Before, After, and Summer Enrichment Special Revenue	Interscholastic Athletic Special Revenue	Total Non-Major Governmental Funds
\$ 3,758,759	\$ 2,021,472	\$ 535,343	\$ 17,742,184
9,517	33,338	-	166,585
68,404	-	-	68,404
121,812	-	-	121,812
1,759	21,978	12,763	86,372
<u>\$ 3,960,251</u>	<u>\$ 2,076,788</u>	<u>\$ 548,106</u>	<u>\$ 18,185,357</u>
\$ 167,738	\$ 165,405	\$ 35,778	\$ 738,303
29,977	258,012	93,470	672,517
255,623	602,212	-	1,091,695
<u>453,338</u>	<u>1,025,629</u>	<u>129,248</u>	<u>2,502,515</u>
121,812	-	-	121,812
1,759	21,978	12,763	86,372
103,807	236,633	62,263	778,559
3,279,535	-	-	3,279,535
-	-	-	3,578,419
-	-	-	2,161,687
-	-	-	4,540,078
-	792,548	-	792,548
-	-	343,832	343,832
<u>3,506,913</u>	<u>1,051,159</u>	<u>418,858</u>	<u>15,682,842</u>
<u>\$ 3,960,251</u>	<u>\$ 2,076,788</u>	<u>\$ 548,106</u>	<u>\$ 18,185,357</u>

ADAMS 12 FIVE STAR SCHOOLS
Non-Major Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	Pupil Activity Special Revenue	Other Special Revenue
REVENUES		
State	\$ -	\$ -
Federal	-	-
Local	5,026,181	2,364,000
Investment Earnings	9,352	11,811
Miscellaneous	15,701	161,220
Total Revenues	<u>5,051,234</u>	<u>2,537,031</u>
EXPENDITURES		
Current:		
Direct Instruction		
Elementary Education	448,275	32,712
K-8 Education	75,866	-
Middle School Education	188,902	9,453
High School Education	717,672	67,695
Other Regular Education	3,074,460	505,951
Special Programs	10,595	1,265
Total Direct Instruction	<u>4,515,770</u>	<u>617,076</u>
Indirect Instruction		
Pupil Support Services	69	71,583
Instructional Staff Services	-	194,480
School Administration	13,870	167,569
Total Indirect Instruction	<u>13,939</u>	<u>433,632</u>
Other Support Programs		
General Administration	-	567
Business/Fiscal Services	-	7,198
Procurement and Warehouse	-	49,680
Operations and Maintenance	45,411	980,059
Pupil Transportation Services	9,375	9,732
Staff Services	-	150
Other Support Services	-	-
Community Programs	-	1,504
Facilities: Planning & Development	-	60,000
Food Service Operations	-	7,916
Child Care Operations	-	-
Total Other Support Programs	<u>54,786</u>	<u>1,116,806</u>
Total Expenditures	<u>4,584,495</u>	<u>2,167,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	466,739	369,517
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	466,739	369,517
Fund Balances, July 1, 2017	<u>3,268,738</u>	<u>1,877,324</u>
Fund Balances, June 30, 2018	<u>\$ 3,735,477</u>	<u>\$ 2,246,841</u>

Instructional Special Revenue	Food Service Special Revenue	Before, After, and Summer Enrichment Special Revenue	Interscholastic Athletic Special Revenue	Total Non-Major Governmental Funds
\$ -	\$ 211,945	\$ -	\$ -	\$ 211,945
-	7,217,214	-	-	7,217,214
2,694,895	3,236,102	7,887,764	686,731	21,895,673
-	12,470	-	4,220	37,853
-	10,823	-	-	187,744
<u>2,694,895</u>	<u>10,688,554</u>	<u>7,887,764</u>	<u>690,951</u>	<u>29,550,429</u>
2,464,502	-	-	-	2,945,489
-	-	-	1,279	77,145
-	-	-	6,625	204,980
-	-	-	1,900,301	2,685,668
-	-	-	68,701	3,649,112
26,449	-	-	12,920	51,229
<u>2,490,951</u>	<u>-</u>	<u>-</u>	<u>1,989,826</u>	<u>9,613,623</u>
-	-	-	-	71,652
-	-	-	29,505	223,985
-	-	-	-	181,439
<u>-</u>	<u>-</u>	<u>-</u>	<u>29,505</u>	<u>477,076</u>
-	-	-	-	567
-	-	-	-	7,198
-	-	-	-	49,680
-	-	-	12,604	1,038,074
-	-	-	-	19,107
-	-	-	-	150
-	144,256	26,170	-	170,426
-	-	-	14,393	15,897
-	-	-	-	60,000
-	11,169,907	-	-	11,177,823
<u>-</u>	<u>-</u>	<u>8,978,005</u>	<u>-</u>	<u>8,978,005</u>
<u>-</u>	<u>11,314,163</u>	<u>9,004,175</u>	<u>26,997</u>	<u>21,516,927</u>
<u>2,490,951</u>	<u>11,314,163</u>	<u>9,004,175</u>	<u>2,046,328</u>	<u>31,607,626</u>
203,944	(625,609)	(1,116,411)	(1,355,377)	(2,057,197)
<u>2,631,009</u>	<u>-</u>	<u>-</u>	<u>1,384,484</u>	<u>4,015,493</u>
<u>2,631,009</u>	<u>-</u>	<u>-</u>	<u>1,384,484</u>	<u>4,015,493</u>
2,834,953	(625,609)	(1,116,411)	29,107	1,958,296
1,888,641	4,132,522	2,167,570	389,751	13,724,546
<u>\$ 4,723,594</u>	<u>\$ 3,506,913</u>	<u>\$ 1,051,159</u>	<u>\$ 418,858</u>	<u>\$ 15,682,842</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Bond Redemption - Debt Service Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes:				
Property	\$ 48,157,829	\$ 48,157,829	\$ 53,521,433	\$ 5,363,604
Delinquent Taxes and Interest	100,000	100,000	129,118	29,118
Investment Earnings	35,000	140,000	-	(140,000)
Total Revenues	<u>48,292,829</u>	<u>48,397,829</u>	<u>53,650,551</u>	<u>5,252,722</u>
EXPENDITURES				
Reserves	<u>60,846,847</u>	<u>61,165,883</u>	<u>-</u>	<u>61,165,883</u>
Total Other Support Programs	<u>60,846,847</u>	<u>61,165,883</u>	<u>-</u>	<u>61,165,883</u>
Debt Service				
Principal Retirement	22,330,000	22,330,000	22,330,000	-
Interest and Fiscal Charges	23,745,625	23,745,625	23,745,625	-
Bond Issuance and Other Costs	-	12,000	19,250	(7,250)
Total Expenditures	<u>106,922,472</u>	<u>107,253,508</u>	<u>46,094,875</u>	<u>61,158,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,629,643)	(58,855,679)	7,555,676	66,411,355
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(58,629,643)	(58,855,679)	7,555,676	66,411,355
Fund Balances, July 1, 2017	<u>58,629,643</u>	<u>58,855,679</u>	<u>58,855,679</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,411,355</u>	<u>\$ 66,411,355</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Building - Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Investment Earnings	\$ 2,319,633	\$ 3,303,442	\$ 2,687,323	\$ (616,119)
Total Revenues	<u>2,319,633</u>	<u>3,303,442</u>	<u>2,687,323</u>	<u>(616,119)</u>
EXPENDITURES				
Reserves	<u>137,284,747</u>	<u>130,206,610</u>	<u>-</u>	<u>130,206,610</u>
Total Other Support Programs	<u>137,284,747</u>	<u>130,206,610</u>	<u>-</u>	<u>130,206,610</u>
Capital Outlay:				
Sites, Buildings, and Ground Improvements	11,018,287	11,018,287	3,564,284	7,454,003
School Additions, Improvements, and Repairs	98,183,439	98,183,439	50,557,254	47,626,185
Grounds Improvements and Repairs	1,791,573	1,791,573	-	1,791,573
Equipment/Vehicles/Operation Systems	<u>31,815,169</u>	<u>31,815,169</u>	<u>5,293,018</u>	<u>26,522,151</u>
Total Expenditures	<u>280,093,215</u>	<u>273,015,078</u>	<u>59,414,556</u>	<u>213,600,522</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(277,773,582)	(269,711,636)	(56,727,233)	212,984,403
Net Change in Fund Balances	(277,773,582)	(269,711,636)	(56,727,233)	212,984,403
Fund Balances, July 1, 2017	<u>277,773,582</u>	<u>269,711,636</u>	<u>269,711,636</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,984,403</u>	<u>\$ 212,984,403</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Reserve - Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Local	\$ 1,221,992	\$ 1,372,992	\$ 1,779,569	\$ 406,577
Investment Earnings	3,736	3,736	358,920	355,184
Miscellaneous	-	10,934	39,576	28,642
Total Revenues	<u>1,225,728</u>	<u>1,387,662</u>	<u>2,178,065</u>	<u>790,403</u>
EXPENDITURES				
Reserves	<u>13,542,756</u>	<u>15,118,074</u>	-	<u>15,118,074</u>
Total Other Support Programs	<u>13,542,756</u>	<u>15,118,074</u>	-	<u>15,118,074</u>
Capital Outlay:				
Sites, Buildings, and Ground Improvements	762,597	762,597	789,715	(27,118)
School Additions, Improvements, and Repairs	18,777,462	18,719,363	19,468,959	(749,596)
Equipment/Vehicles/Operation Systems	423,222	423,222	438,481	(15,259)
Debt Service				
Principal Retirement	4,740,123	4,740,122	4,740,123	(1)
Interest and Fiscal Charges	828,251	886,351	886,351	-
Bond Issuance and Other Costs	-	-	7,008	(7,008)
Total Expenditures	<u>39,074,411</u>	<u>40,649,729</u>	<u>26,330,637</u>	<u>14,319,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,848,683)	(39,262,067)	(24,152,572)	15,109,495
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>5,746,056</u>	<u>5,246,056</u>	<u>5,246,056</u>	-
Total Other Financing Sources (Uses)	<u>5,746,056</u>	<u>5,246,056</u>	<u>5,246,056</u>	-
Net Change in Fund Balances	(32,102,627)	(34,016,011)	(18,906,516)	15,109,495
Fund Balances, July 1, 2017	<u>32,102,627</u>	<u>34,016,011</u>	<u>34,016,011</u>	-
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,109,495</u>	<u>\$ 15,109,495</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Pupil Activity Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Local	\$ 4,871,238	\$ 4,871,238	\$ 5,026,181	\$ 154,943
Investment Earnings	3,034	3,034	9,352	6,318
Miscellaneous	-	-	15,701	15,701
Total Revenues	<u>4,874,272</u>	<u>4,874,272</u>	<u>5,051,234</u>	<u>176,962</u>
EXPENDITURES				
Current:				
Direct Instruction:				
Elementary Education	-	-	448,275	(448,275)
K-8 Education	2,656,454	2,656,454	75,866	2,580,588
Middle School Education	-	-	188,902	(188,902)
High School Education	-	-	717,672	(717,672)
Other Regular Education	1,751,925	1,546,690	3,074,460	(1,527,770)
Special Programs	-	-	10,595	(10,595)
Total Direct Instruction	<u>4,408,379</u>	<u>4,203,144</u>	<u>4,515,770</u>	<u>(312,626)</u>
Indirect Instruction:				
Pupil Support Services	-	-	69	(69)
School Administration	-	-	13,870	(13,870)
Total Indirect Instruction	<u>-</u>	<u>-</u>	<u>13,939</u>	<u>(13,939)</u>
Other Support Programs:				
Operations and Maintenance	-	-	45,411	(45,411)
Pupil Transportation Services	-	-	9,375	(9,375)
Reserves	<u>3,939,866</u>	<u>3,939,866</u>	-	3,939,866
Total Other Support Programs	<u>3,939,866</u>	<u>3,939,866</u>	<u>54,786</u>	<u>3,885,080</u>
Total Expenditures	<u>8,348,245</u>	<u>8,143,010</u>	<u>4,584,495</u>	<u>3,558,515</u>
Net Change in Fund Balances	(3,473,973)	(3,268,738)	466,739	3,735,477
Fund Balances, July 1, 2017	3,473,973	3,268,738	3,268,738	-
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,735,477</u>	<u>\$ 3,735,477</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts		Variance with
	Original	Final			Final Budget
REVENUES					
Local	\$ 1,745,773	\$ 1,745,773	\$ 2,364,000	\$	618,227
Investment Earnings	-	-	11,811		11,811
Miscellaneous	125,000	125,000	161,220		36,220
Total Revenues	1,870,773	1,870,773	2,537,031		666,258
EXPENDITURES					
Current:					
Direct Instruction:					
Elementary Education	406,000	499,540	32,712		466,828
K-8 Education	19,990	19,990	-		19,990
Middle School Education	6,245	6,245	9,453		(3,208)
High School Education	356,832	356,832	67,695		289,137
Other Regular Education	127,283	127,283	505,951		(378,668)
Special Programs	-	-	1,265		(1,265)
Total Direct Instruction	916,350	1,009,890	617,076		392,814
Indirect Instruction:					
Pupil Support Services	260,092	260,092	71,583		188,509
Instructional Staff Services	120,921	120,921	194,480		(73,559)
School Administration	75,000	166,751	167,569		(818)
Total Indirect Instruction	456,013	547,764	433,632		114,132
Other Support Programs:					
General Administration	-	-	567		(567)
Business/Fiscal Services	588	588	7,198		(6,610)
Procurement and Warehouse	52,895	52,895	49,680		3,215
Operations and Maintenance	809,022	809,022	980,059		(171,037)
Pupil Transportation Services	-	-	9,732		(9,732)
Staff Services	-	-	150		(150)
Community Programs	-	-	1,504		(1,504)
Facilities: Planning & Development	-	-	60,000		(60,000)
Food Service Operations	-	-	7,916		(7,916)
Reserves	1,327,938	1,327,938	-		1,327,938
Total Other Support Programs	2,190,443	2,190,443	1,116,806		1,073,637
Total Expenditures	3,562,806	3,748,097	2,167,514		1,580,583
Net Change in Fund Balances	(1,692,033)	(1,877,324)	369,517		2,246,841
Fund Balances, July 1, 2017	1,692,033	1,877,324	1,877,324		-
Fund Balances, June 30, 2018	\$ -	\$ -	\$ 2,246,841	\$	2,246,841

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Instructional Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Local	\$ 2,924,204	\$ 2,924,204	\$ 2,694,895	\$ (229,309)
Total Revenues	<u>2,924,204</u>	<u>2,924,204</u>	<u>2,694,895</u>	<u>(229,309)</u>
EXPENDITURES				
Current:				
Direct Instruction:				
Elementary Education	4,387,679	1,722,077	2,464,502	(742,425)
K-8 Education	779	779	-	779
Middle School Education	473,720	473,720	-	473,720
High School Education	1,062,751	1,062,751	-	1,062,751
Other Regular Education	10,749	10,749	-	10,749
Special Programs	215,709	215,709	26,449	189,260
Reserves	460,580	2,717,060	-	2,717,060
Total Expenditures	<u>6,611,967</u>	<u>6,202,845</u>	<u>2,490,951</u>	<u>3,711,894</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(3,687,763)	(3,278,641)	203,944	3,482,585
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,390,000</u>	<u>1,390,000</u>	<u>2,631,009</u>	<u>1,241,009</u>
Total Other Financing Sources (Uses)	<u>1,390,000</u>	<u>1,390,000</u>	<u>2,631,009</u>	<u>1,241,009</u>
Net Change in Fund Balances	(2,297,763)	(1,888,641)	2,834,953	4,723,594
Fund Balances, July 1, 2017	<u>2,297,763</u>	<u>1,888,641</u>	<u>1,888,641</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,723,594</u>	<u>\$ 4,723,594</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Food Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts		Variance with
	Original	Final			Final Budget
REVENUES					
Taxes:					
State	\$ 204,309	\$ 204,309	\$ 211,945	\$ 7,636	
Federal	7,178,099	7,178,099	7,217,214	39,115	
Local	2,994,869	2,994,869	3,236,102	241,233	
Investment Earnings	3,500	3,500	12,470	8,970	
Miscellaneous	-	-	10,823	10,823	
Total Revenues	10,380,777	10,380,777	10,688,554	307,777	
EXPENDITURES					
Other Support Programs:					
Other Support Services	248,915	248,915	144,256	104,659	
Food Service Operations	11,379,206	11,379,206	11,169,907	209,299	
Reserves	2,112,314	2,885,178	-	2,885,178	
Total Expenditures	13,740,435	14,513,299	11,314,163	3,199,136	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(3,359,658)	(4,132,522)	(625,609)	3,506,913	
Net Change in Fund Balances	(3,359,658)	(4,132,522)	(625,609)	3,506,913	
Fund Balances, July 1, 2017	3,359,658	4,132,522	4,132,522	-	
Fund Balances, June 30, 2018	\$ -	\$ -	\$ 3,506,913	\$ 3,506,913	

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Before, After, and Summer Enrichment Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Tuition	\$ 8,153,385	\$ 8,209,877	\$ 7,887,764	\$ (322,113)
Total Revenues	<u>8,153,385</u>	<u>8,209,877</u>	<u>7,887,764</u>	<u>(322,113)</u>
EXPENDITURES				
Current:				
Other Support Programs:				
Other Support Services	-	-	26,170	(26,170)
Child Care Operations	8,530,677	8,587,169	8,978,005	(390,836)
Reserves	<u>1,434,752</u>	<u>1,790,278</u>	<u>-</u>	<u>1,790,278</u>
Total Expenditures	<u>9,965,429</u>	<u>10,377,447</u>	<u>9,004,175</u>	<u>1,373,272</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,812,044)	(2,167,570)	(1,116,411)	1,051,159
Net Change in Fund Balances	(1,812,044)	(2,167,570)	(1,116,411)	1,051,159
Fund Balances, July 1, 2017	<u>1,812,044</u>	<u>2,167,570</u>	<u>2,167,570</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,051,159</u>	<u>\$ 1,051,159</u>

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Interscholastic Athletic Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Local	\$ 675,959	\$ 675,959	\$ 686,731	\$ 10,772
Investment Earnings	-	4,465	4,220	(245)
Total Revenues	<u>675,959</u>	<u>680,424</u>	<u>690,951</u>	<u>10,527</u>
EXPENDITURES				
Current:				
Direct Instruction:				
K-8 Education	2,550	2,550	1,279	1,271
Middle School Education	9,590	9,590	6,625	2,965
High School Education	454,500	454,500	1,900,301	(1,445,801)
Other Regular Education	1,585,788	1,563,469	68,701	1,494,768
Special Programs	-	-	12,920	(12,920)
Total Direct Instruction	<u>2,052,428</u>	<u>2,030,109</u>	<u>1,989,826</u>	<u>40,283</u>
Indirect Instruction:				
Instructional Staff Services	27,485	27,485	29,505	(2,020)
Total Indirect Instruction	<u>27,485</u>	<u>27,485</u>	<u>29,505</u>	<u>(2,020)</u>
Other Support Programs:				
Operations and Maintenance	15,000	37,319	12,604	24,715
Community Programs	-	-	14,393	(14,393)
Reserves	230,153	359,746	-	359,746
Total Other Support Programs	<u>245,153</u>	<u>397,065</u>	<u>26,997</u>	<u>370,068</u>
Total Expenditures	<u>2,325,066</u>	<u>2,454,659</u>	<u>2,046,328</u>	<u>408,331</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,649,107)	(1,774,235)	(1,355,377)	418,858
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,333,019</u>	<u>1,384,484</u>	<u>1,384,484</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,333,019</u>	<u>1,384,484</u>	<u>1,384,484</u>	<u>-</u>
Net Change in Fund Balances	(316,088)	(389,751)	29,107	418,858
Fund Balances, July 1, 2017	<u>316,088</u>	<u>389,751</u>	<u>389,751</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,858</u>	<u>\$ 418,858</u>

ADAMS 12 FIVE STAR SCHOOLS
Statement of Changes in Fiduciary Assets and Liabilities
Pupil Activity Agency Fund
For the Fiscal Year Ended June 30, 2018

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
ASSETS				
Pooled Cash and Investments	\$ 644,335	\$ 985,633	\$ 1,022,974	\$ 606,994
Prepaid Items	250	-	250	-
Accounts Receivable	292	-	292	-
Total Assets	<u>\$ 644,877</u>	<u>\$ 985,633</u>	<u>\$ 1,023,516</u>	<u>\$ 606,994</u>
LIABILITIES				
Accounts Payable	\$ 24,649	\$ 11,380	\$ 24,649	\$ 11,380
Due to student groups and other organizations	620,228	974,253	998,867	595,614
Total Liabilities	<u>\$ 644,877</u>	<u>\$ 985,633</u>	<u>\$ 1,023,516</u>	<u>\$ 606,994</u>



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COMPONENT UNITS

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

ADAMS 12 FIVE STAR SCHOOLS
Combining Statement of Net Position
Component Units
June 30, 2018

	Stargate Charter School	Westgate Charter School	Prospect Ridge Charter School	Total Charter Schools
<u>Assets</u>				
Cash and Investments - Unrestricted	\$ 2,767,205	\$ 1,467,065	\$ 4,903,126	\$ 9,137,396
Cash and Investments - Restricted	2,223,452	2,349,401	4,269,408	8,842,261
Accounts Receivable	151,641	2,247	-	153,888
Prepaid Expenses	3,551	51,790	65,796	121,137
Due from Primary Government	32,664	16,659	8,130	57,453
Capital Assets, not being Depreciated:				
Land and Construction in Progress	8,675,102	2,834,000	9,066,528	20,575,630
Capital Assets, Net of Accumulated Depreciation:				
Buildings	37,510,568	5,776,294	23,949,192	67,236,054
Equipment/Vehicles	451,634	5,416	-	457,050
Total Assets	<u>51,815,817</u>	<u>12,502,872</u>	<u>42,262,180</u>	<u>106,580,869</u>
<u>Deferred Outflows of Resources</u>				
Deferred Outflows Related to Pensions	19,092,465	3,598,417	13,894,620	36,585,502
Deferred Outflows Related to OPEB	250,651	14,311	109,428	374,390
Total Deferred Outflows of Resources	<u>19,343,116</u>	<u>3,612,728</u>	<u>14,004,048</u>	<u>36,959,892</u>
<u>Liabilities</u>				
Accounts Payable	729,214	7,436	1,046,431	1,783,081
Retainages Payable	-	-	175,204	175,204
Accrued Expenses	-	-	2,113	2,113
Accrued Salaries and Benefits	741,147	112,350	489,862	1,343,359
Accrued Interest Payable	186,210	31,775	356,147	574,132
Due to Primary Government	4,412	18	2,478	6,908
Unearned Revenue	-	-	144,164	144,164
Noncurrent Liabilities				
Due within One Year:				
Compensated Absences	-	-	45,350	45,350
Loans	-	28,898	-	28,898
Revenue Bonds	665,000	226,119	550,000	1,441,119
Due in more than One Year:				
Compensated Absences	19,527	-	-	19,527
Loans	-	63,575	-	63,575
Revenue Bonds	40,715,000	8,439,210	34,280,000	83,434,210
Net Pension Liability	38,199,880	10,884,308	36,237,262	85,321,450
Net OPEB Liability	872,324	248,552	827,506	1,948,382
Total Liabilities	<u>82,132,714</u>	<u>20,042,241</u>	<u>74,156,517</u>	<u>176,331,472</u>
<u>Deferred Inflows of Resources</u>				
Deferred Inflows Related to Pensions	1,562,043	773,055	2,186,947	4,522,045
Deferred Inflows Related to OPEB	14,594	4,158	13,844	32,596
Total Deferred Inflows of Resources	<u>1,576,637</u>	<u>777,213</u>	<u>2,200,791</u>	<u>4,554,641</u>
<u>Net Position</u>				
Net Investment in Capital Assets	5,257,304	(142,092)	(1,050,640)	4,064,572
Restricted for:				
Capital Projects	345,304	1,560,064	367,406	2,272,774
Debt Service	2,037,242	2,317,626	1,542,722	5,897,590
TABOR	350,000	138,000	229,915	717,915
Special Education	200,000	50,000	200,005	450,005
Unrestricted	(20,740,268)	(8,627,452)	(21,380,488)	(50,748,208)
Total Net Position	<u>\$ (12,550,418)</u>	<u>\$ (4,703,854)</u>	<u>\$ (20,091,080)</u>	<u>\$ (37,345,352)</u>

ADAMS 12 FIVE STAR SCHOOLS
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Schools:					
Stargate Charter School	\$ 19,170,489	\$ 907,355	\$ 177,266	\$ -	\$ (18,085,868)
Westgate Charter School	5,989,883	391,823	107,579	128,171	(5,362,310)
Prospect Ridge Charter School	20,577,321	656,980	132,316	352,143	(19,435,882)
Total Expenditures	<u>\$ 45,737,693</u>	<u>\$ 1,956,158</u>	<u>\$ 417,161</u>	<u>\$ 480,314</u>	<u>(42,884,060)</u>
General Revenues:					
School Finance Act:					
Stargate Charter School					9,506,227
Westgate Charter School					3,637,536
Prospect Ridge Charter School					10,013,881
Other:					
Stargate Charter School					529,201
Westgate Charter School					82,173
Prospect Ridge Charter School					449,418
Total General Revenues:					<u>24,218,436</u>
Change in Net Position					(18,665,624)
Net Position July 1, 2017, as previously stated					(17,154,270)
Restatements					<u>(1,525,458)</u>
Net Position July 1, 2017					<u>(18,679,728)</u>
Net Position June 30, 2018					<u>\$ (37,345,352)</u>

STATE REQUIRED REPORT

COLORADO DEPARTMENT OF EDUCATION AUDITOR'S ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES

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



Colorado Department of Education

Auditors Integrity Report

District: 0020 - ADAMS 12 FIVE STAR SCHOOLS

Fiscal Year 2017-18
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Governmental	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
10 General Fund		33,671,682		298,501,306	288,558,096		43,614,891
18 Risk Mgmt Sub-Fund of General Fund		3,681,872		3,746,299	3,315,028		4,113,142
19 Colorado Preschool Program Fund		229,695		2,633,534	2,820,862		42,367
Sub- Total		37,583,249		304,881,139	294,693,986		47,770,401
11 Charter School Fund		16,074,997		32,282,145	37,982,710		10,374,432
20,26-29 Special Revenue Fund		6,323,285		17,826,134	15,708,968		8,440,452
06 Supplemental Cap Const, Tech, Main. Fund		0		0	0		0
21 Food Service Spec Revenue Fund		4,132,522		10,688,554	11,314,163		3,506,913
22 Govt Designated-Purpose Grants Fund		0		23,053,804	23,053,804		0
23 Pupil Activity Special Revenue Fund		3,268,738		5,051,234	4,584,495		3,735,477
24 Full Day Kindergarten Mill Levy Override		0		0	0		0
25 Transportation Fund		0		0	0		0
31 Bond Redemption Fund		58,855,679		53,650,551	46,094,875		66,411,355
39 Certificate of Participation (COP) Debt Service Fund		0		0	0		0
41 Building Fund		269,711,636		2,687,323	59,414,556		212,984,403
42 Special Building Fund		0		0	0		0
43 Capital Reserve Capital Projects Fund		34,016,011		7,424,121	26,330,637		15,109,495
46 Supplemental Cap Const, Tech, Main Fund		0		0	0		0
Totals		429,966,116		457,545,006	519,178,195		368,332,927
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		620,228		974,253	998,867		595,614
79 GASB 34 Permanent Fund		0		0	0		0
85 Foundations		0		0	0		0
Totals		620,228		974,253	998,867		595,614
FINAL							

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



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Artist: Alyanis Castro
School: Coyote Ridge Elementary School



Artist: Cambrie Rogers
School: Meridian Elementary School



Artist: Brooklyn Choate
School: Skyview Elementary School

ADAMS 12 FIVE STAR SCHOOLS

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	122-129
<u>Revenue Capacity</u> – These schedules contain information to help the reader understand and assess the District's ability to generate own-source revenues.	130-135
<u>Debt Capacity</u> – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	136-142
<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.	143-145
<u>Operating Information</u> – These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	146-150

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

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 102,040,985	\$ 114,481,427	\$ 138,799,116	\$ 144,815,482
Restricted	48,784,221	55,066,663	49,107,034	44,641,164
Unrestricted	46,110,635	42,489,892	23,587,271	20,042,222
Total governmental activities net position	<u>\$ 196,935,841</u>	<u>\$ 212,037,982</u>	<u>\$ 211,493,421</u>	<u>\$ 209,498,868</u>
Business-type activities				
Net investment in capital assets	\$ 1,635,867	\$ 1,489,450	\$ 1,250,821	\$ 994,103
Unrestricted	5,829,311	7,304,890	8,037,608	8,896,706
Total business-type activities net position	<u>\$ 7,465,188</u>	<u>\$ 8,794,340</u>	<u>\$ 9,288,429</u>	<u>\$ 9,890,809</u>
Primary government				
Net investment in capital assets	\$ 103,676,852	\$ 115,970,877	\$ 140,049,937	\$ 145,809,585
Restricted	48,784,221	55,066,663	49,107,034	44,641,164
Unrestricted	51,939,946	49,794,782	31,624,879	28,938,928
Total primary government net position	<u>\$ 204,401,019</u>	<u>\$ 220,832,322</u>	<u>\$ 220,781,850</u>	<u>\$ 219,389,677</u>

Note: In Fiscal Year 2015, due to the implementation of GASB 68, the District recognized its share of the net pension liability which resulted in a deficit net position.

2013	2014	2015	2016	2017	2018
\$ 157,898,594	\$ 161,427,987	\$ 145,038,966	\$ 163,015,412	\$ 147,159,979	\$ 178,067,913
28,001,800	33,474,816	63,890,686	70,250,428	71,516,770	78,607,227
27,474,100	20,724,391	(625,268,715)	(657,867,115)	(858,420,907)	(1,160,986,216)
<u>\$ 213,374,394</u>	<u>\$ 215,627,194</u>	<u>\$ (416,339,063)</u>	<u>\$ (424,601,275)</u>	<u>\$ (639,744,158)</u>	<u>\$ (904,311,076)</u>
\$ 848,479	\$ 686,574	\$ -	\$ -	\$ -	\$ -
9,077,241	9,936,435	-	-	-	-
<u>\$ 9,925,720</u>	<u>\$ 10,623,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 158,747,073	\$ 162,114,561	\$ 145,038,966	\$ 163,015,412	\$ 1,471,599,789	\$ 178,067,913
28,001,800	33,474,816	63,890,686	70,250,428	71,516,770	78,607,227
36,551,341	30,660,826	(625,268,715)	(657,867,115)	(858,420,907)	(1,160,986,216)
<u>\$ 223,300,214</u>	<u>\$ 226,250,203</u>	<u>\$ (416,339,063)</u>	<u>\$ (424,601,275)</u>	<u>\$ (639,744,158)</u>	<u>\$ (904,311,076)</u>

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

	2009	2010	2011	2012
Expenses				
Governmental activities:				
Direct Instruction	\$ 201,130,295	\$ 212,201,199	\$ 204,116,371	\$ 202,400,390
Indirect Instruction	45,793,561	49,647,730	49,532,839	43,868,253
Other Support Programs	55,940,976	58,050,462	56,866,813	54,781,017
Charter school funding	40,864,331	47,747,380	43,910,735	49,760,754
Interest expense, unallocated	18,304,052	17,430,439	20,016,965	24,610,420
Total governmental activities expenses	<u>362,033,215</u>	<u>385,077,210</u>	<u>374,443,723</u>	<u>375,420,834</u>
Business-type activities:				
Food services	8,853,982	9,168,538	9,124,435	9,572,148
Child care	5,981,669	6,064,318	6,003,305	5,984,358
Total business-type activities expenses	<u>14,835,651</u>	<u>15,232,856</u>	<u>15,127,740</u>	<u>15,556,506</u>
Total primary government expenses	<u>\$ 376,868,866</u>	<u>\$ 400,310,066</u>	<u>\$ 389,571,463</u>	<u>\$ 390,977,340</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Direct Instruction	\$ 1,723,158	\$ 2,029,950	\$ 1,479,152	\$ 3,549,584
Indirect Instruction	619,483	730,131	602,470	525,653
Other Support Programs	1,856,792	2,099,203	2,956,240	2,154,280
Charter School Funding	807,938	647,567	530,874	639,861
Operating grants and contributions:				
Direct Instruction	16,188,043	23,273,441	32,027,827	18,750,842
Indirect Instruction	5,621,772	7,619,341	8,519,699	7,807,215
Other Support Programs	1,443,077	1,714,297	1,959,642	2,041,845
Capital grants and contributions:				
Direct Instruction	575,739	1,540,210	169,519	63,138
Total governmental activities program revenues	<u>28,836,002</u>	<u>39,654,140</u>	<u>48,245,423</u>	<u>35,532,418</u>
Business-type activities:				
Charges for services:				
Food service	4,592,122	4,393,297	3,973,120	3,624,894
Child care	6,214,491	6,452,068	6,539,911	6,450,628
Operating grants and contributions:				
Food service	5,040,829	5,611,774	6,103,394	6,079,140
Total business-type activities program revenues	<u>15,847,442</u>	<u>16,457,139</u>	<u>16,616,425</u>	<u>16,154,662</u>
Total primary government program revenues	<u>\$ 44,683,444</u>	<u>\$ 56,111,279</u>	<u>\$ 64,861,848</u>	<u>\$ 51,687,080</u>
Net (Expense)/Revenue				
Governmental activities	\$ (333,197,213)	\$ (345,423,070)	\$ (326,198,300)	\$ (339,888,416)
Business-type activities	1,011,791	1,224,283	1,488,685	598,156
Total primary government net expense	<u>\$ (332,185,422)</u>	<u>\$ (344,198,787)</u>	<u>\$ (324,709,615)</u>	<u>\$ (339,290,260)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Local property taxes	\$ 123,832,566	\$ 122,733,076	\$ 122,541,664	\$ 121,200,202
Specific ownership taxes	9,151,434	8,475,048	7,994,040	8,140,240
Intergovernmental, unrestricted	208,758,597	224,988,909	202,372,669	208,047,852
Intergovernmental agreements	-	-	-	-
Other	1,442,253	1,262,982	1,306,961	885,902
Earnings on investments	3,976,195	1,440,595	564,593	511,328
Transfers	(19,935)	(82,917)	1,000,000	-
Gain (loss) on disposal of assets	-	1,707,518	130,157	-
Total governmental activities:	<u>347,141,110</u>	<u>360,525,211</u>	<u>335,910,084</u>	<u>338,785,524</u>
Business-type activities:				
Earnings on investments	14,285	21,962	5,404	4,220
Other	-	-	-	-
Transfers	19,935	82,917	(1,000,000)	-
Loss on disposal of assets	-	-	-	-
Total business-type activities:	<u>34,220</u>	<u>104,879</u>	<u>(994,596)</u>	<u>4,220</u>
Total primary government	<u>\$ 347,175,330</u>	<u>\$ 360,630,090</u>	<u>\$ 334,915,488</u>	<u>\$ 338,789,744</u>
Change in Net Position				
Governmental activities	\$ 13,943,897	\$ 15,102,141	\$ 9,711,784	\$ (1,102,892)
Business-type activities	1,046,011	1,329,162	494,089	602,376
Total primary government	<u>\$ 14,989,908</u>	<u>\$ 16,431,303</u>	<u>\$ 10,205,873</u>	<u>\$ (500,516)</u>

Note: In May 2014, CDE's Financial Policies and Procedures (FPP) Committee approved the following recommendation: In order to align the compliance, accounting, and reporting of the federal grant program that is the food service fund, the required basis of accounting to be used by the food service fund shall be the modified accrual basis of accounting, and such fund shall be isolated as a special revenue fund.

2013	2014	2015	2016	2017	2018
\$ 200,660,934	\$ 201,406,574	\$ 217,179,196	\$ 232,478,810	\$ 367,274,260	\$ 382,902,884
42,520,108	47,999,681	58,613,866	65,909,683	66,270,495	72,239,890
58,617,994	68,402,400	72,883,709	80,863,780	156,778,489	181,577,452
51,583,887	43,472,016	19,391,201	23,186,915	35,740,446	23,164,902
18,649,158	13,191,487	34,388,947	23,185,957	28,356,597	18,544,253
<u>372,032,082</u>	<u>374,472,158</u>	<u>402,456,919</u>	<u>425,625,145</u>	<u>654,420,287</u>	<u>678,429,381</u>
9,769,874	10,116,781	-	-	-	-
5,807,797	6,184,005	-	-	-	-
15,577,671	16,300,786	-	-	-	-
<u>\$ 387,609,753</u>	<u>\$ 390,772,944</u>	<u>\$ 402,456,919</u>	<u>\$ 425,625,145</u>	<u>\$ 654,420,287</u>	<u>\$ 678,429,381</u>
\$ 3,285,911	\$ 3,266,656	\$ 3,130,072	\$ 3,436,695	\$ 11,628,380	\$ 11,552,685
546,271	652,191	792,885	676,633	-	-
2,772,177	3,892,302	14,427,437	14,938,507	14,677,103	14,945,360
656,182	631,056	382,008	443,099	414,677	501,988
18,738,679	21,374,486	20,126,032	20,487,996	20,569,291	23,721,969
6,835,264	5,911,727	7,752,585	7,943,535	7,394,343	8,019,330
2,046,461	2,414,066	10,700,393	10,486,734	11,856,009	9,849,959
-	-	-	-	-	-
<u>34,880,945</u>	<u>38,142,484</u>	<u>57,311,412</u>	<u>58,413,199</u>	<u>66,539,803</u>	<u>68,591,291</u>
3,443,467	3,279,697	-	-	-	-
6,430,706	6,879,261	-	-	-	-
6,135,587	6,837,064	-	-	-	-
16,009,760	16,996,022	-	-	-	-
<u>\$ 50,890,705</u>	<u>\$ 55,138,506</u>	<u>\$ 57,311,412</u>	<u>\$ 58,413,199</u>	<u>\$ 66,539,803</u>	<u>\$ 68,591,291</u>
\$ (337,151,137)	\$ (336,329,674)	\$ (345,145,507)	\$ (367,211,946)	\$ (587,880,484)	\$ (609,838,090)
432,089	695,236	-	-	-	-
<u>\$ (336,719,048)</u>	<u>\$ (335,634,438)</u>	<u>\$ (345,145,507)</u>	<u>\$ (367,211,946)</u>	<u>\$ (587,880,484)</u>	<u>\$ (609,838,090)</u>
\$ 121,511,993	\$ 121,590,268	\$ 122,794,404	\$ 136,517,005	\$ 138,732,861	\$ 157,040,586
8,644,074	9,366,253	10,222,765	11,093,715	12,034,731	13,862,710
209,276,528	209,026,802	200,859,028	206,985,977	206,131,592	205,047,241
-	-	2,302,560	2,733,756	-	-
737,988	163,280	103,728	-	2,964,474	428,313
456,080	394,470	576,636	1,619,236	2,715,194	3,729,733
400,000	-	-	-	-	-
-	-	1,525	-	-	-
<u>341,026,663</u>	<u>340,541,073</u>	<u>336,860,646</u>	<u>358,949,689</u>	<u>362,578,852</u>	<u>380,108,583</u>
2,822	2,053	-	-	-	-
-	-	-	-	-	-
(400,000)	-	-	-	-	-
-	-	-	-	-	-
(397,178)	2,053	-	-	-	-
<u>\$ 340,629,485</u>	<u>\$ 340,543,126</u>	<u>\$ 336,860,646</u>	<u>\$ 358,949,689</u>	<u>\$ 362,578,852</u>	<u>\$ 380,108,583</u>
\$ 3,875,526	\$ 4,211,399	\$ (8,284,861)	\$ (8,262,257)	\$ (227,999,058)	\$ (229,729,507)
34,911	697,289	-	-	-	-
<u>\$ 3,910,437</u>	<u>\$ 4,908,688</u>	<u>\$ (8,284,861)</u>	<u>\$ (8,262,257)</u>	<u>\$ (227,999,058)</u>	<u>\$ (229,729,507)</u>

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

	2009	2010	2011	2012
General Fund				
Nonspendable	\$ -	\$ -	\$ 1,039,078	\$ 691,093
Restricted	-	-	18,028,812	18,572,049
Committed	-	-	2,392,938	2,314,378
Assigned	-	-	2,995,764	-
Unassigned	-	-	28,474,372	28,294,086
Reserved	24,513,449	25,060,414	-	-
Unreserved	25,494,530	26,937,265	-	-
Total general fund	<u>\$ 50,007,979</u>	<u>\$ 51,997,679</u>	<u>\$ 52,930,964</u>	<u>\$ 49,871,606</u>
All Other Governmental Funds				
Nonspendable:				
Capital projects	\$ -	\$ -	\$ 400,591	\$ -
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Tabor 3% Emergency Reserve	-	-	-	-
Debt Service projects	-	-	37,500,858	39,400,485
Capital projects	-	-	17,367,367	14,376,982
Food Service	-	-	-	-
Committed to:				
Athletics	-	-	342,158	383,942
Child Care	-	-	-	-
Transportation	-	-	-	-
Capital projects	-	-	-	-
Activity Special Revenue	-	-	-	-
Assigned to:				
Capital projects	-	-	8,074,417	4,639,035
Designated Purpose Grants	-	-	-	-
Reserved	71,462,843	66,343,674	-	-
Unreserved, reported in:				
Special revenue funds	102,030	15,979	-	-
Capital projects funds	20,228,344	14,040,347	-	-
Total all other governmental funds	<u>\$ 91,793,217</u>	<u>\$ 80,400,000</u>	<u>\$ 63,685,391</u>	<u>\$ 58,800,444</u>

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

2013	2014	2015	2016	2017	2018
\$ 673,651	\$ 839,223	\$ 899,916	\$ 1,854,645	\$ 1,521,776	\$ 2,452,889
19,131,027	19,202,758	19,154,089	18,894,678	18,868,915	19,199,644
2,978,017	3,029,680	2,492,101	11,103,922	11,679,868	12,389,195
17,611,085	10,003,569	13,951,419	4,062,219	841,530	5,231,523
9,286,389	11,955,673	5,893,576	-	4,671,160	8,497,150
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 49,680,169</u>	<u>\$ 45,030,903</u>	<u>\$ 42,391,101</u>	<u>\$ 35,915,464</u>	<u>\$ 37,583,249</u>	<u>\$ 47,770,401</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	210,395	147,083	149,139	121,812
-	-	54,641	47,557	83,613	88,535
-	-	-	761,737	1,096,140	1,001,283
39,803,375	46,639,747	53,111,796	58,654,446	58,855,679	66,411,355
-	6,939,248	26,866,762	24,997,937	269,711,636	212,984,403
-	-	5,409,523	4,194,883	3,887,732	3,279,535
367,360	432,246	364,592	423,947	359,998	343,832
-	-	3,145,553	2,391,491	1,929,598	792,548
-	-	669,158	-	-	-
7,952,899	9,463,425	10,111,685	12,248,536	33,766,084	14,884,608
-	-	-	-	6,468,253	10,280,184
3,526,175	2,044,029	2,506,772	-	-	-
-	-	-	(33,491)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 51,649,809</u>	<u>\$ 65,518,695</u>	<u>\$ 102,450,877</u>	<u>\$ 103,834,126</u>	<u>\$ 376,307,872</u>	<u>\$ 310,188,095</u>

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 132,465,291	\$ 131,021,544	\$ 131,549,891	\$ 129,104,686
State	218,115,201	236,555,734	225,698,244	219,519,011
Federal	13,896,288	22,674,497	19,351,112	17,132,769
Local	1,301	772	-	25,118
Mineral Leases	-	-	-	-
Investment Earnings	3,976,195	1,440,595	564,593	511,328
Miscellaneous	6,448,322	6,831,037	6,875,698	7,789,274
Total revenues	<u>374,902,598</u>	<u>398,524,179</u>	<u>384,039,538</u>	<u>374,082,186</u>
Expenditures				
Direct Instruction	182,733,706	196,173,403	187,724,932	186,273,435
Indirect Instruction	45,290,896	49,461,367	49,400,171	43,771,488
Other Support Programs	52,765,590	55,326,963	53,776,443	50,344,628
Charter school funding	40,864,331	47,747,380	43,910,735	49,760,754
Debt service:				
Principal	23,532,308	24,593,173	25,219,323	21,071,120
Interest	18,806,876	17,878,787	16,889,485	21,828,525
Bond issuance costs	-	-	-	792,243
Capital outlay	34,899,456	24,339,334	25,035,243	9,826,488
Total expenditures	<u>398,893,163</u>	<u>415,520,407</u>	<u>401,956,332</u>	<u>383,668,681</u>
Excess of revenues over (under) expenditures	(23,990,565)	(16,996,228)	(17,916,794)	(9,586,495)
Other Financing Sources (Uses)				
Transfers in	536,372	612,774	6,578,177	5,454,759
Transfers out	(536,372)	(612,774)	(5,578,177)	(5,454,759)
Payments to refunded bonds escrow agent	-	-	-	-
Payments to refunded COPs escrow agent	-	-	-	(138,199,482)
Refunding bonds	-	-	-	120,537,083
Issuance of bonds	-	-	-	-
Bond premium	-	-	-	20,196,250
Land/building sales	311,131	7,592,711	132,599	-
Lease purchase	-	-	1,002,873	-
Total other financing sources (uses)	<u>311,131</u>	<u>7,592,711</u>	<u>2,135,472</u>	<u>2,533,851</u>
Net change in fund balance	<u>\$ (23,679,434)</u>	<u>\$ (9,403,517)</u>	<u>\$ (15,781,322)</u>	<u>\$ (7,052,644)</u>
Debt service as a percentage of noncapital expenditures	11.6%	10.9%	11.2%	11.5%

2013	2014	2015	2016	2017	2018
\$ 130,814,942	\$ 131,427,784	\$ 133,716,439	\$ 146,675,513	\$ 151,450,944	\$ 170,631,184
221,251,686	222,550,056	216,715,737	223,377,140	222,924,367	223,040,936
15,645,246	15,855,381	24,037,648	24,470,458	23,479,402	23,883,740
20,884	1,330,180	7,133,593	19,633,379	25,882,394	26,451,141
-	-	37,520	31,946	19,551	17,338
456,080	394,470	576,636	1,619,236	2,715,194	3,729,733
7,977,645	7,596,949	12,653,755	620,009	632,729	673,690
<u>376,166,483</u>	<u>379,154,820</u>	<u>394,871,328</u>	<u>416,427,681</u>	<u>427,104,581</u>	<u>448,427,762</u>
184,188,632	185,347,582	191,442,866	200,880,489	203,923,568	200,899,049
42,342,107	47,962,804	54,922,617	60,590,339	59,791,273	64,409,299
50,405,364	58,606,031	78,201,170	82,031,282	82,915,251	83,519,090
51,583,887	43,472,016	19,391,201	23,186,915	35,740,446	23,164,902
22,247,787	21,792,134	25,988,689	30,614,131	30,344,633	27,575,188
19,880,225	13,326,531	13,958,345	15,699,284	20,860,230	24,654,890
-	478,487	931,108	454,878	1,568,249	26,258
11,215,035	12,655,188	13,654,621	11,060,329	13,712,204	80,111,711
<u>381,863,037</u>	<u>383,640,773</u>	<u>398,490,617</u>	<u>424,517,647</u>	<u>448,855,854</u>	<u>504,360,387</u>
(5,696,554)	(4,485,953)	(3,619,289)	(8,089,966)	(21,751,273)	(55,932,625)
11,338,921	13,961,433	20,123,032	18,632,079	9,592,463	9,261,549
(10,938,921)	(13,961,433)	(20,123,032)	(18,632,079)	(9,592,463)	(9,261,549)
-	-	(99,241,278)	(54,472,766)	(65,222,756)	-
-	-	-	-	-	-
-	-	81,245,325	-	-	-
-	-	15,822,745	2,836,956	319,845,000	-
-	-	-	-	37,697,041	-
217,500	13,705,573	30,148,442	54,633,388	-	-
<u>617,500</u>	<u>13,705,573</u>	<u>27,975,234</u>	<u>2,997,578</u>	<u>292,319,285</u>	<u>-</u>
<u>\$ (5,079,054)</u>	<u>\$ 9,219,620</u>	<u>\$ 24,355,945</u>	<u>\$ (5,092,388)</u>	<u>\$ 270,568,012</u>	<u>\$ (55,932,625)</u>
11.2%	9.3%	10.4%	11.2%	11.7%	12.3%

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

Levy Year/ Collection Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	Agricultural Property	Natural Resources
2008/2009	\$ 1,212,014,395	\$ 344,975,819	\$ 24,088,290	\$ 50,657,710	\$ 529,530	\$ 9,770
2009/2010	1,167,515,312	359,605,712	23,954,040	50,797,860	550,350	9,880
2010/2011	1,165,020,123	369,028,959	17,284,040	43,495,190	549,090	9,880
2011/2012	1,146,833,573	363,974,574	17,197,190	36,316,440	462,540	9,880
2012/2013	1,161,229,372	361,190,712	17,377,320	32,756,710	435,330	9,880
2013/2014	1,178,393,358	377,471,168	15,268,340	35,759,280	463,510	9,880
2014/2015	1,194,583,604	367,039,632	15,580,650	31,487,390	459,100	9,880
2015/2016	1,408,185,162	405,637,590	23,257,190	44,509,010	599,790	9,880
2016/2017	1,434,937,543	407,167,480	22,823,790	38,051,010	511,500	9,880
2017/2018	1,722,063,604	476,237,820	22,138,390	53,304,270	440,810	9,910

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

Oil and Gas	Public Utilities	Personal Property	Total Taxable Assessed Value	Mill Levy General Fund and Bond	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 6,423,290	\$ 12,729,814	\$ 131,553,300	\$ 1,782,981,918	69.67	\$ 17,796,611,079	10.02%
7,971,360	11,333,320	134,769,560	1,756,507,394	70.18	16,946,998,526	10.36%
3,418,840	13,041,800	149,660,920	1,761,508,842	70.36	17,366,297,047	10.14%
5,244,990	14,899,210	145,633,820	1,730,572,217	70.28	17,196,373,239	10.06%
6,020,790	16,680,130	141,541,680	1,737,241,924	70.60	16,948,596,051	10.25%
4,846,960	22,757,260	147,447,010	1,782,416,766	68.61	17,295,184,533	10.31%
4,978,500	22,009,358	154,645,390	1,790,793,504	68.78	17,524,070,040	10.22%
8,430,690	22,247,852	163,953,960	2,076,831,124	66.02	20,705,094,601	10.03%
10,519,850	21,715,380	177,853,770	2,113,590,203	65.92	21,082,604,911	10.03%
5,917,280	20,476,280	185,786,680	2,486,375,044	63.26	27,397,199,777	9.08%

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

Fiscal Year	School District Rates			Overlapping Rates	
	General Fund	Debt Service Fund	Total	Adams County	Broomfield County
2009	46.906	22.765	69.671	26.809	15.774
2010	47.414	22.765	70.179	26.824	15.774
2011	47.594	22.765	70.359	26.883	15.774
2012	47.511	22.765	70.276	26.806	15.261
2013	47.837	22.765	70.602	26.903	15.261
2014	45.840	21.665	68.605	26.815	15.261
2015	47.116	21.665	68.781	27.042	15.261
2016	44.352	21.665	66.017	26.817	15.261
2017	44.257	21.665	65.922	27.055	15.261
2018	41.594	21.665	63.259	26.929	15.261

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

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Public Service Company of Colorado dba Xcel Energy	\$ 55,921,950	1	2.25%	12,874,720	3	0.72%
Vestar Orchard Town Center Inc	26,918,120	2	1.08%	7,773,130	7	0.44%
Qwest Corp.	21,589,650	3	0.87%	23,064,600	2	1.29%
GC Net Lease Investors	16,113,700	4	0.65%			
Marketplace at Northglenn (10410-10450 Melody Lane LLC)	13,920,000	5	0.56%	10,011,170	4	0.56%
Cellco Partnership FKA Verizon	12,114,640	6	0.49%			
Tri State Generation	11,503,030	7	0.46%	9,406,210	5	0.53%
Digital Globe Inc.	10,969,320	8	0.44%			
SITE C LLC	9,403,090	9	0.38%			
Atlas Denver Industrial LP	9,123,930	10	0.37%			
Avaya Inc (real property)				26,724,140	1	1.50%
SITE A LLC				8,872,580	6	0.50%
Northview Inc.				7,577,720	8	0.43%
Target Corporation				6,416,380	9	0.36%
Thornton Town Center				6,153,220	10	0.35%
Total	<u>\$ 187,577,430</u>		<u>7.54%</u>	<u>\$ 118,873,870</u>		<u>6.67%</u>

Total assessed valuation upon which 2017 tax collections are based is \$2,486,375,044

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



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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Levy
2009	124,222,133	120,398,233	96.9%	56,852	120,455,085	97.0%
2010	123,269,933	120,691,021	97.9%	133,243	120,824,265	98.0%
2011	123,938,001	121,498,090	98.0%	267,009	121,765,099	98.2%
2012	121,617,694	118,576,640	97.5%	220,565	118,797,205	97.7%
2013	122,652,754	122,008,409	99.5%	272,986	122,281,395	99.7%
2014	122,282,702	121,943,285	99.7%	183,367	122,126,653	99.9%
2015	123,172,568	123,147,865	100.0%	185,885	123,333,750	100.1%
2016	137,106,160	135,396,623	98.8%	56,038	135,452,660	98.8%
2017	139,332,094	139,107,064	99.8%	145,235	139,252,298	99.9%
2018	157,285,599	156,377,039	99.4%	233,052	156,610,091	99.6%

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

Notes:

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

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

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

Fiscal Year ⁽¹⁾	Governmental Activities		
	General Obligation Bonds	Certificates of Participation	Capital Leases
2009	400,527,086	38,973,494	1,396,065
2010	377,642,832	37,205,634	776,281
2011	367,281,774	35,382,774	1,461,485
2012	352,985,794	33,499,914	1,049,183
2013	331,866,199	31,552,054	792,645
2014	328,946,511	29,534,194	14,006,625
2015	315,616,943	54,621,679	9,951,329
2016	284,640,274	54,317,570	9,551,402
2017	569,700,159	26,126,320	6,583,703
2018	541,586,058	23,570,999	3,573,515

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

Sources:

- (1) FY 2009 through 2012 were restated to capture general obligated bond net debt
- (2) Taxable assessed value data can be found on schedule 5
- (3) Personal income and population data can be found on schedule 13
- (4) U.S. Census Bureau, 2017 American Community Survey (Estimates)

Total Primary Government	Percentage of Debt to Assessed Value ⁽²⁾	Percentage of Debt to Personal Income ⁽³⁾	Net Debt Per Capita	Population ⁽⁴⁾
440,896,645	24.73%	7.57%	2,178	202,459
415,624,747	23.66%	7.60%	2,041	203,593
404,126,033	22.94%	7.10%	1,926	209,792
387,534,891	22.40%	6.68%	1,839	210,736
364,210,898	20.96%	5.83%	1,608	226,448
372,487,330	20.90%	5.80%	1,675	222,387
380,189,951	21.23%	5.35%	1,692	224,741
348,509,246	16.78%	4.74%	1,493	233,505
602,410,182	28.50%	7.86%	2,582	233,342
568,730,572	22.87%	7.03%	2,379	239,051



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ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 10
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(Unaudited)

	Debt Outstanding	Percentage Applicable to Adams 12 Five Star Schools	Estimated Amount Applicable to Adams 12 Five Star Schools	Percentage of General Obligation Debt to Actual Property Value ⁽¹⁾
<u>Direct Debt</u>				
Adams 12 Five Star Schools	\$ 568,730,572	100.00%	\$ 568,730,572	2.076%
<u>Overlapping Debt</u>				
Adams County Fire Protection District	2,290,000	5.86%	134,194	0.000%
Anthem West Metropolitan District	57,440,000	100.00%	57,440,000	0.210%
Aspen Reserve Metropolitan District	3,527,000	100.00%	3,527,000	0.013%
Bradburn Metropolitan District #2	16,379,000	100.00%	16,379,000	0.060%
Bradburn Metropolitan District #3	8,410,000	100.00%	8,410,000	0.031%
Bramming Farm Metropolitan District #1	4,050,000	100.00%	4,050,000	0.015%
Broadlands Metro District No. 2	12,890,000	100.00%	12,890,000	0.047%
Country Club Highlands Metro District	2,055,000	100.00%	2,055,000	0.008%
Country Club Village Metropolitan Dist.	2,620,000	100.00%	2,620,000	0.010%
Cundall Farms Metropolitan District	12,012,000	100.00%	12,012,000	0.044%
Fallbrook Metropolitan Dist.	5,155,000	100.00%	5,155,000	0.019%
HighPointe Park Metropolitan District	5,405,000	100.00%	5,405,000	0.020%
Huntington Trails Metropolitan Dist.	6,645,000	100.00%	6,645,000	0.024%
Hyland Hills Metro Park and Recreation District	6,225,000	35.57%	2,214,233	0.008%
Lambertson Farms Metropolitan Dist. 1, 2 & 3	33,840,000	100.00%	33,840,000	0.124%
Lambertson Lakes Metro	5,335,000	100.00%	5,335,000	0.019%
Larkridge Metropolitan District No. 1	12,335,000	99.99%	12,333,767	0.045%
Lewis Pointe Metropolitan District	11,563,000	100.00%	11,563,000	0.042%
McKay Landing Metropolitan Dist. No. 2	9,470,000	100.00%	9,470,000	0.035%
North Metro Fire Rescue District	17,565,000	47.92%	8,417,148	0.031%
North Park Metropolitan District No. 1	65,110,000	100.00%	65,110,000	0.238%
PLA Metropolitan District	1,010,000	100.00%	1,010,000	0.004%
Red Leaf Metropolitan District No. 2	4,525,000	100.00%	4,525,000	0.017%
Spruce Meadows Metropolitan District	2,695,000	100.00%	2,695,000	0.010%
Villas at Eastlake Reservoir Metro. Dist.	2,500,000	100.00%	2,500,000	0.009%
Wildgrass Metropolitan District	10,335,000	88.88%	9,185,748	0.034%
York Street Metropolitan District	2,963,000	100.00%	2,963,000	0.011%
Total Overlapping Debt	324,349,000		307,884,090	
Total Direct and Overlapping Debt	<u>\$ 893,079,572</u>		<u>\$ 876,614,662</u>	

NOTES:

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

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

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

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

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 11
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds ⁽¹⁾	Capital Leases	Certificates of Participation ⁽¹⁾	Total Outstanding Debt
Governmental Activities				
2008/2009	\$ 400,527,086	\$ 1,396,065	\$ 38,973,494	\$ 440,896,645
2009/2010	377,642,832	776,281	37,205,634	415,624,747
2010/2011	367,281,774	1,461,485	35,382,774	404,126,033
2011/2012	352,985,794	1,049,183	33,499,914	387,534,891
2012/2013	348,350,641	792,645	31,552,054	380,695,340
2013/2014	328,946,511	14,006,625	29,534,194	372,487,330
2014/2015	315,616,943	9,951,329	54,621,679	380,189,951
2015/2016	284,640,274	9,551,402	54,317,570	348,509,246
2016/2017	569,700,159	6,583,703	26,126,320	602,410,182
2017/2018	541,586,058	3,573,515	23,570,999	568,730,572

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on schedule 13

(3) U.S. Census Bureau (Estimates)

Percentage of Personal Income ⁽²⁾	Population ⁽³⁾	Debt per Capita
7.57%	202,459	2,178
7.60%	203,593	2,041
7.09%	207,093	1,951
6.68%	210,736	1,839
6.09%	226,448	1,681
5.80%	222,387	1,675
5.35%	224,741	1,692
4.74%	233,505	1,493
7.86%	233,342	2,582
7.03%	239,051	2,379

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 12
Legal Debt Margin Information
June 30, 2018

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Actual Value</u>	<u>Estimated Actual Taxable Value</u>
2013/2014	\$ 1,782,416,766	10.31%	\$ 17,295,184,533
2014/2015	1,790,793,504	10.22%	17,524,070,040
2015/2016	2,076,831,124	10.03%	20,705,094,601
2016/2017	2,113,590,203	10.03%	21,082,604,911
2017/2018	2,486,375,044	9.08%	27,397,199,777
Total Five Year Valuation			<u><u>\$104,004,153,862</u></u>
Five Year Average Full Valuation of Taxable Real Property			<u><u>\$ 20,800,830,772</u></u>
Constitutional Debt Limit (6%)			<u><u>\$ 1,248,049,846</u></u>
Outstanding General Obligation Indebtness as of June 30, 2018			
Governmental Activities - General Obligation Debt			541,586,058
Governmental Activities - Short-term Debt - Bond Anticipation Notes			<u>27,144,514</u>
Net Indebtness subject to debt limit			<u><u>568,730,572</u></u>
Net debt contracting margin			\$ 679,319,274
Percentage of net debt contracting margin available			<u><u>54.43%</u></u>
Percentage of net debt contracting power exhausted			<u><u>45.57%</u></u>

<u>Last Ten Fiscal years</u>			
<u>Year</u>	<u>Constitutional Debt Limit</u>	<u>Outstanding Indebtness June 30</u>	<u>Percentage of Net Debt Contracting Margin Available</u>
2008/2009	\$ 466,447,215	\$ 357,146,506	23.43%
2009/2010	463,259,898	333,590,998	27.99%
2010/2011	371,711,605	308,902,332	16.90%
2011/2012	366,650,019	286,780,971	21.78%
2012/2013	367,771,159	266,509,332	27.53%
2013/2014	377,727,170	240,347,419	36.37%
2014/2015	381,274,680	227,436,418	40.35%
2015/2016	445,076,446	193,793,080	56.46%
2016/2017	1,264,956,295	543,554,503	57.03%
2017/2018	1,248,049,846	568,730,572	54.43%

ADAMS 12 FIVE STAR SCHOOLS
Demographic and Economic Information Schedule 13
Demographic and Economic Statistics
Last Ten Fiscal/Calendar Years
(Unaudited)

Fiscal/ Calendar Year	Population ⁽¹⁾	Median Age ⁽¹⁾	Head Count ⁽²⁾	Personal Income ⁽³⁾	Per Capita Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2008/2009	202,459	33.3	42,681	5,825,150,348	28,772	5.1%
2009/2010	203,593	33.5	43,929	5,465,657,678	26,846	8.6%
2010/2011	207,093	33.9	43,903	5,695,471,686	27,502	9.7%
2011/2012	210,736	33.7	43,946	5,801,351,344	27,529	11.1%
2012/2013	226,448	33.8	45,362	6,246,568,080	27,585	8.9%
2013/2014	222,387	33.3	44,354	6,425,205,204	28,892	7.4%
2014/2015	224,741	35.7	42,668	7,110,805,240	31,640	4.4%
2015/2016	233,505	35.1	43,205	7,360,077,600	31,520	4.2%
2016/2017	233,342	34.4	43,626	7,667,618,120	32,860	3.5%
2017/2018	239,051	34.4	43,689	8,086,378,177	33,827	3.0%

Sources:

(1) U.S. Census Bureau (Estimates)

(2) The enrollment figure is based on the one-day pupil count in October and includes Pinnacle, The Academy, and Global Village Academy charter schools, which lie within District boundaries but are affiliated with the Charter School Institute (CSI)

(3) U.S. Census Bureau American Community Survey 1-Year Estimates (Mean Income)

(4) Colorado Department of Labor & Employment, Labor Market Analysis



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ADAMS 12 FIVE STAR SCHOOLS
Demographic and Economic Information Schedule 14
Principal Employers
Current Year and Ten Years Ago

Employer	Product/Service	2017			2008		
		Employees	Rank	Percent of Total District Employment	Employees	Rank	Percent of Total District Employment
Alliance Data Systems	Credit Card Processing	1045	1	0.81%			
Centura Health/St. Anthony North	Hospital	915	2	0.71%	750	3	0.41%
Waterworld (1)	Amusement Park	910	3	0.71%			
Health One: North Suburban Medical Center	Medical and Rehabilitation Clinic	850	4	0.66%	610	5	0.33%
Digital Globe	Satellite Imaging	809	5	0.63%			
Wal-Mart / Sam's Club (3 locations)	Retail	737	6	0.57%	517	7	0.28%
Tri State Generation	Electric Utilities Generation	550	7	0.43%	400	9	0.22%
King Soopers (3 Locations)	Grocery Retailer	503	8	0.39%	433	8	0.24%
Appliance Factory Outlet	Appliance Distribution	500	9	0.39%			
Mtech Mechanical Technologies	Mechanical Contractor	460	10	0.36%			
Avaya, Inc.	Telecommunications Research and Development				1318	1	0.72%
DISH Network/EchoStar Communications	Satellite Television Service Provider				1045	2	0.57%
T-Mobile	Call Center				650	4	0.35%
American Furniture Warehouse	Furniture Retailer				580	6	0.32%
Super Target	Retail				373	10	0.20%
		<u>7,279</u>		<u>5.66%</u>	<u>6,676</u>		<u>3.64%</u>

Sources:

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

(1) Seasonal Employer

State/local government agencies not included.

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 15
Full-time Equivalent District Employees by Category
Last Ten Fiscal Years

Employee Category	As of June 30, 2009	As of June 30, 2010	As of June 30, 2011	As of June 30, 2012
Educational Services				
Executive Directors	4.0	4.0	4.0	4.0
Directors	8.0	6.0	7.0	7.0
Principals	46.8	47.0	47.0	47.0
Assistant Principals	56.5	57.5	53.5	42.5
Dean of Students	22.0	22.5	11.0	11.0
Teachers	1926.2	1959.1	1932.3	1883.7
Counselors	55.1	53.6	45.6	48.9
Library Media Specialists	49.5	49.0	40.0	24.7
Social Workers	19.8	20.0	15.1	14.8
Secretaries/Bookkeepers/Office Clerks	186.4	182.4	174.6	168.4
Campus Supervisors	41.2	38.4	17.0	17.0
Physical/Occupational/Speech Therapists	72.4	75.2	63.7	65.4
Psychologists	26.9	26.4	28.0	32.0
Nurses	8.3	9.2	8.7	9.7
ParaEducator Classified	426.5	440.8	387.7	447.8
Childcare ParaEducators Classified	103.8	102.4	131.2	91.7
Coordinators	9.7	9.9	10.9	20.4
Other (2)	13.4	4.1	11.3	13.0
Substitute Teachers (3)	599.0	663.0	794.0	624.0
Classified Substitutes (3)	85.0	154.0	182.0	140.0
Total Educational Services	3760.3	3924.3	3964.6	3713.1
Support Services				
Assistant Superintendent	2.0	2.0	0.0	0.0
Executive Directors	3.0	2.0	3.0	1.0
Directors	8.0	8.0	8.0	11.5
Supervisors	6.0	5.0	4.0	5.0
Managers	17.0	19.0	18.5	27.0
Information Systems - Administrative	16.0	19.0	19.5	24.0
Technicians/Specialists Classified	92.0	86.3	78.9	82.9
Professional/Technical	47.2	40.3	41.5	32.1
Secretaries	34.1	39.6	25.2	25.9
Custodians	205.8	202.6	179.7	181.2
Crafts/Trades/Services	93.4	79.2	99.7	69.7
Food Service Managers	19.0	17.7	17.9	24.8
Food Service Classified	109.3	112.8	96.3	109.6
Bus Drivers	97.4	82.0	72.4	62.5
Other (2)	10.0	9.0	25.1	9.7
Custodial Substitutes (3)	28.0	26.0	30.0	19.0
Total Support Services	788.1	750.5	719.7	685.8
Districtwide Leadership				
Superintendent	1.0	1.0	1.0	1.0
Assistant Superintendent	2.0	1.0	0.0	0.0
Chief Operations Officer	0.0	0.0	1.0	1.0
Chief Academic Officer	0.0	0.0	1.0	1.0
Chief Human Resource Officer	0.0	0.0	1.0	1.0
Chief of Staff	1.0	1.0	0.0	0.0
Chief Communication Officer	1.0	1.0	1.0	0.0
Chief Financial Officer	1.0	1.0	1.0	1.0
Chief Information Officer	1.0	1.0	1.0	1.0
General Counsel	1.0	1.0	1.0	1.0
Total Districtwide	8.0	7.0	8.0	7.0
Charter School Employees	289.2	310.3	326.4	474.1
Grand Total	4845.6	4992.0	5018.7	4879.9

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

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

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

Source: District Staffing Reports

As of June 30, 2013	As of June 30, 2014	As of June 30, 2015	As of June 30, 2016	As of June 30, 2017	As of June 30, 2018
3.0	3.0	3.0	4.0	3.0	4.0
6.0	5.0	5.0	10.0	8.4	8.0
47.0	50.0	49.1	49.1	49.0	49.0
42.5	43.5	44.6	51.0	51.5	53.0
12.0	12.1	12.1	16.4	15.5	16.1
1862.3	1927.8	2023.8	2008.3	1963.0	1942.4
48.9	53.0	59.6	65.1	64.6	67.5
19.5	21.0	19.0	18.5	17.0	16.0
14.5	14.6	17.3	20.2	25.9	28.9
173.1	181.2	181.0	166.0	165.1	164.5
18.0	23.0	22.5	22.3	23.8	25.3
65.9	67.6	71.0	85.3	82.9	94.8
35.6	35.6	38.4	41.9	35.6	34.7
9.7	11.7	13.7	16.4	16.5	18.1
471.8	503.4	502.3	603.2	565.9	571.3
95.5	106.3	107.9	108.3	173.1	139.3
13.8	14.8	19.9	38.9	33.8	44.1
20.1	26.4	27.3	13.5	15.5	9.9
774.0	779.0	866.0	838.0	815.0	851.0
174.0	181.0	199.0	136.0	140.0	161.0
<u>3907.2</u>	<u>4060.0</u>	<u>4282.5</u>	<u>4312.4</u>	<u>4270.4</u>	<u>4298.7</u>
0.0	0.0	0.0	0.0	0.0	0.0
1.0	3.0	3.0	2.0	1.0	0.0
14.5	15.0	17.0	11.0	11.0	11.0
5.0	3.0	5.0	5.0	5.0	6.0
25.0	32.5	31.5	30.5	25.5	30.0
23.3	28.3	36.8	34.8	35.5	35.3
88.7	87.7	73.7	77.8	64.5	66.7
34.8	34.0	58.8	72.1	70.3	69.9
18.6	14.9	12.9	12.1	16.3	10.9
186.2	179.0	181.2	169.7	168.3	170.7
77.9	72.9	78.0	79.0	89.0	95.0
23.7	22.9	26.3	30.0	26.6	30.0
108.7	114.5	112.1	104.7	95.6	83.6
78.6	83.0	81.4	95.1	109.8	104.7
12.9	22.0	16.0	19.4	27.7	16.5
22.0	28.0	8.0	14.0	15.0	16.0
<u>720.7</u>	<u>740.6</u>	<u>741.6</u>	<u>757.2</u>	<u>761.0</u>	<u>746.3</u>
1.0	1.0	1.0	1.0	1.0	1.0
0.0	0.0	0.0	0.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>8.0</u>	<u>8.0</u>
498.3	484.8	259.7	331.4	282.0	303.1
<u>5133.2</u>	<u>5292.4</u>	<u>5290.8</u>	<u>5408.0</u>	<u>5321.4</u>	<u>5356.1</u>

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

Fiscal Year	Expenses ⁽¹⁾	District 12 Head Count ⁽²⁾	Cost per Pupil	Teaching Staff ⁽³⁾	Pupil Teacher Ratio	High School Graduates
2009	376,868,866	40,936	9,206	1,926	21.25	1,950
2010	400,310,066	42,077	9,514	1,959	21.48	2,041
2011	389,571,463	41,957	9,285	1,932	21.71	1,952
2012	390,977,340	42,990	9,095	1,884	22.82	2,061
2013	387,609,753	43,272	8,958	1,862	23.24	2,192
2014	390,772,944	42,230	9,253	1,928	21.91	2,185
2015	402,456,919	38,701	10,399	2,024	19.12	2,047
2016	425,625,145	39,287	10,834	2,008	19.56	2,116
2017	654,420,287	38,818	16,859	1,963	19.77	2,261
2018	678,429,381	38,870	17,454	1,942	20.02	2,482

(1) Expenses from Government-Wide Statement of Activities

(2) Based on one-day pupil count in October of District schools and 3 District Charter Schools: Stargate Charter, Westgate Community Charter, and Prospect Ridge Academy (Pinnacle, The Academy, and Global Village Academy Charter are not included as the District incurs no expenses on their behalf)

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

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

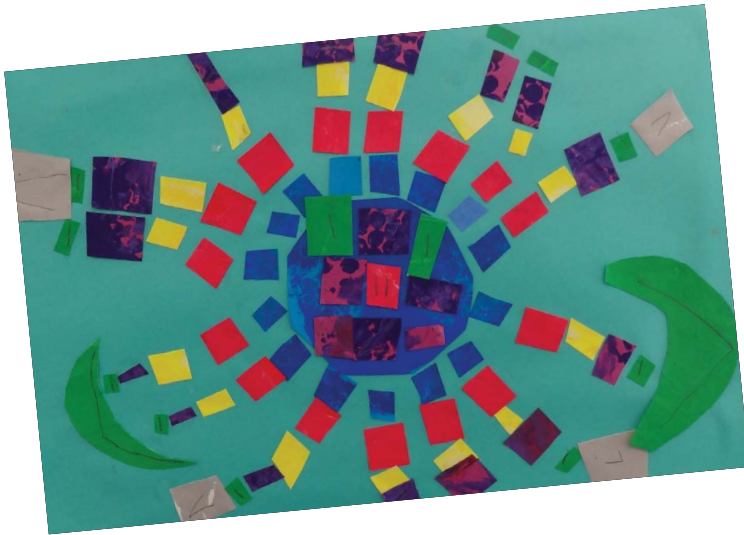
Note: High School Graduate data for 2017-18 is a CDE estimate as final data was not available

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 17
School Building Information
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012
30 Elementary Schools				
Total square feet	1,742,064	1,741,914	1,744,767	1,751,009
Total program capacity	16,520	16,720	17,105	16,727
Enrollment	17,172	17,215	17,218	16,696
3 K-8 Schools				
Total square feet	-	-	-	-
Total program capacity	-	-	-	-
Enrollment	-	-	-	-
7 Middle Schools				
Total square feet	1,018,345	1,018,104	1,018,104	1,014,315
Total program capacity	8,726	8,726	9,355	9,355
Enrollment	7,419	7,506	7,737	7,800
5 High Schools & 1 Vocational School				
Total square feet	1,392,719	1,391,222	1,391,222	1,393,890
Total program capacity	9,885	9,885	9,940	9,885
Enrollment	9,410	9,434	9,299	9,387
2 Alternative Schools				
Total square feet	98,672	81,417	81,416	81,416
Total program capacity	310	310	530	585
Enrollment	389	447	505	509
6 Charter Schools				
Enrollment	6,549	7,475	7,198	8,598
District wide Facilities				
Total square feet	516,089	659,918	604,333	610,850

Source: The District Business Services Department

2013	2014	2015	2016	2017	2018
1,639,977	1,678,322	1,678,322	1,678,914	1,693,335	1,693,335
15,150	15,634	15,690	15,570	15,090	14,802
14,375	15,688	15,980	15,942	15,805	15,590
342,778	301,440	301,440	301,440	301,440	301,440
2,360	1,929	1,904	1,979	2,251	1,856
2,402	1,955	1,938	2,007	2,058	2,000
907,720	907,720	907,720	916,365	916,365	916,365
7,390	8,377	8,275	8,173	8,125	8,350
6,810	7,019	7,311	7,398	7,281	7,255
1,393,890	1,393,890	1,404,285	1,404,293	1,404,293	1,404,293
9,885	10,274	10,572	10,572	10,572	10,627
9,446	9,661	9,840	9,893	10,030	10,122
100,751	100,751	100,751	100,751	100,751	100,751
635	310	310	650	700	700
568	659	641	630	744	715
8,886	7,248	2,991	3,417	2,900	3,188
625,004	625,004	625,004	625,004	610,583	610,583



Artist: Rylan Hunt
School: Cherry Drive Elementary School



Artist: Maliea Edwards
School: Woodglen Elementary School



Artist: Jocelyn Evans
School: North Mor Elementary School

SINGLE AUDIT

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Adams 12 Five Star Schools (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2018. Our report includes a reference to other auditors who audited the financial statements of Stargate Charter School, Westgate Community Charter School, and Prospect Ridge Academy, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters as those financial statements were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

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

CliftonLarsonAllen LLP

Broomfield, Colorado
November 14, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited Adams 12 Five Star Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Adams 12 Five Star Schools' major federal programs for the year ended June 30, 2018. Adams 12 Five Star Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Adams 12 Five Star Schools' basic financial statements include the operations of the discretely presented component units, Stargate Charter School, Westgate Charter School, and Prospect Ridge Academy, which received \$127,407 in federal awards, which is not included in Adams 12 Five Star Schools' schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the discretely presented component units, Stargate Charter School, Westgate Charter School, and Prospect Ridge Academy, because other auditors were engaged to perform audits of these discretely presented component units.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Adams 12 Five Star Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adams 12 Five Star Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Adams 12 Five Star Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Adams 12 Five Star Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Adams 12 Five Star Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Adams 12 Five Star Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adams 12 Five Star Schools' internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Broomfield, Colorado
November 14, 2018

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor / Pass-Thru Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through from Colorado Department of Education			
		4010 /5010 /	
Title I - Improving the Academic Achievement of the Disadvantaged	84.010	92xx	4,571,114
Title IX - Education for Homeless Children and Youth	84.196	5196	37,455
21st Century Community Learning Centers - Cohort 7	84.287	5287	976,660
Title III - English Language Acquisition	84.365	4365	552,463
Title III, Set Aside -	84.365	7365	3,915
Title II - Improving Teacher Quality	84.367	4367	725,265
Race to the Top - Early Childhood Readiness Assessment	84.412	5412	2,836
Title IV - Student Support and Academic Enrichment	84.424	4424	21,715
Special Education Cluster			
Special Education	84.027	4027	5,845,874
Special Education - Preschool	84.173	4173	118,350
Subtotal Special Education Cluster			5,964,224
Passed through from State Board of Community Colleges and Occupation Education			
Career and Technical Education	84.048	4048	215,018
Subtotal Passed-Through Programs			13,070,665
Direct Federal Programs			
Title VI - Indian Education	84.060	4060	53,363
Subtotal Direct Programs			53,363
TOTAL U.S. DEPARTMENT OF EDUCATION			13,124,028
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from Colorado Department of Public Health and Environment			
Injury Prevention and Control Research and State and Community Based Programs	93.136	4136	478
Subtotal Passed-Through Programs			478
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			478

ADAMS 12 FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor / Pass-Thru Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through from Colorado Department of Human Services			
Donated Commodities	10.555	4555	776,965
Passed through from Colorado Department of Education			
School Breakfast Program	10.553	4553	1,295,604
National School Lunch Program	10.555	4555	4,943,991
Special Milk Program for Children	10.556	4556	4,353
Summer Food Service Program for Children	10.559	4559	80,926
Subtotal Child Nutrition Cluster			7,101,839
Fresh Fruit and Vegetable Program	10.582	4582	115,375
TOTAL U.S. DEPARTMENT OF AGRICULTURE			7,217,214
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through from City of Thornton			
Community Development Block Grant	14.218	7218	106,456
Subtotal Passed-Through Programs			106,456
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			106,456
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 20,448,176

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

ADAMS 12 FIVE STAR SCHOOLS
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Adams 12 Five Star Schools (the District). The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A-3 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – NONCASH PROGRAMS

Commodities donated to the District by the U.S. Department of Agriculture (USDA) are valued based on the September 2018 USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when received and are reported as part of the National School Lunch Program (\$776,965).

NOTE 4 - INDIRECT COST RATE

The District's negotiated restricted indirect cost rate for FY 2017-2018 is 8.65%, as provided by the Colorado Department of Education. The District has chosen to use the lesser indirect rate of 5.99% for all allowable grants, unless otherwise specified by the prevailing grant terms.

NOTE 5 - SUBRECIPIENTS

The District provided no federal awards to subrecipients



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**ADAMS 12 FIVE STAR SCHOOLS
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? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)

84.027, 84.173

Name of Federal Program or Cluster

Special Education Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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).



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**ADAMS 12 FIVE STAR SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

Adams 12 Five Star Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: July 1, 2017 - 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

Finding 2017-001

Significant Deficiency – Restatement of Beginning Fund Balance and Net Position

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

Status: Not repeated.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

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

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



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