

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



COVER DESIGN

For Fiscal Year 2022-23, students from the graphic Design program at FutureForward at Bollman were invited to design the cover. The students provided many great cover ideas and had the opportunity to build their portfolio and improve their design skills. The Financial Services department would like to thank the students for their collaboration and the design for this year's cover.



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Additional information is available on the district's financial transparency website,
<https://www.adams12.org/our-district/financials/financial-transparency>

The district's Adopted Budget and its Annual Comprehensive Financial Report for the prior year, including the Independent Auditor's Report, may be useful when evaluating the information contained in this report.

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Introductory Section





1500 E. 128th Ave.
Thornton, CO 80241

LETTER OF TRANSMITTAL

December 18, 2023

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

It is our pleasure to present the Annual Comprehensive Financial Report of Adams 12 Five Star Schools (the district) for the fiscal year ended June 30, 2023.

State law requires each local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements in conformity with generally accepted accounting principles and audited in accordance with generally accepting auditing standards by a firm of licensed certified public accountants. This report is being formally submitted to the Board of Education in fulfillment of those requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the district’s financial statements for the year ended June 30, 2023. The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. Because the district expended more than \$750,000 in Federal awards, this independent audit includes the federally required Single Audit. In addition to reporting on fair presentation of the financial statements, the independent audit must include reports on internal controls over financial reporting and legal compliance of federal programs. The results of the district’s Single Audit for the year ended June 30, 2023, provided no instances of material weaknesses in internal control or material violations of applicable laws, statutes, regulations, rules, and provisions of federal programs.

PROFILE OF THE GOVERNMENT

Adams 12 Five Stars 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 Board of Education. The Board is the policy-making body of the district.

The Board is comprised of five members that are elected to four-year, staggered terms. Board members may serve two consecutive terms. The district has a director district plan of representation requiring school

board members to reside in a specific geographic area (director districts) within the district boundary. Board members are elected by a vote of the electors of the entire school district. The Board adopts the budget, employs all personnel, monitors the performance of educational programs provided by the district, and is primarily accountable for fiscal matters. Additional powers and duties of the Board are set forth in state statute.

The district provides a full range of educational programs and services authorized by Colorado state statutes to approximately 35,501 enrolled students in 29 elementary schools, one P-8 school, seven middle schools, five high schools, two career technical education (CTE) programs, four alternative programs, four magnet schools, and four charter schools. Educational programs and services include 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, preschool, and numerous other programs. Funding for charter schools is based on charter enrollment and contract agreements between the individual charter school and the district. While charter schools are funded under the School Finance Act and are under the general supervision of the Board of Education, the charter schools meet the requirements to be presented separately as discrete component units.

The Board is required to adopt a budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the district's financial planning and control. The budget is prepared by fund and function. State law allows the board of education to amend the adopted budget based on updated revenues and expenditures through January 31 of the current fiscal year.

ECONOMIC CONDITIONS AND OUTLOOK

The district 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 access to superior ground and air transportation networks as well as to a skilled workforce, comprehensive educational resources, and many established business parks.

The Colorado Legislative Council Staff and the Colorado Office of State Planning and Budgeting issue quarterly Economic and Revenue forecasts. In addition, in December the Business Research of the Colorado Leeds School of Business presents the annual Colorado Business Economic Outlook. The most recent economic studies and reports can be found at leg.colorado.gov/EconomicForecasts, www.colorado.gov/governor/economics, and www.colorado.edu/business/business-research-division. Finally, the Governor issued the fiscal year 2024-25 Budget Request on November 1, 2023, and can be found at www.colorado.gov/governor/office-state-planning-budgeting.

The following excerpts provide an overview of the economic information relevant to the district.

Economic Outlook

The economic outlook presents a mixed but cautiously optimistic view of the current state of the economy and its future trajectory.

As of the second quarter of 2023, the economy has managed to strike a balance between inflation and recession. During this period, economic output expanded by 2.1 percent annually, accompanied by a welcome decrease in inflation. The labor market remains robust, bolstering incomes and fueling consumer spending. The transition from the post-pandemic period, characterized by substantial job gains, surges in consumer spending, and record corporate profits, has been relatively smooth, as economic activity decelerates, following a path toward a soft landing.

Notably, the economy has shown resilience, even in the face of the Federal Reserve's measures to address the previous year's overheating. While inflationary pressures are receding, the pace is somewhat slower in Colorado compared to the national average, with energy prices expected to exert moderate pressure in the near future. The Federal Reserve is anticipated to continue reducing interest rate hikes, albeit without implementing rate cuts until inflation approaches its 2 percent target.

The primary downside risk to this economic outlook lies in the potential for tightening monetary policy to trigger a recession. The economy remains delicate, and unexpected national or international events could disrupt its growth trajectory more than usual.

Before the pandemic-induced recession, Colorado had experienced over a decade of strong economic growth, surpassing most other states in various economic indicators such as employment, personal income, and GDP growth. While the growth rates are expected to moderate after a period of rapid expansion, Colorado's economy is predicted to outperform the national average through 2025. This will be driven by faster income growth and lower unemployment rates, although higher inflation will be a balancing factor. Colorado's job market is anticipated to grow more quickly than the national average, partly due to a greater level of labor market slack at the national level.

The evolving demographics of Colorado have significant implications for fiscal policies in the coming years. The growing population of individuals aged 65 and above will place increased demands on the state budget, particularly in the areas of public health and social services. This group is associated with higher healthcare costs due to complex medical needs and increased utilization of long-term services, such as nursing homes and HCBS waiver services.

Simultaneously, the 65+ cohort will exert downward pressure on revenue growth since older adults often pay lower income taxes due to retirement or fixed incomes, generate lower sales tax collections through reduced spending, and qualify for more tax benefits, including property tax exemptions like the Senior Homestead Exemptions.

To ensure continued economic vitality, growth of the prime working-age population is particularly important to fill jobs, generate income and property tax, and begin new families. Factors like the competitiveness of the state's job market and housing affordability, relative to other states, will play a pivotal role in shaping the growth of this demographic group.

Metro Region

The metro Denver region, encompassing seven counties, boasts a highly diversified economy, with key industries including aerospace, healthcare, professional and business services, and financial services. These counties consist of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. Despite economic turbulence in 2022, the region displayed resilience across most sectors. Job growth remained on an upward trajectory, leading to a significant reduction in the average unemployment rate by more than 2 percentage points.

Nonresidential construction exhibited mixed performance, with certain segments like warehouse construction thriving, while new office building construction continued to face challenges. Midway through the year, the trend in home price appreciation reversed, resulting in a greater supply of houses on the market. However, housing affordability remains a persistent issue, prompting prospective homeowners to explore properties outside these counties. This, in turn, has contributed to a slowdown in the region's residential construction activity.

Employment. In the metro area, the labor market maintains a consistent pace of job creation. Following a minor decline in December 2020, the region has steadily added jobs, surpassing pre-pandemic

employment levels in January 2022. Job growth has been widespread, particularly in professional and business services and the leisure and hospitality sector, though the relatively smaller information sector still experiences job losses. Despite job growth, wage increases in 2022 have not quite kept pace with the region's inflation rate.

Across the state, the unemployment rate continues to gradually decline, averaging 2.8 percent in the first half of the year. However, it remains slightly higher than the pre-pandemic low of 2.5 percent. The labor force, encompassing both employed individuals and job seekers, has exceeded pre-pandemic levels since 2021 and continues to expand, reflecting a positive trend in the regional labor market. The region's diverse economy, encompassing multiple industries, has contributed to a swifter recovery compared to many other regions within the state and the nation.

Colorado's unemployment rate, currently the 23rd lowest in the nation, is anticipated to decrease from 3.0 percent in 2022 to 2.9 percent in 2023, before rising to 3.1 percent in 2024. Notably, Colorado boasts the fifth-highest labor force participation rate in the country, underlining the state's active and dynamic workforce.

Housing. The housing market in the metro area experienced a significant shift after witnessing rapid home price appreciation in 2021 and early 2022. However, a sharp turnaround occurred over the summer and fall of that year. In the first quarter of the current year, home prices rose by 3.5 percent compared to the previous year. Nevertheless, since the third quarter of the previous year, home price increases have gradually slowed down or even reversed. This trend can be attributed to higher mortgage rates and inflation, making home purchases more expensive for many buyers and causing a notable cooling in the market. In July, the number of single-family homes available for sale increased by 34.6 percent compared to the same month in the previous year, while home sales declined by 18.5 percent. Despite these challenges, housing remains relatively expensive, with the average single-family sale price reaching approximately \$787,000 in July 2023.

Residential construction activity, which experienced robust growth in 2021, has cooled down in the metro region. The number of single-family permits issued by homebuilders in 2022 dropped by 22.3 percent compared to the previous year, and the decline continued, reaching 38.9 percent in the first half of the current year. Affordability concerns continue to hinder new residential construction in the area, prompting homebuyers to explore relatively more affordable options in suburban and exurban areas, with Douglas, Arapahoe, and Adams counties witnessing heightened construction activity. Additionally, remote work opportunities have motivated many homebuyers to seek larger homes in less crowded urban areas.

Interest rates have played a significant role in affecting home prices and sales throughout Colorado. In August, the rate for a new 30-year mortgage stood at 7.0 percent, a noticeable increase from 5.2 percent during the same period the previous year. While the Federal Reserve plans to slow the pace of its rate hikes, further rate increases, monetary tightening, and jumps in mortgage rates could continue to influence prices in the coming years. The outlook foresees prices remaining lower than 2022 levels in 2023, with some stabilization expected in 2024 as an end to interest rate hikes should lead to stronger demand.

Builders face substantial challenges in responding to low inventory, including disruptions in the construction supply chain and a shortage of skilled labor. However, the outlook for 2023 has improved with recent data, indicating a smaller drop in construction activity for the year. Residential construction activity in Colorado is projected to decrease by 11 percent in 2023 before rebounding with a 2 percent growth in 2024, despite falling from its still-elevated level.

Nonresidential construction. Nonresidential construction in the metro region has experienced a notable slowdown in the first half of this year. By June 2023, the value of nonresidential projects has decreased by 23.6 percent. The presence of high vacancy rates, particularly in downtown Denver, is expected to exert downward pressure on the demand for new office spaces, which, in turn, will lead to a deceleration in nonresidential construction activity in the coming years. Future nonresidential development is anticipated to shift away from traditional office spaces and brick-and-mortar retail establishments, favoring structures that support e-commerce, like warehousing spaces. Additionally, the persistent rise in costs, shortages of both labor and construction materials, and the increasing interest rates will continue to hinder construction activity in this sector.

In 2022, Colorado's nonresidential construction growth surpassed the national average, primarily attributed to the commencement of a groundbreaking \$400 million Pepsi manufacturing plant near Denver International Airport, marking the state's largest manufacturing project in the past decade. However, despite this growth, many contractors have reported operating at full capacity, even as construction activity falls short of expectations. This suggests that the nonresidential construction market remains challenged by ongoing supply chain disruptions and a shortage of skilled labor. Higher interest rates and declining economic confidence have also impacted profit margins, leading to reduced enthusiasm for additional investment. As costs continue to rise, there is a growing risk of project postponements. The value of nonresidential construction starts is anticipated to decline in 2023, with a 5 percent drop before a modest rebound of 2.7 percent growth in 2024.

Population

Colorado's population dynamics are undergoing significant changes over the past decade, characterized by an aging demographic, slowing in-migration, and birth rates. These trends not only impact the labor supply but also carry implications for state revenue and expenditures. As the state emerges from the pandemic, population growth is expected to peak at 1.3 percent in 2026, gradually declining over the next two decades to reach 0.4 percent in 2050.

One prominent aspect of Colorado's shifting population is the substantial growth in the 65+ age group, consistently outpacing all other age categories since the mid-2000s. Currently representing 16.5 percent of the total population, this group is projected to increase to 21.1 percent by 2050, growing at an annual rate of 1.8 percent, twice the pace of overall population growth. The number of residents aged 65+ is anticipated to rise from less than one million to nearly 1.6 million over the next 27 years. In contrast, younger age groups constitute a diminishing portion of the population, with the under-17 group decreasing from 21 percent in 2023 to 18 percent in 2050, 18-24-year-olds declining from 10 percent to 8 percent, and prime working-age adults aged 25-54 decreasing from 41 percent to 40 percent of the state's total population.

Colorado's overall population growth is now primarily driven by net migration, as opposed to natural growth through births and deaths. From 2000 to 2023, net migration accounted for an average of 53 percent of Colorado's annual population growth, with 47 percent attributed to natural growth. As birth rates slow, death rates increase, and migration rebounds from the pandemic, a substantial 74 percent of Colorado's expected population growth from 2023 to 2050 will result from immigration, with only 26 percent stemming from natural growth.

In terms of migration patterns, in-migrants are predominantly arriving from California, Illinois, New York, Texas, Georgia, and Maryland, while out-migrants are commonly moving to Arizona, Washington, Arkansas, Utah, Iowa, and Idaho. Younger adults aged 20 to 39 have historically constituted a significant portion of in-migrants, and it is expected that they will continue to contribute significantly to in-migration, somewhat mitigating the effects of the aging population on Colorado's demographic landscape.

Inflation. Inflation experienced a peak early last year, gradually receding but at a slower pace since then. In March 2022, year-over-year headline inflation surged to 9.1 percent, and it has since eased to 4.7 percent as of July 2023, while exceeding the nation's 3.3 percent. In the Denver-Aurora-Lakewood area, inflation is anticipated to remain slightly higher than the national average, with a projection of 4.9 percent in 2023, and a further decrease to 3.2 percent in 2024, compared to the national figures of 4.6 percent and 3.0 percent, respectively.

Notably, housing costs have emerged as the primary driver of inflation in recent months, while declining motor fuel prices have somewhat mitigated the overall impact of transportation costs. In the Denver area, housing costs have exerted a more significant influence, with housing prices rising by 8.8 percent year-over-year, compared to the national figure of 6.2 percent. Increases in rental prices have been a substantial and consistent contributor to inflation over the past year. Although housing inflation is expected to gradually subside in the years to come, it will continue to exert upward pressure on inflation in the short term.

A study conducted in May 2022 revealed that over half of the nationwide surge in rental and home prices can be attributed to the shift toward remote work triggered by the pandemic. Remote work has increased the demand for housing due to the need for more spacious home offices. Given the persistence of remote work as an ongoing trend, the demand for housing is expected to stabilize at this elevated level, suggesting that prices are unlikely to return to pre-pandemic levels but may increase at a slower rate moving forward. However, recent data showing a slight uptick in month-over-month growth in housing prices over the last three months suggests that housing inflation may continue to be a persistent factor in the near future.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Each year, the state budget is crafted by the governor and legislature to determine how much of the total state's budget will be allocated to K-12 education. The state economic picture is important to the district because a major source of district funding is received through the state's School Finance Act established by the state legislature. After the state sets the total funding for K-12 public education, each local district determines how to fund its specific system and allocate resources to every school within its district.

For the 2022-23 fiscal year, as required by the state's constitution, the legislature increased base per pupil funding by 3.5% for PK-12 public education as well as provided additional dollars for statewide student growth. The Budget Stabilization Factor reduction to statewide total program funding as calculated in the School Finance Act was \$322.5 million for the 2022-23 fiscal year, or 3.7% of total program funding. For the district, the Budget Stabilization Factor was \$14.8 million, down from \$23.3 million in the prior year.

RELEVANT DISTRICT POLICIES

Board Policy 2.4, Financial Condition and Activities, aims to monitor the actual, ongoing financial condition and activities of the district.

With respect to the actual, ongoing financial condition and activities, the Superintendent shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Ends policies.

Further, without limiting the scope of the foregoing by this enumeration, he or she shall not:

1. At any time: (a) Use any reserves other than as intended and permitted by law; or (b) allow the unassigned fund balance at the conclusion of a fiscal year to be no less than 4% and no more than 8% of general fund revenues except that the unassigned fund balance may be utilized for achievement of board ends and compliance with operating limitations policies with prior board approval and a specific plan for replenishing the reserve.
2. At any time, allow unrestricted cash and equivalents to drop below an amount necessary to meet operating expenditures over a 30-day period, except that during normal seasonal fluctuations in property tax receipts cash balances may drop below the 30-day threshold but shall not be less than restricted cash.
3. Expend more operating funds than have been received in the fiscal year to date unless both the liquidity requirement and reserve requirement above are met.
4. Allow the organization to incur penalties in material amounts for tax payments, other government ordered payments, or other payments, or allow any filings that are overdue or inaccurately filed.
5. Fail to aggressively pursue receivables after a reasonable grace period.
6. Allow (a) bond funds and funding from certificates of participation to be spent inefficiently or in any way other than intended, or (b) override funds to be commingled with other funds or spent other than to directly achieve Ends.
7. Achieve compliance with these provisions by endangering future capacity to accomplish ends.
8. Commit revenues due to student enrollment growth to continuing line item or program expenditures without considering needs associated with the opening of new schools.
9. Determine borrowing levels.
10. Fail to provide for an annual audit of the financial statements of the district each fiscal year by a qualified third party and make provision for payment of the expenses of conducting the audit.
11. Commit District support to, or commit District resources, monetary or in kind, to join or support litigation initiated between third parties.
12. Fail to undertake a full-scale competitive process for the selection of independent auditors pursuant to the most current Government Finance Officers Association recommendations regarding the selection of auditing services.
13. Receive, process or disburse funds under controls which are insufficient to meet the Board-appointed auditor's standards.
14. Invest or hold operating, capital, bond and reserve funds without following the "prudent investor" standard and complying with the legal investment of public funds requirements under C.R.S. 24-75-601.1 and other applicable law.
15. Endanger the district's public image or credibility, particularly in ways that would hinder the accomplishment of its ends.
16. Fail to ensure that mill levy override revenues are used and distributed according to the plan established by the Board.

At June 30, 2023, the district is in compliance with this policy. Unassigned fund balance in the general fund at year end was 5.2% of general fund revenues net of charter funding.

MAJOR INITIATIVES

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. Our mission is to engage and inspire all students to innovate, achieve, and succeed in a safe environment by ensuring high-quality instruction in every classroom, every day.

The district's strategic plan, ELEVATE, is a community-driven plan developed by more than 7,000 parents, community members, students, and staff to elevate student success in the Five Star District. The plan

outlines the district's goals, strengths, and 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**
 - Raise achievement levels for all students and close existing achievement gaps for groups of students
 - Increase graduation rate while increasing rigor
 - Outperform peer districts
- **Climate and Culture**
 - Students, parents, and staff take pride in and feel connected to the district's positive culture
- **Social-Emotional Well-being**
 - Know students by name, strength, and need

In 2018, the Five Star Community passed a mill levy override to jumpstart the work of the strategic plan, ELEVATE.

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 the achievement of the strategic plan as approved by the Board of Education. The budget plan for the Fiscal Year 2022-2023 supports our educational commitments of student learning, professional practice, and collective responsibility.

BLUEPRINT: LONG RANGE PLAN

Blueprint is an extension of our ELEVATE Strategic Plan. An important aspect of ensuring access, opportunities and a sense of belonging for all students is providing academic pathways and facilities that support this goal. Through the engagement of multiple partners, including staff, students, parents and community leaders, Adams 12 Five Star Schools is developing Blueprint, a comprehensive, long range academic programming and facilities plan that will support the continued implementation of the district's strategic plan ELEVATE.

Academic Long Range Plan. Defines the portfolio of programs, curriculum, instructional models and experiences that the district can provide and sustain to offer a world-class education to every student, every day. This work will explore current and historic student academic outcomes, results from assessments, teacher and student climate & connectedness surveys, curriculum use surveys, and help better understand current enrollment trends.

Facilities Long Range Plan. Defines the portfolio of school facilities that the district can provide and maintain to offer world-class facilities to every student, every day. This work will consider facility conditions (now and forecasted), capacities, population growth/decline, educational adequacy of the facilities to support current and desired programs, as well as operational and capital budgets.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 35th consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the district had to publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) recognized the district for excellence in budget presentation with the Meritorious Budget Award (MBA) for fiscal year 2023-2024. The district met the stringent program requirements for MBA compliance. The MBA program promotes and recognizes excellence in school budget presentation and enhances the department's skills in developing, analyzing, and presenting a district budget. ASBO's MBA program recognizes districts who demonstrate their commitment to upholding nationally recognized budget presentation standards.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Financial Services Department. We wish to thank all district departments for their assistance in providing the data necessary to prepare 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 Annual Comprehensive Financial Report. Finally, 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



Gina Lanier
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Adams 12 Five Star Schools
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

BOARD OF EDUCATION

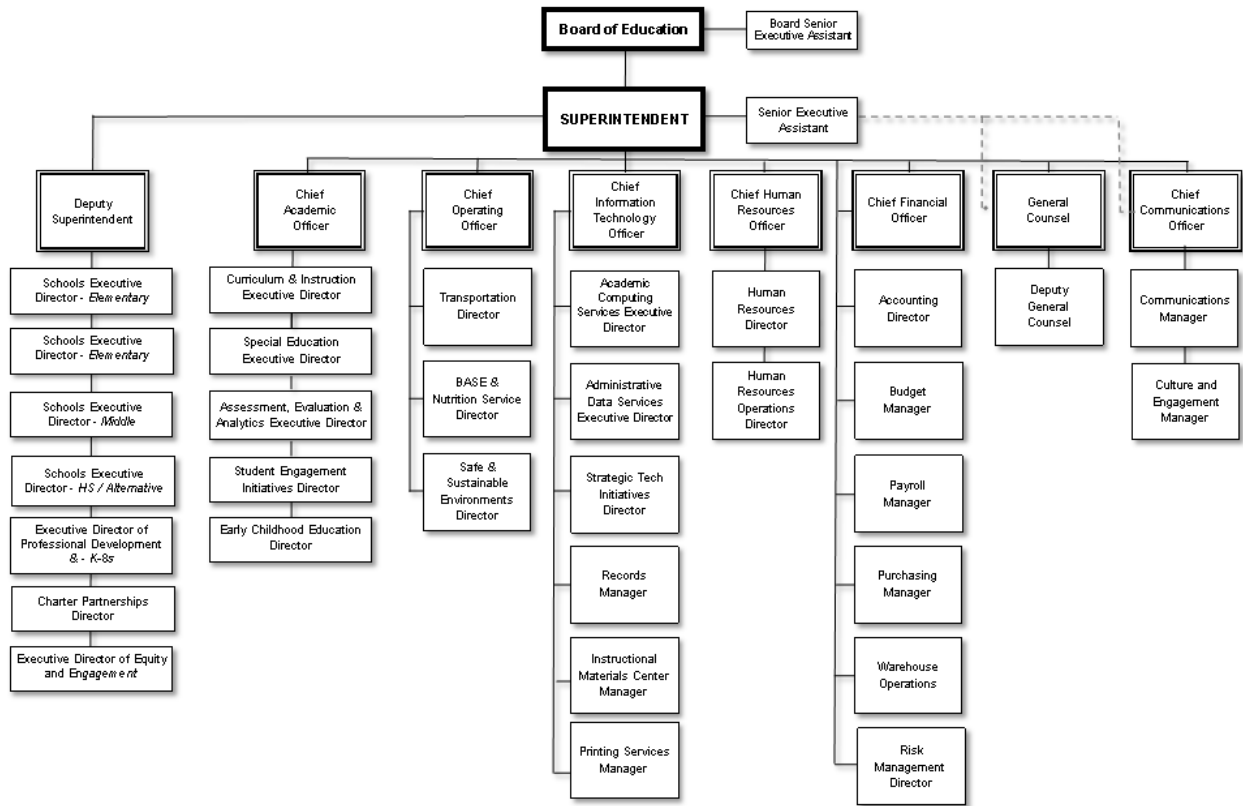


From Left to Right: Courtney Potter, Director, District 3; Jamey Lockley, Secretary, District 2; Lori Goldstein, President, District 1; Laura Mitchell, Vice President, District 5; Amira Assad-Lucas, Director, District 4

CABINET – SUPERINTENDENT’S TEAM

| | |
|---------------------|---|
| Christopher Gdowski | Superintendent of Schools |
| Priscilla Straughn | Deputy Superintendent |
| Beau Foubert | Chief Academic Officer |
| Joe Ferdani | Chief Communications Officer |
| Gina Lanier | Chief Financial Officer |
| Myla Shepard | Chief Human Resource Officer |
| Greg Mortimer | Chief Information Technology Officer |
| Pat Hamilton | Chief Operating Officer |
| Philip Spare | General Counsel |
| Marie McKenzie | Executive Director of Equity and Engagement |

DISTRICT ORGANIZATIONAL CHART



Financial Section





INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Stargate Charter School, Westgate Community Charter School, Prospect Ridge Academy Charter School, and New America School - Thornton Charter School 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, Prospect Ridge Academy Charter School, and New America School - Thornton Charter School, 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, Prospect Ridge Academy Charter School, and New America School - Thornton Charter School were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balances – budget and actual – general fund, schedule of revenues, expenditures, and changes in fund balances – budget and actual – government designated-purpose grants fund, schedule of the District's proportionate share of the net pension liability, schedule of employer pension contributions, schedule of the District's proportionate share of the net OPEB liability, and schedule of employer OPEB contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 budgetary schedules, the combining component unit statements, the Auditor's Integrity Report, and 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, 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
December 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Adams 12 Five Star Schools, Adams County and the City and County of Broomfield, Colorado (the district), we offer readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2023. 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 2-10.

FINANCIAL HIGHLIGHTS

- As of June 30, 2023, the liabilities and deferred inflows of resources of the district exceed its assets and deferred outflows of resources by \$135.0 million (net position). The net position deficit is due primarily to net pension liability and other postemployment benefits (OPEB) liability of \$673.6 million and \$23.0 million respectively, related deferred inflows of resources of \$128.4 million, offset by related deferred outflows of resources of \$177.4 million. The district reports its proportionate share of participation in PERA, the state's cost-sharing multi-employer defined benefit pension plan and health care trust fund.
- Total net position increased by \$27.4 million during fiscal year 2023 as total per pupil revenues and grant revenues increased \$56.2 million, while expenditures included the defeasance of general obligation bonds offset and reductions to pension and OPEB related expenses.
- At the end of the current fiscal year, the district's governmental funds reported a combined fund balance of \$253.1 million, a decrease of \$60.8 million over the prior year.
- During the current year, the district's General Fund reported an increase in fund balance of \$6.6 million resulting in an ending fund balance of \$100.7 million.
- The district's net capital assets decreased \$15.9 million during fiscal year 2023 to \$676.7 million. This decrease is due to a net \$20.1 million of additions and deletions, offset by \$36.0 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 34-77, are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide the reader of the district's Annual Comprehensive 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 expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements include not only the district itself (*primary government*), but also component units, representing the district's four charter schools for which the district has exclusive chartering authority under state statute. Financial information for the charter schools is presented separately from the primary government because the charter schools are legally separate from the district but are financially accountable to the district and provide services to the district's students.

The government-wide financial statements can be found on pages 34-35.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for special activities or objectives. The district, like other governments, uses fund financial statements to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district are governmental funds.

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

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

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 the Instruction, Insurance Reserve, and Information Technology funds), 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 data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund financial statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 79-80 and 98-106 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 42-77 of this report.

Effective July 1, 2022, the district implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1)

defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains *required supplementary information*, which includes information concerning the district's obligation to provide pension and OPEB benefits to its employees.

The district adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with the adopted budget. The General Fund and the Governmental Designated-Purpose Grant Special Revenue Fund schedules are provided in the *required supplementary information* section of his report. All other schedules are in the combining and individual fund financial statements and schedules of this report.

The combining statements referred to earlier in connection with nonmajor governmental and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 93-106 of this report.

The combining statements of component units are presented immediately following the district's supplementary information of combining and individual fund statements and schedules. Component unit combining statements can be found on pages 108-109 of this report.

The State Required Report immediately follows the component unit combining statements. The Auditors Integrity report can be found on page 111 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Capital assets are used in the operation of the district. These assets include land, buildings, equipment, and vehicles. Capital assets are discussed in detail in the section titled, Capital Assets and Debt Administration, on page 30 of this report.

Current and noncurrent 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 2022-2023. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2022-2023.

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 (\$135.0 million). Of the net position, \$13.6 million has been restricted to comply with the TABOR Amendment.

Current and other assets decreased \$67.3 million due primarily to the defeasance of general obligation bonds.

Net capital assets decreased \$15.9 million during fiscal year 2023 to \$676.7 million. This decrease is due to a net \$20.1 million of additions and deletions, offset by \$36.0 million of depreciation expense.

Compensated absences liabilities of \$32.4 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 decreased \$1.2 million primarily due to decreases of \$1.1 million in payables and \$0.6 in unearned revenues offset by an increase of \$0.5 million in other liabilities.

Noncurrent liabilities increased \$52.1 million as an increase in pension and OPEB liabilities of \$168.3 million offset the change in debt of \$116.3 million. The debt service decrease included the defeasance and regular principal payments on the general obligation bonds of \$113.5 million, \$2.2 million for certificates of deposits, and \$0.5 million in contracts payable.

The net pension liability increased \$169.8 million, deferred inflows related to pensions decreased \$165.7 million, and deferred outflows of resources related to pensions decreased \$6.6 million due to the application of GASB No. 68, which requires the district to report its proportionate share of participation in the Public Employees' Retirement Association of Colorado (PERA), the State's cost-sharing multi-employer defined benefit pension plan.

Net OPEB liability decreased \$1.4 million, deferred inflows related to OPEB decreased \$0.9 million and outflows of resources related to OPEB increased \$0.7 million due to the 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 health care trust fund.

As of June 30, 2023, the net position of the district's governmental activities reports (\$135.0) million which includes \$310.0 million net investment in capital assets (land, buildings, equipment, and vehicles), less outstanding debt used to acquire these assets. This balance increased \$84.5 million due to the progress and completion of projects as part of the voter-approved 2016 Bond and debt service payments and defeasance.

Restricted net position of \$96.9 million, which restricts spending for specific purposes related to debt service payments, TABOR and food service operations decreased by \$51.0 million. This decrease is primarily due to a \$53.1 million net decrease in amounts reserved for future debt service payments and \$0.9 million increase in amounts reserved for student food service programming.

Unrestricted net position of \$(541.9) million decreased over the prior year by \$6.1 million.

**Comparative Summary of Net Position
June 30, 2023 and 2022**

| | Governmental Activities | |
|---------------------------------------|-------------------------|-------------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Current and other assets | \$ 306,619,165 | \$ 373,906,058 |
| Capital assets net of depreciation | 676,664,415 | 692,606,346 |
| Total assets | <u>983,283,580</u> | <u>1,066,512,404</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related | 172,332,890 | 178,967,171 |
| OPEB related | 5,079,953 | 4,383,437 |
| Deferred charges on refunding | 4,515,417 | 6,428,480 |
| Total deferred outflows of resources | <u>181,928,260</u> | <u>189,779,088</u> |
| LIABILITIES | | |
| Other liabilities | 46,149,453 | 47,359,635 |
| Noncurrent liabilities | 423,608,663 | 541,423,978 |
| Net pension liability | 673,557,547 | 503,798,315 |
| Net OPEB liability | 22,954,399 | 24,373,919 |
| Total liabilities | <u>1,166,270,062</u> | <u>1,116,955,847</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related | 119,250,831 | 284,952,966 |
| OPEB related | 9,166,923 | 10,025,369 |
| Lease related | 5,525,071 | 6,722,217 |
| Total deferred inflows of resources | <u>133,942,825</u> | <u>301,700,552</u> |
| NET POSITION | | |
| Net investment in capital assets | 308,875,771 | 225,561,525 |
| Restricted for: | | |
| TABOR emergency reserve | 12,674,139 | 12,280,115 |
| Debt service | 71,678,333 | 124,807,437 |
| Food service | 11,688,162 | 10,820,338 |
| Unrestricted | <u>(539,917,452)</u> | <u>(535,834,322)</u> |
| Total net position | <u>\$ (135,001,047)</u> | <u>\$ (162,364,907)</u> |

Governmental activities. Governmental activities total net position of the district increased by \$27.4 million from the prior year related to the following:

Operating grants and contributions increased by \$22.5 million as federal resources continue to be spent down. Charges for services increased \$2.7 million as pupil activities, school lunches, and district rentals continue to reach pre-pandemic levels.

Local property taxes increased \$3.6 million due to increasing property values in a non-reassessment period. As property values increase, the required mills assessed lowers. Because the bulk of property tax collections

occur between March and June, annually delinquencies affect the overall collection rate at fiscal year-end. The district estimates a projected receivable based of the certified mills as compared to actual receipts.

Specific ownership taxes related to automobile registrations increased \$2.1 million as pandemic-related registration deferrals came to an end and vehicle sales increased post-pandemic.

State Equalization funding increased by \$16.1 million. Pupil funding increased by \$615 per pupil over the prior year and funded pupils (after averaging) declined 545 pupils over the prior year (net of CSI schools). The increase was also supported by an increase in at-risk pupils by 6.6 percentage points.

Earnings on investment increased by \$10.0 million over the prior year. This is due to a significant turnaround in interest rates.

Direct Instruction, Indirect Instruction, and Other Support Programs expenses increased \$258.6 million due primarily to the total adjustment to pension and OPEB expenses increasing \$190.7 million over prior year.

Charter school funding increased \$2.9 million from the prior year due an increase in per pupil funding and pupils. Interest expense decreased \$2.5 million.

Direct governmental instructional expenses make up 51.1% of the total government expenses. This category relates to direct instruction of students and costs associated with paying teaching staff and the purchase of supplies and materials. Indirect governmental instruction expenses are 12.1% of the total government expenses and these costs are associated with supporting staff and students, which includes specific pupil supports, school administration staff, instructional training, and curriculum development. Other support governmental programs, which is 26.9% of expenses, include costs associated with district-wide staff working in food services, before, after, and summer enrichment programs, transportation services, information technology, custodial, operations, and general administration. This category also includes the expenses associated with building, maintaining and repairing school buildings, district buildings, equipment, and vehicles. Debt service expenses account for 3.4% of total governmental expenses.

The district authorizes four Charter schools and is required to transfer funding based on funded pupil count for their operational needs. For fiscal year 2022-2023, the Charter schools account for 6.5% of expenses.

**Comparative Schedule of Change Net Position
June 30, 2023 and 2022**

| | Governmental Activities | |
|------------------------------------|-------------------------|-------------------------|
| | 2023 | 2022 |
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 19,592,854 | \$ 16,931,769 |
| Operating grants and contributions | 137,911,475 | 115,418,303 |
| Capital grants and contributions | 764,247 | - |
| General revenues: | | |
| Taxes: | | |
| Local property taxes | 232,546,342 | 228,979,094 |
| Specific ownership taxes | 14,197,956 | 12,142,272 |
| State equalization | 247,014,339 | 230,882,915 |
| Earnings on investments | 8,488,580 | (1,471,779) |
| All other revenues | 1,886,123 | 3,343,766 |
| Total revenues | <u>662,401,916</u> | <u>606,226,340</u> |
| Expenses | | |
| Direct instruction | 324,493,622 | 183,496,770 |
| Indirect instruction | 76,739,956 | 57,709,132 |
| Other support programs | 170,870,236 | 72,290,089 |
| Charter School Funding | 41,509,858 | 38,619,459 |
| Interest expense | 21,424,384 | 23,884,340 |
| Total expenses | <u>635,038,056</u> | <u>375,999,790</u> |
| Change in net position | 27,363,860 | 230,226,550 |
| Net position - beginning of year | <u>(162,364,907)</u> | <u>(392,591,457)</u> |
| Net position - end of year | <u>\$ (135,001,047)</u> | <u>\$ (162,364,907)</u> |

FINANCIAL ANALYSIS OF 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 \$253.1 million, a decrease of \$60.8 million in comparison with the prior year. Fund balance in the Building-Capital Projects Fund declined by \$13.7 million over the prior year as the 2016 Bond Project nears completion. This fund accounts for voter approved bond proceeds from which had two issuances, one in December of 2016 and one in 2018. The nonmajor governmental funds’ fund balance increased \$3.8 million excluding the Instructional special revenue fund. This fund’s fund balance decreased \$10.7 million

as the fund is now part of the General Fund. The Capital Reserve fund balance increased by \$2.2 million primarily due to revenue and transfers exceeding capital outlay and debt service.

The Bond Redemption fund balance declined \$52.7 million as the district defeased select maturities from the 2016B general obligation bonds in a combined amount of \$64.7 million. The fund accounts for revenues generated from property tax collections as approved by voters to pay down general obligation bond expenditures. The current assessed mill is 21.665 per \$1,000 assessed valuation. The district experienced a 2.1% growth in net assessed values increasing collections by \$1.7 million over the prior year.

The above fund balance declines were offset by increases to the General Fund and Governmental Designated Purpose Grants. The General Fund experienced an increase in fund balance of \$6.6 million, which is primarily a result of a transfer of \$10.7 million from the Instructional Special Revenue Fund. Additionally, the district saw an increase of 6.9% in per pupil funding, offset by a decline in funded pupils by 545. The Governmental Designated Purpose Grants fund balance increased \$2.3 million due to recognizing the unavailable revenue balance of \$2.3 million from fiscal year 2021-2022. Excluding the aforementioned Instructional Special Revenue Fund, nonmajor funds increased in fund balance by \$3.8 million due mainly to the post-COVID continued stabilization of the Before, After, and Summer Enrichment program and the district's athletic programs.

Fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable, which represents those assets held in inventory or for resources paid in advance for services, accounts for 1.0% of total fund balance. Approximately 9.2% of the fund balance is restricted for Building-Capital Projects as approved by the 2016 Bond and an additional 42.0% is restricted for TABOR, multi-year commitments, future debt service payments, and food service. Assigned fund balance accounts for 39.1% of the fund balance. The remaining 8.7% (\$22.1 million) of the fund balance is considered unassigned fund balance, which is available for the district's discretionary spending.

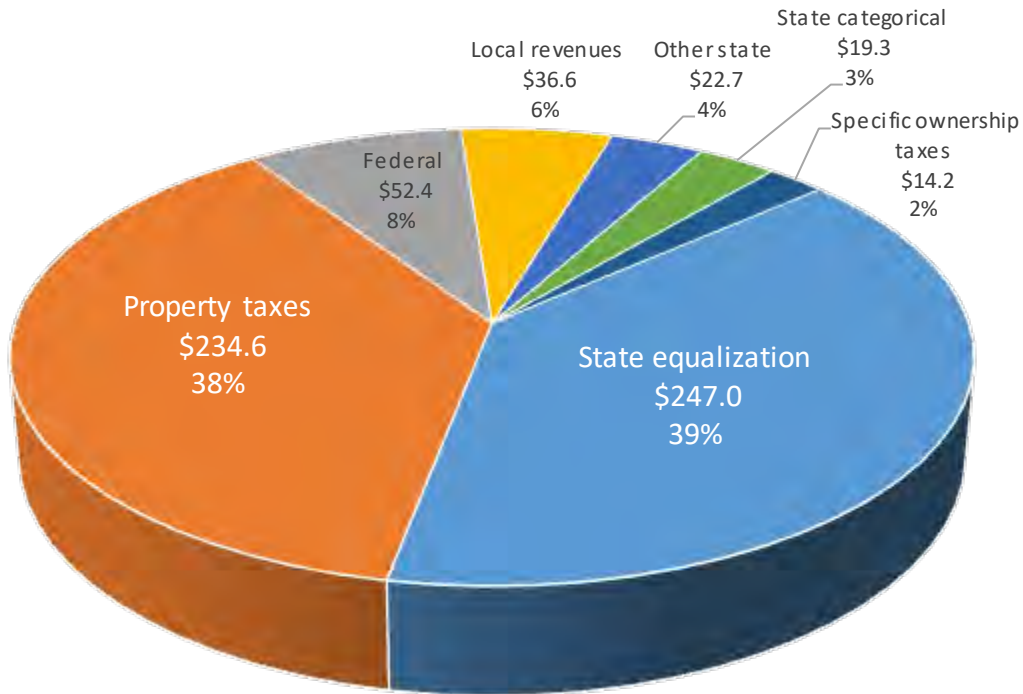
The General Fund is the primary operating fund of the district with the majority of funding received from the per pupil revenue as calculated in the School Finance Act. State equalization, property taxes, and specific ownership taxes fund district's School Finance Act revenue. The ending fund balance of the General Fund increased by \$6.6 million in fiscal year 2022-2023. The increase can be attributed to the transfer of funds from the former Instructional Special Revenue fund.

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 39.4% of district revenue (the same as last year), with total dollars increasing 7.0% from the prior year. Local property taxes provided 37.4% and specific ownership tax provided for 2.3% of the district's revenue, an increase of 2.8% from the prior year. The district's certified general fund mill levies for fiscal year 2022-2023 were 46.701 and were comprised of 27.000 mills for school finance, 0.544 for abatement, and 19.157 for override mills for annual collections of \$234.6 million. The remaining revenue comes from local sources of 6.0%, state grants of 6.7%, and federal revenue of 8.4%.

**Comparative Schedule of Governmental Fund Revenues
June 30, 2023 and 2022**

| | Governmental Funds | | |
|----------------------------------|--------------------|--------------------|-------------------|
| | 2023 | 2022 | Change |
| REVENUES | | | |
| Local: | | | |
| Property taxes | \$ 234,580,640 | \$ 231,720,380 | \$ 2,860,260 |
| Specific ownership taxes | 14,197,956 | 12,142,272 | 2,055,684 |
| Pupil activities | 5,061,730 | 4,834,124 | 227,606 |
| Tuition | 1,787,088 | 1,821,063 | (33,975) |
| Gifts and grants | 1,360,289 | 869,689 | 490,600 |
| Charges for services | 5,331,276 | 1,981,560 | 3,349,716 |
| Rental of buildings | 2,327,512 | 2,209,464 | 118,048 |
| Other | 12,252,424 | 8,924,312 | 3,328,112 |
| Net earnings on investments | 8,488,580 | (1,471,779) | 9,960,359 |
| State: | | | |
| State equalization | 247,014,339 | 230,882,915 | 16,131,424 |
| Special education | 12,411,900 | 9,695,333 | 2,716,567 |
| Vocational education | 1,918,977 | 2,151,324 | (232,347) |
| Transportation | 2,114,581 | 2,151,439 | (36,858) |
| English Language Proficiency Act | 1,300,285 | 3,120,899 | (1,820,614) |
| Gifted and talented | 350,949 | 375,628 | (24,679) |
| READ Act | 1,226,619 | 1,441,315 | (214,696) |
| Grants | 22,743,589 | 14,683,932 | 8,059,657 |
| Federal | 52,446,755 | 57,905,484 | (5,458,729) |
| Total revenues | <u>626,915,489</u> | <u>585,439,354</u> | <u>41,476,135</u> |

2022-2023 Governmental Funds Revenue



The Bond Redemption-Debt Service Fund has adequate resources accumulated to make the December 2023 principal and interest payments. The mill levy to accumulate resources for the June 2024 interest payment will be certified in December 2023. 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 decreased by \$52.7 million in fiscal year 2022- 2023.

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 and in December 2018. As this fund is restricted for a specific purpose, expenditures are expected to decline year-over-year until the original proceeds are fully spent. The district anticipates a majority of the projects to be completed by the end of fiscal year 2023-2024. The fund balance decreased \$13.7 million from the prior year to \$23.2 million.

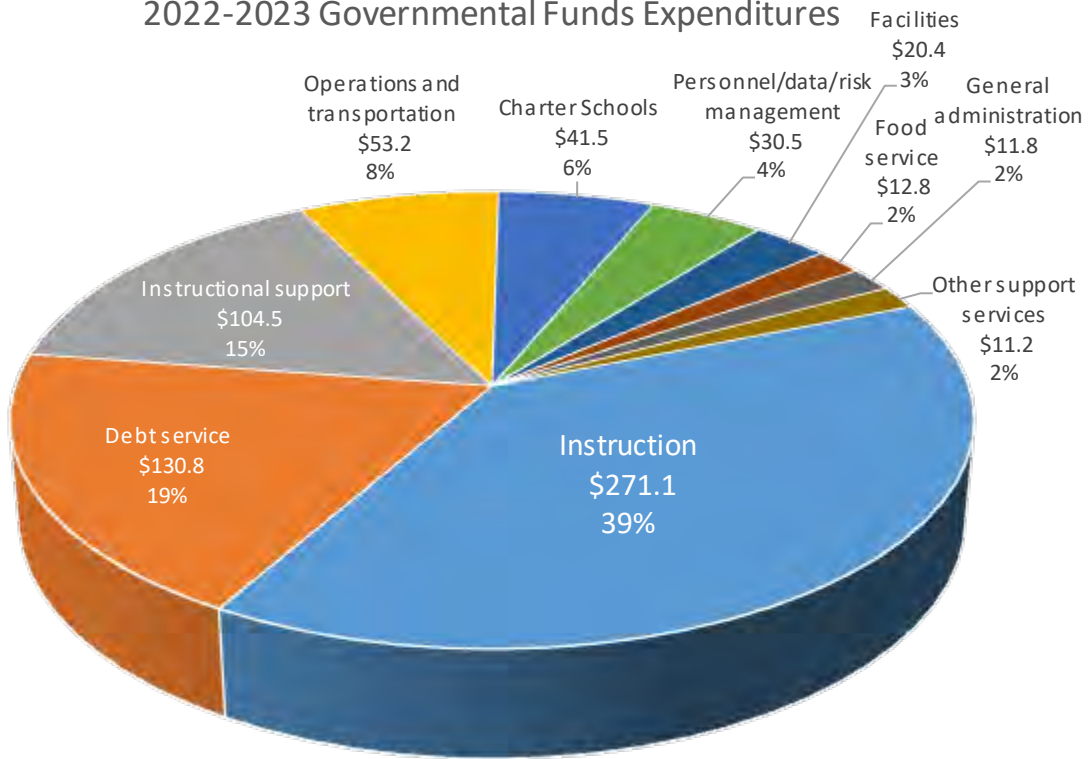
**Comparative Schedule of Governmental Fund Expenditures
June 30, 2023 and 2022**

| | Governmental Funds | | |
|---|--------------------|--------------------|--------------------|
| | 2023 | 2022 | Change |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | \$ 219,253,028 | \$ 204,587,968 | \$ 14,665,060 |
| Special education | 51,829,477 | 46,138,931 | 5,690,546 |
| Pupil support | 32,095,293 | 29,405,920 | 2,689,373 |
| Instructional staff support | 37,917,563 | 30,298,684 | 7,618,879 |
| School administration | 34,452,626 | 31,460,384 | 2,992,242 |
| General administration | 3,140,566 | 2,740,747 | 399,819 |
| Business administration | 8,681,748 | 3,639,912 | 5,041,836 |
| Operations and maintenance | 39,238,517 | 38,626,591 | 611,926 |
| Transportation services | 13,959,302 | 11,357,312 | 2,601,990 |
| Personnel/data/risk management | 30,486,457 | 29,369,399 | 1,117,058 |
| Other support services | 11,154,432 | 8,783,198 | 2,371,234 |
| Food service operations | 12,815,893 | 12,487,736 | 328,157 |
| Funding to Charter Schools | 41,509,858 | 38,619,462 | 2,890,396 |
| Facilities acquisition and improvements | 20,388,363 | 23,458,147 | (3,069,784) |
| Debt service: | | | - |
| Principal | 109,101,501 | 38,740,787 | 70,360,714 |
| Interest | 21,664,472 | 23,606,638 | (1,942,166) |
| Bond issuance and other costs | 16,750 | 15,250 | 1,500 |
| Total expenditures | <u>687,705,846</u> | <u>573,337,066</u> | <u>114,368,780</u> |

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, as limited by statute, to purchase equipment, maintain and renovate buildings, and for debt service payments on certificates of participation. The fund balance increased \$2.2 million due to reserve planning in accordance with district policy and increased earnings on investments.

The Governmental Designated-Purpose Grant Special Revenue Fund operates mainly on a reimbursement basis. Expenditures not reimbursed as of June 30, 2023, are recorded as intergovernmental receivables. Revenue paid in advance, but not earned, is recorded as unearned revenue. The prior year fund deficit of \$2.3 million is eliminated because the district received the previously classified unavailable revenue.

2022-2023 Governmental Funds Expenditures



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 2022-2023 budget in June 2022 and approved the amended budget in January 2023. The General Fund budget changed from adopted to final for various reasons. District total pupil funding assumed to increase to \$9,487.78, due to items related to Charter School Institute (CSI) students. CSI students attend charter schools in the district that are not authorized by the district but by CSI. Total pupil funding total revenue was adjusted by \$3.6 million. Property taxes increased due to the assessed valuation being slightly more than what was budgeted. There was a decrease in state categorical revenue due to final CDE allocations being lower than budgeted.

Expenditures and transfers were also adjusted to take into account the change in available funds. The budget adjustment increases \$3.0 million for school operating funds carried over from fiscal year 2022. The remaining fund balance in the instructional fund is now a subset of the General Fund resulting in a one-time transfer.

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 2022-2023, expenditures came in under budget appropriations by \$1.6 million. The final budget totaled \$462.5 million and actual expenditures totaled \$460.9 million. Direct instruction expenditures exceeded budget by \$15.7 million, offset by underspend in indirect and other support expenditures, including contingency, of \$17.3 million.

Total fund balance represents 22.8% of fiscal year 2022-2023 General Fund expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The district’s investment in capital assets for governmental activities as of June 30, 2023, is \$676.7 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:

- Began construction on \$8.0 million Independence Academy Campus, work will continue through the 2023-2024 school year. Independence Academy will expand the district's alternative education offerings to middle and high school students.
- Completed renovation projects on Five Star Stadium, including grading and replacement of field turf and track surface, as well as renovation of ticket booths and restrooms.
- Completed purchase of 18 busses and placed them in service.
- Continued work on \$3.5 million roof replacement project at Legacy High School.
- Completed Information Technology projects including replacement of staff laptops and computers across the District, as well upgrade and replacement of network core switches.

Additional information on the district’s capital assets can be found in Note 6.

**General Obligation Bonds, Financed Purchases, and Certificates of Participation
Years ended June 30, 2023 and 2022**

| | Governmental Activities | |
|---------------------------------|-------------------------|-----------------------|
| | 2023 | 2021 |
| Land | \$ 36,004,172 | \$ 34,922,561 |
| Buildings and Land Improvements | 580,823,089 | 548,347,376 |
| Construction in Progress | 11,181,128 | 64,177,264 |
| Equipment and Vehicles | 47,328,820 | 45,159,145 |
| Software subscriptions | 1,327,206 | - |
| Total | <u>\$ 676,664,415</u> | <u>\$ 692,606,346</u> |

As of June 30, 2023, the district had total bonded debt outstanding of \$343.0 million backed by the full faith and credit of the district. Additionally, the district has long-term debt obligations for financed purchases and certificates of participation in the amount of \$14.0 million 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 \$103.1 million of principal on general obligation bonds and \$1.9 million of principal on certificates of participation. The district defeased \$64,745,000 of Series 2016B bonds using existing bond redemption fund resources. The outstanding obligation on financed purchases is \$3.1 million, a reduction of \$0.6 million from prior year.

For the 2018 general obligation Series 2018, the district received ratings of “Aa2” from Moody’s and “AA” from Standard & Poor’s.

General Obligation Bonds, Certificates of Participation, and Financed Purchases,
Years ended June 30, 2023 and 2022

| | Governmental Activities | |
|-------------------------------|-------------------------|----------------|
| | 2023 | 2021 |
| General Obligation Bonds | \$ 343,035,000 | \$ 446,180,000 |
| Certificates of Participation | 10,950,000 | 12,890,000 |
| Financed Purchases | 3,095,764 | 3,665,721 |
| Total | \$ 357,080,764 | \$ 462,735,721 |

Additional information on the district’s long-term obligations can be found in Note 8.

ECONOMIC FACTORS AND FISCAL YEAR 2023-2024 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 mandates, desired academic outcomes, student safety and fiscal responsibility. The budget plan for fiscal year 2023-2024 supports the educational commitments of student learning, professional practice, and collective responsibility.

After a number of years of reduced funding resulting in budget reductions for school districts across the state, the state of Colorado continues to restore some funding for public education that had previously been cut. Current state economic assumptions show a rebound in general fund revenue and therefore the budget stabilization factor for fiscal year 2023-2024 is expected to decline from 3.7% to 1.6%, estimated to be \$8.1 million less in funding for the Adams 12 Five Star Schools.

Each year, the General Assembly passes a School Finance Act prior to the beginning of the fiscal year. The law will be amended in January 2024, which will impact funding. Based on the state’s original budget, the statewide base per pupil funding was increased for inflation by 8.0% for fiscal year 2023-2024 as by the state’s Constitution. Additionally, the state reduced the budget stabilization factor. The budgeted statewide average per pupil base funding for fiscal year 2023-2024 is \$8,076; the Adams 12 Five Star Schools per pupil revenue is \$10,484, which equates to an increase of \$996 per funded pupil over fiscal year 2022-2023.

Planned budgetary expenditure increases for fiscal year 2023-2024 consist of a placeholder for potential, unapproved compensation increases, which may include a certified step and a step equivalent for administrators and classified staff. Other budgeted expenditure increases include cost associated with an online school program to support those families who are not ready to return to in-person learning, health insurance premiums, and increased information technology costs such as licenses, cybersecurity and family tech support.

At June 30, 2023, total fund balance in the General Fund is \$100.7 million (including the reserve for Risk Management). The district budget for the 2023-2024 fiscal year anticipates the transfer of \$5.6 million of General Fund balance to other funds. The district continues its policy to maintain unassigned fund balance at the conclusion of a fiscal year to be no less than 4% and no more than 8% of general fund revenues.

REQUESTS FOR INFORMATION

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

Chief Financial Officer or Director of Finance
Department of Financial Services
Adams 12 Five Star Schools
1500 E. 128th Avenue
Thornton, CO 80241
720-972-4000

BASIC FINANCIAL STATEMENTS



ADAMS TWELVE FIVE STAR SCHOOLS
Statement of Net Position
June 30, 2023

| | Primary Government | Component Units |
|--|----------------------------|------------------------|
| | Governmental Activities | Charter Schools |
| ASSETS | | |
| Cash and investments - unrestricted | \$ 189,450,833 | \$ 16,844,322 |
| Cash and investments - restricted | 83,658,433 | 7,265,765 |
| Taxes receivables | 11,493,271 | 372,211 |
| Intergovernmental receivables | 12,398,935 | 1,504,272 |
| Other receivables | 7,148,882 | - |
| Inventories | 1,406,291 | - |
| Prepaid items | 1,041,160 | 210,296 |
| Other current assets | 21,360 | - |
| Capital assets not being depreciated: | 47,185,300 | 19,864,863 |
| Capital assets, net of accumulated depreciation/amortization: | <u>629,479,115</u> | <u>77,105,091</u> |
| Total assets | <u>983,283,580</u> | <u>123,166,820</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related | 172,332,890 | 12,432,483 |
| OPEB related | 5,079,953 | 538,825 |
| Deferred charges on refunding | 4,515,417 | - |
| Total deferred outflows of resources | <u>181,928,260</u> | <u>12,971,308</u> |
| LIABILITIES | | |
| Accounts payable | 15,654,695 | 1,204,797 |
| Retainage payable | 376,779 | 377,251 |
| Accrued salaries and benefits | 23,877,936 | 2,297,633 |
| Intergovernmental payable | 1,537,412 | - |
| Other current liabilities | 505,724 | 7,847 |
| Accrued interest payable | 715,185 | 768,273 |
| Unearned revenues | 3,481,722 | 192,414 |
| Noncurrent liabilities: | | |
| Due within one year: | 49,576,523 | 1,785,073 |
| Due in more than one year: | 374,032,140 | 90,945,983 |
| Net pension liability | 673,557,547 | 50,473,740 |
| Net OPEB liability | <u>22,954,399</u> | <u>1,288,372</u> |
| Total liabilities | <u>1,166,270,062</u> | <u>149,341,383</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related | 119,250,831 | 6,535,545 |
| OPEB related | 9,166,923 | 818,083 |
| Lease related | 5,525,071 | - |
| Total deferred inflows of resources | <u>133,942,825</u> | <u>7,353,628</u> |
| NET POSITION | | |
| Net investment in capital assets | 309,979,448 | 5,473,455 |
| Restricted for: | | |
| TABOR emergency reserve | 13,553,318 | 1,430,002 |
| Debt service | 71,678,333 | 7,123,544 |
| Food service | 11,688,162 | - |
| Special education | - | 525,000 |
| Unrestricted | <u>(541,900,308)</u> | <u>(35,108,884)</u> |
| Total net position | <u>\$ (135,001,047)</u> | <u>\$ (20,556,883)</u> |

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

ADAMS TWELVE FIVE STAR SCHOOLS
Statement of Activities
For the Year Ended June 30, 2023

| | Program Revenues | | | | Net (Expense) Revenue |
|---------------------------------|-------------------------|-------------------------|--|--|--------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Functions/Programs: | | | | | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| Direct instruction | 324,493,622 | 5,072,642 | 111,128,212 | - | (208,292,768) |
| Indirect instruction | 76,739,956 | - | 8,832,321 | - | (67,907,635) |
| Other support programs | 156,824,525 | 9,188,936 | 7,585,434 | 762,053 | (139,288,102) |
| Food service operations | 14,045,711 | 4,078,136 | 10,365,508 | 2,194 | 400,127 |
| Charter School Funding | 41,509,858 | 1,253,140 | - | - | (40,256,718) |
| Interest expense | 21,424,384 | - | - | - | (21,424,384) |
| Total governmental activities | <u>\$ 635,038,056</u> | <u>\$ 19,592,854</u> | <u>\$ 137,911,475</u> | <u>\$ 764,247</u> | <u>(476,769,480)</u> |
| Component units: | | | | | |
| Charter schools | <u>\$ 53,393,334</u> | <u>\$ 1,037,279</u> | <u>\$ 6,156,916</u> | <u>\$ 807,208</u> | <u>(45,391,931)</u> |
| | | Net (Expense) | | | |
| | | Revenue | Charter Schools | | |
| Net (expense) revenue | | (476,769,480) | (45,391,931) | | |
| General revenues: | | | | | |
| Property taxes | 232,546,342 | - | | | |
| Specific ownership taxes | 14,197,956 | - | | | |
| State equalization | 247,014,339 | 35,776,181 | | | |
| Other revenues | 1,889,637 | 8,376,069 | | | |
| Gain (loss) on sale of assets | (3,514) | - | | | |
| Earnings on investments | 8,488,580 | - | | | |
| Total general revenues | <u>504,133,340</u> | <u>44,152,250</u> | | | |
| Change in net position | 27,363,860 | (1,239,681) | | | |
| Net position, beginning of year | (162,364,907) | (19,317,202) | | | |
| Net position, end of year | <u>\$ (135,001,047)</u> | <u>\$ (20,556,883)</u> | | | |

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

ADAMS TWELVE FIVE STAR SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2023

| | | Debt Service | Capital Projects | |
|---|-----------------------|----------------------|----------------------|----------------------|
| | General | Bond Redemption | Building | Capital Reserve |
| ASSETS | | | | |
| Cash and investments | \$ 185,812,519 | \$ - | \$ - | \$ 3,620,314 |
| Receivables (net of allowance for uncollectible): | | | | |
| Taxes | 6,021,226 | 5,472,045 | - | - |
| Intergovernmental | 80,867 | - | - | - |
| Other | 2,645,018 | - | - | 4,101,236 |
| Due from other funds | 4,062,001 | - | 8,964,650 | 27,462,014 |
| Inventories | 1,239,213 | - | - | - |
| Prepaid items | 933,939 | - | - | 75,590 |
| Other current assets | 21,360 | - | - | - |
| Restricted cash and investments | - | 66,954,491 | 16,703,942 | - |
| Total assets | <u>\$ 200,816,143</u> | <u>\$ 72,426,536</u> | <u>\$ 25,668,592</u> | <u>\$ 35,259,154</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 11,553,741 | \$ 3,000 | \$ 2,238,368 | \$ 720,128 |
| Retainage payable | - | - | 204,320 | 172,459 |
| Accrued salaries and benefits | 21,541,678 | - | - | 3,525 |
| Due to other governments | 240,052 | - | - | - |
| Due to other funds | 62,671,775 | 2,500 | - | - |
| Other current liabilities | 462,108 | - | 12,500 | 31,116 |
| Unearned revenue-grants | - | - | - | - |
| Unearned revenue-other | 3,890 | - | - | - |
| Total liabilities | <u>96,473,244</u> | <u>5,500</u> | <u>2,455,188</u> | <u>927,228</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | 1,418,138 | 742,703 | - | - |
| Unavailable revenue-long term receivable | - | - | - | 350,063 |
| Lease related | 2,231,117 | - | - | 3,293,954 |
| Total deferred inflows of resources | <u>3,649,255</u> | <u>742,703</u> | <u>-</u> | <u>3,644,017</u> |
| FUND BALANCES | | | | |
| Nonspendable items | 2,173,152 | - | - | 75,590 |
| Restricted for: | | | | |
| TABOR emergency reserve | 13,553,318 | - | - | - |
| Multi-year obligations | 9,557,112 | - | - | - |
| Debt service | - | 71,678,333 | - | - |
| Capital projects | - | - | 23,213,404 | - |
| Food service | - | - | - | - |
| Assigned | 53,336,612 | - | - | 30,612,319 |
| Unassigned | 22,073,450 | - | - | - |
| Total fund balances | <u>100,693,644</u> | <u>71,678,333</u> | <u>23,213,404</u> | <u>30,687,909</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 200,816,143</u> | <u>\$ 72,426,536</u> | <u>\$ 25,668,592</u> | <u>\$ 35,259,154</u> |

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

| <u>Special Revenue</u> | | |
|---|------------------------------------|---------------------------------|
| <u>Government Designated-Purpose Grants</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
| \$ - | \$ 18,000 | \$ 189,450,833 |
| - | - | 11,493,271 |
| 11,385,169 | 932,899 | 12,398,935 |
| - | 402,628 | 7,148,882 |
| - | 26,245,111 | 66,733,776 |
| - | 167,078 | 1,406,291 |
| - | 31,631 | 1,041,160 |
| - | - | 21,360 |
| - | - | 83,658,433 |
| <u>\$ 11,385,169</u> | <u>\$ 27,797,347</u> | <u>\$ 373,352,941</u> |
| \$ 947,402 | \$ 192,056 | \$ 15,654,695 |
| - | - | 376,779 |
| 1,959,403 | 373,330 | 23,877,936 |
| 1,297,360 | - | 1,537,412 |
| 4,059,501 | - | 66,733,776 |
| - | - | 505,724 |
| 3,121,503 | - | 3,121,503 |
| - | 356,329 | 360,219 |
| <u>11,385,169</u> | <u>921,715</u> | <u>112,168,044</u> |
| - | - | 2,160,841 |
| - | - | 350,063 |
| - | - | 5,525,071 |
| - | - | 8,035,975 |
| - | 198,709 | 2,447,451 |
| - | - | 13,553,318 |
| - | - | 9,557,112 |
| - | - | 71,678,333 |
| - | - | 23,213,404 |
| - | 11,688,162 | 11,688,162 |
| - | 14,988,761 | 98,937,692 |
| - | - | 22,073,450 |
| - | 26,875,632 | 253,148,922 |
| <u>\$ 11,385,169</u> | <u>\$ 27,797,347</u> | <u>\$ 373,352,941</u> |

ADAMS 12 FIVE STAR SCHOOLS

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023**

| | |
|--|-----------------------------|
| Total Governmental Fund Balances | 253,148,922 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds. | 1,146,992,862 |
| Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition. | (470,328,447) |
| 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. | 2,160,841 |
| 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 | (375,865,941) |
| Financed Purchases | (3,095,764) |
| Certificates of Participation | (12,212,802) |
| Deferred Loss on Refunding | 4,515,417 |
| Compensated Absences Payable | (32,434,156) |
| | <u>(419,093,246)</u> |
| 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. | (715,185) |
| 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 | (673,557,547) |
| Net OPEB Liability | (22,954,399) |
| | <u>(696,511,946)</u> |
| 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 | 172,332,890 |
| Deferred Inflows of Resources | (119,250,831) |
| | <u>53,082,059</u> |
| 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 | 5,079,953 |
| Deferred Inflows of Resources | (9,166,923) |
| | <u>(4,086,970)</u> |
| Net Position of Governmental Activities | <u><u>(135,001,047)</u></u> |

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

ADAMS TWELVE FIVE STAR SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

| | Debt Service | | Capital Projects | |
|---|----------------|--------------------|------------------|-----------------|
| | General | Bond Redemption | Building | Capital Reserve |
| REVENUES | | | | |
| Local: | | | | |
| Property taxes | \$ 159,946,277 | \$ 74,087,109 | \$ - | \$ 547,254 |
| Specific ownership taxes | 14,197,956 | - | - | - |
| Pupil activities | - | - | - | - |
| Tuition | 1,258,086 | - | - | - |
| Gifts and grants | - | - | - | - |
| Charges for services | 1,253,140 | - | - | - |
| Rental of buildings | 219,439 | - | - | 1,130,686 |
| Other | 569,423 | - | 3,251,928 | 1,292,165 |
| Net earnings on investments | 2,953,591 | 907,278 | 1,182,615 | 3,445,096 |
| State: | | | | |
| State equalization | 247,014,339 | - | - | - |
| Special education | 12,411,900 | - | - | - |
| Vocational education | 1,918,977 | - | - | - |
| Transportation | 2,114,581 | - | - | - |
| English Language Proficiency Act | 1,300,285 | - | - | - |
| Gifted and talented | 350,949 | - | - | - |
| READ Act | - | - | - | - |
| Grants | 19,291,067 | - | - | - |
| Federal | - | - | - | - |
| Total revenues | 464,800,010 | 74,994,387 | 4,434,543 | 6,415,201 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 200,512,871 | - | - | - |
| Special education | 42,354,113 | - | - | - |
| Pupil support | 24,076,707 | - | - | - |
| Instructional staff support | 31,452,020 | - | - | - |
| School administration | 33,373,020 | - | - | 524 |
| General administration | 3,140,566 | - | - | - |
| Business administration | 3,294,952 | - | - | 2,431,438 |
| Operations and maintenance | 37,850,524 | - | 30 | 768,596 |
| Transportation services | 11,600,272 | - | 2,125,256 | 107,908 |
| Personnel/data/risk management | 26,972,774 | - | 16,334 | 13,395 |
| Other support services | 2,871,336 | - | - | - |
| Food service operations | 250,755 | - | - | - |
| Funding to Charter Schools | 41,509,858 | - | - | - |
| Facilities acquisition and improvements | 1,660,069 | - | 15,960,744 | 1,965,527 |
| Debt service: | | | | |
| Principal | - | 103,144,999 | - | 2,509,958 |
| Interest | - | 24,531,119 | - | 579,897 |
| Bond issuance and other costs | - | 16,750 | - | - |
| Total expenditures | 460,919,837 | 127,692,868 | 18,102,364 | 8,377,243 |
| Excess (deficiency) of revenues over (under) expenditures | 3,880,173 | (52,698,481) | (13,667,821) | (1,962,042) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,797,409 | - | - | 4,167,851 |
| Transfers out | (8,054,901) | - | - | - |
| Total other financing sources (uses) | 2,742,508 | - | - | 4,167,851 |
| Net change in fund balances | 6,622,681 | (52,698,481) | (13,667,821) | 2,205,809 |
| Fund balances, beginning of year | 94,070,963 | 124,376,814 | 36,881,225 | 28,482,100 |
| Fund balances, end of year | \$ 100,693,644 | \$ 71,678,333 | \$ 23,213,404 | \$ 30,687,909 |

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

| <u>Special Revenue</u> | | |
|------------------------|---------------------|---------------------|
| <u>Government</u> | <u>Nonmajor</u> | <u>Total</u> |
| <u>Designated-</u> | <u>Governmental</u> | <u>Governmental</u> |
| <u>Purpose Grants</u> | <u>Funds</u> | <u>Funds</u> |
| \$ - | \$ - | \$ 234,580,640 |
| - | - | 14,197,956 |
| - | 5,061,730 | 5,061,730 |
| - | - | 1,258,086 |
| - | 1,360,289 | 1,360,289 |
| - | 10,767,720 | 12,020,860 |
| - | 977,387 | 2,327,512 |
| - | 978,326 | 6,091,842 |
| - | - | 8,488,580 |
| - | - | 247,014,339 |
| - | - | 12,411,900 |
| - | - | 1,918,977 |
| - | - | 2,114,581 |
| - | - | 1,300,285 |
| - | - | 350,949 |
| 1,226,619 | - | 1,226,619 |
| 3,162,526 | 289,996 | 22,743,589 |
| 42,346,358 | 10,100,397 | 52,446,755 |
| 46,735,503 | 29,535,845 | 626,915,489 |
| 10,649,282 | 8,090,875 | 219,253,028 |
| 9,449,563 | 25,801 | 51,829,477 |
| 7,857,863 | 160,723 | 32,095,293 |
| 6,122,849 | 342,694 | 37,917,563 |
| 781,097 | 297,985 | 34,452,626 |
| - | - | 3,140,566 |
| 1,952,424 | 74,283 | 7,753,097 |
| 22,619 | 596,748 | 39,238,517 |
| 113,664 | 12,202 | 13,959,302 |
| 3,482,479 | 1,475 | 30,486,457 |
| 3,240,662 | 5,042,434 | 11,154,432 |
| 5,950 | 13,487,839 | 13,744,544 |
| - | - | 41,509,858 |
| 762,053 | 39,970 | 20,388,363 |
| - | - | 105,654,957 |
| - | - | 25,111,016 |
| - | - | 16,750 |
| 44,440,505 | 28,173,029 | 687,705,846 |
| 2,294,998 | 1,362,816 | (60,790,357) |
| - | 3,887,050 | 18,852,310 |
| - | (10,797,409) | (18,852,310) |
| - | (6,910,359) | - |
| 2,294,998 | (5,547,543) | (60,790,357) |
| (2,294,998) | 32,423,175 | 313,939,279 |
| \$ - | \$ 26,875,632 | \$ 253,148,922 |

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 Year Ended June 30, 2023**

Net change in fund balances, governmental funds (60,790,357)

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

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 | 20,057,500 |
| Depreciation expense, net | (35,995,917) |
| | <u>(15,938,417)</u> |

Disposals of capital assets results in a gain or loss that is reported in the statement of activities. The governmental funds only report the proceeds from the sale. The difference between the gain or loss and the proceeds is the net book value of the assets disposed.

(3,514)

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.

(2,034,298)

Grant revenue not collected within the period of availability are not recognized in the governmental funds. This amount represents change in unavailable grant revenue.

(2,294,998)

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.

108,741,889

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 and discounts | 10,616,892 |
| Deferred gains (losses) on refunding | (1,913,063) |
| | <u>8,703,829</u> |

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.

240,088

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.

(1,543,466)

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 | (10,691,378) |
| Net OPEB expense | 2,974,482 |
| | <u>(7,716,896)</u> |

| | |
|---|--------------------------|
| Change in net position of governmental activities | <u><u>27,363,860</u></u> |
|---|--------------------------|

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Summary of significant accounting policies

The accompanying financial statements have been prepared in accordance with principles generally accepted in the United States of America, as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Adams 12 Five Star Schools' (the district) significant accounting policies are described below.

A. Description of government-wide 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 district is reported separately from certain legally separate component units for which the district is financially accountable (*i.e.*, charter schools).

B. Reporting entity

The district (government) is a political subdivision of the State of Colorado (the "State") and a body corporate which was organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The district is governed by a five-director board of education whose members are elected by the registered voters of the district for staggered four-year terms of office. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are aggregated in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Discretely Presented Component Units – Charter Schools. The Legislature of the State of Colorado enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act permits the district to contract with individuals and organizations for the operation of schools within the district. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the district's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the district's Board of Education must approve all charter school applications and budgets. During fiscal year 2022-2023, the district had four charter schools in operation. The charter schools are discretely presented component units because the district is financially accountable for them.

Each charter school issues separate financial statements for the fiscal year ended June 30, 2023. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

C. Basis of presentation – government-wide 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 district is reported separately from certain legally separate component units for which the district is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to parents and students, for example, 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.

D. Basis of presentation – fund financial statements

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 district reports the following major governmental funds:

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.

The *bond redemption-debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The *building-capital projects fund* is used to account for the major capital outlays for facilities funded by the proceeds from general obligation bonds.

The *capital reserve-capital projects 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).

The *governmental designated-purpose grants special revenue fund* is used to account for the proceeds of state and federal fiscal grant revenue that are legally restricted to expenditures for specified purposes.

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.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as

current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 180 days after year-end if attributable to state and federal reimbursements, otherwise 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the district the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes are susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are reported as receivables and deferred inflows of resources when levied and recognized as revenue when determined to be available (*i.e.*, received within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (*i.e.*, within 180 days of year-end). 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 financed purchase 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.

F. 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 reports 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. Represents the residual classification for the General Fund. This classification includes amounts that have not been assigned to other funds or restricted, committed, or assigned to specific purposes within the General Fund. In other funds, if a deficit balance is reported this is a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

G. 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, and Technology | 5 to 20 years |
| Buildings and Site Improvements | 25 to 50 years |

Subscription-based information technology arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

H. Deferred outflows and 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 assets 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 Postemployment 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 in Note 10 and Note 12.

In addition to liabilities, the statement of net position and fund level balance sheet reports a separate section for deferred inflows of resources which represents acquisition of net assets that applies to future periods 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 in Note 9 and Note 11 in the notes to basic financial statements. Deferred inflows of resources related to leases are reported on both government-wide and governmental funds. 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 yet to begin but contains a clause for expiration in 2029. These amounts are deferred and recognized as an inflow of resources in the period they become available.

I. 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. Financed purchases 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.

J. 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.

| Funds | Amount |
|------------------------|----------------------|
| General fund | \$ 4,117,273 |
| Capital projects funds | 10,564,519 |
| Debt service fund | 3,000 |
| Special revenue funds | 3,355,293 |
| Total | <u>\$ 18,040,085</u> |

K. Budget and budgetary accounting

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

1. 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. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Board of Education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. 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 nonexpenditure of reserves, nonoccurrence of events, such as surplus land sales, scheduling of capital projects, and normal operating variances.
5. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. 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.
7. All appropriations lapse at the end of each fiscal year.

L. 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, expenses/expenditures, and other changes in fund balances during the reporting period. Actual results could differ from those estimates.

M. 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. Expenditures for food items are

recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

N. 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.

O. 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 2.)

P. 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.

Q. Unearned revenue

Unearned revenues include the carrying balance of the forward delivery agreement (see Note 8), 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.

R. Leases

The district determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the district's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the district's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonable certain that the district will exercise that option.

Lease receivables represent the present value of future lease payments where the district is the lessor. Interest income is recognized by the district as revenue ratably over the contract term. Lease revenue is recognized by the district through amortization of a deferred inflow of resources in a systematic and rational manner over the lease term.

The district recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the district has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

S. Net pension liability

The district's governmental activities report a net pension liability as of June 30, 2023. The district is required to report its proportionate share of PERA's unfunded pension liability. Refer to Note 10 for additional information.

T. On-behalf payment

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to the Public Employees' Retirement Association of Colorado (PERA). Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the state, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1 of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. Refer to Note 10 for additional information.

U. 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 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. Refer to Note 12 for additional information.

V. Adoption of New Accounting Standards*GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The District adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting a SBITA asset as disclosed in Note 7. As the District's SBITA assets were paid in advance at the commencement of the subscription term, the District does not present a SBITA liability for the year ended June 30, 2023.

NOTE 2 Cash deposits and investments**A. 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 fair 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, 2023, the district's carrying amount of the deposits is \$8,822,982. The component units carrying amount of the deposits is \$8,386,450. All of the district's and its component units' bank deposits are collateralized with securities held by the financial institution's 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.

Cash, deposits, and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

| | Primary Government | Component Units | Total |
|--|-----------------------|----------------------|-----------------------|
| Governmental activities: | | | |
| Cash and investments – unrestricted | \$ 189,450,833 | \$ 16,844,322 | \$ 206,295,155 |
| Cash and investments – restricted | 83,658,433 | 7,265,765 | 90,924,198 |
| Total governmental activities | <u>\$ 273,109,266</u> | <u>\$ 24,110,087</u> | <u>\$ 297,219,353</u> |

Restricted cash and investments consist of the cash balances in the bond redemption debt service fund and capital reserve capital projects fund.

As of June 30, 2023, cash and investment balances in the financial statements consisted of the following:

| | Primary Government | Component Units | Total |
|----------------------------|-----------------------|----------------------|-----------------------|
| Cash and investments: | | | |
| Cash and deposit balance | \$ 8,822,982 | \$ 8,386,450 | \$ 17,209,432 |
| Investments | 264,286,284 | 15,723,637 | 280,009,921 |
| Total cash and investments | <u>\$ 273,109,266</u> | <u>\$ 24,110,087</u> | <u>\$ 297,219,353</u> |

B. Investments

As of June 30, 2023, 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.

| Type of Security | Fair Value | Concentration | Rating | Maturity in months | | |
|---|-----------------------|----------------|-------------------------------|-----------------------|----------------------|----------------------|
| | | | | 12 or less | 13-24 | 25-60 |
| Primary Government: | | | | | | |
| Investment Pool | \$ 204,328,655 | 77.31% | AAA ^m | \$ 204,328,655 | \$ - | \$ - |
| Investment Pool | 10,348,835 | 3.92% | AAA ^f ² | 10,348,835 | - | - |
| Money Market Fund | | | | | | |
| U.S. Bank | 217,227 | 0.08% | NR | 217,227 | - | - |
| UMB | 245,625 | 0.09% | NR | 245,625 | - | - |
| Municipal Bond and Note | 2,872,250 | 1.09% | AA ¹ | - | 482,595 | 2,389,655 |
| Municipal Bond and Note | 498,815 | 0.19% | AA ² | - | - | 498,815 |
| Municipal Bond and Note | 1,727,127 | 0.65% | AAA | - | - | 1,727,127 |
| Municipal Bond and Note | 545,418 | 0.21% | AA ³ | - | - | 545,418 |
| Federal Agency Bond/Note | 5,602,957 | 2.12% | AAA | 5,602,957 | - | - |
| Corporate Notes | 1,004,541 | 0.38% | AA ² | - | - | 1,004,541 |
| Corporate Notes | 503,798 | 0.19% | AA ³ | - | - | 503,798 |
| Corporate Notes | 2,057,511 | 0.78% | AAA | - | 1,031,940 | - |
| United States Treasury Bond and Note | 34,333,525 | 12.99% | AAA | 1,490,640 | 10,952,867 | 21,890,018 |
| Total | <u>\$ 264,286,284</u> | <u>100.00%</u> | | <u>\$ 222,233,939</u> | <u>\$ 12,467,402</u> | <u>\$ 29,584,943</u> |

¹ Ratings are Moody's

² Ratings are Fitch

³ Ratings S&P

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.

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, 2023:

| | Total | Level 1 | Fair value measurements using | |
|----------------------------------|-----------------------|----------------------|-------------------------------|-------------|
| | | | Level 2 | Level 3 |
| Investments by fair value level: | | | | |
| Municipal bonds and notes | \$ 5,643,610 | \$ - | \$ 5,643,610 | \$ - |
| Federal agency bonds and notes | 5,602,957 | - | 5,602,957 | - |
| Corporate notes | 3,565,850 | - | 3,565,850 | - |
| United States Treasury Bonds | 34,333,525 | 34,333,525 | - | - |
| Total investments by fair value | <u>1,727,127</u> | <u>\$ 34,333,525</u> | <u>\$ 14,812,417</u> | <u>\$ -</u> |
| Measured at net asset value | | | | |
| COLOTRUST | | | | |
| (external investment pool) | 214,677,490 | | | |
| Money market fund | <u>462,852</u> | | | |
| Total investments | <u>\$ 264,286,284</u> | | | |

As of June 30, 2023, the district had invested \$214,677,490 in the Colorado Liquid Asset Trust (ColoTrust), with \$204,368,610 invested in ColoTrust Plus and \$10,308,880 invested in ColoTrust Edge, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado State Securities Commissioner administers and enforces all State statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00 for ColoTrust Plus and \$10.00 for ColoTrust Edge. Investments in ColoTrust are valued at net asset value (NAV). ColoTrust Plus is rated AAAM by Standard and Poor's and ColoTrust Edge is rated AAAF by Fitch Ratings. For ColoTrust Plus, there are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. For ColoTrust Edge, there are no unfunded commitments, the redemption frequency is weekly, and there is a five business day redemption notice period.

In accordance with Section 22-45-103, C.R.S., the district's bond redemption fund custodian for fiscal year 2022-2023 is UMB Corporate Trust Services, a third party. The amounts held by the custodian were \$73,793,247 at June 30, 2023.

NOTE 3 Receivables

A. Property taxes receivables and intergovernmental receivables

Property taxes levied in 2022 but not yet collected in 2023 are identified as Property Taxes Receivable and Deferred Inflows of Resources in the governmental funds balance sheet at June 30, 2023, and are presented in the amount of \$11,493,271 and \$2,160,841 respectively. Intergovernmental receivables of \$11,385,169 in the Governmental Designated-Purpose Grants Special Revenue Fund, and \$932,899 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.

B. Leases receivable

Lease receivables are included within accounts receivable for financial reporting. The district leases building space to multiple third parties under the terms of long-term noncancellable lease agreements which are reported within the Capital Reserve Fund. The leases expire by April 30, 2030.

Total future lease payments under the lease agreements are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 998,837 | 240,579 | 1,239,416 |
| 2025 | 500,876 | 181,134 | 682,010 |
| 2026 | 352,657 | 153,523 | 506,180 |
| 2027 | 396,600 | 124,765 | 521,365 |
| 2028 | 444,292 | 92,714 | 537,006 |
| 2029-2030 | 952,825 | 72,687 | 1,025,512 |
| Total | <u>\$ 3,646,087</u> | <u>\$ 865,402</u> | <u>\$ 4,511,489</u> |

The district leases various property sites to multiple third parties for the placement of antenna facilities under the terms of long-term noncancellable lease agreements which are reported within the General Fund. The leases expire by December 31, 2039.

Total future lease payments under the agreements are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 126,656 | \$ 101,269 | \$ 227,925 |
| 2025 | 119,842 | 95,352 | 215,194 |
| 2026 | 111,651 | 89,912 | 201,563 |
| 2027 | 120,689 | 84,567 | 205,256 |
| 2028 | 134,760 | 78,870 | 213,630 |
| 2029-2033 | 817,221 | 286,219 | 1,103,440 |
| 2034-2038 | 738,192 | 101,722 | 839,914 |
| 2039-2040 | 62,106 | 1,745 | 63,851 |
| Total | <u>\$ 2,231,117</u> | <u>\$ 839,656</u> | <u>\$ 3,070,773</u> |

NOTE 4 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.

NOTE 5 Fund balance

The Board of Education adopted Board Policy 2.4, Operating Limitations – Financial Condition and Activities. The district must maintain an unassigned fund balance at the conclusion of a fiscal year to be no less than 4% and no more than 8% of general fund revenues except that the unassigned fund balance may be utilized for achievement of board ends and compliance with operating limitations policies with prior board approval and a specific plan for replenishing the reserve.

Nonspendable items in fund balance equal inventories and prepaid items. The restricted fund balances include the TABOR emergency reserve, multi-year obligations, debt service fund balance, building fund balance, and the food service fund balance. The assignments are listed below:

| <u>General Fund Assignments</u> | <u>Balance</u> |
|--------------------------------------|----------------------|
| Designated overrides from 5C | \$ 14,599,900 |
| Insurance reserve | 4,058,252 |
| Information technology | 5,812,666 |
| Instructional resources | 9,773,682 |
| Encumbrances and carryover | 6,701,313 |
| One-time expenditures | 12,390,799 |
| Total assigned fund balance | <u>\$ 53,336,612</u> |
| | |
| <u>Other Fund Assignments</u> | <u>Balance</u> |
| Capital reserve – capital projects | 30,612,319 |
| Before, After, and Summer Enrichment | 4,669,197 |
| Pupil activity | 4,966,020 |
| Athletics | 1,669,132 |
| Other special revenue | 3,684,412 |
| Assigned governmental funds | <u>\$ 98,937,692</u> |

The remaining funds are unassigned and are limited to the general fund. In compliance with board of education policy, the unassigned fund balance is 5.2% of general fund revenues, less charter pass through.

NOTE 6 Governmental interfund receivables, payables, and transfers

The amounts due from the General Fund represents a negative balance in the General Fund and positive balances in the other funds. The General Fund receives cash and makes disbursements for these funds. The overall bank balance remains unchanged.

The amounts due to the General Fund represents a positive balance in the General Fund and negative balances in the other funds. These amounts will be satisfied from operations in the subsequent year (*e.g.*, when grant funds due the district are received from the grantor).

| Due from the General Fund | Balance |
|--------------------------------------|----------------------|
| Building | \$ 8,964,650 |
| Capital Reserve | 27,462,014 |
| Food Service | 10,979,716 |
| Before, After, and Summer Enrichment | 4,923,270 |
| Pupil Activity | 5,006,536 |
| Athletic | 1,740,641 |
| Total | <u>\$ 62,671,775</u> |

| Due to the General Fund | Balance |
|--------------------------------------|---------------------|
| Bond Redemption | \$ 2,500 |
| Government Designated-Purpose Grants | 4,059,501 |
| Total | <u>\$ 4,062,001</u> |

The district transfers money to various funds to meet operational needs. Occasionally, other funds will transfer back to the General Fund. The Instructional Fund merged with the General Fund in fiscal year 2023-2024 necessitating a transfer of the remaining resources.

| Transfers from the General Fund | Balance |
|---------------------------------|------------------------|
| Capital Reserve | \$ 4,167,851 |
| Food Service | 32,600 |
| Pupil Activity | 236,130 |
| Athletic | 3,618,320 |
| Total | <u>\$ 8,054,900.58</u> |

| Transfers to the General Fund | Balance |
|-------------------------------|----------------------|
| Instructional | \$ 10,743,692 |
| Other Special Revenue | 53,717 |
| Total due to the General Fund | <u>\$ 10,797,409</u> |

NOTE 7 Changes in capital assets

Capital asset activity for the year ended June 30, 2023, was as follows:

| | Beginning Balance | Additions / Transfers | Deletions / Transfers | Ending Balance |
|--|----------------------|--------------------------|--------------------------|-------------------|
| Governmental activities | | | | |
| Nondepreciable assets: | | | | |
| Land | \$ 34,922,561 | \$ 1,081,611 | \$ - | \$ 36,004,172 |
| Construction in progress | 64,177,264 | 12,429,552 | (65,425,688) | 11,181,128 |
| Total nondepreciable assets | 99,099,825 | 13,511,163 | (65,425,688) | 47,185,300 |
| Depreciable assets: | | | | |
| Buildings | 932,865,387 | 58,677,671 | - | 991,543,058 |
| Equipment and vehicles | 97,906,124 | 11,503,954 | (2,935,974) | 106,474,104 |
| Subscription Based Information Technology Arrangement Assets | - | 1,790,400 | - | 1,790,400 |
| Total depreciable assets | 1,030,771,511 | 71,972,025 | (2,935,974) | 1,099,807,562 |
| Less: Accumulated depreciation for: | | | | |
| Buildings | (384,518,011) | (26,201,958) | - | (410,719,969) |
| Equipment and vehicles | (52,746,979) | (9,330,765) | 2,932,460 | (59,145,284) |
| Subscription Based Information Technology Arrangement Assets | - | (463,194) | - | (463,194) |
| Total accumulated depreciation | (437,264,990) | (35,995,917) | 2,932,460 | (470,328,447) |
| Total Capital assets, net | \$ 692,606,346 | \$ 49,487,271 | \$ (65,429,202) | \$ 676,664,415 |

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

| Functions/Programs | Depreciation |
|----------------------------|---------------|
| Governmental activities | |
| Instruction | \$ 25,854,472 |
| School administration | 8,640 |
| Business services | 135,395 |
| Transportation | 988,106 |
| District-wide | 9,009,304 |
| Total depreciation expense | \$ 35,995,917 |

NOTE 8 Accrued salaries and benefits

Salaries and longevity benefits of certain contractually employed personnel are paid over a 12-month period from August to July but are earned during a school year of approximately 9 to 10 months. The salaries and benefits earned, but unpaid, at June 30, 2023, are estimated to be \$21,673,354. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund, Building-Capital Projects Fund, Capital Reserve-Capital Projects Fund, Pupil Activity Special Revenue Fund, Other Special Revenue Fund, Instructional Special Revenue Fund, Governmental Designated-Purpose Grants Special Revenue Fund, Interscholastic Athletic Special Revenue Fund, Before, After, and Summer Enrichment Special Revenue Fund, and Food Service Special Revenue Fund.

NOTE 9 Long-term liabilities**A. Changes in long-term liabilities**

| Issue | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------------|-----------------------|-----------------------|------------------------|
| General obligation refunding bonds | | | | | |
| Series 2012 | \$ 59,070,000 | \$ - | \$ 14,035,000 | \$ 45,035,000 | \$ 22,065,000 |
| Series 2014 | 20,090,000 | - | - | 20,090,000 | - |
| Series 2014B | 40,830,000 | - | 2,195,000 | 38,635,000 | 2,310,000 |
| Series 2015 | - | - | - | - | - |
| Series 2016A | 6,510,000 | - | 6,510,000 | - | - |
| Series 2016B | 269,520,000 | - | 64,745,000 | 204,775,000 | - |
| Series 2018 | 50,160,000 | - | 15,660,000 | 34,500,000 | - |
| Unamortized bond premiums | 43,162,095 | - | 10,331,154 | 32,830,941 | 4,987,684 |
| Total general obligation bonds | 489,342,095 | - | 113,476,154 | 375,865,941 | 29,362,684 |
| Certificates of Participation, Series 2016 | 12,890,000 | - | 1,940,000 | 10,950,000 | 2,020,000 |
| Unamortized COP premiums | 1,548,540 | - | 285,738 | 1,262,802 | 285,738 |
| Total certificates of participation | 14,438,540 | - | 2,225,738 | 12,212,802 | 2,305,738 |
| Contracts payable | 3,665,721 | - | 569,957 | 3,095,764 | 578,531 |
| Compensated absences | 33,977,622 | 15,785,447 | 17,328,913 | 32,434,156 | 17,329,570 |
| Total | <u>\$ 541,423,978</u> | <u>\$ 15,785,447</u> | <u>\$ 133,600,762</u> | <u>\$ 423,608,663</u> | <u>\$ 49,576,523</u> |

Compensated absences, net pension liability, and net OPEB liability obligations are generally liquidated in the General Fund.

B. 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 5.50%, 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:

| Description | Amount |
|---|---------------|
| \$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%. | \$ 45,035,000 |
| \$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%. | 38,635,000 |

| | |
|--|-----------------------|
| \$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, 2034. Interest rate 2.00% to 5.00%. | 204,775,000 |
| \$65,000,000 General Obligation Bonds, Series 2018 due in semi-annual installments with payments of \$2,680,000 to \$15,660,000 through December 15, 2036. Interest rate 5.50%. | 34,500,000 |
| Total | <u>\$ 343,035,000</u> |

On June 15, 2023, the district executed a partial defeasance of General Obligation Bonds, Series 2016B. The district defeased the principal maturing on December 15, 2035, and December 15, 2036, in the combined amount of \$64,745,000. The district used existing bond redemption funds as the source to defease the debt. The defeasance will save the district approximately \$38.6 million over the remaining term of those two maturities. \$68.2 million of existing bond redemption funds were placed in an escrow account representing the funds sufficient to pay principal and interest on the defeased bonds. The escrow investments are essentially risk-free and the defeased bonds are no longer an obligation of the district.

C. 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, 2023:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|--------------------|--------------------|--------------------|
| 2024 | 24,375,000 | 16,436,925 | 40,811,925 |
| 2025 | 25,340,000 | 15,322,000 | 40,662,000 |
| 2026 | 25,385,000 | 14,053,875 | 39,438,875 |
| 2027 | 28,660,000 | 12,702,750 | 41,362,750 |
| 2028 | 24,175,000 | 11,375,175 | 35,550,175 |
| 2029-2033 | 140,335,000 | 36,992,051 | 177,327,051 |
| 2034-2037 | 74,765,000 | 4,795,651 | 79,560,651 |
| Total | <u>343,035,000</u> | <u>111,678,427</u> | <u>454,713,427</u> |

The district has no outstanding lines of credit or bank loans, the amounts authorized for bonds are fully utilized, and there are no assets pledged as collateral for debt.

D. Certificates of participation

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

The Certificates of Participation provide for the following payments:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|----------------------|---------------------|----------------------|
| 2024 | \$ 2,020,000 | \$ 444,100 | \$ 2,464,100 |
| 2025 | 2,095,000 | 361,800 | 2,456,800 |
| 2026 | 2,185,000 | 276,200 | 2,461,200 |
| 2027 | 2,270,000 | 175,750 | 2,445,750 |
| 2028 | 2,380,000 | 59,500 | 2,439,500 |
| Total | <u>\$ 10,950,000</u> | <u>\$ 1,317,350</u> | <u>\$ 12,267,350</u> |

E. Financed purchases

On May 6, 2021, the district entered into an energy equipment financed purchase agreement to acquire certain energy equipment and other capital upgrades for school purposes. The term is for 15 years with an annual percentage rate of 2.216%. Annual payments begin May 6, 2022, and end May 6, 2036.

On October 8, 2021, the district entered into a financed purchase agreement to acquire vehicle fleet equipment. The term is for 4 years with an annual percentage rate of 0.845%. Quarterly payments begin January 8, 2022, ending October 8, 2025.

The district's obligation to make annual payments under these agreements is subject to annual appropriation authority as made by the Board of Education.

The following schedule represents the principal and interest under these agreements:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|------------------|-------------------|---------------------|
| 2024 | \$ 578,531 | \$ 50,491 | \$ 629,022 |
| 2025 | 602,249 | 44,252 | 646,501 |
| 2026 | 366,769 | 37,802 | 404,571 |
| 2027 | 128,407 | 34,308 | 162,715 |
| 2028 | 134,291 | 31,463 | 165,754 |
| 2029-2033 | 767,255 | 109,904 | 877,159 |
| 2039-2040 | 518,262 | 23,869 | 542,131 |
| Total | <u>3,095,764</u> | <u>\$ 332,089</u> | <u>\$ 3,427,853</u> |

F. Compensated absences

At June 30, 2023, compensated absence liabilities of the district included \$2,483,380 for vacation pay with an associated amount of \$567,452 for PERA and Medicare benefits, and \$11,918,468 for reimbursable leave with \$172,818 of associated Medicare benefits; and \$17,292,038 in early retirement benefits for 460 employees who are eligible for such retirement benefits as of June 30, 2023.

G. Forward delivery agreement

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

The amount received under this agreement is being amortized over the term of the agreement. The full amount is amortized as of fiscal year 2023.

H. Computation of legal debt margin

The computation for the district's legal debt margin as of June 30, 2023, is as follows:

| | |
|--|-------------------------|
| Actual value of taxable property in the district | \$ 37,156,239,224 |
| Debt limitation – 6% of actual value of taxable property | 2,229,374,353 |
| Total bonded debt | 343,035,000 |
| Less: amount set aside to repay general debt | (71,678,333) |
| Total net debt applicable to debt limit | <u>271,356,667</u> |
| Legal debt margin | <u>\$ 1,958,017,686</u> |

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) 20% 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) 6% 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 10 Defined benefit pension plan

A. Pensions

The district participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan 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 (FNP) and additions to/deductions from the FNP 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.

B. General Information about the Pension Plan

Plan description. Eligible employees of the district are provided with pensions through the 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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, 2023. Eligible employees of, the district and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

| | July 1, 2022 through June 30, 2023 |
|--|--|
| Employer contribution rate | 11.40% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02%) |
| Amount apportioned to the SCHDTF | 10.38% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% |
| Total employer contribution rate to the SCHDTF | <u>20.38%</u> |

**Contribution rates for the SCHDTF 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 \$59,810,981 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million, upon enactment. The July 1, 2023, payment is reduced by \$190 million to \$35 million. The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million, for a total of approximately \$49.5 million to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The district proportion of the net pension liability was based on the district contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the district reported a liability of \$673,557,547 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the district as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the district were as follows:

| | |
|--|-----------------------|
| The district's proportionate share of the net pension liability | \$ 673,557,547 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the district | 196,281,438 |
| Total | <u>\$ 869,838,985</u> |

At December 31, 2022, the district's proportion was 3.70%, which was a decrease of 0.63 percentage points from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the district recognized pension expense of \$41,099,601 and revenue of \$16,737,737 for support from the State as a nonemployer contributing entity. At June 30, 2023, 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 | \$ 6,374,498 | \$ - |
| Changes of assumptions or other inputs | 11,930,900 | - |
| Net difference between projected and actual earnings on pension plan investments | 90,483,593 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 33,135,676 | 119,250,831 |
| Contributions subsequent to the measurement date | 30,408,223 | - |
| Total | <u>\$ 172,332,890</u> | <u>\$ 119,250,831</u> |

\$30,408,223 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|---------------------|-----------------|
| 2024 | \$ (27,155,207) |
| 2025 | (26,306,191) |
| 2026 | 23,504,948 |
| 2027 | 52,630,286 |

Actuarial assumptions. The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

| | |
|---|---------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | 3.40%-11.00% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually) | 1.00% |
| PERA benefit structure hired after 12/31/06 ¹ | Financed by the AIR |

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30 Year Expected Geometric Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| Total | 100.00% | |

Note: 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 nominal rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. 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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include 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 reflect 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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the

State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million direct distribution, a warrant to PERA in the amount of \$380 million. The July 1, 2023, direct distribution is reduced by \$190 million to \$35 million. The July 1, 2024, direct distribution will not be reduced from \$225 million due to PERA’s negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the district’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension | \$ 881,465,176 | \$ 673,557,547 | \$ 499,941,786 |

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 Defined contribution pension plan

A. Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the district that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and

investment earnings. For the year ended June 30, 2023, program members contributed \$3,044,742 for the PERAPlus 401(k) Plan.

B. Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description. Employees of the district may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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 ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 457 Plan 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 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$1,098,745 for the PERAPlus 457 Plan.

NOTE 12 Defined benefit other postemployment benefit (OPEB) plan

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 (FNP) and additions to/deductions from the FNP 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.

A. 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the

benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program 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 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% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% 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 \$2,993,484 for the year ended June 30, 2023.

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

At June 30, 2023, the district reported a liability of \$22,954,399 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The district's proportion of the net OPEB liability was based on the district's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the district proportion was 2.81%, which was a decrease of 0.02 percentage points from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the district recognized OPEB expense of \$(1,452,579). At June 30, 2023, 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 | \$ 2,980 | \$ 5,551,143 |
| Changes of assumptions or other inputs | 368,939 | 2,533,455 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,402,011 | – |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 1,748,120 | 1,082,325 |
| Contributions subsequent to the measurement date | 1,521,903 | – |
| Total | <u>\$ 5,079,953</u> | <u>\$ 9,166,923</u> |

\$1,521,903 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|----------------|
| 2024 | \$ (1,972,843) |
| 2025 | (1,764,614) |
| 2026 | (721,092) |
| 2027 | (348,716) |
| 2028 | (659,610) |
| Thereafter | (141,998) |

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Notes to the Financial Statements

| | State Division | School Division | Local Government Division | Judicial Division |
|--|----------------|-----------------|--|-------------------|
| Actuarial cost method | | | Entry age | |
| Price inflation | | | 2.30% | |
| Real wage growth | | | 0.70% | |
| Wage inflation | | | 3.00% | |
| Salary increases, including wage inflation | | | | |
| Members other than State Troopers | 3.30%-10.90% | 3.40%-11.00% | 3.20%-11.30% | 2.80%-5.30% |
| State Troopers | 3.20%-12.40% | N/A | 3.20%-12.40% | N/A |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | | | 7.25% | |
| Discount rate | | | 7.25% | |
| Health care cost trend rates: | | | | |
| PERA benefit structure: | | | | |
| Service-based premium subsidy | | | 0.00% | |
| PERACare Medicare plans | | | 6.5% in 2022, gradually decreasing to 4.50% in 2030 | |
| Medicare Part A premiums | | | 3.75% in 2022, Gradually decreasing to 4.50% in 2029 | |
| DPS benefit structure: | | | | |
| Service-based premium subsidy | | | 0.00% | |
| PERACare Medicare Plans | | | N/A | |
| Medicare Part A premiums | | | N/A | |

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

| Participant Age | Annual Increase (Male) | Annual Increase (Female) |
|-----------------|------------------------|--------------------------|
| 65-69 | 3.0% | 1.5% |
| 70 | 2.9% | 1.6% |
| 71 | 1.6% | 1.4% |
| 72 | 1.4% | 1.5% |
| 73 | 1.5% | 1.6% |
| 74 | 1.5% | 1.5% |
| 75 | 1.5% | 1.4% |
| 76 | 1.5% | 1.5% |
| 77 | 1.5% | 1.5% |
| 78 | 1.5% | 1.6% |
| 79 | 1.5% | 1.5% |
| 80 | 1.4% | 1.5% |
| 81 and older | 0.0% | 0.0% |

| Sample Age | MAPD PPO #1 with Medicare Part A Retiree/Spouse | | MAPD PPO #2 with Medicare Part A Retiree/Spouse | | MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse | |
|------------|---|---------|---|--------|---|---------|
| | Male | Female | Male | Female | Male | Female |
| 65 | \$1,704 | \$1,450 | \$583 | \$496 | \$1,923 | \$1,634 |
| 70 | \$1,976 | \$1,561 | \$676 | \$534 | \$2,229 | \$1,761 |
| 75 | \$2,128 | \$1,681 | \$728 | \$575 | \$2,401 | \$1,896 |

| Sample Age | MAPD PPO #1 without Medicare Part A Retiree/Spouse | | MAPD PPO #2 without Medicare Part A Retiree/Spouse | | MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse | |
|------------|--|---------|--|---------|--|---------|
| | Male | Female | Male | Female | Male | Female |
| 65 | \$6,514 | \$5,542 | \$4,227 | \$3,596 | \$6,752 | \$5,739 |
| 70 | \$7,553 | \$5,966 | \$4,901 | \$3,872 | \$7,826 | \$6,185 |
| 75 | \$8,134 | \$6,425 | \$5,278 | \$4,169 | \$8,433 | \$6,657 |

The 2022 Medicare Part A premium is \$499 per month.

All costs are subject to the health care cost trend rates, as discussed below.

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, 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 used to measure the TOL are summarized in the table below:

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|----------------------------|-----------------------------|
| 2022 | 6.50% | 3.75% |
| 2023 | 6.25% | 4.00% |
| 2024 | 6.00% | 4.00% |
| 2025 | 5.75% | 4.00% |
| 2026 | 5.50% | 4.25% |
| 2027 | 5.25% | 4.25% |
| 2028 | 5.00% | 4.25% |
| 2029 | 4.75% | 4.50% |
| 2030+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|----------------|-------------------|--|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| Total | 100.00% | |

Note: 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 nominal rate of return assumption of 7.25%.

Sensitivity of the district's 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:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% increase in Trend Rates |
|---|----------------------------|---------------------|----------------------------|
| Initial PERACare Medicare trend rate ¹ | 5.25% | 6.25% | 7.25% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 3.00% | 4.00% | 5.00% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$ 22,304,687 | \$ 22,954,399 | \$ 23,661,351 |

¹For the January 1, 2023, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. 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, 2022, 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 3.00%.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the district’s 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$ 26,610,948 | \$ 22,954,399 | \$ 19,826,870 |

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 13 Risk management

The district is exposed to various risks of loss; 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. The district contracts and purchases insurance coverage through Pinnacol Assurance for workers’ compensation claims. For liability and property coverage, the district contracts with the Colorado School District Self Insurance Pool (CSDSIP).

A. Colorado School District Self-Insurance Pool

The Colorado School District Self Insurance Pool (CSDSIP) operates as a self-insurance pool composed of various school districts and other related public educational entities within the state of Colorado. CSDSIP is administered by the Pool Board. The district pays an annual premium to CSDSIP for property and liability insurance coverage. The Pool Agreement provides that CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The

reinsurance covers claims against CSDSIP in excess of specific claim amounts, and the aggregate and limits are determined by CSDSIP to be adequate to protect their solvency.

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

B. Workers' compensation

The threshold for losses is \$500,000 per claim with a maximum aggregate of \$1.5 million in total claims. There is also an 8% claim handling fee that is applied to each claim up to the deductible. This reflects a significant reduction in premium costs and reduces the district's overall expense exposure from prior years.

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

NOTE 14 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, including school districts.

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." TABOR is subject to many interpretations and the district believes it is in substantial compliance with constitutional provision.

TABOR requires all governments to establish a reserve for emergencies, which is calculated as three percent of fiscal year spending. At June 30, 2023, \$13,553,318 was restricted to satisfy the reserve requirement.

NOTE 15 Commitments and contingencies

A. 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.

B. 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.

C. Construction contract commitments

Commitments for construction and improvement contracts in the Building-Capital Projects Fund totals \$19,381,283 as of June 30, 2023.

NOTE 16 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, 2023, were \$1,135,258.

REQUIRED SUPPLEMENTARY INFORMATION



ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|----------------|----------------|---------------|
| | Original | Final | | Final Budget |
| REVENUES | | | | |
| Local: | | | | |
| Property taxes | \$ 156,719,359 | \$ 157,253,503 | \$ 159,946,277 | \$ 2,692,774 |
| Specific ownership taxes | 13,183,230 | 13,183,230 | 14,197,956 | 1,014,726 |
| Pupil activities | - | - | - | - |
| Tuition | 1,462,993 | 1,462,993 | 1,258,086 | (204,907) |
| Gifts and grants | - | - | - | - |
| Charges for services | 1,199,448 | 1,199,448 | 1,253,140 | 53,692 |
| Rental of buildings | 395,912 | 395,912 | 219,439 | (176,473) |
| Other | 312,593 | 363,638 | 569,423 | 205,785 |
| Net earnings on investments | 175,000 | 175,000 | 2,953,591 | 2,778,591 |
| State: | | | | |
| State equalization | 244,046,027 | 247,080,258 | 247,014,339 | (65,919) |
| Special education | 12,450,559 | 12,450,559 | 12,411,900 | (38,659) |
| Vocational education | 1,787,889 | 1,590,621 | 1,918,977 | 328,356 |
| Transportation | 2,109,379 | 2,109,379 | 2,114,581 | 5,202 |
| English Language Proficiency Act | 1,345,809 | 1,300,285 | 1,300,285 | - |
| Gifted and talented | 374,121 | 350,949 | 350,949 | - |
| READ Act | - | - | - | - |
| Grants | 7,569,575 | 7,569,575 | 19,291,067 | 11,721,492 |
| Federal | | | | |
| Total revenues | 443,131,894 | 446,485,350 | 464,800,010 | 18,314,660 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 182,816,754 | 184,763,185 | 200,512,871 | (15,749,686) |
| Special education | 42,285,307 | 42,502,423 | 42,354,113 | 148,310 |
| Pupil support | 23,362,056 | 23,666,189 | 24,076,707 | (410,518) |
| Instructional staff support | 30,111,238 | 30,501,252 | 31,452,020 | (950,768) |
| School administration | 31,935,677 | 34,746,564 | 33,373,020 | 1,373,544 |
| General administration | 3,290,376 | 3,373,918 | 3,140,566 | 233,352 |
| Business administration | 4,574,625 | 5,176,434 | 4,223,603 | 952,831 |
| Operations and maintenance | 34,957,268 | 36,185,765 | 37,850,524 | (1,664,759) |
| Transportation services | 12,711,800 | 12,935,409 | 11,600,272 | 1,335,137 |
| Personnel/data/risk management | 29,448,918 | 29,699,951 | 26,972,774 | 2,727,177 |
| Other support services | 4,873,221 | 3,391,521 | 2,871,336 | 520,185 |
| Food service operations | (1,055,198) | (1,055,198) | (677,896) | (377,302) |
| Funding to Charter Schools | 40,974,228 | 41,600,414 | 41,509,858 | 90,556 |
| Facilities acquisition and improvements | 1,415,837 | 1,431,236 | 1,660,069 | (228,833) |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance and other costs | - | - | - | - |
| Contingency and appropriated reserves | 13,513,084 | 13,592,735 | - | 13,592,735 |
| Total expenditures | 455,215,191 | 462,511,798 | 460,919,837 | 1,591,961 |
| Excess (deficiency) of revenues over (under) expenditures | (12,083,297) | (16,026,448) | 3,880,173 | 19,906,621 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 10,400,915 | 10,797,409 | 396,494 |
| Transfers out | (8,022,301) | (7,968,584) | (8,054,901) | (86,317) |
| Debt financing from leases | - | - | - | - |
| Total other financing sources (uses) | (8,022,301) | 2,432,331 | 2,742,508 | 310,177 |
| Net change in fund balances* | (20,105,598) | (13,594,117) | 6,622,681 | 20,216,798 |
| Fund balances, beginning of year | 95,773,787 | 94,056,598 | 94,070,963 | 14,365 |
| Fund balances, end of year | \$ 75,668,189 | \$ 80,462,481 | \$ 100,693,644 | \$ 20,231,163 |

* The net change in fund balances was included in the budget as an appropriation of fund balance

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

Government Designated-Purpose Grants – Special Revenue Fund

ADAMS TWELVE FIVE STAR SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Government Designated-Purpose Grants - Special Revenue Fund

For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| State: | | | | |
| READ Act | \$ 1,376,819 | \$ 1,376,819 | \$ 1,226,619 | \$ (150,200) |
| Grants | 6,433,775 | 7,433,775 | 3,162,526 | (4,271,249) |
| Federal | 48,994,640 | 50,994,640 | 42,346,358 | (8,648,282) |
| Total revenues | 56,805,234 | 59,805,234 | 46,735,503 | (13,069,731) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 20,967,384 | 23,967,384 | 10,649,282 | 13,318,102 |
| Special education | 10,515,349 | 10,515,349 | 9,449,563 | 1,065,786 |
| Pupil support | 10,611,867 | 10,611,867 | 7,857,863 | 2,754,004 |
| Instructional staff support | 4,515,311 | 4,515,311 | 6,122,849 | (1,607,538) |
| School administration | 892,099 | 892,099 | 781,097 | 111,002 |
| Business administration | 1,839,474 | 1,839,474 | 1,952,424 | (112,950) |
| Operations and maintenance | - | - | 22,619 | (22,619) |
| Transportation services | 75,769 | 75,769 | 113,664 | (37,895) |
| Personnel/data/risk management | 1,577,801 | 1,577,801 | 3,482,479 | (1,904,678) |
| Other support services | 3,867,815 | 3,867,815 | 3,240,662 | 627,153 |
| Food service operations | - | - | 5,950 | (5,950) |
| Facilities acquisition and improvements | 2,054,542 | 2,054,542 | 762,053 | 1,292,489 |
| Contingency and appropriated reserves | (112,177) | (112,177) | - | (112,177) |
| Total expenditures | 56,805,234 | 59,805,234 | 44,440,505 | 15,364,729 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 2,294,998 | 2,294,998 |
| Net change in fund balances* | - | - | 2,294,998 | 2,294,998 |
| Fund balances, beginning of year | - | - | (2,294,998) | (2,294,998) |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of the District's Proportionate Share of the Net Pension Liability
PERA Pension Plan - School Division Trust Fund
For the Year Ended December 31,

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 3.70% | 4.33% | 5.06% | 4.13% |
| District's proportionate share of the net pension liability | \$ 673,557,547 | \$ 503,798,315 | \$ 764,998,892 | \$ 616,603,671 |
| State's proportionate share of the net pension liability | <u>196,281,438</u> | <u>57,754,042</u> | <u>-</u> | <u>78,208,332</u> |
| Total | <u>\$ 869,838,985</u> | <u>\$ 561,552,357</u> | <u>\$ 764,998,892</u> | <u>\$ 694,812,003</u> |
| District's covered payroll | 285,293,287 | 270,560,898 | 270,853,534 | 242,510,888 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 236.09% | 186.21% | 282.44% | 254.26% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.79% | 74.86% | 66.99% | 64.52% |

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

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. House Bill 20-1379 suspended the \$225 million direct distribution payable on June 1, 2020, for the 2021 fiscal year.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| 4.07% | 4.70% | 4.88% | 4.83% | 4.89% | 5.11% |
| \$ 720,506,652 | \$ 1,518,471,530 | \$ 1,452,291,268 | \$ 738,938,497 | \$ 662,308,071 | \$ 651,581,259 |
| 98,519,279 | - | - | - | - | - |
| <u>\$ 819,025,931</u> | <u>\$ 1,518,471,530</u> | <u>\$ 1,452,291,268</u> | <u>\$ 738,938,497</u> | <u>\$ 662,308,071</u> | <u>\$ 651,581,259</u> |
| 223,695,798 | 216,614,182 | 218,921,565 | 210,551,876 | 204,716,575 | 206,170,605 |
| 322.09% | 701.00% | 663.38% | 350.95% | 323.52% | 316.04% |
| 57.01% | 43.96% | 43.13% | 59.20% | 62.80% | 64.06% |

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of the District's Pension Contributions
PERA Pension Plan - School Division Trust Fund
For the Fiscal Year Ended June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Statutorily required contribution | \$ 59,810,981 | \$ 54,604,479 | \$ 52,369,684 | \$ 51,976,002 |
| Contributions in relation to the statutorily required contribution | <u>59,810,981</u> | <u>54,604,479</u> | <u>52,369,684</u> | <u>51,976,002</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 293,478,809 | \$ 274,670,416 | \$ 263,428,993 | \$ 268,194,022 |
| Contributions as a percentage of covered payroll | 20.38% | 19.88% | 19.88% | 19.38% |

*The amounts presented in this schedule represent a fiscal year, July 1 through June 30.

Contributions and covered payroll includes component unit pension amounts through 2014.

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 44,958,386 | \$ 41,212,203 | \$ 39,735,628 | \$ 38,564,555 | \$ 34,508,020 | \$ 33,093,081 |
| 44,958,386 | 41,212,203 | 39,735,628 | 38,564,555 | 34,508,020 | 33,093,081 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 231,913,692 | \$ 218,250,104 | \$ 216,169,864 | \$ 217,388,594 | \$ 204,298,944 | \$ 207,042,843 |
| 19.39% | 18.88% | 18.38% | 17.74% | 16.89% | 15.98% |

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of the District's Proportionate Share of the Net OPEB Liability
PERA Healthcare Trust Fund
For the Year Ended December 31,

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------|----------------|----------------|
| District's Proportion of the Net OPEB Liability | 2.81% | 2.83% | 2.93% | 2.70% |
| District's proportionate share of the net OPEB liability | \$ 22,954,399 | \$ 24,373,919 | \$ 27,831,618 | \$ 30,315,215 |
| District's covered payroll | \$ 285,293,287 | \$ 270,560,898 | \$ 270,853,534 | \$ 242,510,888 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 8.05% | 9.01% | 10.28% | 12.50% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 38.60% | 39.40% | 32.78% | 24.49% |

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

Note: Information prior to 2016 was not available to report.

| <u>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------|----------------|----------------|
| 2.64% | 2.67% | 2.77% |
| \$ 35,984,761 | \$ 34,675,488 | \$ 35,947,235 |
| \$ 223,695,798 | \$ 216,614,182 | \$ 218,921,565 |
| 16.61% | 16.01% | 16.42% |
| 17.03% | 17.53% | 16.72% |

Schedule of Employer Contributions

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of the District's OPEB Contributions
PERA Healthcare Trust Fund
For the Fiscal Year Ended June 30,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution | \$ 2,993,484 | \$ 2,801,638 | \$ 2,686,976 | \$ 2,735,579 |
| Contributions in relation to the statutorily required contribution | <u>(2,993,484)</u> | <u>(2,801,638)</u> | <u>(2,686,976)</u> | <u>(2,735,579)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 293,478,809 | \$ 274,670,416 | \$ 263,428,993 | \$ 268,194,022 |
| Contributions 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 unit's OPEB amounts through 2014.

Schedule of Employer Contributions

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 2,365,520 | \$ 2,226,151 | \$ 2,204,933 | \$ 2,217,364 | \$ 2,083,849 | \$ 2,111,837 |
| (2,365,520) | (2,226,151) | (2,204,933) | (2,217,364) | (2,083,849) | (2,111,837) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 231,913,692 | \$ 218,250,104 | \$ 216,169,864 | \$ 217,388,594 | \$ 204,298,944 | \$ 207,042,843 |
| 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 Net pension liability – changes in benefit terms and actuarial assumptions

There were no changes in terms or assumptions for the December 31, 2022, measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021, measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25% to 1.00%, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

Changes in assumptions or other input effective for the December 31, 2020, measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG 2010(A) Above Median Employee Table with generational projection using scale MP 2019.
- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Changes in assumptions or other input effective for the December 31, 2019, measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018, measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%

Changes in assumptions or other inputs effective for the December 31, 2017, measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016, measurement period are as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015, measurement period for pension compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014, measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013, measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

NOTE 2 Other Postemployment Benefits (OPEB) – Changes in Benefit Terms and Actuarial Assumptions

Changes in assumptions or other inputs affecting trends in actuarial information for the December 31, 2022, measurement period compared to the prior year:

- The timing of the retirement decrement was adjusted to middle-of-year.

There were no changes in assumptions or other inputs effective for the December 31, 2021, measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020, measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement nondisability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub 2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019, measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018, measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017, measurement period for OPEB.

**COMBINING AND 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.

NONMAJOR 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.
- 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.
- 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 (BASE) 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.

ADAMS TWELVE FIVE STAR SCHOOLS
Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

| | Special Revenue | | | |
|---|------------------------------|---------------------|---------------------|---------------------|
| | Before, After, and Summer | | | |
| | Food Service | Enrichment | Pupil Activity | Athletic |
| ASSETS | | | | |
| Cash and investments | \$ 4,300 | \$ - | \$ - | \$ 13,700 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Intergovernmental | 932,899 | - | - | - |
| Other | 68,505 | 139,456 | - | 35,043 |
| Due from other funds | 10,979,716 | 4,923,270 | 5,006,536 | 1,740,641 |
| Inventories | 164,320 | - | - | - |
| Prepaid items | 1,500 | 17,700 | 3,931 | 8,500 |
| Total assets | <u>\$ 12,151,240</u> | <u>\$ 5,080,426</u> | <u>\$ 5,010,467</u> | <u>\$ 1,797,884</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 77,827 | \$ 24,945 | \$ 34,608 | \$ 18,834 |
| Accrued salaries and benefits | 33,427 | 199,059 | 5,908 | 100,618 |
| Unearned revenue-other | 186,004 | 169,525 | - | 800 |
| Total liabilities | <u>297,258</u> | <u>393,529</u> | <u>40,516</u> | <u>120,252</u> |
| FUND BALANCES | | | | |
| Nonspendable - prepaid items | 165,820 | 17,700 | 3,931 | 8,500 |
| Restricted for: | | | | |
| Food service | 11,688,162 | - | - | - |
| Student fees | - | - | - | - |
| Assigned | - | 4,669,197 | 4,966,020 | 1,669,132 |
| Total fund balances | <u>11,853,982</u> | <u>4,686,897</u> | <u>4,969,951</u> | <u>1,677,632</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 12,151,240</u> | <u>\$ 5,080,426</u> | <u>\$ 5,010,467</u> | <u>\$ 1,797,884</u> |

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

| Special Revenue | | Total Nonmajor |
|-----------------|-----------------------|----------------------|
| Instructional | Other Special Revenue | Governmental Funds |
| \$ - | \$ - | \$ 18,000 |
| - | - | 932,899 |
| - | 159,624 | 402,628 |
| - | 3,594,948 | 26,245,111 |
| - | 2,758 | 167,078 |
| - | - | 31,631 |
| <u>\$ -</u> | <u>\$ 3,757,330</u> | <u>\$ 27,797,347</u> |
| \$ - | \$ 35,842 | \$ 192,056 |
| - | 34,318 | 373,330 |
| - | - | 356,329 |
| <u>-</u> | <u>70,160</u> | <u>921,715</u> |
| - | 2,758 | 198,709 |
| - | - | 11,688,162 |
| - | - | - |
| - | 3,684,412 | 14,988,761 |
| <u>-</u> | <u>3,687,170</u> | <u>26,875,632</u> |
| <u>\$ -</u> | <u>\$ 3,757,330</u> | <u>\$ 27,797,347</u> |

ADAMS TWELVE FIVE STAR SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

| | Special Revenue | | | |
|--|------------------------------|--------------|----------------|--------------|
| | Before, After, and Summer | | | |
| | Food Service | Enrichment | Pupil Activity | Athletic |
| REVENUES | | | | |
| Local: | | | | |
| Pupil activities | \$ - | \$ - | \$ 3,612,053 | \$ 654,402 |
| Gifts and grants | - | - | 289,717 | - |
| Charges for services | 4,078,136 | 6,689,584 | - | - |
| Rental of buildings | - | - | - | 291,103 |
| Other | 15,529 | - | 191,282 | - |
| State: | | | | |
| Grants | 251,776 | - | - | - |
| Federal | 10,100,397 | - | - | - |
| Total revenues | 14,445,838 | 6,689,584 | 4,093,052 | 945,505 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | - | - | 4,082,383 | 2,977,408 |
| Special education | - | - | 20,947 | - |
| Pupil support | - | - | - | - |
| Instructional staff support | - | - | 1,560 | 204,965 |
| School administration | - | - | 17,877 | - |
| Business administration | - | 6 | - | - |
| Operations and maintenance | 418 | 573 | 5,313 | 2,065 |
| Transportation services | - | - | 3,090 | - |
| Personnel/data/risk management | 735 | 720 | - | - |
| Other support services | 155,567 | 4,726,290 | - | 24,585 |
| Food service operations | 13,478,396 | 96 | - | - |
| Facilities acquisition and improvements | - | - | - | - |
| Total expenditures | 13,635,116 | 4,727,685 | 4,131,170 | 3,209,023 |
| Excess (deficiency) of revenues over (under) expenditures | 810,722 | 1,961,899 | (38,118) | (2,263,518) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 32,600 | - | 236,130 | 3,618,320 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 32,600 | - | 236,130 | 3,618,320 |
| Net change in fund balances* | 843,322 | 1,961,899 | 198,012 | 1,354,802 |
| Fund balances, beginning of year | 11,010,660 | 2,724,998 | 4,771,939 | 322,830 |
| Fund balances, end of year | \$ 11,853,982 | \$ 4,686,897 | \$ 4,969,951 | \$ 1,677,632 |

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

| Special Revenue | | Total Nonmajor |
|-----------------|-----------------------|--------------------|
| Instructional | Other Special Revenue | Governmental Funds |
| \$ - | \$ 795,275 | \$ 5,061,730 |
| - | 1,070,572 | 1,360,289 |
| - | - | 10,767,720 |
| - | 686,284 | 977,387 |
| - | 771,515 | 978,326 |
| - | 38,220 | 289,996 |
| - | - | 10,100,397 |
| - | 3,361,866 | 29,535,845 |
| - | 1,031,084 | 8,090,875 |
| - | 4,854 | 25,801 |
| - | 160,723 | 160,723 |
| - | 136,169 | 342,694 |
| - | 280,108 | 297,985 |
| - | 74,277 | 74,283 |
| - | 588,379 | 596,748 |
| - | 9,112 | 12,202 |
| - | 20 | 1,475 |
| - | 135,992 | 5,042,434 |
| - | 9,347 | 13,487,839 |
| - | 39,970 | 39,970 |
| - | 2,470,035 | 28,173,029 |
| - | 891,831 | 1,362,816 |
| - | - | 3,887,050 |
| (10,743,692) | (53,717) | (10,797,409) |
| (10,743,692) | (53,717) | (6,910,359) |
| (10,743,692) | 838,114 | (5,547,543) |
| 10,743,692 | 2,849,056 | 32,423,175 |
| \$ - | \$ 3,687,170 | \$ 26,875,632 |

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Food Service - Special Revenue Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|--------------|---------------|---------------|
| | Original | Final | | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Charges for services | \$ 2,249,134 | \$ 2,249,134 | \$ 4,078,136 | \$ 1,829,002 |
| Other | 10,000 | 10,000 | 15,529 | 5,529 |
| Net earnings on investments | 13,000 | 13,000 | - | (13,000) |
| State: | | | | |
| Grants | 535,822 | 535,822 | 251,776 | (284,046) |
| Federal | 10,235,157 | 10,235,157 | 10,100,397 | (134,760) |
| Total revenues | 13,043,113 | 13,043,113 | 14,445,838 | 1,402,725 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Operations and maintenance | - | - | 418 | (418) |
| Personnel/data/risk management | - | - | 735 | (735) |
| Other support services | - | - | 155,567 | (155,567) |
| Food service operations | 14,164,018 | 14,393,673 | 13,478,396 | 915,277 |
| Total expenditures | 14,164,018 | 14,393,673 | 13,635,116 | 758,557 |
| Excess (deficiency) of revenues over (under) expenditures | (1,120,905) | (1,350,560) | 810,722 | 2,161,282 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 32,600 | 32,600 |
| Total other financing sources (uses) | - | - | 32,600 | 32,600 |
| Net change in fund balances* | (1,120,905) | (1,350,560) | 843,322 | 2,193,882 |
| Fund balances, beginning of year | 8,812,491 | 11,010,654 | 11,010,660 | 6 |
| Fund balances, end of year | \$ 7,691,586 | \$ 9,660,094 | \$ 11,853,982 | \$ 2,193,888 |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Before, After, and Summer Enrichment - Special Revenue Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Charges for services | \$ 6,465,940 | \$ 6,465,940 | \$ 6,689,584 | \$ 223,644 |
| Total revenues | 6,465,940 | 6,465,940 | 6,689,584 | 223,644 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Business administration | - | - | 6 | (6) |
| Operations and maintenance | - | - | 573 | (573) |
| Personnel/data/risk management | - | - | 720 | (720) |
| Other support services | 6,409,487 | 6,409,487 | 4,726,290 | 1,683,197 |
| Food service operations | - | - | 96 | (96) |
| Total expenditures | 6,409,487 | 6,409,487 | 4,727,685 | 1,681,802 |
| Excess (deficiency) of revenues over (under) expenditures | 56,453 | 56,453 | 1,961,899 | 1,905,446 |
| Net change in fund balances* | 56,453 | 56,453 | 1,961,899 | 1,905,446 |
| Fund balances, beginning of year | 1,616,240 | 2,725,000 | 2,724,998 | (2) |
| Fund balances, end of year | \$ 1,672,693 | \$ 2,781,453 | \$ 4,686,897 | \$ 1,905,444 |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Pupil Activity - Special Revenue Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Pupil activities | \$ 3,429,782 | \$ 3,429,782 | \$ 3,612,053 | \$ 182,271 |
| Gifts and grants | - | - | 289,717 | 289,717 |
| Other | - | - | 191,282 | 191,282 |
| Total revenues | 3,429,782 | 3,429,782 | 4,093,052 | 663,270 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 3,571,383 | 3,571,383 | 4,082,383 | (511,000) |
| Special education | - | - | 20,947 | (20,947) |
| Instructional staff support | - | - | 1,560 | (1,560) |
| School administration | - | - | 17,877 | (17,877) |
| Operations and maintenance | - | - | 5,313 | (5,313) |
| Transportation services | - | - | 3,090 | (3,090) |
| Total expenditures | 3,571,383 | 3,571,383 | 4,131,170 | (559,787) |
| Excess (deficiency) of revenues over (under) expenditures | (141,601) | (141,601) | (38,118) | 103,483 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 236,130 | 236,130 | 236,130 | - |
| Total other financing sources (uses) | 236,130 | 236,130 | 236,130 | - |
| Net change in fund balances* | 94,529 | 94,529 | 198,012 | 103,483 |
| Fund balances, beginning of year | 4,896,571 | 4,771,937 | 4,771,939 | 2 |
| Fund balances, end of year | \$ 4,991,100 | \$ 4,866,466 | \$ 4,969,951 | \$ 103,485 |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Athletic - Special Revenue Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|-------------|--------------|---------------|
| | Original | Final | | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Pupil activities | \$ 607,200 | \$ 607,200 | \$ 654,402 | \$ 47,202 |
| Rental of buildings | 305,000 | 305,000 | 291,103 | (13,897) |
| Total revenues | 912,200 | 912,200 | 945,505 | 33,305 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 4,290,728 | 4,290,728 | 2,977,408 | 1,313,320 |
| Instructional staff support | 189,316 | 189,316 | 204,965 | (15,649) |
| Operations and maintenance | 3,500 | 3,500 | 2,065 | 1,435 |
| Other support services | 22,113 | 22,113 | 24,585 | (2,472) |
| Total expenditures | 4,505,657 | 4,505,657 | 3,209,023 | 1,296,634 |
| Excess (deficiency) of revenues over (under) expenditures | (3,593,457) | (3,593,457) | (2,263,518) | 1,329,939 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,618,320 | 3,618,320 | 3,618,320 | - |
| Total other financing sources (uses) | 3,618,320 | 3,618,320 | 3,618,320 | - |
| Net change in fund balances* | 24,863 | 24,863 | 1,354,802 | 1,329,939 |
| Fund balances, beginning of year | 382,710 | 322,832 | 322,830 | (2) |
| Fund balances, end of year | \$ 407,573 | \$ 347,695 | \$ 1,677,632 | \$ 1,329,937 |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Instructional - Special Revenue Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (10,743,692) | (10,743,692) | - |
| Total other financing sources (uses) | - | (10,743,692) | (10,743,692) | - |
| Net change in fund balances* | - | (10,743,692) | (10,743,692) | - |
| Fund balances, beginning of year | - | 10,743,692 | 10,743,692 | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue - Special Revenue Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Pupil activities | \$ 901,563 | \$ 907,009 | \$ 795,275 | \$ (111,734) |
| Gifts and grants | 520,000 | 520,000 | 1,070,572 | 550,572 |
| Rental of buildings | 478,557 | 478,557 | 686,284 | 207,727 |
| Other | 86,992 | 86,992 | 771,515 | 684,523 |
| State: | | | | |
| Grants | - | 26,643 | 38,220 | 11,577 |
| Total revenues | 1,987,112 | 2,019,201 | 3,361,866 | 1,342,665 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 1,453,390 | 1,453,390 | 1,031,084 | 422,306 |
| Special education | 1,600 | 1,600 | 4,854 | (3,254) |
| Pupil support | 346,334 | 346,334 | 160,723 | 185,611 |
| Instructional staff support | 213,136 | 213,136 | 136,169 | 76,967 |
| School administration | 865 | 865 | 280,108 | (279,243) |
| Business administration | 72,059 | 72,059 | 74,277 | (2,218) |
| Operations and maintenance | 482,575 | 482,575 | 588,379 | (105,804) |
| Transportation services | - | - | 9,112 | (9,112) |
| Personnel/data/risk management | - | - | 20 | (20) |
| Other support services | 40,304 | 40,304 | 135,992 | (95,688) |
| Food service operations | - | - | 9,347 | (9,347) |
| Facilities acquisition and improvements | 49,516 | 49,516 | 39,970 | 9,546 |
| Total expenditures | 2,659,779 | 2,659,779 | 2,470,035 | 189,744 |
| Excess (deficiency) of revenues over (under) expenditures | (672,667) | (640,578) | 891,831 | 1,532,409 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (53,717) | (53,717) | - |
| Total other financing sources (uses) | - | (53,717) | (53,717) | - |
| Net change in fund balances* | (672,667) | (694,295) | 838,114 | 1,532,409 |
| Fund balances, beginning of year | 2,608,695 | 2,849,053 | 2,849,056 | 3 |
| Fund balances, end of year | \$ 1,936,028 | \$ 2,154,758 | \$ 3,687,170 | \$ 1,532,412 |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Bond Redemption - Debt Service Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|-----------------------|----------------------|----------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Property taxes | \$ 72,362,764 | \$ 72,362,764 | \$ 74,087,109 | \$ 1,724,345 |
| Net earnings on investments | - | - | 907,278 | 907,278 |
| Total revenues | <u>72,362,764</u> | <u>72,362,764</u> | <u>74,994,387</u> | <u>2,631,623</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 38,400,000 | 83,435,000 | 103,144,999 | (19,709,999) |
| Interest | 21,084,575 | 21,084,575 | 24,531,119 | (3,446,544) |
| Bond issuance and other costs | 16,000 | 16,000 | 16,750 | (750) |
| Total expenditures | <u>59,500,575</u> | <u>104,535,575</u> | <u>127,692,868</u> | <u>(23,157,293)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,862,189</u> | <u>(32,172,811)</u> | <u>(52,698,481)</u> | <u>(20,525,670)</u> |
| Net change in fund balances* | 12,862,189 | (32,172,811) | (52,698,481) | (20,525,670) |
| Fund balances, beginning of year | <u>119,210,142</u> | <u>124,376,815</u> | <u>124,376,814</u> | <u>(1)</u> |
| Fund balances, end of year | <u>\$ 132,072,331</u> | <u>\$ 92,204,004</u> | <u>\$ 71,678,333</u> | <u>\$ (20,525,671)</u> |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Building - Capital Projects Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|----------------------|---------------------|----------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Other | \$ 2,628,407 | \$ 2,628,407 | \$ 3,251,928 | \$ 623,521 |
| Net earnings on investments | 20,440 | 20,440 | 1,182,615 | 1,162,175 |
| Total revenues | <u>2,648,847</u> | <u>2,648,847</u> | <u>4,434,543</u> | <u>1,785,696</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Operations and maintenance | - | - | 30 | (30) |
| Transportation services | 2,351,800 | 2,351,800 | 2,125,256 | 226,544 |
| Personnel/data/risk management | - | - | 16,334 | (16,334) |
| Facilities acquisition and improvements | <u>27,503,647</u> | <u>27,503,647</u> | <u>15,960,744</u> | <u>11,542,903</u> |
| Total expenditures | <u>29,855,447</u> | <u>29,855,447</u> | <u>18,102,364</u> | <u>11,753,083</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(27,206,600)</u> | <u>(27,206,600)</u> | <u>(13,667,821)</u> | <u>13,538,779</u> |
| Net change in fund balances* | (27,206,600) | (27,206,600) | (13,667,821) | 13,538,779 |
| Fund balances, beginning of year | <u>40,994,690</u> | <u>36,881,229</u> | <u>36,881,225</u> | <u>(4)</u> |
| Fund balances, end of year | <u>\$ 13,788,090</u> | <u>\$ 9,674,629</u> | <u>\$ 23,213,404</u> | <u>\$ 13,538,775</u> |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Capital Reserve - Capital Projects Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|----------------------|----------------------|----------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Local: | | | | |
| Property taxes | \$ - | \$ - | \$ 547,254 | \$ 547,254 |
| Rental of buildings | 1,636,379 | 1,636,379 | 1,130,686 | (505,693) |
| Other | 802,794 | 802,794 | 1,292,165 | 489,371 |
| Net earnings on investments | - | 1,000,355 | 3,445,096 | 2,444,741 |
| Total revenues | <u>2,439,173</u> | <u>3,439,528</u> | <u>6,415,201</u> | <u>2,975,673</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| School administration | - | - | 524 | (524) |
| Business administration | 1,823,983 | 3,345,312 | 2,431,438 | 913,874 |
| Operations and maintenance | 1,315,841 | 1,315,841 | 768,596 | 547,245 |
| Transportation services | - | 977,940 | 107,908 | 870,032 |
| Personnel/data/risk management | 50,000 | 50,000 | 13,395 | 36,605 |
| Facilities acquisition and improvements | 1,330,000 | 1,330,000 | 1,965,527 | (635,527) |
| Debt service: | | | | |
| Principal | 1,940,000 | 1,940,000 | 2,509,958 | (569,958) |
| Interest | 523,300 | 523,300 | 579,897 | (56,597) |
| Total expenditures | <u>6,983,124</u> | <u>9,482,393</u> | <u>8,377,243</u> | <u>1,105,150</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,543,951)</u> | <u>(6,042,865)</u> | <u>(1,962,042)</u> | <u>4,080,823</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,167,851 | 4,167,851 | 4,167,851 | - |
| Total other financing sources (uses) | <u>4,167,851</u> | <u>4,167,851</u> | <u>4,167,851</u> | <u>-</u> |
| Net change in fund balances* | <u>(376,100)</u> | <u>(1,875,014)</u> | <u>2,205,809</u> | <u>4,080,823</u> |
| Fund balances, beginning of year | <u>23,404,356</u> | <u>28,261,224</u> | <u>28,482,100</u> | <u>220,876</u> |
| Fund balances, end of year | <u>\$ 23,028,256</u> | <u>\$ 26,386,210</u> | <u>\$ 30,687,909</u> | <u>\$ 4,301,699</u> |

* The net change in fund balances was included in the budget as an appropriation of fund balance
The notes to the basic financial statements are an integral part of this statement.

COMPONENT UNITS

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

ADAMS TWELVE FIVE STAR SCHOOLS
Combining Statement of Net Position
Component Units
June 30, 2023

| | Stargate Charter School | Westgate Community Charter School | Prospect Ridge Academy Charter School | New America School - Thornton Charter School | Total Charter Schools |
|---|-------------------------|-----------------------------------|---------------------------------------|--|------------------------|
| ASSETS | | | | | |
| Cash and investments - unrestricted | \$ 7,859,764 | \$ 3,964,833 | \$ 4,245,234 | \$ 774,491 | \$ 16,844,322 |
| Cash and investments - restricted | 3,115,241 | 751,791 | 2,873,579 | 525,154 | 7,265,765 |
| Taxes receivables | 112,434 | 10,242 | 231,413 | 18,122 | 372,211 |
| Intergovernmental receivables | 973,469 | 284,272 | 17,340 | 229,191 | 1,504,272 |
| Prepaid items | 117,305 | 46,488 | 36,632 | 9,871 | 210,296 |
| Capital assets not being depreciated: | | | | | |
| Land and construction in progress | 3,613,955 | 2,834,000 | 13,416,908 | - | 19,864,863 |
| Capital assets, net of accumulated depreciation/amortization: | | | | | |
| Buildings | 37,950,218 | 7,474,987 | 25,426,846 | 5,289,086 | 76,141,137 |
| Equipment and vehicles | 382,690 | 6,235 | 528,132 | 46,897 | 963,954 |
| Total assets | 54,125,076 | 15,372,848 | 46,776,084 | 6,892,812 | 123,166,820 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related | 4,801,190 | 1,824,644 | 5,030,955 | 775,694 | 12,432,483 |
| OPEB related | 182,869 | 109,948 | 222,630 | 23,378 | 538,825 |
| Total deferred outflows of resources | 4,984,059 | 1,934,592 | 5,253,585 | 799,072 | 12,971,308 |
| LIABILITIES | | | | | |
| Accounts payable | 452,490 | 13,017 | 711,798 | 27,492 | 1,204,797 |
| Retainage payable | - | - | 377,251 | - | 377,251 |
| Accrued salaries and benefits | 1,260,517 | 219,816 | 725,672 | 91,628 | 2,297,633 |
| Other current liabilities | 7,847 | - | - | - | 7,847 |
| Accrued interest payable | 142,221 | 131,227 | 494,825 | - | 768,273 |
| Unearned revenues | - | 197 | 114,664 | 77,553 | 192,414 |
| Noncurrent liabilities: | | | | | |
| Due within one year: | | | | | - |
| Revenue bonds | 755,000 | 150,000 | 465,000 | 170,179 | 1,540,179 |
| Compensated absences | 16,296 | - | 87,511 | - | 103,807 |
| Leases payable | 64,543 | - | 76,544 | - | 141,087 |
| Due in more than one year: | | | | | |
| Revenue bonds | 39,190,970 | 7,694,768 | 38,658,503 | 5,275,391 | 90,819,632 |
| Compensated absences | - | - | 87,512 | - | 87,512 |
| Leases payable | 18,046 | - | 20,793 | - | 38,839 |
| Net pension liability | 20,118,926 | 7,454,541 | 20,017,522 | 2,882,751 | 50,473,740 |
| Net OPEB liability | 254,027 | 254,027 | 682,031 | 98,287 | 1,288,372 |
| Total liabilities | 62,280,883 | 15,917,593 | 62,519,626 | 8,623,281 | 149,341,383 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension related | 2,924,693 | 511,502 | 2,018,375 | 1,080,975 | 6,535,545 |
| OPEB related | 412,855 | 89,469 | 240,213 | 75,546 | 818,083 |
| Total deferred inflows of resources | 3,337,548 | 600,971 | 2,258,588 | 1,156,521 | 7,353,628 |
| NET POSITION | | | | | |
| Net investment in capital assets | 1,918,304 | 2,620,454 | 519,130 | 415,567 | 5,473,455 |
| Restricted for: | | | | | |
| TABOR emergency reserve | 624,976 | 196,000 | 532,026 | 77,000 | 1,430,002 |
| Debt service | 2,973,020 | 751,791 | 2,873,579 | 525,154 | 7,123,544 |
| Special education | 200,000 | 200,000 | 125,000 | - | 525,000 |
| Unrestricted | (12,225,596) | (2,979,369) | (16,798,280) | (3,105,639) | (35,108,884) |
| Total net position | \$ (6,509,296) | \$ 788,876 | \$ (12,748,545) | \$ (2,087,918) | \$ (20,556,883) |

Charter Schools publish their own audited financial statements, which are an integral part of this statement.

STATE REQUIRED REPORT

COLORADO DEPARTMENT OF EDUCATION – AUDITORS INTEGRITY CHECK

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 2022-23

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | Ending Fund Balance |
|---|--------------------|--|---|---------------------|
| Governmental | | | | |
| | + | | - | = |
| 10 General Fund | 94,070,958 | 426,032,662 | 419,409,976 | 100,693,644 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 94,070,958 | 426,032,662 | 419,409,976 | 100,693,644 |
| 11 Charter School Fund | 18,475,930 | 56,342,160 | 58,419,793 | 16,398,297 |
| 20,26-29 Special Revenue Fund | 16,640,577 | 3,817,867 | 10,406,744 | 10,051,700 |
| 06 Supplemental Cap Const, Tech, Main. Fund | 0 | 0 | 0 | 0 |
| 07 Total Program Reserve Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 11,010,654 | 14,478,436 | 13,635,109 | 11,853,982 |
| 22 Govt Designated-Purpose Grants Fund | -2,294,998 | 46,735,502 | 44,440,504 | 0 |
| 23 Pupil Activity Special Revenue Fund | 4,771,937 | 4,329,182 | 4,131,169 | 4,969,951 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 124,376,815 | 74,994,386 | 127,692,868 | 71,678,333 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 36,881,229 | 4,434,543 | 18,102,368 | 23,213,404 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 28,482,100 | 10,583,052 | 8,377,243 | 30,687,909 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 332,415,203 | 641,747,790 | 704,615,774 | 269,547,219 |
| 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 | 0 | 0 | 0 | 0 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |

FINAL

Statistical Section



This part of the district's Annual Comprehensive 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.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader understand and assess the district's ability to generate own-source revenues.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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.

FINANCIAL TRENDS

NET POSITION BY COMPONENT

ADAMS 12 FIVE STAR SCHOOLS

Financial Trends Schedule 1

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 161,427,987 | \$ 145,038,966 | \$ 163,015,412 | \$ 147,159,979 | \$ 178,067,913 |
| Restricted | 33,474,816 | 63,890,686 | 70,250,428 | 71,516,770 | 78,607,227 |
| Unrestricted | 20,724,391 | (625,268,715) | (657,867,115) | (858,420,907) | (1,160,986,216) |
| Total governmental activities net position | <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> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 686,574 | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 9,936,435 | - | - | - | - |
| Total business-type activities net position | <u>\$ 10,623,009</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 162,114,561 | \$ 145,038,966 | \$ 163,015,412 | \$ 147,159,979 | \$ 178,067,913 |
| Restricted | 33,474,816 | 63,890,686 | 70,250,428 | 71,516,770 | 78,607,227 |
| Unrestricted | 30,660,826 | (625,268,715) | (657,867,115) | (858,420,907) | (1,160,986,216) |
| Total primary government net position | <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> |

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.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|-----------------|------------------|------------------|------------------|------------------|
| \$ | 196,339,493 | \$ 216,718,472 | \$ 217,662,648 | \$ 225,561,525 | \$ 309,979,448 |
| | 283,327,839 | 204,781,811 | 188,840,783 | 147,907,890 | 96,919,813 |
| | (1,233,328,810) | (993,807,395) | (799,094,888) | (535,834,322) | (541,900,308) |
| \$ | (753,661,478) | \$ (572,307,112) | \$ (392,591,457) | \$ (162,364,907) | \$ (135,001,047) |
| \$ | - | \$ - | \$ - | \$ - | \$ - |
| | - | - | - | - | - |
| \$ | - | \$ - | \$ - | \$ - | \$ - |
| \$ | 196,339,493 | \$ 216,718,472 | \$ 217,662,648 | \$ 225,561,525 | \$ 309,979,448 |
| | 283,327,839 | 204,781,811 | 188,840,783 | 147,907,890 | 96,919,813 |
| | (1,233,328,810) | (993,807,395) | (799,094,888) | (535,834,322) | (541,900,308) |
| \$ | (753,661,478) | \$ (572,307,112) | \$ (392,591,457) | \$ (162,364,907) | \$ (135,001,047) |

CHANGES IN NET POSITION

ADAMS 12 FIVE STAR SCHOOLS

Financial Trends Schedule 2

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 |
|---|------------------|------------------|------------------|------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| Direct Instruction | \$ 201,406,574 | \$ 217,179,196 | \$ 232,478,810 | \$ 367,274,260 |
| Indirect Instruction | 47,999,681 | 58,613,866 | 65,909,683 | 66,270,495 |
| Other Support Programs | 68,402,400 | 72,883,709 | 80,863,780 | 156,778,489 |
| Charter school funding | 43,472,016 | 19,391,201 | 23,186,915 | 35,740,446 |
| Interest expense, unallocated | 13,191,487 | 34,388,947 | 23,185,957 | 28,356,597 |
| Total governmental activities expenses | 374,472,158 | 402,456,919 | 425,625,145 | 654,420,287 |
| Business-type activities: | | | | |
| Food services | 10,116,781 | - | - | - |
| Child care | 6,184,005 | - | - | - |
| Total business-type activities expenses | 16,300,786 | - | - | - |
| Total primary government expenses | \$ 390,772,944 | \$ 402,456,919 | \$ 425,625,145 | \$ 654,420,287 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Direct Instruction | \$ 3,266,656 | \$ 3,130,072 | \$ 3,436,695 | \$ 11,628,380 |
| Indirect Instruction | 652,191 | 792,885 | 676,633 | - |
| Other Support Programs | 3,892,302 | 14,427,437 | 14,938,507 | 14,677,103 |
| Charter School Funding | 631,056 | 382,008 | 443,099 | 414,677 |
| Operating grants and contributions: | | | | |
| Direct Instruction | 21,374,486 | 20,126,032 | 20,487,996 | 20,569,291 |
| Indirect Instruction | 5,911,727 | 7,752,585 | 7,943,535 | 7,394,343 |
| Other Support Programs | 2,414,066 | 10,700,393 | 10,486,734 | 11,856,009 |
| Capital grants and contributions: | | | | |
| Other Support Programs | - | - | - | - |
| Total governmental activities program revenues | 38,142,484 | 57,311,412 | 58,413,199 | 66,539,803 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Food service | 3,279,697 | - | - | - |
| Child care | 6,879,261 | - | - | - |
| Operating grants and contributions: | | | | |
| Food service | 6,837,064 | - | - | - |
| Total business-type activities program revenues | 16,996,022 | - | - | - |
| Total primary government program revenues | \$ 55,138,506 | \$ 57,311,412 | \$ 58,413,199 | \$ 66,539,803 |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (336,329,674) | \$ (345,145,507) | \$ (367,211,946) | \$ (587,880,484) |
| Business-type activities | 695,236 | - | - | - |
| Total primary government net expense | \$ (335,634,438) | \$ (345,145,507) | \$ (367,211,946) | \$ (587,880,484) |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Local property taxes | \$ 121,590,268 | \$ 122,794,404 | \$ 136,517,005 | \$ 138,732,861 |
| Specific ownership taxes | 9,366,253 | 10,222,765 | 11,093,715 | 12,034,731 |
| Intergovernmental, unrestricted | 209,026,802 | 200,859,028 | 206,985,977 | 206,131,592 |
| Intergovernmental agreements | - | 2,302,560 | 2,733,756 | - |
| Other | 163,280 | 103,728 | - | 2,964,474 |
| Earnings on investments | 394,470 | 576,636 | 1,619,236 | 2,715,194 |
| Gain (loss) on disposal of assets | - | 1,525 | - | - |
| Total governmental activities: | 340,541,073 | 336,860,646 | 358,949,689 | 362,578,852 |
| Business-type activities: | | | | |
| Earnings on investments | 2,053 | - | - | - |
| Total business-type activities: | 2,053 | - | - | - |
| Total primary government | \$ 340,543,126 | \$ 336,860,646 | \$ 358,949,689 | \$ 362,578,852 |
| Change in Net Position | | | | |
| Governmental activities | \$ 4,211,399 | \$ (8,284,861) | \$ (8,262,257) | \$ (227,999,058) |
| Business-type activities | 697,289 | - | - | - |
| Total primary government | \$ 4,908,688 | \$ (8,284,861) | \$ (8,262,257) | \$ (227,999,058) |

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.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|---------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 382,902,884 | \$ 173,813,445 | \$ 180,856,812 | \$ 162,505,387 | \$ 183,496,770 | \$ 324,493,622 |
| | 72,239,890 | 69,539,489 | 76,762,268 | 78,091,543 | 57,709,132 | 76,739,956 |
| | 181,577,452 | 65,012,278 | 57,209,135 | 54,184,925 | 72,290,089 | 170,870,236 |
| | 23,164,902 | 29,981,478 | 35,487,122 | 34,423,655 | 38,619,459 | 41,509,858 |
| | 18,544,253 | 19,685,817 | 19,438,806 | 20,702,263 | 23,884,340 | 21,424,384 |
| | 678,429,381 | 358,032,507 | 369,754,143 | 349,907,773 | 375,999,790 | 635,038,056 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| \$ | 678,429,381 | \$ 358,032,507 | \$ 369,754,143 | \$ 349,907,773 | \$ 375,999,790 | \$ 635,038,056 |
| \$ | 11,552,685 | \$ 11,962,972 | \$ 8,464,291 | \$ 4,960,479 | \$ 6,507,333 | \$ 4,543,641 |
| | - | - | - | - | 153,085 | - |
| | 14,945,360 | 17,540,836 | 13,809,141 | 5,713,807 | 8,289,791 | 13,796,073 |
| | 501,988 | 828,854 | 1,120,322 | 1,125,164 | 1,981,560 | 1,253,140 |
| | 23,721,969 | 21,072,216 | 32,487,124 | 39,112,465 | 97,026,733 | 111,128,212 |
| | 8,019,330 | 8,551,922 | 10,953,215 | 12,532,681 | 17,709,455 | 8,832,321 |
| | 9,849,959 | 12,915,585 | 20,710,559 | 33,872,446 | 682,115 | 17,950,942 |
| | - | - | - | - | - | 764,247 |
| | 68,591,291 | 72,872,385 | 87,544,653 | 97,317,042 | 132,350,072 | 158,268,576 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| \$ | 68,591,291 | \$ 72,872,385 | \$ 87,544,653 | \$ 97,317,042 | \$ 132,350,072 | \$ 158,268,576 |
| \$ | (609,838,090) | \$ (285,160,122) | \$ (282,209,490) | \$ (252,590,731) | \$ (243,649,718) | \$ (476,769,480) |
| | - | - | - | - | - | - |
| \$ | (609,838,090) | \$ (285,160,122) | \$ (282,209,490) | \$ (252,590,731) | \$ (243,649,718) | \$ (476,769,480) |
| \$ | 157,040,586 | \$ 186,202,843 | \$ 214,043,518 | \$ 211,350,903 | \$ 228,979,094 | \$ 232,546,342 |
| | 13,862,710 | 14,658,993 | 13,704,723 | 13,025,604 | 12,142,272 | 14,197,956 |
| | 205,047,241 | 221,675,173 | 226,389,820 | 207,217,662 | 230,882,915 | 247,014,339 |
| | - | - | - | - | - | - |
| | 428,313 | 2,071,028 | 789,794 | 154,936 | 3,339,933 | 1,889,637 |
| | 3,729,733 | 11,201,683 | 8,636,001 | 557,281 | (1,471,779) | 8,488,580 |
| | - | - | - | - | 3,833 | (3,514) |
| | 380,108,583 | 435,809,720 | 463,563,856 | 432,306,386 | 473,876,268 | 504,133,340 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| \$ | 380,108,583 | \$ 435,809,720 | \$ 463,563,856 | \$ 432,306,386 | \$ 473,876,268 | \$ 504,133,340 |
| \$ | (229,729,507) | \$ 150,649,598 | \$ 181,354,366 | \$ 179,715,655 | \$ 230,226,550 | \$ 27,363,860 |
| | - | - | - | - | - | - |
| \$ | (229,729,507) | \$ 150,649,598 | \$ 181,354,366 | \$ 179,715,655 | \$ 230,226,550 | \$ 27,363,860 |

FUND BALANCES OF GOVERNMENTAL FUNDS

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | |
| Nonspendable | \$ 839,223 | \$ 899,916 | \$ 1,854,645 | \$ 1,521,776 | \$ 2,452,889 |
| Restricted | 19,202,758 | 19,154,089 | 18,894,678 | 18,868,915 | 19,199,644 |
| Committed | 3,029,680 | 2,492,101 | 11,103,922 | 11,679,868 | 12,389,195 |
| Assigned | 10,003,569 | 13,951,419 | 4,062,219 | 841,530 | 5,181,523 |
| Unassigned | 11,955,673 | 5,893,576 | - | 4,671,160 | 8,547,150 |
| Total General Fund | \$ 45,030,903 | \$ 42,391,101 | \$ 35,915,464 | \$ 37,583,249 | \$ 47,770,401 |
| All Other Governmental Funds | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ - | \$ 210,395 | \$ 147,083 | \$ 149,139 | \$ 121,812 |
| Prepaid Items | - | 54,641 | 47,557 | 83,613 | 88,535 |
| Restricted for: | | | | | |
| Tabor 3% Emergency Reserve | - | - | 761,737 | 1,096,140 | 1,001,283 |
| Debt Service Projects | 46,639,747 | 53,111,796 | 58,654,446 | 58,855,679 | 66,411,355 |
| Capital Projects | 6,939,248 | 26,866,762 | 24,997,937 | 269,711,636 | 212,984,403 |
| Food Service | - | 5,409,523 | 4,194,883 | 3,887,732 | 3,279,535 |
| Committed to: | | | | | |
| Athletics | 432,246 | 364,592 | 423,947 | 359,998 | 343,832 |
| Child Care | - | 3,145,553 | 2,391,491 | 1,929,598 | 792,548 |
| Transportation | - | 669,158 | - | - | - |
| Capital Projects | 9,463,425 | 10,111,685 | 12,248,536 | 33,766,084 | 14,884,608 |
| Activity Special Revenue | - | - | - | 6,468,253 | 10,280,184 |
| Risk Management | - | - | - | - | - |
| Assigned to: | | | | | |
| Capital Projects | 2,044,029 | 2,506,772 | - | - | - |
| Designated Purpose Grants | - | - | (33,491) | - | - |
| Assigned Fund Balance | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total All Other Governmental Funds | \$ 65,518,695 | \$ 102,450,877 | \$ 103,834,126 | \$ 376,307,872 | \$ 310,188,095 |

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.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|-------------|----------------|----------------|----------------|----------------|
| \$ | 2,420,674 | \$ 2,479,831 | \$ 2,587,055 | \$ 2,157,937 | \$ 2,173,152 |
| | 19,381,266 | 19,776,229 | 21,102,884 | 21,728,281 | 23,110,430 |
| | 12,658,458 | 12,498,349 | 14,947,500 | 20,268,174 | - |
| | 27,287,783 | 41,222,766 | 29,548,888 | 38,036,781 | 53,336,612 |
| | 6,135,072 | 9,949,454 | 9,209,095 | 11,879,790 | 22,073,450 |
| \$ | 67,883,253 | \$ 85,926,629 | \$ 77,395,422 | \$ 94,070,963 | \$ 100,693,644 |
| \$ | 98,195 | \$ 199,538 | \$ 128,548 | \$ 164,378 | \$ 167,078 |
| | 46,323 | 45,863 | 469,075 | 492,675 | 107,221 |
| | 1,560,390 | 1,172,761 | 884,512 | 768,244 | - |
| | 73,611,261 | 90,302,546 | 111,657,094 | 124,376,814 | 71,678,333 |
| | 196,778,514 | 100,435,455 | 58,970,177 | 38,750,381 | 23,213,404 |
| | 3,373,141 | 2,858,071 | 6,479,302 | 10,820,338 | 11,688,162 |
| | 505,365 | - | 308,452 | 246,942 | - |
| | 464,770 | - | 913,644 | 2,559,476 | - |
| | - | - | - | - | - |
| | 22,524,079 | 25,907,510 | 28,327,498 | 26,440,977 | - |
| | 13,509,893 | 14,063,931 | 14,384,455 | 17,543,089 | - |
| | - | - | - | - | - |
| | - | - | - | - | 30,612,319 |
| | - | - | - | - | - |
| | - | 3,881,481 | - | - | 14,988,761 |
| | - | - | - | (2,294,998) | - |
| \$ | 312,471,931 | \$ 238,867,156 | \$ 222,522,757 | \$ 219,868,316 | \$ 152,455,278 |

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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)

| | 2014 | 2015 | 2016 | 2017 |
|---|---------------------|----------------------|-----------------------|-----------------------|
| Revenues | | | | |
| Taxes | \$ 131,427,784 | \$ 133,716,439 | \$ 146,675,513 | \$ 151,450,944 |
| State | 222,550,056 | 216,715,737 | 223,377,140 | 222,924,367 |
| Federal | 15,855,381 | 24,037,648 | 24,470,458 | 23,479,402 |
| Local | 1,330,180 | 7,133,593 | 19,633,379 | 25,882,394 |
| Mineral Leases | - | 37,520 | 31,946 | 19,551 |
| Investment Earnings | 394,470 | 576,636 | 1,619,236 | 2,715,194 |
| Miscellaneous | 7,596,949 | 12,653,755 | 620,009 | 632,729 |
| Total revenues | 379,154,820 | 394,871,328 | 416,427,681 | 427,104,581 |
| Expenditures | | | | |
| Direct Instruction | 185,347,582 | 191,442,866 | 200,880,489 | 203,923,568 |
| Indirect Instruction | 47,962,804 | 54,922,617 | 60,590,339 | 59,791,273 |
| Other Support Programs | 58,606,031 | 78,201,170 | 82,031,282 | 82,915,251 |
| Charter school funding | 43,472,016 | 19,391,201 | 23,186,915 | 35,740,446 |
| Debt service: | | | | |
| Principal | 21,792,134 | 25,988,689 | 30,614,131 | 30,344,633 |
| Interest | 13,326,531 | 13,958,345 | 15,699,284 | 20,860,230 |
| Bond issuance costs | 478,487 | 931,108 | 454,878 | 1,568,249 |
| Capital outlay | 12,655,188 | 13,654,621 | 11,060,329 | 13,712,204 |
| Total expenditures | 383,640,773 | 398,490,617 | 424,517,647 | 448,855,854 |
| Excess of revenues over (under) expenditures | (4,485,953) | (3,619,289) | (8,089,966) | (21,751,273) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 13,961,433 | 20,123,032 | 18,632,079 | 9,592,463 |
| Transfers out | (13,961,433) | (20,123,032) | (18,632,079) | (9,592,463) |
| Payments to refunded bonds escrow agent | - | (99,241,278) | (54,472,766) | (65,222,756) |
| Refunding bonds | - | 81,245,325 | - | - |
| Issuance of bonds | - | - | - | 319,845,000 |
| Bond premium | - | 15,822,745 | 2,836,956 | 37,697,041 |
| Lease purchase | 13,705,573 | 30,148,442 | 54,633,388 | - |
| Proceeds from lease purchase | - | - | - | - |
| Total other financing sources (uses) | 13,705,573 | 27,975,234 | 2,997,578 | 292,319,285 |
| Net change in fund balance | \$ 9,219,620 | \$ 24,355,945 | \$ (5,092,388) | \$ 270,568,012 |
| | | | | |
| Reconciled capital outlay | 7,577,803 | 12,861,458 | 11,067,858 | 11,950,062 |
| | | | | |
| Debt service as a percentage of noncapital expenditures | 9.3% | 10.4% | 11.2% | 11.7% |

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|--------------|----------------|-----------------|-----------------|----------------|-----------------|
| \$ | 170,631,184 | \$ 199,729,916 | \$ 223,941,939 | \$ 225,468,223 | \$ 242,592,515 | 248,778,596 |
| | 223,040,936 | 245,676,336 | 251,961,417 | 227,789,198 | 264,502,785 | 289,081,239 |
| | 23,883,740 | 25,847,555 | 41,821,748 | 63,029,535 | 60,259,520 | 52,446,755 |
| | 26,451,141 | 29,460,666 | 21,977,393 | 11,331,527 | 20,434,600 | 28,120,319 |
| | 17,338 | 21,007 | 18,714 | 14,176 | 15,727 | - |
| | 3,729,733 | 11,201,683 | 8,636,001 | 557,281 | (1,584,648) | 8,488,580 |
| | 673,690 | 958,265 | 7,342,364 | 2,525,204 | 1,558,081 | - |
| | 448,427,762 | 512,895,428 | 555,699,576 | 530,715,144 | 587,778,580 | 626,915,489 |
| | 200,899,049 | 218,715,822 | 238,293,685 | 243,094,771 | 251,069,391 | 271,082,505 |
| | 64,409,299 | 72,742,263 | 81,408,428 | 84,034,388 | 91,154,146 | 104,465,482 |
| | 83,519,090 | 88,532,937 | 92,688,024 | 99,326,400 | 102,483,158 | 119,476,915 |
| | 23,164,902 | 29,981,478 | 35,487,122 | 34,423,655 | 38,619,459 | 41,509,858 |
| | 27,575,188 | 28,808,286 | 26,465,229 | 22,444,222 | 38,494,222 | 105,654,957 |
| | 24,654,890 | 25,524,923 | 26,012,476 | 26,820,625 | 23,853,203 | 25,111,016 |
| | 26,258 | 355,811 | 14,500 | 14,500 | 15,251 | 16,750 |
| | 80,111,711 | 101,885,940 | 110,891,511 | 47,529,881 | 28,054,647 | 20,388,363 |
| | 504,360,387 | 566,547,460 | 611,260,975 | 557,688,442 | 573,743,477 | 687,705,846 |
| | (55,932,625) | (53,652,032) | (55,561,399) | (26,973,298) | 14,035,103 | (60,790,357) |
| | 9,261,549 | 17,446,939 | 18,007,995 | 18,264,603 | 43,587,422 | 18,852,310 |
| | (9,261,549) | (17,446,939) | (18,007,995) | (18,264,603) | (43,587,422) | (18,852,310) |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | 65,000,000 | - | 2,097,692 | - | - |
| | - | 11,048,720 | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | 1,923,816 | - |
| | - | 76,048,720 | - | 2,097,692 | 1,923,816 | - |
| \$ | (55,932,625) | \$ 22,396,688 | \$ (55,561,399) | \$ (24,875,606) | \$ 15,958,919 | \$ (60,790,357) |
| | 78,182,539 | 100,284,526 | 108,894,017 | 44,667,222 | 26,218,099 | 20,057,500 |
| | 12.3% | 11.7% | 10.4% | 9.6% | 11.4% | 19.6% |

REVENUE CAPACITY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

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 |
|---|---------------------------------|--------------------------------|--------------------------------|------------------------|----------------------------------|------------------------------|
| 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 |
| 2018/2019 | 1,755,716,481 | 500,061,430 | 22,860,650 | 51,350,080 | 424,600 | 11,000 |
| 2019/2020 | 2,097,284,105 | 639,297,760 | 51,995,130 | 57,319,650 | 393,040 | 11,840 |
| 2020/2021 | 2,086,360,517 | 651,120,000 | 52,917,210 | 47,485,950 | 411,780 | 12,060 |
| 2021/2022 | 2,198,594,419 | 740,174,500 | 51,259,580 | 44,599,210 | 425,990 | 12,400 |
| 2022/2023 | 2,124,841,367 | 756,296,030 | 51,137,030 | 46,186,410 | 380,300 | 12,260 |

Sources: 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 |
|--------------------|-------------------------|--------------------------|-------------------------------------|--|---------------------------------------|---|
| 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% |
| 2,194,960 | 20,346,821 | 176,885,320 | 2,529,851,342 | 73.51 | 28,087,678,829 | 9.01% |
| 2,067,820 | 18,555,641 | 190,595,090 | 3,057,520,076 | 69.99 | 33,930,072,092 | 9.01% |
| 25,106,420 | 20,772,260 | 202,009,920 | 3,086,196,117 | 69.79 | 34,179,804,473 | 9.03% |
| 78,213,960 | 21,383,466 | 200,488,890 | 3,335,152,415 | 68.68 | 36,769,522,004 | 9.07% |
| 212,461,720 | 23,003,280 | 190,644,430 | 3,404,962,827 | 68.37 | 37,156,239,224 | 9.16% |

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS

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 | Total | Adams County | Broomfield County |
| 2014 | 46.940 | 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 |
| 2019 | 51.845 | 21.665 | 73.510 | 26.864 | 15.261 |
| 2020 | 48.319 | 21.665 | 69.984 | 26.917 | 15.261 |
| 2021 | 48.120 | 21.665 | 69.785 | 26.897 | 15.261 |
| 2022 | 47.012 | 21.665 | 68.677 | 27.069 | 15.261 |
| 2023 | 46.701 | 21.665 | 68.366 | 26.967 | 15.261 |

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

PRINCIPAL PROPERTY TAXPAYERS

ADAMS 12 FIVE STAR SCHOOLS

Revenue Capacity Schedule 7

Principal Property Taxpayers

Most Current Calendar Year Available and Nine Years Ago

(Unaudited)

| Taxpayer | 2022 | | | 2013 | | |
|---|--------------------------|----------------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| | Extraction Oil & Gas LLC | \$ 151,413,740 | 1 | 4.54% | | |
| Xcel Energy (Public Service Company of Colorado) | 69,686,420 | 2 | 2.09% | \$ 38,064,140 | 1 | 2.14% |
| JPMorgan Chase Bank National Association | 51,335,670 | 3 | 1.54% | | | |
| Amazon.com Services LLC | 34,742,740 | 4 | 1.04% | | | |
| TPP Orchard Property LLC | 34,028,010 | 5 | 1.02% | 15,957,210 | 3 | 0.90% |
| Denver Premium Outlets LLC C/O | 25,652,670 | 6 | 0.77% | | | |
| GC Net Lease (Westminster) Investors LLC | 19,374,550 | 7 | 0.58% | | | |
| 144 Bull Crossing Associates LLC | 16,344,570 | 8 | 0.49% | | | |
| Tri State Generation | 13,613,540 | 9 | 0.41% | 10,403,200 | 5 | 0.58% |
| GKT Thorncreek Plaza LLC | 12,051,690 | 10 | 0.36% | | | |
| Qwest Corp. | | | | 18,609,200 | 2 | 1.04% |
| Avaya Inc (real property) | | | | 12,482,950 | 4 | 0.70% |
| Marketplace at Northglenn (10410-10450 Melody Lane LLC) | | | | 10,335,990 | 6 | 0.58% |
| SITE A LLC | | | | 9,426,160 | 7 | 0.53% |
| Google Inc | | | | 6,419,550 | 8 | 0.36% |
| Thornton Town Center | | | | 6,153,220 | 9 | 0.35% |
| Target Corporation | | | | 5,985,510 | 10 | 0.34% |
| Total | <u>\$ 428,243,600</u> | | <u>12.84%</u> | <u>\$ 133,837,130</u> | | <u>7.51%</u> |

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

Note: Total assessed valuation upon which 2022 tax collections are based is \$3,335,152,415

PROPERTY TAX LEVIES AND COLLECTIONS

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

| Fiscal Year | Total Tax Levy ⁽¹⁾ | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collected ⁽²⁾ | Total Tax Collections | Percent of Total Tax Collections To Levy ⁽³⁾ |
|--------------------|--------------------------------------|--------------------------------|----------------------------------|--|------------------------------|--|
| 2014 | 122,282,702 | 121,943,285 | 99.7% | 183,367 | 122,126,653 | 99.9% |
| 2015 | 123,172,568 | 123,147,865 | 99.9% | 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% |
| 2019 | 185,969,372 | 184,797,824 | 99.4% | 90,520 | 184,888,344 | 99.4% |
| 2020 | 213,977,485 | 209,877,121 | 98.1% | 118,706 | 209,995,827 | 98.1% |
| 2021 | 215,370,196 | 211,628,643 | 98.3% | 554,569 | 212,183,212 | 98.5% |
| 2022 | 229,048,262 | 229,743,707 | 100.3% | 447,734 | 230,191,441 | 100.5% |
| 2023 | 233,842,632 | 231,687,216 | 99.1% | 275,372 | 231,962,589 | 99.2% |

Sources: Adams & Broomfield County Treasurer's Office
 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.

(3) Amounts showing greater than 100% collected include prior year delinquent taxes collected. The District will need additional time to gather information for delinquent taxes by levy year to show how much of each year's mill levy remains outstanding.

DEBT CAPACITY

RATIOS OF OUTSTANDING DEBT BY TYPE

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

| Fiscal Year | Governmental Activities | | | Total Primary Government | Percentage of Debt to Assessed Value ⁽¹⁾ | Percentage of Debt to Personal Income ⁽²⁾ | Net Debt Per Capita | Population ⁽³⁾ |
|-------------|--------------------------|-------------------------------|------------------------------|--------------------------|---|--|---------------------|---------------------------|
| | General Obligation Bonds | Certificates of Participation | Leases and Contracts Payable | | | | | |
| 2014 | 286,987,166 | 29,534,194 | 14,006,625 | 372,487,330 | 20.90% | 5.80% | 1,675 | 222,387 |
| 2015 | 280,548,214 | 54,621,679 | 9,951,329 | 380,189,951 | 21.23% | 5.35% | 1,692 | 224,741 |
| 2016 | 252,447,526 | 54,317,570 | 9,551,402 | 348,509,246 | 16.78% | 4.74% | 1,493 | 233,505 |
| 2017 | 507,900,000 | 26,126,320 | 6,583,703 | 602,410,182 | 28.50% | 7.86% | 2,582 | 233,342 |
| 2018 | 485,570,000 | 23,570,999 | 3,573,515 | 568,730,572 | 22.87% | 7.03% | 2,379 | 239,051 |
| 2019 | 527,295,000 | 20,790,754 | 520,229 | 609,681,502 | 24.10% | 6.81% | 2,446 | 249,243 |
| 2020 | 503,130,000 | 18,725,016 | - | 576,675,698 | 18.86% | 6.41% | 2,361 | 244,209 |
| 2021 | 482,680,000 | 16,609,278 | 2,097,692 | 550,236,511 | 17.83% | 6.15% | 2,286 | 240,739 |
| 2022 | 446,180,000 | 14,438,540 | 3,665,721 | 507,446,356 | 15.22% | 5.30% | 2,103 | 241,271 |
| 2023 | 343,035,000 | 12,212,802 | 3,095,764 | 358,343,566 | 10.52% | 3.25% | 1,501 | 238,683 |

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

(1) Taxable assessed value data can be found on Schedule 5 - Assessed & Actual Property Values

(2) Personal income and population data can be found on Schedule 14 - Demographic & Economic Statistics

(3) U.S. Census Bureau, 2022 American Community Survey (Estimates)

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 10
Direct, Overlapping and Underlying Governmental Activities Debt
As of June 30, 2023
(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⁾ |
|--|-----------------------------|--|--|--|
| Direct Debt | | | | |
| Adams 12 Five Star Schools | \$ 358,343,566 | 100.00% | \$ 358,343,566 | 0.975% |
| Overlapping Debt | | | | |
| Adams County Fire Protection District | 485,000 | 5.56% | 26,966 | 0.000% |
| Anthem West Metropolitan District | 54,585,000 | 100.00% | 54,585,000 | 0.148% |
| Aspen Reserve Metropolitan District | 3,522,000 | 100.00% | 3,522,000 | 0.010% |
| Baseline Metropolitan Districts Nos. 1,2,3,4 | 91,815,000 | 100.00% | 91,815,000 | 0.250% |
| Bradburn Metropolitan District No. 2 | 15,694,000 | 100.00% | 15,694,000 | 0.043% |
| Bradburn Metropolitan District No. 3 | 7,975,000 | 100.00% | 7,975,000 | 0.022% |
| Bramming Farm Metropolitan District No. 1 | 5,285,000 | 100.00% | 5,285,000 | 0.014% |
| Broadlands Metro District No. 2 | 10,730,000 | 100.00% | 10,730,000 | 0.029% |
| Country Club Highlands Metro District | 2,055,000 | 100.00% | 2,055,000 | 0.006% |
| Country Club Village Metropolitan District No. 1 | 2,205,000 | 100.00% | 2,205,000 | 0.006% |
| Cundall Farms Metropolitan District | 13,679,000 | 100.00% | 13,679,000 | 0.037% |
| Fallbrook Metropolitan District | 1,695,000 | 100.00% | 1,695,000 | 0.005% |
| Fallbrook Villas Metropolitan District | 2,803,000 | 100.00% | 2,803,000 | 0.008% |
| HighPointe Park Metropolitan District | 7,046,000 | 100.00% | 7,046,000 | 0.019% |
| Homestead Hills Metropolitan District | 2,942,000 | 100.00% | 2,942,000 | 0.008% |
| Huntington Trails Metropolitan Dist. | 5,695,000 | 100.00% | 5,695,000 | 0.015% |
| Karl's Farm Metropolitan District No. 2 | 15,920,000 | 100.00% | 15,920,000 | 0.043% |
| Karl's Farm Metropolitan District No. 3 | 6,295,000 | 100.00% | 6,295,000 | 0.017% |
| Lambertson Farms Metropolitan District Nos. 1,2,3 | 31,350,000 | 100.00% | 31,350,000 | 0.085% |
| Lambertson Lakes Metropolitan District | 2,970,000 | 100.00% | 2,970,000 | 0.008% |
| Larkridge Metropolitan District No. 1 | 11,440,000 | 98.48% | 11,266,112 | 0.031% |
| Lewis Pointe Metropolitan District | 8,840,000 | 100.00% | 8,840,000 | 0.024% |
| Mayfield Metropolitan District | 9,912,000 | 100.00% | 9,912,000 | 0.027% |
| McKay Landing Metropolitan Dist. No. 2 | 7,610,000 | 100.00% | 7,610,000 | 0.021% |
| North Metro Fire Rescue District | 9,530,000 | 52.79% | 5,030,887 | 0.014% |
| Orchard Park Place North Metropolitan District | 4,111,000 | 100.00% | 4,111,000 | 0.011% |
| PLA Metropolitan District | 720,000 | 100.00% | 720,000 | 0.002% |
| Red Leaf Metropolitan District No. 2 | 3,385,000 | 100.00% | 3,385,000 | 0.009% |
| RII - DII Business Improvement District | 9,203,466 | 100.00% | 9,203,466 | 0.025% |
| Spruce Meadows Metropolitan District | 2,305,000 | 100.00% | 2,305,000 | 0.006% |
| Village at Dry Creek Metropolitan District No. 2 | 18,405,000 | 100.00% | 18,405,000 | 0.050% |
| Villas at Eastlake Reservoir Metropolitan District | 2,630,000 | 100.00% | 2,630,000 | 0.007% |
| Wildgrass Metropolitan District | 9,625,000 | 89.29% | 8,594,163 | 0.023% |
| Wildgrass Metropolitan District | 4,040,000 | 100.00% | 4,040,000 | 0.011% |
| Total Overlapping Debt | <u>386,502,466</u> | | <u>380,340,595</u> | |
| Total Direct and Overlapping Debt | <u>\$ 744,846,032</u> | | <u>\$ 738,684,161</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-Assessed & Actual Property Values. 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

RATIOS OF OUTSTANDING DEBT BY TYPE

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⁾ | Leases and Contracts Payable | Certificates of Participation ⁽¹⁾ | Total Outstanding Debt | Percentage of Personal Income ⁽²⁾ | Population ⁽³⁾ | Debt per Capita |
|--------------------------------|--|-------------------------------------|---|-------------------------------|---|----------------------------------|------------------------|
| Governmental Activities | | | | | | | |
| 2014 | 286,987,166 | 14,006,625 | 29,534,194 | 372,487,330 | 5.80% | 222,387 | 1,675 |
| 2015 | 280,548,214 | 9,951,329 | 54,621,679 | 380,189,951 | 5.35% | 224,741 | 1,692 |
| 2016 | 252,447,526 | 9,551,402 | 54,317,570 | 348,509,246 | 4.74% | 233,505 | 1,493 |
| 2017 | 507,900,000 | 6,583,703 | 26,126,320 | 602,410,182 | 7.86% | 233,342 | 2,582 |
| 2018 | 485,570,000 | 3,573,515 | 23,570,999 | 568,730,572 | 7.03% | 239,051 | 2,379 |
| 2019 | 527,295,000 | 520,229 | 20,790,754 | 609,681,502 | 6.81% | 249,243 | 2,446 |
| 2020 | 503,130,000 | - | 18,725,016 | 576,675,698 | 6.41% | 244,209 | 2,361 |
| 2021 | 482,680,000 | 2,097,692 | 16,609,278 | 550,236,511 | 6.15% | 240,739 | 2,286 |
| 2022 | 446,180,000 | 3,665,721 | 14,438,540 | 507,446,356 | 5.30% | 241,271 | 2,103 |
| 2023 | 343,035,000 | 3,095,764 | 12,212,802 | 358,343,566 | 3.25% | 238,683 | 1,501 |

Notes:

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on Schedule 14 - Demographic & Economic Statistics
- (3) U.S. Census Bureau ACS 2022 1-Year Survey (Estimates)

RATIOS OF GENERAL BOND DEBT OUTSTANDING

ADAMS 12 FIVE STAR SCHOOLS
Debt Capacity Schedule 12
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year Ended 30-Jun | General Obligation Bonds ⁽¹⁾ | Less: Amounts Restricted for Debt Service ⁽²⁾ | Total | Percentage of Estimated Actual Taxable Value of Property ⁽³⁾ | Per Capita ⁽⁴⁾ |
|---|--|---|----------------|--|--------------------------------------|
| 2014 | \$ 286,987,166 | \$ 24,472,058 | \$ 304,474,453 | 1.76% | 1,369 |
| 2015 | 280,548,214 | 49,527,074 | 266,089,869 | 1.52% | 1,184 |
| 2016 | 252,447,526 | 56,785,386 | 227,854,888 | 1.10% | 976 |
| 2017 | 507,900,000 | 58,305,207 | 511,394,952 | 2.43% | 2,192 |
| 2018 | 485,570,000 | 66,007,989 | 475,578,069 | 1.74% | 1,989 |
| 2019 | 527,295,000 | 73,360,943 | 515,009,576 | 1.83% | 2,066 |
| 2020 | 503,130,000 | 91,318,115 | 466,632,567 | 1.38% | 1,911 |
| 2021 | 482,680,000 | 112,379,860 | 419,149,681 | 1.23% | 1,741 |
| 2022 | 446,180,000 | 124,807,437 | 364,534,658 | 0.99% | 1,511 |
| 2023 | 343,035,000 | 71,678,333 | 271,356,667 | 0.73% | 1,137 |

Notes:

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums
- (2) This is the amount restricted for debt service principal payments. FY2014 through FY2020 have been updated to reflect the Debt Service Net Position amount.
- (3) Estimated actual taxable value can be found on Schedule 5 - Assessed & Actual Property Values
- (4) Population Data can be found on Schedule 14 - Demographic & Economic Statistics

LEGAL DEBT MARGIN INFORMATION

ADAMS 12 FIVE STAR SCHOOLS

Debt Capacity Schedule 13

Legal Debt Margin Information

Last Ten Years

| Fiscal Year Ended | Gross Certified Assessed Valuation (1) | Debt Limitation (20% of Assessed) | Net Bonded Debt Outstanding | Percent of Legal Debt Incurred | Legal Debt Margin | Debt Service Funds Available | Gross Bonded Debt Outstanding | Ratio of Gross Bonded Debt to Assessed Value |
|-------------------|--|-----------------------------------|-----------------------------|--------------------------------|-------------------|------------------------------|-------------------------------|--|
| 2014 | \$ 1,790,416,766 | \$ 358,083,353 | \$ 286,987,166 | 80.15% | \$ 71,096,187 | \$ 46,639,747 | \$ 328,946,511 | 18.37% |
| 2015 | 1,790,793,504 | 358,158,701 | 280,548,214 | 78.33% | 77,610,487 | 53,111,796 | 315,616,943 | 17.62% |
| 2016 | 2,076,831,124 | 415,366,225 | 252,447,526 | 60.78% | 162,918,699 | 58,654,446 | 284,640,274 | 13.71% |

| Fiscal Year Ended | Gross Actual Valuation (1) | Debt Limitation (6% of Actual Valuation) | Net Bonded Debt Outstanding | Percent of Legal Debt Incurred | Legal Debt Margin | Debt Service Funds Available | Gross Bonded Debt | Ratio of Gross Bonded Debt to Actual Value |
|-------------------|----------------------------|--|-----------------------------|--------------------------------|-------------------|------------------------------|-------------------|--|
| 2017 | \$ 21,082,604,911 | 1,264,956,295 | 507,900,000 | 40.15% | \$ 757,056,295 | 58,855,679 | 569,700,159 | 2.70% |
| 2018 | 27,397,199,777 | 1,643,831,987 | 485,570,000 | 29.54% | 1,158,261,987 | 66,411,355 | 541,586,058 | 1.98% |
| 2019 | 28,087,678,829 | 1,685,260,730 | 527,295,000 | 31.29% | 1,157,965,730 | 73,611,261 | 588,370,519 | 2.09% |
| 2020 | 33,930,072,092 | 2,035,804,326 | 503,130,000 | 24.71% | 1,532,674,326 | 90,302,546 | 557,950,682 | 1.64% |
| 2021 | 34,156,453,782 | 2,049,387,227 | 482,680,000 | 23.55% | 1,566,707,227 | 111,657,094 | 531,529,541 | 1.56% |
| 2022 | 36,769,522,004 | 2,206,171,320 | 446,180,000 | 20.22% | 1,759,991,320 | 124,376,814 | 489,342,095 | 1.33% |
| 2023 | 37,156,239,224 | 2,229,374,353 | 343,035,000 | 15.39% | 1,886,339,353 | 71,678,333 | 375,865,941 | 1.01% |

Note:

(1) Per Colorado Revised Statute 22-42-104, the Constitutional debt limit of a school district is the greater of: (a) 20% of latest assessed valuation of taxable property in the district, or (b) 6% of the latest actual valuation of taxable property in the district. Beginning in 2016-17, the District switched to using 6% of the actual taxable value of property whereas in prior years 20% of assessed value was used to calculate the debt limit.

DEMOGRAPHIC AND ECONOMIC INFORMATION

DEMOGRAPHIC AND ECONOMIC STATISTICS

ADAMS 12 FIVE STAR SCHOOLS
Demographic and Economic Information Schedule 14
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⁾ |
|--------------------------|---------------------------|---------------------------|---------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| 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% |
| 2018/2019 | 249,243 | 34.1 | 44,094 | 8,955,051,747 | 35,929 | 3.4% |
| 2019/2020 | 244,209 | 34.9 | 43,494 | 8,996,659,560 | 36,840 | 2.9% |
| 2020/2021 | 240,739 | 34.0 | 41,490 | 8,940,083,504 | 37,136 | 3.9% |
| 2021/2022 | 241,271 | 35.6 | 40,936 | 9,572,185,654 | 39,674 | 3.5% |
| 2022/2023 | 238,683 | 37.0 | 40,409 | 11,023,574,355 | 46,185 | 2.8% |

Notes:

- (1) U.S. Census Bureau American Community Survey 1-Year Estimates (Total Population)
- (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) U.S. Bureau of Labor Statistics (Local Area Unemployment)

PRINCIPAL EMPLOYERS

ADAMS 12 FIVE STAR SCHOOLS
Demographic and Economic Information Schedule 15
Principal Employers
Current Year and Nine Years Ago

| Employer | Product/Service | 2022 | | | 2013 | | |
|--|---|-----------|------|--------------------------------------|-----------|------|--------------------------------------|
| | | Employees | Rank | Percent of Total District Employment | Employees | Rank | Percent of Total District Employment |
| Amazon | Retail Distribution | 2675 | 1 | 1.87% | 1576 | 1 | 1.35% |
| Maxar Technologies | Satellite Imaging | 1183 | 2 | 0.83% | | | |
| Centura Health/St. Anthony North | Hospital | 1115 | 3 | 0.78% | 860 | 4 | 0.74% |
| Waterworld ⁽¹⁾ | Amusement Park | 960 | 4 | 0.67% | | | |
| Health One: North Suburban Medical Center | Medical and Rehabilitation Clinic | 840 | 5 | 0.59% | 750 | 5 | 0.64% |
| Wal-Mart / Sam's Club (3 locations) | Retail | 787 | 6 | 0.55% | 916 | 3 | 0.79% |
| Mtech Mechanical Technologies | Mechanical Contractor | 542 | 7 | 0.38% | | | |
| King Soopers (3 locations) | Grocery Retailer | 536 | 8 | 0.37% | | | |
| Tri State Generation | Electric Utilities Generation | 480 | 9 | 0.34% | 523 | 10 | 0.45% |
| Bread Financial (formerly Alliance Data Systems) | Credit Card Processing | 385 | 10 | 0.27% | 540 | 8 | 0.46% |
| Avaya, Inc. | Telecommunications Research and Development | | | | 1000 | 2 | 0.86% |
| DISH Network/EchoStar Communications | Satellite Television Service Provider | | | | 690 | 6 | 0.59% |
| Kaiser Permanente | Health Maintenance Provider | | | | 600 | 7 | 0.52% |
| American Furniture Warehouse | Furniture Retailer | | | | 530 | 9 | 0.46% |
| | | 9,503 | | 6.64% | 7,985 | | 6.86% |

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

Note:

(1) Seasonal Employer

State/local government agencies not included.

OPERATING INFORMATION

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY CATEGORY

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 16
Full-time Equivalent District Employees by Category
Last Ten Fiscal Years
As of June 30,

| Employee Category | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 ⁽¹⁾ |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------------|
| Educational Services | | | | | | | | | | |
| Executive Directors | 3.0 | 3.0 | 4.0 | 3.0 | 4.0 | 4.0 | 6.0 | 5.0 | 8.0 | 9.0 |
| Directors | 5.0 | 5.0 | 10.0 | 8.4 | 8.0 | 11.0 | 12.0 | 13.0 | 12.0 | 12.0 |
| Principals | 50.0 | 49.1 | 49.1 | 49.0 | 49.0 | 49.0 | 52.0 | 51.0 | 52.0 | 54.0 |
| Assistant Principals | 43.5 | 44.6 | 51.0 | 51.5 | 53.0 | 61.0 | 62.0 | 63.3 | 65.5 | 63.5 |
| Dean of Students | 12.1 | 12.1 | 16.4 | 15.5 | 16.1 | 21.0 | 21.0 | 22.0 | 25.0 | 26.0 |
| Teachers | 1927.8 | 2023.8 | 2008.3 | 1963.0 | 1942.4 | 1970.9 | 2156.3 | 2147.3 | 2114.0 | 2100.6 |
| Counselors | 53.0 | 59.6 | 65.1 | 64.6 | 67.5 | 71.6 | 73.0 | 78.0 | 80.5 | 80.2 |
| Library Media Specialists | 21.0 | 19.0 | 18.5 | 17.0 | 16.0 | 14.5 | 13.5 | 11.5 | 11.0 | 7.5 |
| Social Workers | 14.6 | 17.3 | 20.2 | 25.9 | 28.9 | 36.0 | 35.3 | 34.8 | 43.0 | 39.5 |
| Secretaries/Bookkeepers/Office Clerks | 181.2 | 181.0 | 166.0 | 165.1 | 164.5 | 162.8 | 169.1 | 163.1 | 169.8 | 172.6 |
| Campus Supervisors | 23.0 | 22.5 | 22.3 | 23.8 | 25.3 | 37.5 | 42.5 | 38.5 | 45.8 | 45.3 |
| Physical/Occupational/Speech Therapists | 67.6 | 71.0 | 85.3 | 82.9 | 94.8 | 102.1 | 110.4 | 108.1 | 113.0 | 108.9 |
| Psychologists | 35.6 | 38.4 | 41.9 | 35.6 | 34.7 | 40.0 | 41.2 | 44.0 | 43.9 | 45.4 |
| Nurses | 11.7 | 13.7 | 16.4 | 16.5 | 18.1 | 20.4 | 20.1 | 24.6 | 22.7 | 22.3 |
| ParaEducator Classified | 503.4 | 502.3 | 603.2 | 565.9 | 571.3 | 580.5 | 579.0 | 565.3 | 568.0 | 611.4 |
| Childcare ParaEducators Classified | 106.3 | 107.9 | 108.3 | 173.1 | 139.3 | 133.5 | 106.5 | 70.7 | 75.5 | 90.9 |
| Coordinators | 14.8 | 19.9 | 38.9 | 33.8 | 44.1 | 47.6 | 47.1 | 42.9 | 45.6 | 45.6 |
| Other ⁽²⁾ | 26.4 | 27.3 | 13.5 | 15.5 | 9.9 | 10.4 | 9.0 | 4.3 | 5.5 | 7.6 |
| Substitute Teachers ⁽³⁾⁽⁴⁾ | 572.0 | 658.0 | 557.0 | 616.0 | 623.0 | 681.0 | 555.0 | 628.0 | 730.0 | 789.0 |
| Classified Substitutes ⁽³⁾ | 181.0 | 199.0 | 136.0 | 140.0 | 161.0 | 164.0 | 183.0 | 185.0 | 124.0 | 137.0 |
| Total Educational Services | 3853.0 | 4074.5 | 4031.4 | 4065.9 | 4070.7 | 4218.6 | 4293.9 | 4300.4 | 4354.6 | 4468.0 |
| Support Services | | | | | | | | | | |
| Executive Directors | 3.0 | 3.0 | 2.0 | 1.0 | 0.0 | 0.0 | 1.0 | 2.0 | 2.0 | 2.0 |
| Directors | 15.0 | 17.0 | 11.0 | 11.0 | 11.0 | 9.0 | 10.0 | 11.0 | 12.0 | 11.0 |
| Supervisors | 3.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 |
| Managers | 32.5 | 31.5 | 30.5 | 25.5 | 30.0 | 30.0 | 34.0 | 30.0 | 29.0 | 28.0 |
| Information Systems - Administrative | 28.3 | 36.8 | 34.8 | 35.5 | 35.3 | 35.3 | 37.1 | 33.3 | 34.3 | 46.3 |
| Technicians/Specialists Classified | 87.7 | 73.7 | 77.8 | 64.5 | 66.7 | 68.7 | 65.5 | 65.0 | 67.3 | 71.0 |
| Professional/Technical | 34.0 | 58.8 | 72.1 | 70.3 | 69.9 | 73.1 | 70.5 | 74.4 | 80.3 | 83.9 |
| Secretaries | 14.9 | 12.9 | 12.1 | 16.3 | 10.9 | 10.9 | 14.0 | 12.8 | 10.4 | 11.6 |
| Custodians | 179.0 | 181.2 | 169.7 | 168.3 | 170.7 | 169.0 | 173.2 | 173.2 | 170.5 | 177.3 |
| Crafts/Trades/Services | 72.9 | 78.0 | 79.0 | 89.0 | 95.0 | 95.8 | 89.8 | 83.0 | 84.0 | 84.2 |
| Food Service Managers | 22.9 | 26.3 | 30.0 | 26.6 | 30.0 | 36.4 | 39.0 | 36.0 | 36.7 | 40.9 |
| Food Service Classified | 114.5 | 112.1 | 104.7 | 95.6 | 83.6 | 79.1 | 90.2 | 57.2 | 61.9 | 61.2 |
| Bus Drivers | 83.0 | 81.4 | 95.1 | 109.8 | 104.7 | 109.1 | 93.5 | 72.3 | 83.4 | 80.8 |
| Other ⁽²⁾ | 22.0 | 16.0 | 19.4 | 27.7 | 16.5 | 17.7 | 17.3 | 12.3 | 17.5 | 18.3 |
| Custodial Substitutes ⁽³⁾ | 28.0 | 8.0 | 14.0 | 15.0 | 16.0 | 11.0 | 9.0 | 5.0 | 0.8 | 1.3 |
| Total Support Services | 740.6 | 741.6 | 757.2 | 761.0 | 746.3 | 750.9 | 749.9 | 673.3 | 695.9 | 722.6 |
| Districtwide Leadership | | | | | | | | | | |
| Superintendent | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Assistant Superintendent | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Chief Operations Officer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Chief Academic Officer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Chief Human Resource Officer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Chief Communication Officer | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Chief Financial Officer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Chief Information Officer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| General Counsel | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total Districtwide | 7.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Charter School Employees | 498.3 | 484.8 | 331.4 | 282.0 | 303.1 | 286.9 | 310.9 | 342.7 | 326.0 | 312.1 |
| Grand Total | 4936.2 | 5085.4 | 5127.0 | 5117.0 | 5128.1 | 5264.4 | 5363.7 | 5325.4 | 5385.5 | 5511.7 |

Source: District HR Department Staffing Reports

Notes:

- (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 district sub-system, not FTE
- (4) In FY19, prior year substitute counts re-stated to include only substitute teacher job titles

OPERATING STATISTICS

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 17
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 ⁽⁴⁾ |
|--------------------|--------------------------------|--|-----------------------|--------------------------------------|----------------------------|---|
| 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 | 2,317 |
| 2019 | 358,032,507 | 39,282 | 9,114 | 1,971 | 19.93 | 2,438 |
| 2020 | 369,754,143 | 38,707 | 9,553 | 2,156 | 17.95 | 2,556 |
| 2021 | 331,196,707 | 36,654 | 9,036 | 2,147 | 17.07 | 2,397 |
| 2022 | 356,429,104 | 36,078 | 9,879 | 2,114 | 17.07 | 2,682 |
| 2023 | 635,038,056 | 35,747 | 17,765 | 2,101 | 17.02 | 2,717 |

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

Notes:

- (1) Expenses from Government-Wide Statement of Activities
- (2) Based on one-day pupil count in October of District schools and 4 District Charter Schools: Stargate Charter, Westgate Community Charter, Prospect Ridge Academy, and New America School-Thornton (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)
- (4) High School Graduate data for 2022-23 is a CDE estimate as final data was not available

SCHOOL BUILDING INFORMATION

ADAMS 12 FIVE STAR SCHOOLS
Operating Information Schedule 18
School Building Information
Last Ten Fiscal Years
(Unaudited)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| 30 Elementary Schools | | | | | |
| Total square feet | 1,678,322 | 1,678,322 | 1,678,914 | 1,693,335 | 1,693,335 |
| Total program capacity | 15,634 | 15,690 | 15,570 | 15,090 | 14,802 |
| Enrollment | 15,688 | 15,980 | 15,942 | 15,805 | 15,590 |
| 4 K-8 Schools | | | | | |
| Total square feet | 301,440 | 301,440 | 301,440 | 301,440 | 301,440 |
| Total program capacity | 1,929 | 1,904 | 1,979 | 2,251 | 1,856 |
| Enrollment | 1,955 | 1,938 | 2,007 | 2,058 | 2,000 |
| 7 Middle Schools | | | | | |
| Total square feet | 907,720 | 907,720 | 916,365 | 916,365 | 916,365 |
| Total program capacity | 8,377 | 8,275 | 8,173 | 8,125 | 8,350 |
| Enrollment | 7,019 | 7,311 | 7,398 | 7,281 | 7,255 |
| 5 High Schools & 2 Vocational Schools ⁽¹⁾ | | | | | |
| Total square feet | 1,393,890 | 1,404,285 | 1,404,293 | 1,404,293 | 1,404,293 |
| Total program capacity | 10,274 | 10,572 | 10,572 | 10,572 | 10,627 |
| Enrollment | 9,661 | 9,840 | 9,893 | 10,030 | 10,122 |
| 2 Alternative Schools | | | | | |
| Total square feet | 100,751 | 100,751 | 100,751 | 100,751 | 100,751 |
| Total program capacity | 310 | 310 | 650 | 700 | 700 |
| Enrollment | 659 | 641 | 630 | 744 | 715 |
| 4 Charter Schools | | | | | |
| Enrollment | 7,248 | 2,991 | 3,417 | 2,900 | 3,188 |
| District wide Facilities | | | | | |
| Total square feet | 625,004 | 625,004 | 625,004 | 610,582 | 610,582 |

Source: District Business Services Department

Notes:

(1) Future Forward at Washington Square Opened at the Beginning of the 2020-21 School Year

| 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------|-----------|-----------|-----------|-----------|
| 1,705,218 | 1,708,453 | 1,706,988 | 1,726,570 | 1,720,841 |
| 14,610 | 13,506 | 13,554 | 13,980 | 13,995 |
| 15,170 | 14,344 | 12,772 | 12,814 | 12,710 |
| 414,383 | 441,435 | 440,917 | 422,620 | 422,158 |
| 2,892 | 2,826 | 2,820 | 3,100 | 3,140 |
| 2,567 | 2,933 | 2,930 | 2,913 | 2,920 |
| 916,365 | 916,365 | 934,038 | 931,479 | 924,644 |
| 8,410 | 8,410 | 8,410 | 8,553 | 8,489 |
| 7,004 | 6,943 | 6,601 | 6,219 | 5,944 |
| 1,389,957 | 1,388,461 | 1,437,100 | 1,436,801 | 1,426,112 |
| 10,572 | 10,572 | 12,057 | 11,757 | 11,830 |
| 10,185 | 10,068 | 9,920 | 9,680 | 9,656 |
| 100,751 | 100,751 | 100,936 | 100,936 | 100,936 |
| 700 | 700 | 700 | 650 | 715 |
| 740 | 746 | 736 | 702 | 733 |
| 3,616 | 3,673 | 3,695 | 3,750 | 3,784 |
| 610,582 | 610,582 | 610,590 | 610,592 | 584,868 |

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**

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2023. Our report includes a reference to other auditors who audited the financial statements of Stargate Charter School, Westgate Community Charter School, Prospect Ridge Academy Charter School, and New America School – Thornton Charter School, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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) as a basis for designing 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.

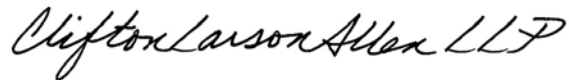
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. 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.



CliftonLarsonAllen LLP

Broomfield, Colorado
December 18, 2023



**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

Opinion on Each Major Federal Program

We have audited Adams 12 Five Star Schools' (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

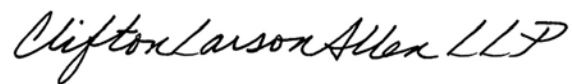
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Board of Education
Adams 12 Five Star Schools

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 18, 2023

ADAMS TWELVE FIVE STAR SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Grantor / Pass-Thru Grantor / Program or Cluster Title | Assistance Listing Number | Pass-through Entity Identifying Number | To Date Expenditures |
|---|---------------------------------|--|-------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | |
| Direct Federal Programs | | | |
| Title VI - Indian Education | 84.060 | 4060 | \$ 37,063 |
| Subtotal Direct Programs | | | 37,063 |
| Passed through Colorado Department of Education | | | |
| Special Education Cluster | | | |
| Special Education | 84.027 | 4027 | 7,206,259 |
| American Rescue Plan Special Education | 84.027X | 6027 | 1,322,533 |
| Special Education - Preschool | 84.173 | 4173 | 167,809 |
| American Rescue Plan Special Education - Preschool | 84.173X | 6173 | 113,723 |
| Subtotal Special Education Cluster | | | 8,810,324 |
| Title I - Improving the Academic Achievement of the Disadvantaged | 84.010 | 4010 /5010 / 92xx | 5,664,869 |
| Title IX - Education for Homeless Children and Youth | 84.196 | 5196 | 65,532 |
| 21st Century Community Learning Centers | 84.287 | 6287 / 8288 | 207,791 |
| Title III - English Language Acquisition | 84.365 | 4365 / 7365 | 490,630 |
| Title II - Supporting Effective Instruction | 84.367 | 4367 | 1,003,341 |
| Title IV - Student Support and Academic Enrichment | 84.424 | 4424 | 390,610 |
| Education Stabilization Fund | | | |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund | 84.425D | 4425/ 5425/ 5625/ 4420 /4419 / 4420/ 4413/ 4448 | 1,178,557 |
| COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 4414 /9414/ 4418 /9418/ 4431/4434/ 4438/ 4449 | 11,129,018 |
| COVID-19 Education Stabilization Fund | 84.425I | 4437 | 4,864 |
| COVID-19 Governor's Emergency Education Relief Funds II | 84.425R | 6427 | 3,763 |
| COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth | 84.425W | 8425 /8426 | 202,708 |
| Subtotal Education Stabilization Fund | | | 12,518,910 |
| Subtotal passed through Colorado Department of Education | | | 29,152,007 |
| Passed through Colorado Community College System | | | |
| Career and Technical Education | 84.048 | 4048 | 279,619 |
| Subtotal passed through Colorado Community College System | | | 279,619 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 29,468,689 |

| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
|--|--------|------------------|-------------------|
| Passed through Colorado Department of Education | | | |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - CDPHE | 93.323 | 7323 | 858 |
| School Nurse Workforce Grant | 93.354 | 7354 | 12,799 |
| Subtotal passed through Colorado Department of Education | | | 13,657 |
| Passed through Colorado Department of Human Services | | | |
| Child Care and Development Block Grant | 93.575 | 7575 | 2,700,077 |
| Subtotal passed through Colorado Department of Human Services | | | 2,700,077 |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 2,713,734 |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | |
| Passed through Colorado Department of Education | | | |
| LSTA ARPA State Grants | 45.310 | 7310 | 1,915 |
| Subtotal passed through Colorado Department of Education | | | 1,915 |
| TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | 1,915 |
| U.S. DEPARTMENT OF THE TREASURY | | | |
| Passed through Adams County | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 8127 | 1,087,235 |
| Subtotal passed through Adams County | | | 1,087,235 |
| TOTAL U.S. DEPARTMENT OF THE TREASURY | | | 1,087,235 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Child Nutrition Cluster | | | |
| Passed through Colorado Department of Human Services | | | |
| Donated Commodities | 10.555 | 4555 | 1,057,713 |
| Passed through Colorado Department of Education | | | |
| School Breakfast Program | 10.553 | 4553 / 5553 | 1,439,225 |
| National School Lunch Program | 10.555 | 4555/ 5555/ 6555 | 7,436,023 |
| Summer Food Service Program for Children | 10.559 | 4559 | 115,750 |
| Fresh Fruit and Vegetable Program | 10.582 | 4582 | 51,686 |
| Subtotal Child Nutrition Cluster | | | 10,100,397 |
| SNAP CN Local P-EBT Administrative Funds | 10.649 | 4649 | 5,950 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 10,106,347 |

| FEDERAL COMMUNICATIONS COMMISSION | | | |
|--|--------|------|----------------------|
| Emergency Connectivity Fund Program | 32.009 | 8009 | 1,667,310 |
| TOTAL FEDERAL COMMUNICATIONS COMMISSION | | | 1,667,310 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 45,045,230 |

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

NOTES ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of 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 1 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) of \$1,057,713 are valued based on the USDA's Donated Commodity Price List. The commodities are recognized as revenue and expenses when received and are reported as part of the National School Lunch Program (Assistance Listing Number 10.555).

NOTE 4 INDIRECT COST RATE

The district's negotiated restricted indirect cost rate for fiscal year 2022-2023 is 6.91% and unrestricted indirect cost rate of 15.64%, as provided by the Colorado Department of Education. The district has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 5 SUBRECIPIENTS

The district did not provide federal awards to subrecipients during the fiscal year ended June 30, 2023.

**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|--|
| 84.010 | Title 1 Grants to Local Educational Agencies |
| 84.425D, 84.425U, 84.425I 84.425R, 84.425W | COVID-19 Education Stabilization Fund |
| 93.575 | Child Care and Development Block Grant Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,351,357

Auditee qualified as low-risk auditee? x yes _____ no

**ADAMS 12 FIVE STAR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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).

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2023

Adams 12 Five Star Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023

Audit Period: 2022

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

FINDINGS—FINANCIAL STATEMENT AUDIT

2022-001 Significant Deficiency in Internal Control over Financial Reporting

Condition: The District prepays for certain educational curriculum and services near the end of the fiscal year for the following school year and has historically recorded these as prepaid items. During fiscal year 2022, the District recorded \$342,775 in expenditures for educational curriculum and services relating to fiscal year 2023.

Status: This was not a repeat finding for the 2023 fiscal year audit.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

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

Questions regarding this schedule, please contact Gina Lanier, CFO.