Step 1: Establishing the Cohort
17 students are promoted from Middle School to High School

Step 2: Adjusting the Cohort - Transfers IN
3 students transfer into the cohort from in-state or out-of-state

Step 3: Adjusting the Cohort - Transfers OUT
2 students transfer out of the cohort to a school that awards a regular high school diploma

Step 4: Finalizing the Cohort
14 students graduate within four years (Graduates)
4 students do not graduate within four years (Non-Graduates)

Step 5: Four-Year Adjusted Cohort Graduation Rate:

\[
\frac{14}{17 + 3 - 2} = \frac{14}{18} = 77.7\% 
\]

In the example above, if one of the four non-graduates stays in school and graduates in five years, the Five-Year Adjusted Cohort Graduation Rate would be 15/18 = 83.3% (assuming no new additions to or removals from the cohort).