



DENVER  
PUBLIC  
SCHOOLS

Discover a World  
of Opportunity™

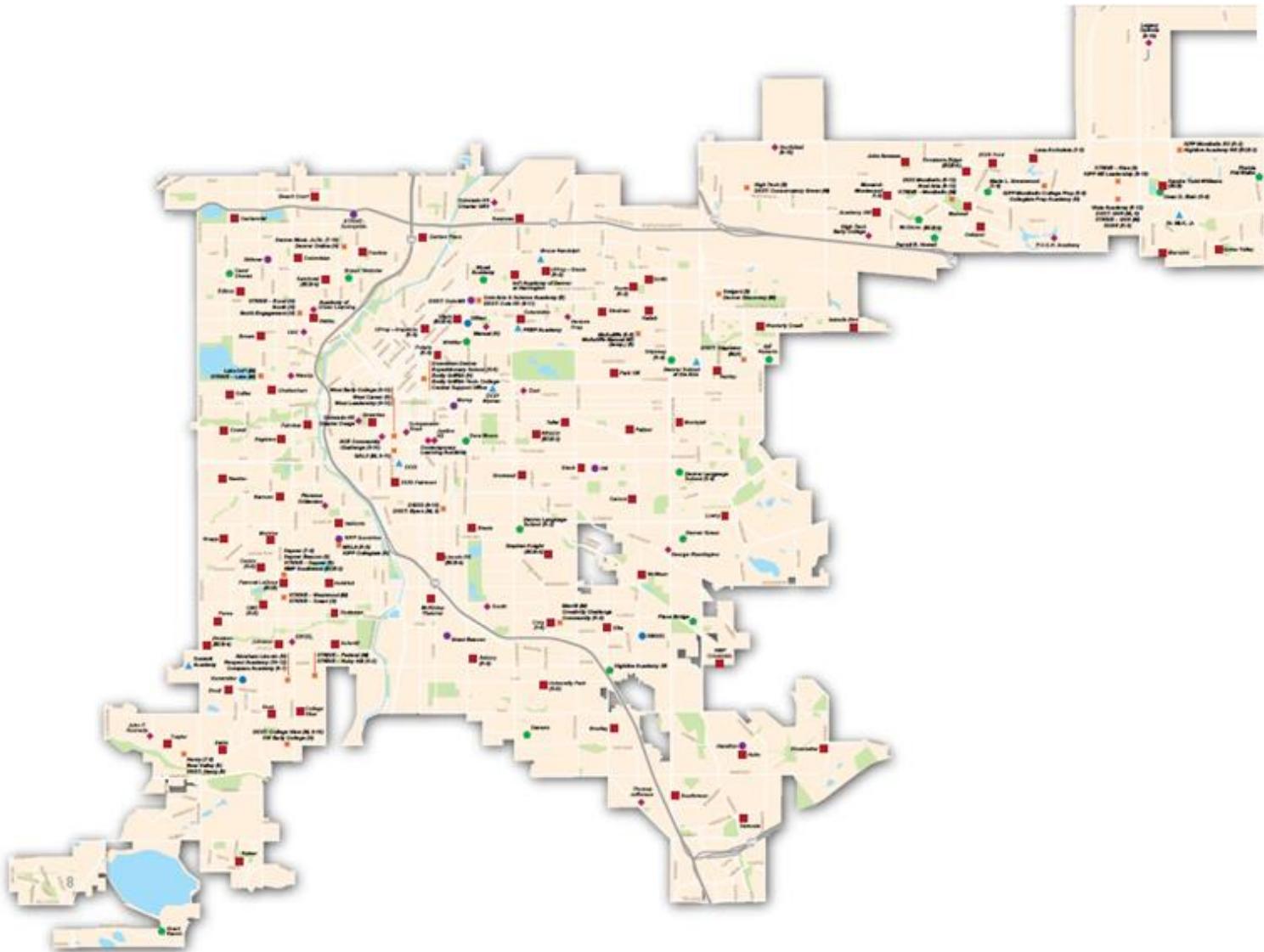
COMPREHENSIVE ANNUAL FINANCIAL  
REPORT FOR THE YEAR ENDED  
JUNE 30, 2016



SCHOOL DISTRICT NO.1  
IN THE CITY AND COUNTY OF DENVER  
PREPARED BY THE OFFICE OF THE CONTROLLER

# Denver Public Schools

The District's financial operation support Denver Public Schools' mission of Every Child Succeeds. Denver Public Schools serve more than 91,000 students in more than 199 schools in the City and County of Denver and is the largest district in Colorado.



School District No. 1 in the City and County of Denver  
For the year ended June 30, 2016



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



DENVER  
PUBLIC  
SCHOOLS

Discover a World of Opportunity™

Stephen Clawson, Controller

Samantha Gallagher, Director of Accounting

Mary Cooper, Senior Manager

Juan Martinez, Supervisor of Accounting

Jeff Zwolenski, Supervisor of Accounting

Selam Habte, Senior Accountant

Nandu Giri, Accountant III

Dave Lobato, Accountant III

Sara O'Byrne, Accountant III

Medina Steta, Accountant III

Claudia Delgado, Accountant II

Linda DeRose, Accountant II

Jerre Fleming, Accountant II

Yewande Jegede, Accountant II

Jean De La Grace Matadi, Accountant II

Reid McClanahan, Accountant II

Krystina Messick, Financial Services Assistant

Denver Public Schools  
Office of the Controller  
1860 Lincoln Street, 11<sup>th</sup> floor  
Denver, CO 80203  
720.423.3440

OFFICE OF THE CONTROLLER

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

PAGE

INTRODUCTORY SECTION

Letter of Transmittal.....	10
Certificate of Achievement for Excellence in Financial Reporting .....	18
Certificate of Excellence in Financial Reporting Award .....	19
District Officials .....	20
Organizational Chart.....	21

FINANCIAL SECTION

<b>INDEPENDENT AUDITOR'S REPORT</b> .....	25
---	----

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	29
---	----

**BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

Statement of Net Position .....	40
Statement of Activities.....	41

**Governmental Fund Financial Statements**

Balance Sheet.....	42
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position ...	45
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	46
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	49

**Internal Service Fund Financial Statements**

Statement of Net Position .....	50
Statement of Revenues, Expenses, and Changes in Net Position.....	51
Statement of Cash Flows .....	53

**Fiduciary Fund Financial Statements**

Statement of Fiduciary Net Position .....	54
Statement of Changes in Fiduciary Net Position.....	55

**Notes to the Financial Statements**

Note 1 - Summary of Significant Accounting Policies.....	58
Note 2 – Cash and Investments.....	66
Note 3 – Revenue .....	72
Note 4 – Interfund Balances and Transfers.....	74
Note 5 - Capital Assets .....	75
Note 6 – Long-term Liabilities.....	77
Note 7 – Short-term Debt .....	83
Note 8 – Pension Plan.....	84
Note 9 – Other Postemployment Benefits (OPEB).....	94

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2016

---

Note 10 – Risk Management .....	97
Note 11 – Related Parties .....	98
Note 12 – Commitments and Contingencies.....	99
Note 13 – Certain Constitutional Limitations.....	101
Note 14 – Component Units .....	102
Note 15 – Subsequent Events.....	118

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedules - General and Major Special Revenue Funds .....	122
DPS Division Schedule of Changes in the Collective Net Pension Liability.....	126
DPS Division Schedule of Collective Employer Contributions.....	127
Notes to Other Required Supplementary Information .....	128

**COMBINING FUND STATEMENTS - NONMAJOR FUNDS**

**Governmental Funds**

Combining Balance Sheet.....	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	135

**Fiduciary Funds**

**Agency Funds**

Statement of Changes in Assets and Liabilities .....	136
--	-----

**OTHER SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedules:

Bond Redemption Fund .....	140
Building Fund.....	141
Capital Reserve Fund .....	142
Private Purpose Trust Fund .....	143
Pupil Activity Fund.....	144
Permanent Fund .....	145
Tuition Special Revenue Fund.....	146
Warehouse Fund .....	147
Notes to Other Supplementary Information.....	148

<b>Auditor's Integrity Report – Colorado Department of Education.....</b>	151
---	-----

**STATISTICAL SECTION**

Table of Contents .....	153
Net Position by Component .....	154
Changes in Net Position .....	156
Fund Balances - Governmental Funds.....	158
Changes in Fund Balances - Governmental Funds.....	160
Summary of Expenditures by Function and Other Financing Uses – General Fund.....	162
Summary of Revenues by Source and Other Financing Sources – General Fund .....	164

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2016

---

Assessed Value and Estimated Actual Value of Taxable Property.....	166
Property Tax Rates per \$1,000 of Assessed Valuation – Direct and All Overlapping Governments.....	168
Principal Property Tax Payers.....	169
Property Tax Levies and Collections.....	170
Legal Debt Margin .....	172
Ratios of Outstanding Debt.....	174
Direct and Overlapping Debt.....	176
Demographic and Economic Statistics.....	177
Principal Employers.....	178
Nutrition Services – Facts and Figures .....	180
Full-time Equivalent Employees.....	182
Capital Asset Information – by Schools .....	183

**COMPLIANCE SECTION**

Table of Contents.....	185
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with the Government Auditing Standards .....	186
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance.....	188
Schedule of Expenditures of Federal Awards.....	191
Notes to Schedule of Expenditures of Federal Awards.....	195
Schedule of Findings and Questioned Costs .....	196
Status of Prior Audit Findings .....	203
Management's Summary Schedule of Prior Audit Findings.....	205
Management's Corrective Action Plan .....	211



DENVER  
PUBLIC  
SCHOOLS

Discover a World  
of Opportunity™



DENVER  
PUBLIC  
SCHOOLS

Discover a World of Opportunity™

## INTRODUCTORY SECTION

November 18, 2016

Board of Education and Citizens of  
School District No. 1 in the  
City and County of Denver and  
State of Colorado

The Comprehensive Annual Financial Report of School District No. 1 in the City and County of Denver and State of Colorado (the District) is submitted in compliance with 29-1-603 of the Colorado Revised Statutes and the applicable by-laws of the District's Board of Education. This Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016, was prepared by the Financial Services Department and includes the report of the independent auditors, BKD, LLP. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, remains with the District. Accordingly, the District has established and continues to refine a comprehensive framework of controls to protect the District's assets and to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of controls should not outweigh their benefit; accordingly, the District's financial framework has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, to the best of our knowledge and belief, we assert that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds. The District received an unmodified opinion on the financial statements for the year ended June 30, 2016 as the independent auditors concluded that there was reasonable assurance the financial statements are free of material misstatement. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A.

The CAFR is presented in three sections: introductory, financial, and statistical.

- The introductory section includes this letter of transmittal, the District's organizational chart, a list of principal officials, a reproduction of the 2015 Government Finance Officers Association (GFOA) Certificate of Achievement, and the 2015 Association of School Business Officials (ASBO) Certificate of Excellence.
- The financial section includes the MD&A, the basic financial statements, required supplementary information, and other supplementary information, as well as the independent auditors' report on the financial statements and schedules.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The independent auditors' reports on the District's internal control over financial reporting and compliance and other matters are included in the Single Audit reports, which are included in this report.

## **PROFILE OF THE DISTRICT**

The Districts' financial operations support Denver Public Schools' mission of *Every Child Succeeds*. Denver Public Schools ("DPS") serve more than 91,000 students in 199 schools in the City and County of Denver and is the largest district in Colorado. Nearly 70% of students qualify for free/reduced priced lunch and approximately 77% are ethnic minorities. DPS is a fast growing urban district, with growth of 19,000 students since 2006. We project that the District will continue to grow due to strong residential development and improved school offerings draw students to DPS. In the last ten years, DPS has increased the graduation rate by nearly 26% and decreased the dropout rate by 60%. DPS has continued to have significant achievement gaps, when comparing minority students and students in poverty with white and middle class students. Closing this achievement gap is one of the core tenants of the Denver Plan. The FY2016-17 Adopted Budget is intended to provide the financial resources necessary to enable educators to achieve the academic goals of the Denver Plan: Great Schools in Every Neighborhood, School Readiness, Foundation for Success, Ready for College and Career, and Support for the Whole Child.

The District is a fiscally and politically independent subdivision operating under the applicable laws of the State of Colorado governed by a seven-member Board of Education (the "Board"). The Board is empowered to establish annual operating and capital budgets; determine the K-12 educational programs and services to be carried on in the schools of the District; employ all personnel necessary to maintain District operations; determine staffing levels and compensation thereof; and to prescribe the textbooks of any course of instruction or study through the District's educational programs and services. The District receives funding from local, state and federal government sources and must comply with the requirements of such funding sources.

In defining and determining the District as an appropriate reporting entity, the District has considered the scope of public services of various associations and entities. Using the above considerations, the District included the Denver School Facilities Leasing Corporation, using the blended method, in its financial statements. Additionally, the Denver Public Schools Foundation and the District's charter schools are included as discretely presented component units.

## **ECONOMIC CONDITION AND OUTLOOK**

Limited state funding creates one of the largest obstacles for the District to provide financial resources necessary for educators to achieve the Denver Plan's academic goals. The total K-12 funding in Colorado for FY2015-16 is \$830 million below the full funding level as intended in the state constitution funding formulas, or \$87 million below full funding for DPS. This is due to the impact of the Taxpayer Bill of Rights (TABOR) and its impact to state revenue collections. The District has been able to limit the impact of these reductions on our classrooms by using reserves built up over the last decade and by effectively managing costs. As a result of improved economic conditions, outlook for K-12 finances has improved. Per Pupil Revenue (PPR) in FY2016-17 is expected to grow \$70 over the PPR for FY2015-16 from \$7,612 to \$7,682. The Student Success Act (HB14-1292) provided additional funding to K-12 education this year. Despite this increase, the PPR for FY2016-17 is far below the amounts the funding formulas prescribe. DPS manages

the funding gaps and improves the educational offerings for our students through prudent fiscal management, the support of local voters through mill levy overrides (operating funding) and general obligation bonds (capital funding), and state, federal and private grants received. We continue to manage fund balances to ensure that we can address future uncertainties without major interruptions to core educational services.

In November 2000, Colorado voters approved a constitutional amendment (commonly known as "Amendment 23") that sets minimum levels of increase in the statewide base per pupil funding amount and the total state funding for categorical programs. Amendment 23 stipulates that the General Assembly must adjust the base each year by the rate of inflation increase plus one-percent for the ten-year period beginning FY 2001-02, and by at least the rate of inflation thereafter.

Public school finance in Colorado continues to be hindered by the impact TABOR has on state revenues. Currently, annual funding for K-12 education is \$830 million below what would be considered fully funded. Colorado has a very complex public school funding formula that was developed in 1994 called the Public School Finance Act. School districts in Colorado are funded on a per pupil basis that is different for each of the 178 school districts. The state calculates each district's PPR based on a number of factors including at-risk enrollment (i.e. high poverty), size of the district, cost of personnel, and cost of living. From a very high level, the state calculates each district's PPR, subtracts the amount of funding generated by local property taxes, and then funds the remaining balance through an allocation entitled "State Equalization". This combined state equalization and local property tax funding amount is termed "Total Program".

Local property tax revenue makes up 36% of public school funding in the state. Beginning with the recession in 2008, assessed valuations across the state declined as a result of lower property tax collections while tax receipts from state income and sales/use also declined due to the economic downturn. The state is strained since it is responsible to backfill any funding losses from declines in local property taxes (i.e. "State Equalization"). Given that K-12 funding makes up close to 40% of the State of Colorado's budget, the state was forced to make a choice between fully funding K-12 education or continuing to fund other vital public services such as Corrections, Healthcare/Medicaid, Higher Education, and Human Services. Beginning in FY2010-11, the state introduced the "Negative Factor" to reduce school funding to a level that it could afford.

In total, the Negative Factor when applied in FY2016-17 will reduce DPS' annual available revenue by \$87 million. While PPR in Denver is expected to increase to \$7,682, the Negative Factor will leave DPS with a significant shortfall as compared to a fully funded level. Despite these complications, DPS has maintained Fund Balance in its General Fund of \$95 million as of June 30, 2016 due to prudent financial planning. DPS used \$12 million of Fund Balance in FY2015-16.

State statute allows school districts to levy general fund taxes at a general or special Override Election Mill Levy at a rate greater than that allowed by law. The maximum amount of the revenue increase may not exceed 25% of the District's formula funding, plus a cost of living adjustment from 2002. In 1988, 1998, 2003, 2005 and 2012, the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 Override Election mill levies are fixed dollar amounts of \$12.1 million, \$17 million, and \$20 million respectively. The 2005 Override Election mill levy, initially set at \$25 million, is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 Override Election mill levy amount for the 2017 collection year is forecasted at approximately \$31.7 million and is directed toward the ProComp

program described below. The 2012 Override Election mill levy is fixed at 4.86 mills, which is forecasted to generate \$65.2 million for the 2017 property tax collection year. In future years, the mill rate of 4.86 will remain fixed regardless of changes to assessed valuation.

## MAJOR INITIATIVES

### **Capital Improvements**

At an election held in November 2012, district voters approved the issuance of General Obligation Bonds to acquire, construct and improve capital assets. This will improve the teaching and learning environment by: maintaining, repairing and renovating existing school buildings; addressing critical health, safety and security concerns in district school buildings; improving environmental sustainability; providing technology for 21st century learning; constructing additions and making improvements to existing schools; constructing new buildings to reduce overcrowding; and accommodating the expansion of early childhood education and full-day kindergarten (collectively, the 'Projects').

The District has made significant progress of renovations of existing schools and construction of new schools. This year's highlights include the Northfield High School at Paul Sandoval Campus, which opened in August 2015; the Regis F. Groff Campus building in far northeast Denver, housing KIPP Northeast Denver Leadership Academy and STRIVE Prep – RISE; expansion and renovations at Montbello Middle School, including thirteen classrooms and a new gym; and the purchase and renovation of a new facility for Summit Academy.

The District continues to assess the capital and related maintenance needs to serve its growing student population and has committed fund balance in the Capital Reserve fund of \$6 million for such needs. Voters recently passed the 2016 bond and mill levy proposals. The new bond funding will provide a \$252 million investment in maintaining facilities, \$142 million towards constructing new schools and creating additions, \$108 million in upgrading learning environments, and \$70 million to increase student technology access.

### **Professional Compensation for Teachers Mill Levy Override**

Denver Public Schools Professional Compensation System ("ProComp") is a groundbreaking compensation system that links teacher pay to the Denver Public School's instructional mission. Designed in a partnership between the Denver Classroom Teachers Association (DCTA) and the District, ProComp has received national attention because it rewards teachers for their professional accomplishments while linking pay to student achievement. ProComp promotes improved student achievement by:

- Rewarding teachers with bonuses and salary increases for improved student performance.
- Encouraging talented teachers to work in schools and assignments with the greatest needs.

ProComp helps attract and retain top quality teachers by:

- Allowing teachers to have more direct control of their career with options that reward them for increased knowledge and skills.
- Offering salary incentives for positive professional evaluations.

On November 1, 2005 Denver voters approved the \$25 million mill levy to pay for the new system with such amount to be increased annually for inflation in future years. The ProComp mill levy

dollars are used to pay for the difference between the amount of compensation paid to District general operating fund paid DCTA members compensated pursuant to the ProComp Agreement and what they would have been compensated pursuant to the Master Agreement. In addition, the ProComp mill levy dollars are to be used for reasonable and necessary expenses of administering the Denver Public Schools Professional Compensation System for Teachers Trust ("Trust") such as legal and other professional fees and Trustee expenses. The Trust, which is a part of the District and accounted for in a special revenue fund, is responsible for receiving the ProComp mill levy tax dollars, managing and distributing these funds. One of the most important functions of the Trust is to ensure that ProComp is financially stable over time. The Board of Trustees, authorized by the Trust, is responsible for monitoring how the District spends the monies and ensuring that they are spent in accordance with the ProComp Agreement. The Denver Public Schools Teacher Compensation Trust Agreement was approved by the District Board of Education and ratified by the DCTA Executive Board.

## **FINANCIAL INFORMATION**

### **Internal Control**

The management team of the District is responsible for establishing and maintaining effective internal control to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The District's system of internal control is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Single Audit**

As a recipient of federal, state and local financial assistance, the District is also responsible for maintaining effective internal control to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is subject to periodic evaluation by management and the internal audit staff of the District.

As a part of the District's single audit, tests are made to determine the adequacy of its internal control, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

### **Accounting and Budgetary Controls**

The District maintains its records on the full accrual basis for proprietary funds and on the modified accrual basis for all other funds. For financial statement presentation purposes, the modified accrual basis of accounting is followed for all governmental funds and similar fiduciary fund types. The management's discussion and analysis and the notes to financial statements expand upon this and other accounting policies. The financial statements are prepared in accordance with the Standards of the Governmental Accounting Standards Board. All of the District's funds are presented in this report and have been audited by the District's independent auditors, BKD, LLP. The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant and be in accordance with generally accepted auditing standards. The auditor's role is to conduct an independent audit and render to outside parties an opinion on the fair presentation of the financial statements. Budgetary

control (that is, the level at which expenditures cannot exceed the appropriated amount) is maintained at the total fund level for each fund.

### **PERA Merger**

As defined in Senate Bill 09-282, the Denver Public Schools Retirement System (DPSRS) merged with Colorado's Public Employee Retirement Association (PERA) on January 1, 2010. The entire DPSRS membership along with existing Denver Public Schools hourly employees and all future employees were placed into a new DPS division of PERA. In 2015, the Colorado legislature passed a bill that reduces the amount the District contributes each year to PERA.

### **Financial Policies**

Per Colorado Constitution Article X, section 20(5), the District maintains an emergency reserve of three percent of fiscal year spending and does so by designation of real property. The District also maintains an emergency cash reserve in the general fund equal to at least three percent of the amount budgeted to the general fund.

### **Long-term Financial Planning**

The District continually develops and refines forward-looking financial projections as part of its budgetary process and considers it to be a critical component to successfully managing the finances of the District. This is especially true in the current economic environment as the District will continue to face funding challenges related to the declines in state support. As a result, it is paramount that the District reviews its projected financial position to ensure that appropriate rebalancing and budget setting occurs proactively. This will mitigate and prepare for future financial pressures.

## **OTHER INFORMATION**

### **Independent Audit**

The laws of the State of Colorado require that the District's annual financial report be audited by independent certified public accountants. The accounting firm BKD, LLP was selected by the District's Board of Education and performed the audit of this report which is included in the financial section.

### **Awards**

The District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the District's CAFR for the fiscal year ended June 30, 2015. This was the thirty-first consecutive year that the District received this award. This award requires that a government publish an easily readable and efficiently organized CAFR. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. Although the award is applicable only to the June 30, 2015 report, we believe that this report continues to meet the requirements for this award and will be submitted to the GFOA to determine its eligibility for this certificate of achievement for excellence.

The District received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for its CAFR for the fiscal year ended June 30, 2015. This was the seventeenth consecutive year that the District received this award. An expert ASBO review panel consisting of certified public accountants and practicing school business officials grants the award after review of the CAFR. The award recognizes that the District met standards of excellence in school financial reporting. Although this award is applicable only to

the 2015 report, we believe this report continues to meet the requirements for this award and will be submitted to the ASBO to determine its eligibility for this certificate of excellence.

**Acknowledgement**

The preparation of this report requires contribution from and the work of many people throughout the District. We would like to thank all those who played a part in the preparation of this report. Additionally, we express our appreciation to the Board of Education for its oversight of the financial aspects of the District during the year.

Respectfully submitted,



Mark Ferrandino  
Chief Financial Officer



Stephen A. Clawson, CPA  
Controller



Discover a World  
of Opportunity™



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**School District No. 1  
in the City and County of Denver  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink that reads "Jeffrey P. Ecker". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Ecker" on the bottom line.

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**School District No. 1 in the  
City and County of Denver, Colorado**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO  
President

John D. Musso

John D. Musso, CAE, RSBA  
Executive Director

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

DISTRICT OFFICIALS

---

**BOARD OF EDUCATION**

Anne Rowe	President
Barbara O'Brien	Vice President
Happy Haynes	Secretary
Michael Johnson	Treasurer
Rosemary Rodriguez	Member
Rachele Espiritu	Member
Lisa Flores	Member

**SUPERINTENDENT**

Tom Boasberg

**CHIEF OPERATING OFFICER**

David Suppes

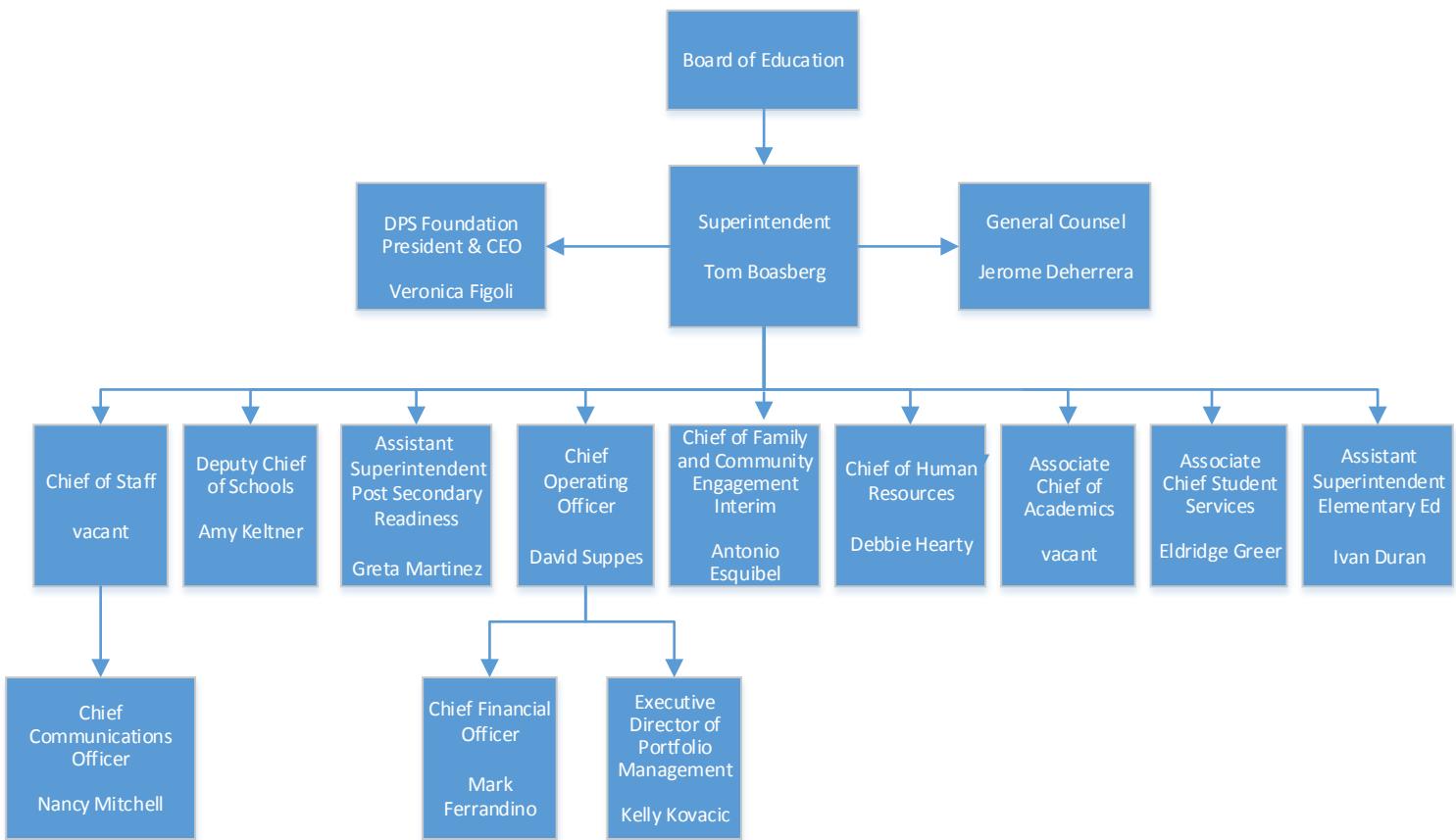
**CHIEF FINANCIAL OFFICER**

Mark Ferrandino

**CONTROLLER**

Stephen A. Clawson, CPA

## Denver Public School Organization Chart-Senior Leadership Team As of 6/30/16





Discover a World  
of Opportunity™



Discover a World of Opportunity™

## FINANCIAL SECTION



Discover a World  
of Opportunity™

## Independent Auditor's Report

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado  
Denver, Colorado

### Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado (the District), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust (ProComp) fund or, with the exception of the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, we did not audit the financial statements of the aggregate discretely present component units, which represent 78.96% of total assets and 72.84% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2016. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the ProComp fund and the aggregate discretely presented component units, insofar as it relates to the amounts included for the ProComp fund and the aggregate discretely presented component units, except for the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, 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 aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Academy 360, Rocky Mountain Preparatory Schools, KIPP Colorado Schools and STRIVE Preparatory Schools, all of which were audited under *Government Auditing Standards*.

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado

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

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

***Opinions***

In our opinion, based on our audit and the reports of the 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 School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the beginning net position of the aggregate discretely presented component units have been restated for a change in reporting entity. Our opinions are not modified with respect to this matter.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary, postemployment benefits other than pensions, and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado

***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 accompanying supplementary information including the combining fund statements – nonmajor funds, agency funds statement of changes in assets and liabilities, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by the Uniform Guidance listed in the table of contents, is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

*BKD, LLP*

Denver, Colorado  
November 18, 2016



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

Management of School District No. 1 in the City and County of Denver and State of Colorado (the "District"), provides readers of the District's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is presented in the letter of transmittal, which starts on page ten of this report.

### **Financial Highlights**

On the Statement of Net Position, as of June 30, 2016, the District's net position for governmental activities is a deficit of \$1.26 billion. The deficit net position is primarily the result of two factors. The first is the result of the District executing Certificates of Participation to fund the District's pension plan known as Denver Public Schools Retirement System (DPSRS) prior to its merger as a separate division within the state's Public Employees Retirement Association (PERA). In July of 1997, the District executed \$384.2 million in Certificates of Participation with the net proceeds contributed to DPSRS. In April of 2008, the District issued \$750 million in Certificates of Participation to refund existing certificates and to fund an additional \$397.8 million contribution to DPSRS in anticipation of the merger with PERA. As a result of these contributions, the District's PERA division is 79.3% funded compared to the PERA School division of 60.4% as of December 31, 2015. Second, in order to fund the District's capital program, the voters of Denver authorized General Obligation bonds in November 1998, 2003, 2008 and 2012 of \$305 million, \$310.8 million, \$454 million, and \$466 million respectively. The proceeds of these bonds were used to fund necessary capital and maintenance of the District's facilities.

Long-term liabilities increased to \$3,232.4 million from \$3,120.4 million in FY 2015 primarily due to an increase in pension liability.

On the statement of activities, general revenues accounted for \$1,024.7 million or 79% of total revenues, and program revenues were \$269.9 million or 21% of the total revenues of the primary government. The total revenues increased from \$1,196.6 to \$1,294.6, or 8% when compared to prior year, primarily due to increased property taxes and specific ownership taxes.

### **Overview of the Financial Statements**

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

### **Government-wide Statements**

The government-wide financial statements are designed to provide readers with information about the District as a whole using accounting methods similar to those used by private-sector businesses.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

The statement of net position includes all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position to the exclusion of fiduciary funds. Over time, increases or decreases 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 on how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree sick leave payable).

The government-wide financial statements consolidate the governmental and internal service activities that are supported from taxes and intergovernmental revenues. In the government-wide financial statements, the District's activities are shown as:

**Governmental activities:** Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities.

The government-wide financial statements encompass not only the District itself (the primary government), but also legally-separate entities including the Denver School Facilities Leasing Corporation as a blended component unit, and the Denver Public Schools Foundation and charter schools as discretely presented component units.

### Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant or major funds, not the District as a whole. The District has three types of funds: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds:** Most of the District's services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

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. Thus, 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 the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

The District maintains ten individual 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 balances for the General, Grants Special Revenue, Food Services Special Revenue, ProComp Special Revenue, Bond Redemption (debt service), Building and Capital Reserve, all of which are considered to be major funds. Data for the other three governmental funds (Pupil Activity, Tuition Special Revenue and Permanent) is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in this report.

**Proprietary funds:** The District uses internal service funds to account for its warehouse activities. Internal service funds allocate costs internally among the District's various functions while deriving revenue from the other funds served.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary funds:** Fiduciary funds are used to account for resources held by the District in a fiduciary capacity and can only be used for specified purposes. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements:** The notes provide additional information essential to a full understanding of the information provided in the financial statements.

**Other information:** In addition to the basic financial statements and accompanying notes, this report presents required supplementary information concerning the District's annual appropriated budgets with comparison schedules that demonstrate compliance with budgets for the General Fund and Special Revenue Funds. In addition, two schedules related to other post-employment benefits are included in this section.

The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information. These are followed by budgetary comparison schedules for the District's Building and Capital Reserve Fund. The budgetary comparison schedules for the remaining funds follow. The combining statements for the internal service funds and the schedule of changes in the collective net pension liability are provided next.

The final schedules in this report provide additional information on the District's agency fund and capital assets.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

**Financial Analysis of the District**

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased from \$1.10 billion in 2015 to \$1.17 billion in 2016. The increase is primarily a result of capital spending from the District's general obligation bonds and certificates of participation. The District's capital assets will continue to increase as planned projects are completed in the Capital Reserve and Building Fund. Combined, these funds have available fund balance of \$104.5 million.

Current and other assets decreased from \$714.7 million to \$596.8 million primarily due to the spending of the proceeds from general obligation bonds and certificates of participation as described in the capital improvement plan in the letter of transmittal.

The following table provides a summary of the District's net position as of June 30, 2016 and 2015, respectively (in millions):

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Governmental activities	Governmental activities
Current and other assets	\$ 596.8	\$ 714.7
Capital assets, net	<u>1,168.8</u>	<u>1,104.1</u>
Total assets	<u>1,765.6</u>	<u>1,818.8</u>
Deferred outflow of resources	<u>430.6</u>	<u>276.6</u>
Long-term liabilities	3,232.4	3,055.9
Other liabilities	<u>132.4</u>	<u>228.5</u>
Total liabilities	<u>3,364.8</u>	<u>3,284.4</u>
Deferred inflow of resources	<u>88.4</u>	<u>3.6</u>
Net position:		
Net investment in capital assets	105.0	118.6
Restricted	290.7	391.7
Unrestricted	<u>(1,652.7)</u>	<u>(1,702.9)</u>
Total net position	<u>\$ (1,257.0)</u>	<u>\$ (1,192.6)</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

To calculate net investment in capital assets, the original long-term debt was evaluated to ascertain the amount of proceeds not spent, and of the amount spent, what portion of it had been used on capital assets versus maintenance projects and other non-capital expenditures. That percentage was then applied to the outstanding long-term debt to determine the amount applicable to capital assets.

The following table provides a summary of the District's activities for the fiscal years ended June 30, 2016 and 2015, respectively (in millions):

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Governmental activities	Governmental activities
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 57.2	\$ 53.7
Operating grants and contributions	212.7	221.9
General revenues		
Taxes	666.3	551.4
State equalization	294.0	331.5
Investment income	2.0	2.5
Other	62.4	35.6
Total revenues	1,294.6	1,196.6
<b>EXPENSES</b>		
Instruction	668.9	606.2
Support services	562.1	529.9
Interest on long-term debt	128.0	127.9
Total expenses	1,359.0	1,264.0
Change in net position	(64.4)	(67.4)
Net position - beginning	(1,192.6)	(1,125.2)
Net position - ending	\$ (1,257.0)	\$ (1,192.6)

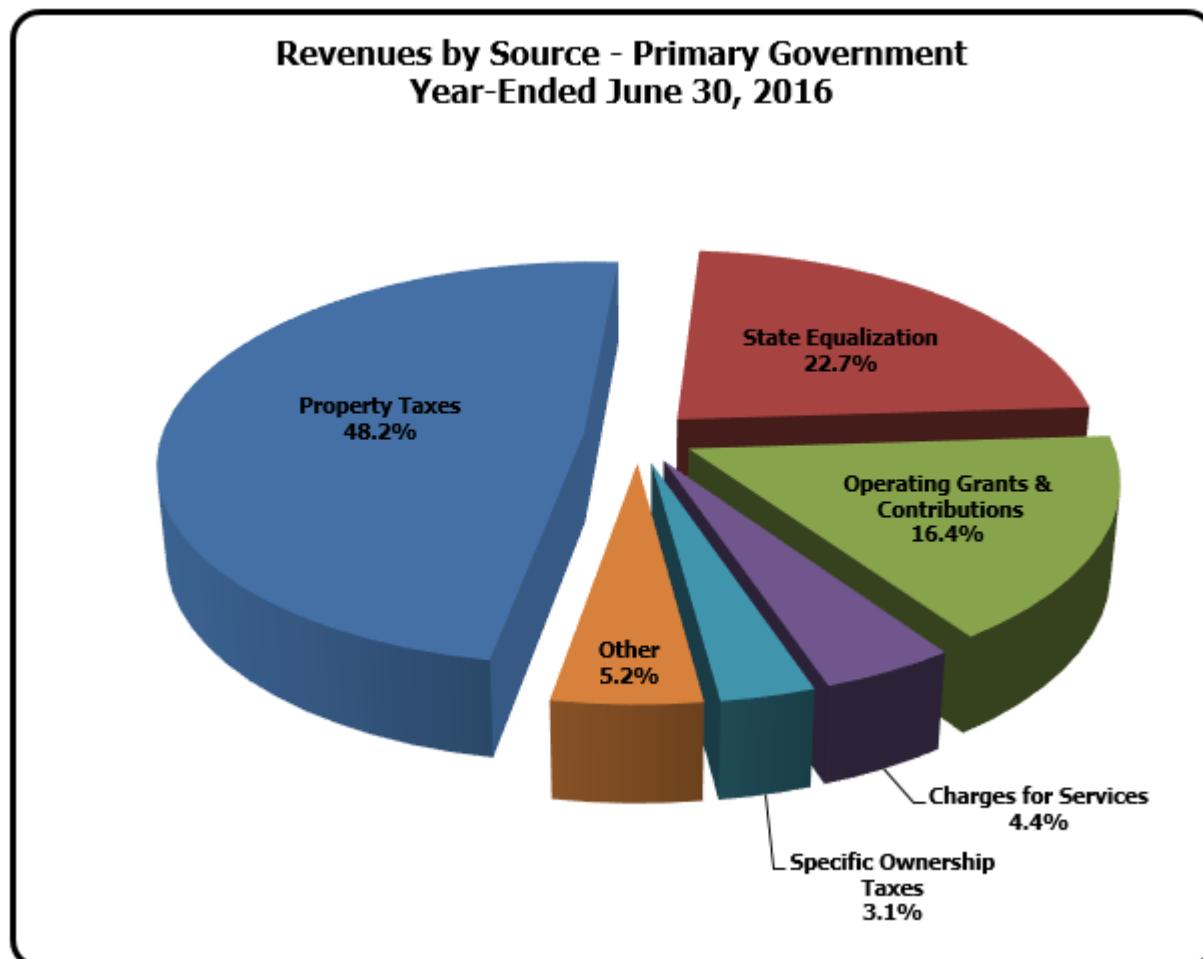
SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

Most revenues to Colorado's school districts are provided through the Public School Finance Act of 1994 (as amended). The District's adjusted total program funding for fiscal year 2016 was \$651.5 million based on a funded pupil count of 85,585 and per pupil total program funding of \$7,612, compared to total program funding of \$618.3 million, funded pupil count of 84,044 and per pupil total program funding of \$7,357 in fiscal year FY 2015. Of the \$651.5 million adjusted program, \$294.0 million was funded through state share and the remainder through a combination of local property and specific ownership taxes compared to \$331.5 million funded through state share in FY 2015.

The District generated \$623.5 million in property tax revenues in fiscal year 2016 compared to \$512.1 million in fiscal year 2015. Total property tax revenues include School Finance Act mills, Override Election mills, Tax Abatement mills, and Bond Redemption Fund mills. Total expenses for the primary government in fiscal year 2016 were \$1,359.0 million compared to \$1,264.0 million in fiscal year 2015.

The following chart illustrates the District's revenues by source.



SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

## **Financial Analysis of the District's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental funds**

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

Fund balance of all governmental funds decreased by \$112.6 million. The General Fund is the primary operating fund of the District. Fund balance of the General Fund at June 30, 2016 was \$94.5 million, compared to \$106.5 million as of June 30, 2015. This decrease is a planned spend down of reserves in order to limit the effects of decreases in state funding levels from the 2009-10 school year. The Building Fund and Capital Reserve Funds decreased by \$115.2 million and \$7.3 million, respectively, as a result of planned capital spending. They are offset by an increase in the Bond Redemption fund of \$30.5 million due to timing of upcoming debt service payments. Fund balance of the ProComp Special Revenue Fund decreased by \$13.0 million due to planned increases in program spending. The Food Services Fund balance increased \$141 thousand over year.

### **Proprietary funds**

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The fund statements show the Internal Service Fund, the District's only proprietary fund, which is included with the governmental activities for the government-wide financial statements.

### **General Fund Budgetary Highlights**

In accordance with state law, the District's budget is prepared on a GAAP basis except for the General, Capital Reserve, and Building funds, which are budgeted on the budgetary basis and adjusts for salary accruals and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the General Fund original and final budget for expenditures was an overall increase of \$12.89 million and is due to higher forecasted expenses, shifting certain funds from Government Designated Purpose Grant Fund, a lower beginning balance and a shift from Unappropriated Reserves to Appropriated Reserves.

The major difference between the District's final budget and actual expenditures relates to budgeted reserves that were not spent.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

**Capital Assets and Debt Administration**

**Capital assets**

The District's investment in capital assets for its governmental activities as of June 30, 2016 amounted to \$1,168.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and construction in progress with an original cost greater than \$5,000.

The major capital events during the current fiscal year included spending on capital projects in the Building and Capital Reserve Funds. Such capital projects are used to make necessary improvements and critical repairs.

The District's total capital assets at June 30, 2016 and 2015, respectively, net of accumulated depreciation, were as follows (in millions):

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Governmental activities	Governmental activities
Land	\$ 74.4	\$ 70.0
Buildings and improvements	984.2	829.6
Construction in progress	50.9	149.6
Equipment	59.3	54.9
<b>Total</b>	<b>\$ 1,168.8</b>	<b>\$ 1,104.1</b>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

---

**Long-Term Debt**

At June 30, 2016 and 2015, respectively, the District's long-term debt consisted of the following (in millions):

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Governmental activities	Governmental activities
Certificates of participation	1,044.5	1,049.3
General obligation bonds	1,433.2	1,482.5
Compensated absences	17.6	17.1
OPEB Net Obligation	3.3	3.4
Net Pension Liability	733.8	568.2
<b>Total</b>	<b>\$ 3,232.4</b>	<b>\$ 3,120.5</b>

Additional information on the District's long-term debt can be found in Note 6 to the basic financial statements.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department, Denver Public School District, 1860 Lincoln Street, Denver, Colorado 80203.



Discover a World  
of Opportunity™



Discover a World of Opportunity™

## BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016

---

	Primary Government Governmental Activities	Component Units
<b>ASSETS</b>		
Cash and cash equivalents	\$ 180,679,273	\$ 44,723,123
Investments	24,634	-
Receivables:		
Taxes	26,002,418	-
Intergovernmental	24,624,462	-
Interest	305,500	-
Other	99,556,348	5,240,321
Due from fiduciary funds	56,272	-
Inventory	4,189,831	160,848
Prepaid expenses	651,685	545,114
Held by fiscal agent	2,853,775	10,704
Restricted cash and cash equivalents	63,828,809	9,103,058
Restricted investments	194,006,078	1,717,686
Capital assets:		
Land and construction in progress	125,292,256	10,636,563
Buildings, improvements, and equipment, net of accumulated depreciation	<u>1,043,463,952</u>	<u>20,902,080</u>
Total assets	<u>1,765,535,293</u>	<u>93,039,497</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refundings	224,737,010	-
Difference between projected and actual earnings on pension plan	165,590,291	17,382,420
Contributions subsequent to measurement date on pension plan	7,252,687	988,241
Change in proportionate share on pension plan	-	10,334,076
Change in experience assumption	33,042,470	4,129,417
Total deferred outflows of resources	<u>430,622,458</u>	<u>32,834,154</u>
<b>LIABILITIES</b>		
Accounts and interest payable	46,342,770	9,096,711
Accrued payroll and benefits	66,407,002	3,555,667
Accrued claims	11,027,570	-
Unearned revenue	8,581,875	326,372
Long-term liabilities:		
Due within one year	92,055,924	788,236
Due in more than one year	<u>3,140,373,766</u>	<u>110,810,093</u>
Total liabilities	<u>3,364,788,907</u>	<u>124,577,079</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Difference between expected and actual experience on pension plan	95,613	10,003
Change in proportionate share on pension plan	6,160,112	3,125,295
Change in other assumptions related to pension plan	82,139,834	8,503,923
Total deferred inflows of resources	<u>88,395,559</u>	<u>11,639,221</u>
<b>NET POSITION</b>		
Net investment in capital assets	104,965,907	1,850,263
Restricted for:		
Debt service	134,596,480	817,597
Performance-based teacher compensation	18,345,329	-
Higher education	10,572,551	-
Non-governmental grantor-designated purposes	6,111,724	-
Federal programs	8,548,506	-
Permanent fund and nonexpendable	128,553	-
Capital projects	87,492,008	-
Donor-designated purposes	-	5,129,059
Emergency reserve	24,910,740	4,943,370
Unrestricted (deficit)	<u>(1,652,698,513)</u>	<u>(23,082,938)</u>
Total net position (deficit)	<u>\$ (1,257,026,715)</u>	<u>\$ (10,342,649)</u>

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

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions			
<b>Primary government</b>						
Governmental activities:						
Instruction:						
Regular	\$ 588,024,597	\$ 28,983,681	\$ 92,644,992	\$ (466,395,924)		
Special education	71,273,012	-	20,421,793	(50,851,219)		
Vocational	1,970,478	-	1,461,515	(508,963)		
Other	7,605,342	821,798	2,637,228	(4,146,316)		
Total instruction	<u>668,873,429</u>	<u>29,805,479</u>	<u>117,165,528</u>	<u>(521,902,422)</u>		
Support services:						
Pupil support	45,246,471	1,996,401	6,406,637	(36,843,433)		
Instructional support	111,594,016	5,817,302	18,668,274	(87,108,440)		
General administration	6,096,731	379,922	1,219,208	(4,497,601)		
School administration	69,544,540	3,717,727	11,930,538	(53,896,275)		
Business services	8,609,001	-	-	(8,609,001)		
Operations and maintenance	79,314,548	5,318,289	17,066,893	(56,929,366)		
Pupil transportation	26,012,440	-	4,589,941	(21,422,499)		
Central services	134,964,286	9,120,534	29,268,661	(96,575,091)		
Other support services	48,582,600	296,205	950,550	(47,335,845)		
Community services	14,366,660	752,542	2,414,978	(11,199,140)		
Education for adults	17,828,984	-	3,021,453	(14,807,531)		
Interest on long-term debt	128,003,672	-	-	(128,003,672)		
Total support services	<u>690,163,949</u>	<u>27,398,922</u>	<u>95,537,133</u>	<u>(567,227,894)</u>		
Total governmental activities	<u>1,359,037,378</u>	<u>57,204,401</u>	<u>212,702,661</u>	<u>(1,089,130,316)</u>		
Total primary government	<u>\$ 1,359,037,378</u>	<u>\$ 57,204,401</u>	<u>\$ 212,702,661</u>	<u>\$ (1,089,130,316)</u>		
<b>Component units</b>						
Charter schools	\$ 159,701,630	\$ -	\$ 382,705	\$ (159,318,925)		
DPS Foundation	13,760,585	-	13,425,345	(335,240)		
Total component units	<u>\$ 173,462,215</u>	<u>\$ -</u>	<u>\$ 13,808,050</u>	<u>\$ (159,654,165)</u>		
 <b>Primary Government</b>						
Governmental Activities						
Net (expense) revenue	\$ (1,089,130,316)	\$ (159,654,165)				
General revenues:						
Property taxes	623,495,039	17,175,328				
Specific ownership taxes	40,303,943	-				
Payment in lieu of taxes	2,522,094	-				
State equalization	294,025,391	121,523,363				
Interest and investment income	1,958,554	(2,554)				
Other	62,368,644	18,824,766				
Total general revenues	<u>1,024,673,665</u>	<u>157,520,903</u>				
Changes in net position	<u>(64,456,651)</u>	<u>(2,133,262)</u>				
Net position (deficit) - beginning, as previously stated	(1,192,570,064)	(9,002,000)				
Change in reporting entity	-	10,922				
Prior period adjustment	-	781,691				
Net position (deficit) - beginning, as restated	<u>(1,192,570,064)</u>	<u>(8,209,387)</u>				
Net position (deficit) - ending	<u>\$ (1,257,026,715)</u>	<u>\$ (10,342,649)</u>				

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
<b>ASSETS</b>				
Assets:				
Cash and cash equivalents	\$ 136,417,802	\$ -	\$ 315,591	\$ 43,828,824
Investments	-	-	-	20,652
Receivables:				
Taxes receivable	19,988,987	-	-	1,163,144
Intergovernmental	-	20,036,650	4,587,812	-
Interest receivable	3,203	-	-	-
Other	2,760,731	6,506,303	-	-
Due from other funds	21,674,744	3,853,227	-	-
Due from fiduciary funds	56,272	-	-	-
Inventory	704,168	-	3,485,663	-
Prepaid Expenses	142,383	-	-	-
Cash with fiscal agents	2,853,775	-	-	-
Restricted cash and cash equivalents	1,553,656	-	-	-
Restricted investments	-	-	-	-
Total assets	<b>\$ 186,155,721</b>	<b>\$ 30,396,180</b>	<b>\$ 8,389,066</b>	<b>\$ 45,012,620</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 22,126,143	\$ 4,634,607	\$ 128,041	\$ 22,584
Accrued payroll and benefits	61,709,523	336,809	-	4,360,670
Due to other funds	-	-	8,120,095	21,950,462
Unearned revenue	3,038,977	5,542,898	-	-
Total liabilities	<b>\$ 86,874,643</b>	<b>\$ 10,514,314</b>	<b>\$ 8,248,136</b>	<b>\$ 26,333,716</b>
Deferred inflows of resources:				
Property taxes	4,738,598	-	-	333,575
Unavailable revenues - long-term receivables	-	-	-	-
Total deferred inflows of resources	<b>4,738,598</b>	<b>-</b>	<b>-</b>	<b>333,575</b>
Fund balances:				
Nonspendable:				
Inventory	704,168	-	3,485,663	-
Prepaid expenses	142,383	-	-	-
Permanent fund	-	-	-	-
Restricted for:				
Higher education	-	10,572,551	-	-
Non-governmental grantor-designated purposes	-	760,809	-	-
Federal programs	-	8,548,506	-	-
Performance-based teacher compensation	-	-	-	18,345,329
Debt service	-	-	-	-
Capital projects	-	-	-	-
Emergency reserve	24,910,740	-	-	-
Committed to:				
Capital projects	-	-	-	-
Pupil activities	-	-	-	-
Assigned to:				
Subsequent year expenditure	1,315,705	-	-	-
Special projects	17,397,322	-	-	-
Debt service	-	-	-	-
Unassigned	50,072,162	-	(3,344,733)	-
Total fund balances	<b>\$ 94,542,480</b>	<b>\$ 19,881,866</b>	<b>\$ 140,930</b>	<b>\$ 18,345,329</b>
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 186,155,721</b>	<b>\$ 30,396,180</b>	<b>\$ 8,389,066</b>	<b>\$ 45,012,620</b>

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

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016**

	<u>Bond Redemption</u>	<u>Building</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 117,056	\$ 180,679,273
Investments	-	-	-	3,982	24,634
Receivables:					
Taxes receivable	4,850,287	-	-	-	26,002,418
Intergovernmental	-	-	-	-	24,624,462
Interest receivable	24,395	277,476	426	-	305,500
Other	-	-	90,250,020	37,496	99,554,550
Due from other funds	-	-	13,627,787	8,527,188	47,682,946
Due from fiduciary fund	-	-	-	-	56,272
Inventory	-	-	-	-	4,189,831
Prepaid Expenses	-	-	509,302	-	651,685
Cash with fiscal agents	-	-	-	-	2,853,775
Restricted cash and cash equivalents	-	57,238,717	5,036,436	-	63,828,809
Restricted investments	-	57,154,444	-	-	194,006,078
Total assets	<u>\$ 136,851,634</u>	<u>\$ 141,726,316</u>	<u>\$ 114,670,637</u>	<u>\$ 109,423,971</u>	<u>\$ 8,685,722</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 4,875	\$ 9,637,830	\$ 2,697,073	\$ 37,655	\$ 39,288,808
Accrued payroll and benefits	-	-	-	-	66,407,002
Due to other funds	70,999	17,540,799	-	-	47,682,355
Unearned revenue	-	-	-	-	8,581,875
Total liabilities	<u>\$ 75,874</u>	<u>\$ 27,178,629</u>	<u>\$ 2,697,073</u>	<u>\$ 37,655</u>	<u>\$ 161,960,040</u>
Deferred inflows of resources:					
Property taxes	1,369,704	-	-	-	6,441,877
Unavailable revenues - long-term receivables	-	-	89,699,825	-	89,699,825
Total deferred inflows of resources	<u>1,369,704</u>	<u>-</u>	<u>89,699,825</u>	<u>-</u>	<u>96,141,702</u>
Fund balances:					
Nonspendable:					
Inventory	-	-	-	-	4,189,831
Prepaid expenses	-	-	509,302	-	651,685
Permanent fund	-	-	-	128,553	128,553
Restricted for:					
Higher education	-	-	-	-	10,572,551
Non-governmental grantor-designated purposes	-	-	-	5,350,915	6,111,724
Federal programs	-	-	-	-	8,548,506
Performance-based teacher compensation	-	-	-	-	18,345,329
Debt service	140,280,738	-	-	-	140,280,738
Capital projects	-	87,492,008	-	-	87,492,008
Emergency reserve	-	-	-	-	24,910,740
Committed to:					
Capital projects	-	-	5,554,771	-	5,554,771
Pupil activities	-	-	-	3,168,599	3,168,599
Assigned to:					
Subsequent year expenditure	-	-	-	-	1,315,705
Special projects	-	-	-	-	17,397,322
Debt service	-	-	10,963,000	-	10,963,000
Unassigned	-	-	-	-	46,727,429
Total fund balances	<u>140,280,738</u>	<u>87,492,008</u>	<u>17,027,073</u>	<u>8,648,067</u>	<u>386,358,491</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 141,726,316</u>	<u>\$ 114,670,637</u>	<u>\$ 109,423,971</u>	<u>\$ 8,685,722</u>	<u>\$ 644,460,233</u>



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF NET POSITION  
AS OF JUNE 30, 2016**

---

Total fund balances for governmental funds	\$ 386,358,491
<b>Add:</b>	
Deferred inflow of resources related to property taxes and long-term receivables are not available to pay for current-period expenditures, and therefore, are not recorded in the funds.	96,141,702
Capital assets do not provide current financial resources and are not included in the governmental funds.	1,840,030,518
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and are related to loss on refundings.	224,737,010
Deferred outflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	198,632,761
Pension contributions subsequent to the plans measurement date are not included in the long-term liability and are deferred.	7,252,687
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net position of internal service funds is included in the governmental activities statement of net position.	1,207
<b>Due to/due from amounts are eliminated for District-wide reporting:</b>	
Due to other funds	(47,682,946)
Due from other funds	47,682,946
<b>Less:</b>	
Accumulated depreciation, related to capital assets.	(671,274,310)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(2,495,311,707)
Accrued interest payable not included in the funds.	(7,053,962)
OPEB are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(3,300,404)
Accrued claims liability is not reported in governmental funds, but are included as a government-wide liability.	(11,027,570)
Deferred inflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	(88,395,559)
Net pension liability for the District is a long-term liability not due and payable in the current period and therefore is not reported in governmental funds.	(733,817,579)
Net position (deficit) of governmental activities	<u>\$ (1,257,026,715)</u>

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
<b>REVENUES</b>				
Taxes	\$ 495,515,584	\$ -	\$ -	\$ 32,138,047
Intergovernmental:				
Revenue from state sources	330,071,454	21,757,998	714,396	-
Revenue from federal sources	1,021,504	84,547,682	36,078,403	-
Charge for services	36,843,509	5,564,588	4,960,729	-
Investment income	876,883	-	-	(462,866)
Other local sources	8,669,688	22,037,425	89,614	-
Total revenues	<u>872,998,622</u>	<u>133,907,693</u>	<u>41,843,142</u>	<u>31,675,181</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular instruction	403,233,858	36,290,813	-	43,252,123
Special education	58,772,221	12,348,064	-	-
Vocational education	1,593,401	377,077	-	-
Other instruction	3,267,212	756,823	-	-
Total instruction	<u>466,866,692</u>	<u>49,772,777</u>	<u>-</u>	<u>43,252,123</u>
Support services:				
Pupil supporting services	37,126,952	7,934,067	-	-
Instructional support	70,635,195	38,642,397	-	-
General administration	5,642,389	359,341	-	56,077
School administration	68,299,902	842,330	-	-
Business services	7,571,069	242,845	-	-
Operations and maintenance	71,563,249	68,786	-	-
Pupil transportation	25,724,818	130,955	-	-
Central services	53,956,802	6,709,486	-	1,374,013
Other support services	1,036,037	5,217,762	42,328,801	-
Total support services	<u>341,556,413</u>	<u>60,147,969</u>	<u>42,328,801</u>	<u>1,430,090</u>
Community services	11,021,566	3,259,436	-	-
Education for adults	2,256,856	15,572,128	-	-
Capital outlay	1,467,271	1,271,539	32,811	-
Debt service:				
Principal payments	14,730,000	-	-	-
Interest and fiscal charges	46,114,624	-	-	-
Total debt service	<u>60,844,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>884,013,422</u>	<u>130,023,849</u>	<u>42,361,612</u>	<u>44,682,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,014,800)</u>	<u>3,883,844</u>	<u>(518,470)</u>	<u>(13,007,032)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,931,274	48,197	659,400	-
Transfers out	(9,926,794)	(995,670)	-	-
Bond proceeds	-	-	-	-
Refunding bonds	-	-	-	-
Premium on bonds	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>(995,520)</u>	<u>(947,473)</u>	<u>659,400</u>	<u>-</u>
Net change in fund balances	<u>(12,010,320)</u>	<u>2,936,371</u>	<u>140,930</u>	<u>(13,007,032)</u>
Fund balance - beginning	<u>106,552,800</u>	<u>16,945,495</u>	<u>-</u>	<u>31,352,361</u>
Fund balance - ending	<u>94,542,480</u>	<u>19,881,866</u>	<u>\$ 140,930</u>	<u>\$ 18,345,329</u>

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

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 134,433,831	\$ -	\$ -	\$ -	\$ 662,087,462
Intergovernmental:					
Revenue from state sources	-	-	-	-	352,543,848
Revenue from federal sources	-	-	6,496,354	-	128,143,943
Charge for services	-	-	336,185	15,833,060	63,538,071
Investment income	727,823	536,425	22,902	2,387	1,703,554
Other local sources	-	-	13,623,697	612,619	45,033,043
Total revenues	<u>135,161,654</u>	<u>536,425</u>	<u>20,479,138</u>	<u>16,448,066</u>	<u>1,253,049,921</u>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular instruction	-	8,485,515	66,975	8,164,587	499,493,871
Special education	-	6,900	-	145,827	71,273,012
Vocational education	-	-	-	-	1,970,478
Other instruction	-	-	-	3,581,307	7,605,342
Total instruction	<u>-</u>	<u>8,492,415</u>	<u>66,975</u>	<u>11,891,721</u>	<u>580,342,703</u>
Support services:					
Pupil supporting services	-	-	-	185,452	45,246,471
Instructional support	-	16,090	-	2,300,334	111,594,016
General administration	-	38,924	-	-	6,096,731
School administration	-	24,391	-	377,917	69,544,540
Business services	-	377,159	387,338	2,640	8,581,051
Operations and maintenance	-	2,336,834	5,345,679	-	79,314,548
Pupil transportation	-	-	156,667	-	26,012,440
Central services	-	1,790,765	3,235,333	-	67,066,399
Other support services	-	-	-	-	48,582,600
Total support services	<u>-</u>	<u>4,584,163</u>	<u>9,125,017</u>	<u>2,866,343</u>	<u>462,038,796</u>
Community services	-	-	-	85,658	14,366,660
Education for adults	-	-	-	-	17,828,984
Capital outlay	-	102,685,275	26,540,355	59,511	132,056,762
Debt service:					
Principal payments	47,933,175	-	-	-	62,663,175
Interest and fiscal charges	<u>57,356,061</u>	<u>-</u>	<u>3,355,253</u>	<u>-</u>	<u>106,825,938</u>
Total debt service	<u>105,289,236</u>	<u>-</u>	<u>3,355,253</u>	<u>-</u>	<u>169,489,113</u>
Total expenditures	<u>105,289,236</u>	<u>115,761,853</u>	<u>39,087,600</u>	<u>14,903,233</u>	<u>1,376,123,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,872,418</u>	<u>(115,225,428)</u>	<u>(18,608,462)</u>	<u>1,544,833</u>	<u>(123,073,097)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	1,600,000	4,814,111	16,052,982
Transfers out	(130,518)	-	-	(5,000,000)	(16,052,982)
Bond proceeds	-	-	9,680,591	-	9,680,591
Refunding bonds	143,280,000	-	-	-	143,280,000
Premium on bonds	26,500,712	-	-	-	26,500,712
Payment to bond escrow agent	(169,003,421)	-	-	-	(169,003,421)
Total other financing sources (uses)	<u>646,773</u>	<u>-</u>	<u>11,280,591</u>	<u>(185,889)</u>	<u>10,457,882</u>
Net change in fund balances	<u>30,519,191</u>	<u>(115,225,428)</u>	<u>(7,327,871)</u>	<u>1,358,944</u>	<u>(112,615,215)</u>
Fund balance - beginning	<u>109,761,547</u>	<u>202,717,436</u>	<u>24,354,944</u>	<u>7,289,123</u>	<u>498,973,706</u>
Fund balance - ending	<u>\$ 140,280,738</u>	<u>\$ 87,492,008</u>	<u>\$ 17,027,073</u>	<u>\$ 8,648,067</u>	<u>\$ 386,358,491</u>



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

---

Net change in fund balance - governmental funds	\$ (112,615,215)
<b>Add:</b>	
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense.	139,921,373
Principal retirements - Retirements of principal outstanding on the School District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against the long-term liability.	201,148,175
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	33,134,964
Change in deferred property tax and other revenues - Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but are recognized on the government-wide financial statements.	27,034,786
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net gain of the internal service funds is included in the government-wide statement of activities.	23,234
Expenses for OPEB 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.	55,354
Net change in compensated absences - The change in this liability is not considered in the governmental fund statements but is included as a change in expense in the government-wide statement of activities.	(449,347)
<b>Less:</b>	
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the current year depreciation.	(68,163,745)
Loss on disposal of capital assets.	(7,149,406)
Issuance of debt - The issuance of debt and related premium provides current financial resources to the governmental funds, but has no effect on the change in net position of the governmental activities.	(179,461,303)
Capital appreciation bonds, accretion of premium - has no effect on the governmental fund statements, but is recorded as an expense on the government-wide statement of activities.	(745,975)
The unamortized deferred losses on refunding of debt are not reported on the governmental fund statements while on the government-wide net position they are amortized over the life of the debt as an increase in interest expense. Current year Deferred Loss on Refunding less Amortization - Loss on Refunding.	(8,028,724)
Accrued claims	(171,104)
Increase in interest payable related to long-term liabilities.	(574,741)
Pension Expense	<u>(88,414,977)</u>
Change in net position of governmental activities	<u>\$ (64,456,651)</u>

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF NET POSITION  
INTERNAL SERVICE FUND  
JUNE 30, 2016

---

Warehouse  
Fund

---

**ASSETS**

Receivables	\$ 1,798
Total assets	<u>1,798</u>

**LIABILITIES**

Current liabilities:	
Due to other funds	591
Total current liabilities	<u>591</u>

**NET POSITION**

Unrestricted	1,207
Total net position	<u>\$ 1,207</u>

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2016

	Warehouse Fund
<b>OPERATING REVENUES</b>	
Billings to funds	\$ 907,766
Other revenue	<u>57,515</u>
Total operating revenues	<u>965,281</u>
<b>OPERATING EXPENSES</b>	
Cost of goods:	
Purchased	302,736
Salaries and employee benefits	101,111
Purchased property services	232,570
Other purchased services	133,765
Supplies	165,456
Other	<u>6,409</u>
Total operating expenses	<u>942,047</u>
Operating income	23,234
Total net position - beginning	(22,027)
Total net position - ending	<u>\$ 1,207</u>

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



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2016

	Warehouse Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 911,888
Payments to suppliers	(834,527)
Payments to employees	(101,111)
Payments from (to) other funds	(27,356)
Other receipts (payments)	<u>51,106</u>
Net cash provided (used) by operating activities	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income	\$ 23,234
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	4,122
Due to other funds	<u>(27,356)</u>
Net cash provided (used) by operating activities	<u>\$ -</u>

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AS OF JUNE 30, 2016

---

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and investments	<u>\$ 8,710,372</u>	<u>\$ 2,964,365</u>
Total assets	<u>8,710,372</u>	<u>2,964,365</u>
<b>LIABILITIES</b>		
Due to general fund	56,272	-
Due to student groups	<u>-</u>	<u>2,964,365</u>
Total liabilities	<u>56,272</u>	<u>2,964,365</u>
Net position held in trust for other post employment benefits and other purposes	<u>\$ 8,654,100</u>	<u>\$ -</u>

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

---

	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,040,000
Interest income	<u>1,012,064</u>
Total additions	<u>3,052,064</u>
<b>DEDUCTIONS</b>	
Medical and life insurance for retirees	2,284,683
Student scholarships	13,913
Supplies	
Total deductions	<u>2,298,596</u>
<b>CHANGE IN NET POSITION HELD FOR:</b>	
Change in net position	753,468
Net position - beginning	<u>7,900,632</u>
Net position - ending	<u>\$ 8,654,100</u>

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



Discover a World  
of Opportunity™



DENVER  
PUBLIC  
SCHOOLS

Discover a World of Opportunity™

## NOTES TO THE FINANCIAL STATEMENTS

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of School District No. 1 in the City and County of Denver and State of Colorado (the District) is presented to assist in understanding the District's financial statements. The following is a summary of the more significant policies:

### Financial Reporting Entity

The district was created for the purpose of supervising and governing the public schools and public school property within the boundaries of the City and County of Denver.

The financial statements of the district include all of the integral parts of the district's operations. The district applied various criteria to determine if it is financially accountable for any legally separate organizations, which would require that organization to be included in the district's reporting entity. These criteria include fiscal dependency, financial benefit/burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

This report contains financial statements of the district (the primary government) and its component units. Refer to Note 14 to the basic financial statements for additional information on component units.

### Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) display the information about the district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely on charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Separate financial statements are provided for major governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds (General Fund, Grants Special Revenue, Food Services Special Revenue, ProComp Special Revenue, Bond Redemption, Building and Capital Reserve) are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. 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 effect of interfund activity has generally been eliminated from the government-wide financial statements. Exceptions to this are charges between the district's governmental activities and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 grant revenues to be available if they are collected within 180 days of the fiscal year-end. Property tax and other revenues are considered available if collected within 60 days of the year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The District's agency funds apply the accrual basis of accounting, but do not have a measurement focus.

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, fund equity, revenue and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

For governmental activities, when both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

The district reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds as detailed below. Primary revenue sources for the general fund include property taxes and state equalization.

**Grants Special Revenue Fund** – This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. Both the federal, state and local grants fund and the foundation and private grants fund account for revenue and expenses specifically related to grants which have various restrictions based on the specific grant.

**Food Services Special Revenue Fund** – This fund accounts for the revenue and expenses related to providing breakfast, lunch and snacks to district students and employees. Revenue sources for this fund include federal and state grants and private sources.

**ProComp Special Revenue Fund** – This special revenue fund is used to account for the proceeds of voter-approved taxes from the 2005 mill levy override. The investments and expenditures are for the professional compensation system for teachers.

**Bond Redemption Fund** - The Bond Redemption Fund (debt service fund) accounts for and reports financial resources that are restricted for the payment of principal and interest on long-term general obligation debt of the district as a result of the issuance of general obligation bonds.

**Building Fund** – This fund is used to account for and report bond funded financial resources that are restricted to expenditure of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Capital Reserve Fund** – This fund is used to accumulate non-bond funded resources, for the acquisition, renovation and maintenance of capital assets.

The other governmental funds of the district account for resources where use is restricted to a particular purpose and include the Pupil Activity Fund and the Permanent Fund.

**Pupil Activity Fund** – This fund accounts for the revenue and expenditures of sponsoring athletic events at district middle and high schools.

**Tuition Special Revenue Fund** – This fund accounts for revenues and expenses for providing early childhood education and full day kindergarten. Revenues are primarily derived from tuition billings.

**Permanent Fund** – This fund is used to account for and report resources that are restricted to the extent that only earnings and not principal may be used for purposes that support the district's programs.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Additionally, the District reports the following other fund categories:

**Internal Service Fund** – This fund is used to account for goods and services provided to departments and schools primarily within the District on a cost-reimbursement basis.

**Fiduciary Funds** – The district's fiduciary funds include private-purpose trust funds and an agency fund. The private-purpose trust funds of the District account for student and employee scholarships. The District's postemployment health benefits were transferred to PERACare on January 1, 2010. The agency fund of the district represents the bank accounts maintained at each school to account for monies derived from school-sponsored student activities.

Proprietary (internal service) funds distinguish *operating* revenues and expenses from *non-operating*. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to customers for sales and services. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Budgets and Budgetary Accounting**

The District adopts an annual budget for all funds, following these procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. Late in April but no later than June 1, the Superintendent presents to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and projected revenue.
2. A public hearing is conducted at the administration building to obtain taxpayer comments.
3. A balanced budget and appropriation resolution must be adopted by June 30. The District cannot expend monies in excess of the amount appropriated for an individual fund unless an amended or supplemental budget is approved by resolution. In addition, any further change in legally allowable transfers between funds requires approval by Board resolution.
4. The District's Board of Education or management can modify the budget by line item within the total fund's appropriation.
5. Mill levies must be certified to the City and County of Denver by December 15.
6. Formal budgetary integration is employed as a management control device during the year for all funds.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Revenues are on the modified accrual basis.
8. Total appropriations are as amended.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

**Deposits and Investments**

For the purposes of the government-wide financial statements, the fund financial statements, and the statements of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits held in banks and other securities with original maturities of less than one week.

Investments are reported at fair value in accordance with GASB Statement 72. Investments reported at cost are:

1. Retiree Life Insurance which is reported at the cash surrender value.
2. Investments in external investment pool Colorado Surplus Asset Fund Trust (CSAFE) are reported at \$1 net asset value per share.
3. Stocks held by trust which are reported at cost.

**Inventories**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of governmental funds are associated with nonspendable fund balance. In accordance with GASB Statement 54, nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash.

Food Services inventory consists of food items, including commodities donated by the federal government, and cafeteria supplies held at the central warehouse for distribution to school lunchrooms. General fund inventory consists of transportation and building maintenance parts and fuel. Expendable supplies issued to schools or other locations are not included in inventory.

The cost of inventory items is recorded as expenditures when consumed. Donated government commodities are recorded as inventory at the acquisition value at the time of donation.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Capital Assets**

Capital assets are real, personal, and intangible property that have a cost equal to or greater than an established capitalization threshold of \$5,000 and have an estimated useful life extending beyond one year. For additional information, refer to Note 5.

**Due From and Due to Other Funds**

A general disbursing account within the General Fund is used on an imprest basis to make expenditures on behalf of all funds. This account is periodically reimbursed by the applicable funds. Interfund balances at June 30, 2016 represent reimbursements and adjustments due but not transferred as of that date.

**Indirect Costs**

Indirect costs are allocated to grants in the Special Revenue Fund based on an indirect cost rate established by the Colorado Department of Education. The indirect cost expenditure in the Special Revenue Fund is offset against expenditures in the General Fund.

**Accrued Payroll**

The accrued payroll represents the liability to teachers and certain other employees who earn their salaries over the nine-month school year but are paid over a twelve-month period from September 1 to August 31. Changes in the accrual are reflected in expenditures or expenses on the applicable fund's statement of revenues, expenditures and changes in fund balances. Certain payroll benefits and part-time salaries which are payable at June 30 are also included.

**Compensated Absences**

The compensated absence liability, consisting of accumulated sick and vacation leave which vests and is payable upon termination or retirement, is reported on the government-wide financial statements. Accumulated sick leave vests only at qualified retirement and vests at a rate determined by contract, which is less than the normal rate of pay. A qualified retiree can be paid for up to one work-years' worth of accumulated sick leave. Retirees who accumulate vacation leave are compensated at their normal rate of pay for the balance at retirement. On the fund financial statements, compensated absence amounts are reported as expenditures or expenses, as appropriate, when paid.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method. The appropriate obligations are reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of 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. In accordance with Section 22-45-103, CRS, the District's bond redemption fund custodian for fiscal year 2015-2016 was Wells Fargo Bank, N.A., third party.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the government-wide statements include deferred outflows of resources representing the deferred loss on refundings of the district's certificates of participation and bond obligations and items relating to the District's pension obligations and deferred inflows of resources relating to pension obligations. Additionally, the governmental fund financial statements include deferred inflows of resources for property taxes receivable and long-term receivables that have not met modified accrual revenue recognition criteria.

**Net Position**

In the government-wide statements, net position consists of net investment in capital assets, restricted and unrestricted net positions. Restricted net position includes restricted amounts for debt service, performance-based teacher compensation, emergency reserve, higher education, non-governmental grantor-designated purposes, state and federal programs, permanent fund, capital projects, and donor-designated purposes.

**Fund Balances**

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For the classification of fund balances, the District considers amounts to have been spent when expenditure is incurred for purposes for which fund balance is both available and can be used. In accordance with GASB Statement 54, the fund balances of the District are classified into the following categories: nonspendable, restricted, committed, assigned or unassigned.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash.

Restricted fund balance includes amounts where constraints have been placed on the use of resources by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of formal action (for example, resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education adopted a fund balance policy and as part of the policy delegated the authority to the Superintendent or designee to assign amounts to be used for specific purposes.

Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned. Positive unassigned fund balance exists only in the general fund.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

## 2. CASH AND INVESTMENTS

### **Investments Authorized by the Colorado Statutes and District's Investment Policy**

The table below identifies the investment types that are authorized by the District's investment policy or Colorado Revised Statutes (CRS), where more restrictive. The table also identifies certain provisions of the District's investment policy that address interest rate risk, credit risk and concentration of credit risk. The table does not address the investments of (a) debt proceeds that are governed by the provisions of the debt agreements of the District, or (b) Special Revenue ProComp Trust assets that are governed by the Trust's Investment Policy Statement rather than the general provisions of the District's investment policy.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum % of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
U.S. Treasury and U.S. Agency Obligations or Securities	5 years	100%	N/A
Local Government Investment Pools	13 months	100%	N/A
Money Market Mutual Funds	13 months	100%	N/A
Repurchase Agreements (other than repurchase agreements for investment of general obligation bond proceeds and certificates of deposit)	5 years	100%	25% of portfolio
Commercial Paper	9 months	25%	5% of portfolio
FDIC-guaranteed Corporate Bonds	3 years	15%	3% of portfolio
Municipal Bonds	3 years	15%	3% of portfolio
Corporate Bonds	3 years	10%	3% of portfolio
Certificates of Deposit	1 year	10%	3% of portfolio
Flexible Repurchase Agreements	5 years	N/A	N/A
Guaranteed Investment Contracts	In compliance with C.R.S. 24-75-601	N/A	N/A

### **Investments Authorized by Debt Agreements**

The District has entered into a forward delivery agreement with US Bank with a maturity date of December 2023 and a forward delivery agreement with JP Morgan Chase Bank with a maturity date of December 2018. The provisions of the contracts and not the District's investment policy govern the forward delivery investments. Under the terms of the contracts, the District recorded interest received in advance as unearned revenue in the General Fund.

As of August 9, 2006 when HB 1287 was signed, investments held in the ProComp Special Revenue Fund and administered by the ProComp Trust are exempt from the investment restrictions placed on local governments. Consequently the trust's board of directors adopted an investment policy statement which authorizes domestic and international equity securities, fixed income securities, and alternative investments including hedging strategies.

The district invests in various investment securities. Investment securities are exposed to various risks such as interest rate, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

---

in the near term and that such change could materially affect the amounts reported in the financial statements.

The District does not hold any investments for the purpose of income or profit. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation is based on the 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 inputs other than those within Level 1, that are directly or indirectly observable; and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury securities of \$33,232,594 are valued using quoted market price (Level 1 inputs).
- Investment in Local Government Investment Pool (ColoTrust) of \$212,223,489 are valued using quoted market price (Level 1 inputs).
- Repurchase Agreements of \$15,160,000 are valued using pricing models (Level 2 inputs).
- ProComp Hedge Fund - Limited partnership of \$20,652 are valued using inputs other than quoted prices that are unobservable for the assets (Level 3 inputs).

**Custodial Credit Risk**

Colorado law requires the district to use eligible public depositories as defined by the Public Deposit Protection Act of 1989 (the Act). Under the Act, the depository is required to pledge eligible collateral having a market value at all times equal to 102% of the aggregate public depositories not insured by the Federal Deposit Insurance Corporation. Eligible collateral as defined by the Act primarily includes obligations of, or guarantees by, the U.S. government, the State of Colorado or any political subdivision thereof and obligations evidenced by notes secured by first lien mortgages of trust on real property.

Custodial credit risk is the risk that in the event of a bank failure, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits are with eligible public depositories and are considered to be held in the name of the District. These deposits have bank balances of \$13,411,300 and related carrying amount of \$10,145,460.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Interest Rate Risk**

Interest rate risk is the risk that an investment's value will change due to a change in interest rates. The District's investment policy addresses interest rate risk by requiring adherence to the Colorado Revised Statutes. The District manages its exposure to interest rate risk by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is either maturing or close to maturing as necessary to provide the cash flow and liquidity needed by operations and debt service requirements.

The following table shows the distribution of the District's cash and cash equivalents and investments by maturity, which displays the sensitivity of the fair values of the District's investments, including investments held by bond trustee, to market rate fluctuations:

Type of Security	Fair Value	Maturity			
		30 days or less	12 months or less	13 to 24 months	More than 24 months
Commercial Paper	\$ 39,871,162	\$ -	\$ 39,871,162	\$ -	\$ -
US Treasury Note	33,232,594	-	-	33,232,594	-
External Investment Pools	322,487,391	322,487,391	-	-	-
Money Market Funds	6,623,550	6,623,550	-	-	-
Repurchase Agreements	15,160,000	-	-	-	15,160,000
Forward delivery Agreements					
Discount Note	4,165,000	-	4,165,000	-	-
First Amer Treasury Obligations	4,740,126	-	4,740,126	-	-
US Treasury Bills	8,904,000	-	8,904,000	-	-
Retiree Life Insurance	7,713,389	7,713,389	-	-	-
Total	<u>\$ 442,897,212</u>	<u>\$ 336,824,330</u>	<u>\$ 57,680,288</u>	<u>\$ 33,232,594</u>	<u>\$ 15,160,000</u>

Other Securities without maturities are as follows:

Stocks	\$ 3,982
Hedge Funds - Limited Partnership	<u>20,652</u>
Total	<u>\$ 24,634</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Reconciliation**

The following is a reconciliation of cash and investments per this note to the basic financial statements:

Cash and investments per footnote presentation:

Cash in bank - Carrying amount	10,145,460
Investments	442,897,212
Stocks	3,982
Hedge Funds - Limited Partnership	20,652
Total	<u>\$ 453,067,306</u>

Cash and investments per government-wide statements of net position:

Cash and Cash equivalents	180,679,273
Investments	24,634
Restricted Cash and Cash Equivalents	63,828,809
Held by fiscal agent	2,853,775
Restricted Investments	194,006,078

Cash and investments per the fiduciary statements of net position:

Private purpose trust:	8,710,372
Agency	2,964,365
Total	<u>\$ 453,067,306</u>

**Foreign Currency Rate Risk**

Foreign currency rate risk is the risk that changes in monetary exchange rates will adversely affect the fair value of an investment or a deposit in terms of U. S. dollars. The District has no formal policy relating to foreign currency risk, nor are any deposits or investments exposed to foreign currency risk. The ProComp hedge equity investments are limited partnerships with minimal foreign investments.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSROs). 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. 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 the remaining maturities beyond a maximum of three years. The District's investment policy requires money market funds and local government investment pools to have a rating of AAA or equivalent by one or more NRSROs. Corporate bonds must have a rating of at least AA- or equivalent by at

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

least two NRSROs. General obligations must be rated at the time of purchase at least AA or the equivalent by two or more NRSROs, and revenue obligations at least AAA or the equivalent at the time of purchase. Commercial paper must have a rating of at least A-1 or the equivalent at the time of purchase by at least two NRSROs.

As of June 30, 2016, the money market funds that the District participated in were rated as follows by Standard and Poor's:

<u>Financial Institution</u>	<u>Fund</u>	<u>Rating on June 30, 2016</u>
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Heritage Money Market Fund	AAAm
Morgan Stanley Smith Barney	Western Asset Institutional Liquid Reserves	Not rated
UBS	UBS Select Prime Money Market Institutional Fund Shares	AAAm
MetLife	Liquidity Account	Not rated
Morgan Stanley Smith Barney	Morgan Stanley Liquid market Institutional	AAAm

Standard and Poor's rates all U.S. Agency Obligations as AA+.

The District invests in the Colorado Asset Surplus Fund Trust (CSAFE) and COLOTRUST, local government investment funds. The Colorado Division of Securities regulates these local government investment pools. The District's position is that these pools are the same as the value of pool shares. Standard and Poor's rates COLOTRUST as AAAm and CSAFE as AAAm. The District has \$2,853,775 in the State of Colorado Treasury ("T-Pool") as required by the Colorado Workers' Compensation act for self-insurance security. The pool is not rated.

The District's investment policy requires that repurchase agreements and flexible repurchase agreements are collateralized as required by state law at a minimum of 102% of the purchase price plus accrued interest. For repurchase agreements, the collateral is to be delivered and held in a third party safekeeping account and the market value of the collateral securities marked-to-the market daily.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Concentration of Credit Risk**

The District places limits on the amount it may invest in any one issuer of repurchase agreements, corporate and municipal bonds, commercial paper, and certificates of deposit. The District's investments contained concentrations in commercial paper and Federal Home Loan Mortgage Corporation (FHLMC) of \$39,871,162 and \$4,165,000 representing 9.0% and 0.94% respectively of the total investments as of June 30, 2016. The District's collateral securities of repurchase agreements contained concentration in Federal Security (FNMA) of \$6,170,000 and US Treasury Obligations of \$8,990,000 representing 1.4% and 2.0% of the total investments respectively as of June 30, 2016. FNMA was rated AA+ by Standard and Poor's.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**3. REVENUE**

**Property Taxes**

Property taxes are levied during December and attach an enforceable lien on property as of January 1 of the following year. Taxes are payable in either one installment on or before April 30, or in two equal payments on or before February 28 and June 15 of each year. The mill levy is determined by the district in accordance with state laws and finance formulas. The assessments and collections are made by the City and County of Denver and remitted upon receipt to the district.

Property taxes levied for the General Fund totaled \$491,146,271 in 2016. In 1988, 1998, 2003, 2005 and 2012 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 override election mill levies are fixed amounts of \$12.1 million, \$17.0 million, and \$20.0 million, respectively. The 2005 override election mill levy initially set at \$25.0 million is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 override election mill levy amount for the 2015 collection year was approximately \$30.9 million. The 2012 override election mill levy is fixed at 4.860 mills. This will generate \$64.2 million for the 2015 property tax collection year. In future years the mill rate of 4.860 will remain fixed regardless of changes to assessed valuation.

Deferred inflow of resources in the General Fund and ProComp Special Revenue fund included \$4,738,598 and \$333,575 of property taxes at June 30, 2016. In addition, property taxes levied for the Bond Redemption Fund totaled \$135,522,364 in 2016 and accounted for the entire deferred inflow of resources of \$1,369,704 at June 30, 2016. Property tax revenue is recorded in the General Fund, the ProComp Special Revenue fund, and the Bond Redemption Fund. The taxes receivable are recorded net of an estimated uncollectible amount of \$8,106,796 in the governmental activities, \$6,377,039 in the General Fund and \$1,729,756 in the Bond Redemption Fund.

Collection fees by the City and County of Denver amount to one-quarter of one percent of property taxes collected for the General Fund, and no collection fees are charged for the Bond Redemption Fund. Collection fees are recorded as expenditures.

**DURA**

The District and the Denver Urban Renewal Authority (Authority) are parties to the Amended and Restated Stapleton School Funding Agreement (Funding Agreement). The Funding Agreement, as amended and restated, provides funding of various projects in the Stapleton Urban Redevelopment Area.

The Stapleton Urban Redevelopment Plan and Cooperation Agreement (Redevelopment Plan) authorize the Authority to receive and use certain incremental increases in sales and property tax revenues generated within the Stapleton Urban Redevelopment Area. To provide for the Authority's participation in funding the schools within the Stapleton Urban Redevelopment Area

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

---

with the incremental increases in sales and property tax revenues, the Authority and the District entered into the Funding Agreement which provides for the payment of the actual development costs of certain schools identified therein from proceeds of obligations issued by the Authority.

In accordance with the Funding Agreement, the district has performed work and is eligible for reimbursement with respect to an elementary school, a K-8 school, and the acquisition and construction of a District high school and sports field. Reimbursement to the district is in accordance with the Redevelopment Plan and Funding Agreement. The following table summarizes the projects and outstanding reimbursable amounts as of June 30, 2016. The remaining balances are reflected as accounts receivable and deferred inflow of resources in the Capital Reserve Fund.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2016
Stapleton Redevelopment Plan	<u>\$ 53,533,713</u>	<u>\$ 28,266,112</u>	<u>\$ -</u>	<u>\$ 81,799,825</u>
	<u>\$ 53,533,713</u>	<u>\$ 28,266,112</u>	<u>\$ -</u>	<u>\$ 81,799,825</u>

The district has entered into agreements with National Jewish Health, Westerly Creek and St. Anthony urban redevelopment area. Those entities agreed to make yearly installments to DPS and the amount that remains is outlined below.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2016
National Jewish Health	\$ 6,750,000	\$ -	\$ 750,000	\$ 6,000,000
Lowry Elementary	1,599,176	1,429,257	3,028,433	-
Westerly Creek	2,500,000	-	1,000,000	1,500,000
St. Anthony School Agreement	-	400,000	-	400,000
	<u>\$ 10,849,176</u>	<u>\$ 1,829,257</u>	<u>\$ 4,778,433</u>	<u>\$ 7,900,000</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**4. INTERFUND BALANCES AND TRANSFERS**

Balances of interfund receivables, payables and transfers at June 30, 2016 are as follows:

Fund	Due From	Due To	Transfer In	Transfer Out
General Fund	\$ 21,731,016	\$ -	\$ 8,931,274	\$ 9,926,794
Special Revenue - Grants Fund	3,853,227	-	48,197	995,670
Special Revenue - Food Services Fund	-	8,120,095	659,400	-
Special Revenue - ProComp	-	21,950,462	-	-
Bond Redemption Fund	-	70,999	-	130,518
Building Fund	-	17,540,799	-	-
Capital Reserve Fund	13,627,787	-	1,600,000	-
Non-Major Funds	-	-	-	-
Pupil Activity Fund	3,204,265	-	4,814,111	-
Permanent Fund	8,934	-	-	-
Special Revenue - Tuition Fund	5,313,989	-	-	5,000,000
Internal Service Fund	-	591	-	-
Fiduciary Fund	-	56,272	-	-
	<u>\$ 47,739,218</u>	<u>\$ 47,739,218</u>	<u>\$ 16,052,982</u>	<u>\$ 16,052,982</u>

All interfund receivables and payables are the result of normal business and are expected to be paid in the current fiscal year. The majority of the district transfers are from the General Fund to various other funds as approved by the Board of Education in the approved annual budget to meet statutory requirements and support other district programs.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

## 5. CAPITAL ASSETS

Capital assets resulting from expenditures in the governmental funds are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost, or estimated historical cost, and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated.

Depreciation is computed using the straight-line method over the following useful lives.

Description	Estimated Lives
Buildings and improvements	5 - 39 years
Furniture and equipment	5 years
Computer equipment	3 - 5 years
Buses	7 years
Other vehicles	5 years

Following is a detail by function of depreciation expense for governmental activities reported in the government wide statement of activities:

Regular	\$ 32,484,210
Special education	3,954,824
Vocational	109,339
Other	422,008
<b>Supporting services</b>	
Pupil support	2,510,653
Instructional support	6,192,171
General administration	338,298
School administration	3,858,914
Business services	477,700
Operation & maintenance	4,401,036
Pupil transportation	1,443,388
Central services	7,488,950
Other support services	2,695,770
Community Services	797,183
Education for adults	989,301
<b>Total Depreciation Expense</b>	<b>\$ 68,163,745</b>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

A summary of changes in governmental capital assets is as follows:

Governmental assets:	Land	Buildings and Improvements	Equipment	Construction In-Progress	Capital Leases	Total
Balance July 1, 2015	\$ 70,010,408	\$ 1,315,455,161	\$177,941,360	\$149,585,501	\$ 435,141	\$1,713,427,571
Additions	5,313,182	8,109,142	8,257,839	118,241,210	-	139,921,373
Transfers	-	195,428,358	19,339,526	(214,332,743)	(435,141)	-
Less – Retirements	(900,000)	(3,397,480)	(6,395,644)	(2,625,302)	-	(13,318,426)
Balance June 30, 2016	<u>74,423,590</u>	<u>1,515,595,181</u>	<u>199,143,081</u>	<u>50,868,666</u>	<u>-</u>	<u>1,840,030,518</u>
Less – Accumulated Depreciation	-	531,447,117	139,827,193	-	-	671,274,310
Ending net capital assets	<u>\$ 74,423,590</u>	<u>\$ 984,148,064</u>	<u>\$ 59,315,888</u>	<u>\$ 50,868,666</u>	<u>\$ -</u>	<u>\$ 1,168,756,208</u>
Accumulated depreciation – July 1, 2015	\$ 485,888,680	\$122,955,764		\$ 435,141	\$ 609,279,585	
Increases	48,182,307	19,981,438		-	68,163,745	
Decreases	(2,623,870)	(3,110,009)		(435,141)	(6,169,020)	
Accumulated depreciation – June 30, 2016	<u>\$ 531,447,117</u>	<u>\$139,827,193</u>		<u>\$ -</u>	<u>\$ 671,274,310</u>	

Net investment in capital assets is estimated by first comparing the total building fund expenditures since 1991 to the capital outlay from the building fund for the same time frame which is 71.83% as of June 30, 2016. The related outstanding debt is then calculated as follows:

Depreciated capital assets	\$ 1,168,756,208
Outstanding bonds payable	1,433,272,568
Less fund balance restricted for capital	<u>(87,492,008)</u>
Adjusted bonds payable	1,345,780,560
Percent of capitalized assets	71.83%
Bonds payable related to capital assets	<u>\$ 966,674,176</u>
Related Debt:	
Bonds payable	\$ 966,674,176
Certificates of participation	<u>97,116,124</u>
Total related debt	1,063,790,300
Net investment in capital assets	<u>\$ 104,965,908</u>

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**6. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities is as follows:

	Balance June 30, 2015	Additions	Accretion of Capital Interest	Refunded/ Reductions	Balance June 30, 2016	Due Within One Year
Bonds Payable	\$ 1,364,745,175	\$ 143,280,000	\$ -	\$ (186,418,175)	\$ 1,321,607,000	\$ 70,210,000
Premiums	<u>117,719,791</u>	<u>26,500,712</u>	<u>-</u>	<u>(32,554,935)</u>	<u>111,665,568</u>	<u>-</u>
Total bonds payable	1,482,464,966	169,780,712	-	(218,973,110)	1,433,272,568	70,210,000
Certificates of participation	1,042,796,803	8,930,000	745,975	(14,730,000)	1,037,742,778	19,701,086
Premiums	<u>6,543,422</u>	<u>750,591</u>	<u>-</u>	<u>(580,029)</u>	<u>6,713,984</u>	<u>-</u>
Total certificates of participation	1,049,340,225	9,680,591	745,975	(15,310,029)	1,044,456,762	19,701,086
Other long-term liabilities:						
Compensated absences	17,133,030	11,086,157		(10,636,810)	17,582,377	2,144,838
Net OPEB obligation	<u>3,355,758</u>			<u>(55,354)</u>	<u>3,300,404</u>	
Net Pension Liability	<u>568,154,460</u>	<u>173,339,272</u>		<u>(7,676,153)</u>	<u>733,817,579</u>	<u>-</u>
Total other long-term liabilities	588,643,248	184,425,429	-	(18,368,317)	754,700,360	2,144,838
Total long-term liabilities	<u>\$ 3,120,448,439</u>	<u>\$ 363,886,732</u>	<u>\$ 745,975</u>	<u>\$ (252,651,456)</u>	<u>\$ 3,232,429,690</u>	<u>\$ 92,055,924</u>

Long-term Liabilities at June 30, 2016 are comprised of the following:

**Bonds:**

2005A GO Refunding Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2023, principal due in annual installments of \$13,895,000 to \$26,735,000 December 2018 through December 2023.	129,510,000
2009B GO Qualified School Construction Bonds, interest rate of 1.39% payable semiannually through 2024, principal due in annual installments of \$1,580,000 to \$1,762,000 and transferred to a sinking fund for principal at maturity in December 2024.	24,022,000
2009C GO Taxable Build America New Money bonds, interest rate of 5.664% payable semiannually through 2033, principal due in annual installments of \$6,000,000 to \$50,275,000 December 2024 through December 2033.	250,000,000
2009F GO Tax-Exempt Refunding Bonds, varying interest rates of 2.75% to 5.00% payable semiannually through 2023, principal due in annual installments of \$1,900,000 to \$3,090,000 through December 2023.	19,565,000
2009G GO Tax-Exempt Refunding Bonds, interest rates of 2.75% to 5.00% payable semiannually through 2018, principal due in annual installments of \$16,040,000 to \$16,750,000 through December 2018.	32,790,000
2010A GO Qualified School Construction Bonds, interest rate of 4.73% payable semiannually through September 2027, principal due in annual installments of \$1,435,000 to \$2,400,000 and transferred to a sinking fund for principal at maturity in September 2027.	29,260,000

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Bonds (continued)**

2010B GO Taxable Build America New Money Bonds, interest rate of 4.93% payable semiannually through 2028, principal of \$1,545,000 due December 2028.	1,545,000
2010C GO Tax-Exempt Refunding Bonds, varying interest rates of 2.50% to 5.00% payable semiannually through 2023, principal due in annual installments of \$16,850,000 to \$17,350,000 December 2019 to December 2023.	85,390,000
2012A GO Refunding Bonds, varying interest rates of 3.50% to 5.00% payable semiannually through 2028, principal due in installments of \$16,175,000 to \$21,210,000 between December 2017 and December 2028.	113,855,000
2012B GO Tax-Exempt Bonds, varying interest rates of 3.00% to 5.00% payable semiannually through 2032, principal due in installments of \$11,975,000 to 42,055,000 through December 2032.	262,605,000
2012C GO Taxable Qualified Zone Academy Bonds, interest rate of 3.773% payable semiannually through 2035, principal due in annual installments of \$697,000 to 698,000 and transferred to a sinking fund for principal at a maturity in December 2035.	16,000,000
2012D GO Taxable Refunding Bonds, varying interest rates of 0.967% to 3.154% payable semiannually through 2028, principal due in installments of \$380,000 to \$19,120,000 between December 2015 and December 2028.	45,845,000
2014A GO Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2034, principal due in installments of \$670,000 to \$1,680,000 December 2016 through December 2034.	20,760,000
2014B GO Refunding Bonds, varying interest rates of 3.00% to 5.00% payable semiannually through 2029, principal due in installments of \$16,075,000 to \$21,440,000 between December 2016 and December 2029.	147,180,000
2016A GO Refunding Bonds, varying interest rates of 1.75% to 5.00% payable semiannually through 2031, principal due in installments of \$405,000 to \$40,715,000 between December 2016 and December 2031.	143,280,000
Premium	<u>111,665,568</u>
<b>Total bonds payable</b>	<b><u>\$ 1,433,272,568</u></b>

**Certificates of Participation:**

1997 taxable, varying interest rates of 7.27% to 7.32% payable semiannually through 2017, principal due in annual installments of \$917,470 to \$2,717,461 through December 2017.	3,634,931
2011B taxable, interest rates of 6.22% and 7.017% payable semiannually through 2037, principal due in annual installments of \$4,290,000 to \$38,685,000 December 2017 through December 2037.	396,235,000
2013A, interest rates of 1.95% and 12.0% payable semiannually through 2032, principal due in annual installments of \$935,000 to \$4,650,000 December 2018 through December 2032.	35,195,000
2013B taxable, interest rates of 0.776% and 4.242% payable semiannually through 2037, principal due in annual installments of \$7,830,000 to \$39,020,000 through December 2037.	524,125,000

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**Certificates of Participation (continued)**

2013C, interest rates of 3.25% and 5.00% payable semiannually through 2033, principal due in annual installments of \$950,000 to \$4,965,000 December 2016 through December 2033.	58,740,000
2015A taxable, interest rates of 1.250% and 2.00% payable semiannually through 2018, principal due in annual installments of \$30,000 to \$165,000 through December 2018.	360,000
2015B tax-exempt, interest rates of 2.00% and 5.00% payable semiannually through 2045, principal due in annual installments of 135,000 to 525,000 through December 2045.	8,570,000
Cumulative accretion of interest on capital appreciation certificates	10,882,847
Premium	6,713,984
<b>Total certificates of participation</b>	<b>\$ 1,044,456,762</b>
<b>Other long-term liabilities:</b>	
Compensated absences payable	17,582,377
Net OPEB obligation	3,300,404
Net Pension Liability	733,817,579
<b>Total other long-term liabilities</b>	<b>\$ 754,700,360</b>
<b>Total long-term liabilities</b>	<b>\$ 3,232,429,690</b>

On November 3, 1998, November 4, 2003, November 4, 2008 and November 6, 2012 the registered voters of Denver authorized the School District to issue \$305 million, \$310.8 million, \$454 million, and \$466 million respectively, of general obligation bonds. As of June 30, 2016, all previously authorized bonds had been issued.

The Certificates of Participation series 1997 were executed to fund Denver Public Schools Retirement System (DPSRS) pension plan Unfunded Accrued Actuarial Liability (UAAL).

On January 31, 2013, as authorized by Board resolution, the District entered into Lease Purchase Financing Series 2013 for a principal amount of \$35.2 million. These funds along with funding from the 2012 General Obligation bonds were used to purchase and refurbish the District's Downtown Campus located at 1860 Lincoln. The building houses the central administrative functions of the District, the Emily Griffith Technical College (EGTC) and High School (EGHS) programs, and the Downtown Denver Expeditionary School (DDES.) The downtown campus creates financial benefits for the District and taxpayers through facility consolidation and sharing.

On May 1, 2013, as authorized by Board resolution, the District executed \$58.7 million Certificates of Participation, Series 2013C. The certificates provide funding of various projects in the Stapleton Urban Redevelopment Area consisting of the acquisition, improvement, and placement in service of one additional District elementary school and one additional K-8 school, and the acquisition and construction, including site preparation, of various improvements related to a District high school and sports field. The District and the Denver Urban Renewal Authority have entered into

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

a 2013 Supplemental Denver Public Schools Funding Agreement to provide reimbursement to the District for the above listed projects which will serve as the source of repayment for the Series 2013C Certificates of Participation.

In September of 2015, as authorized by Board resolution, the District executed \$8.9 million Certificates of Participation, Series 2015. The proceeds from the issuance used for the purchase of parking garage located at 1855 Lincoln Street in downtown Denver, and the land upon which it is located. The primary purpose is to provide affordable and long-term parking for the users of the Emily Griffith Campus. The Certificates evidence undivided interests in the right to receive certain revenues payable by the District under an annually renewed Lease Purchase Agreement dated on October 5, 2015.

Annual requirements to maturity are as follows:

Year Ending	General Obligation Bonds		Certificates of Participation	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>				
2017	70,210,000	58,136,117	19,701,085	49,499,264
2018	49,980,000	56,029,759	21,651,693	50,371,304
2019	51,320,000	54,203,503	24,865,000	52,102,133
2020	53,425,000	51,885,278	27,900,000	51,151,846
2021	58,365,000	49,386,083	29,825,000	50,022,222
2022-2026	353,907,000	201,431,586	181,320,000	227,681,490
2027-2031	434,745,000	108,794,298	251,800,000	173,162,003
2032-2036	249,655,000	19,599,291	325,775,000	89,563,886
2037-2041	-	-	152,520,000	9,391,896
2042-2045	-	-	1,860,000	296,750
2046	-	-	525,000	13,125
Total	<u>\$ 1,321,607,000</u>	<u>\$ 599,465,915</u>	<u>\$ 1,037,742,778</u>	<u>\$ 753,255,919</u>

The bonds are general obligations of the District. The full faith and credit of the District are pledged for the payment of the principal of and interest on the Bonds. The Board annually determines and certifies, to the City and County of Denver, a rate of levy for general ad valorem taxes, on all of the taxable property in the District, sufficient to pay debt service on Bonds when due. The Certificate of Participation are secured by schools and administrative properties owned and operated by the District.

All bond obligations will be paid from the Bond Redemption Fund. The 2013A and 2013C Certificates of Participation are to be paid from the Capital Reserve Fund; whereas the 1997, 2011B and 2013B taxable Certificates of Participation are attributable to pension obligations and are to be paid from the General Fund. The 2015A taxable Certificates of Participation and 2015B tax-exempt Certificates of participation are to be paid from General Fund.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

The Building Fund balance of \$87,492,008 is from the issuance of Series 2009A, 2009C, 2010A, 2012B, 2012C and 2014A general obligation bonds and related interest earnings. At June 30, 2016, the School District had capital expenditure purchase commitments outstanding of \$38,807,013.

**Defeasance of Certificates of Participation**

In prior years, the District defeased certain Certificates of Participation by placing the proceeds of the new certificates in an irrevocable trust to provide for all future payments on the old obligations. Accordingly, the trust account assets and the liability for the defeased obligations are not included in the District's financial statements. At June 30, 2016, \$7,518,310 of outstanding certificates of participation are considered defeased.

**Defeasance of General Obligation Bonds**

On May 10, 2016 the District advance refunded a portion of the District's Series 2012B general obligation bonds with an average interest rate of 4.99% the proceeds from the issuance of Series 2016A general obligation bonds, with an average interest rate of 4.222%. The defeased bonds are not considered a liability of the District since sufficient funds of \$169,003,421 were deposited with an escrow agent and invested in Federal Securities for the purpose of paying the principal and interest when due. Total debt service on the 2016A refunding bonds will be \$211,176,125 through December 2031 for a decrease of \$7,894,875 from the debt service on the 2012B bonds of \$219,071,000 through December 2031. The refunding results in a present value saving to the District and taxpayers of Denver of \$7,562,484.

In prior years, the District advance refunded a portion of the District's Series 2004A, 2004C and 2009A general obligation bonds with the proceeds from the issuance of new general obligation bonds. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with an escrow agent and invested in government securities for the purpose of paying the principal and interest when due. At June 30, 2016, \$287,655,000 of refunded 2009A and 2012B bonds are considered defeased.

**Forward Delivery Agreements**

In February 2003, the District entered into a forward delivery agreement whereby it received \$9.8 million for the General Fund in exchange for the future earnings from the investment of future general fund revenues that will be used to meet the debt service requirements for the 1997 taxable pension certificates of participation issue. Of this \$9.8 million, \$8,277,188 has been recognized as revenue, with the remaining amount to be recognized as revenue over the remaining life of the issue or through December 2018.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Compensated Absences Payable**

Compensated absences payable consists of accumulated sick leave time which vests and is payable upon retirement and accumulated vacation leave time which vests and is payable upon retirement or termination. On the fund financial statements, compensated absence amounts are reported as expenditures or expenses when paid. The estimated cost for fiscal year 2016 is \$2,144,838 based on recent history. These expenditures are recognized in the fund where incurred, a majority of which are incurred by the General Fund.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**7. SHORT-TERM DEBT**

It was necessary for the district to participate in the State of Colorado interest-free loan program by borrowing \$197,000,000 throughout the fiscal year to meet cash flow needs since the majority of property taxes are received starting in March. The loan was repaid during the months of March and May.

June 30, 2015	Borrowed	Repayment	June 30, 2016
Balance			Balance
\$0	\$197,000,000	\$197,000,000	\$0

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

## 8. PENSION PLAN

### Defined Benefit Pension Plan

#### **Summary of Significant Accounting Policies**

**Pensions** - The district participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan, as defined in Governmental Accounting Standards Statement No. 68, administered by the Public Employees' Retirement Association of Colorado ("PERA"). The district's discretely presented component units also participate in the DPS Division, except for the employees of the Denver Public Schools Foundation, Denver School of Science and Technology schools and Ridge View Academy. All assumptions and information contained in this footnote apply to the district and its component units that participate in the plan, unless otherwise noted. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **General Information about the Pension Plan**

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

- 15 times the first 10 years of service credit plus 20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

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

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

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

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

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(15.97%)	(15.54%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the DPS Division	1.36%	2.59%

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

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the district is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the district and the component units were \$11,450,384 and \$1,634,054, respectively, for the year ended June 30, 2016.

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

At June 30, 2016 the district reported a liability of \$733,817,579 for its proportionate share of the net pension liability and the component units reported an aggregate liability of \$79,717,421. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The district's proportion of the net pension liability was based on the district's contributions to the DPS Division for the calendar year 2015 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2015, the district's proportion was 90.20 percent, which is a decrease of 0.77 percent from its proportion measured as of December 31, 2014. The component unit's aggregate proportion was 9.80 percent at December 31, 2015, which is an increase of 0.77 percent from the proportion measured as of December 31, 2014.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

For the year ended June 30, 2016, the district recognized pension expense of \$97,249,638 and the component units recognized pension expense of \$14,247,741. At June 30, 2016, 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
Net difference between projected and actual earnings on pension plan investments	\$ 165,590,291	\$ -
Contributions subsequent to the measurement date	7,252,687	-
Difference between expected and actual experience	33,042,470	(95,613)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(6,160,112)
Changes of assumptions or other inputs	-	(82,139,834)
<b>Total</b>	<b>\$ 205,885,448</b>	<b>\$ (88,395,559)</b>

At June 30, 2016, the district's component units 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
Net difference between projected and actual earnings on pension plan investments	\$ 17,382,420	\$ -
Contributions subsequent to the measurement date	988,241	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,334,076	(3,125,295)
Difference between expected and actual experience	4,129,416	(10,003)
Changes of assumptions or other inputs	-	(8,503,923)
<b>Total</b>	<b>\$ 32,834,153</b>	<b>\$ (11,639,221)</b>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

There was \$7,252,687 reported as deferred outflows of resources related to pensions for the district and \$988,241 for the component units, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>District</u>	
<u>Year ended:</u>	
2017	29,887,917
2018	29,887,917
2019	29,887,917
2020	20,704,098
2021	(130,647)

<u>Component units</u>	
<u>Year ended:</u>	
2017	5,479,954
2018	5,479,954
2019	5,479,954
2020	3,765,669
2021	1,160

***Actuarial assumptions*** - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year, and females set back 2 years.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The DPS Division's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

\*In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

**Discount rate** - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at 12/31/2014</b>	<b>\$ 3,888,361,000</b>	<b>\$ 3,263,791,000</b>	<b>\$ 624,570,000</b>
<b>Changes for the year:</b>			
Service cost	82,079,000	-	82,079,000
Interest	281,752,000	-	281,752,000
Differences between expected and actual experience	45,767,000	-	45,767,000
Changes of assumptions or other inputs	(113,772,000)	-	(113,772,000)
Contributions – employer	-	8,494,000	(8,494,000)
Contributions – employee	-	53,558,000	(53,558,000)
Net investment income	-	49,172,000	(49,172,000)
Benefit payments, including refunds of employee contributions	(263,323,000)	(263,323,000)	-
Administrative expense	-	(2,599,000)	2,599,000
Other changes	-	(1,764,000)	1,764,000
<b>Net changes</b>	<b>32,503,000</b>	<b>(156,462,000)</b>	<b>188,965,000</b>
<b>Balances at 12/31/2015</b>	<b>\$ 3,920,864,000</b>	<b>\$ 3,107,329,000</b>	<b>\$ 813,535,000</b>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

***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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate share of the net pension liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District	1,148,686,748	733,817,579	389,617,369
Component Units	124,786,252	79,717,421	42,325,631

***Pension plan fiduciary net position*** - Detailed information about the DPS Division's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

***Membership*** - Benefit recipients and members of PERA consisted of the following as of December 31, 2015. These numbers include all recipients and members for the DPS Division, including those from the district's component units.

Classification	Members
Retirees and beneficiaries	6,812
Terminated employees entitled to benefits but not yet receiving benefits	1,109
Inactive members	8,118
Active members	
Vested general employees	6,849
Non-vested general employees	9,080
Total Actives	<u>15,929</u>
Total	<u>31,968</u>

**Payables to the pension plan**

**Defined Contribution Pension Plan**

Voluntary Investment Program

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

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Funding Policy** - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, section 1402 of the C.R.S., as amended. In addition the district does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings. For the year ended 2016, Program members contributed \$2,528,155 for the Voluntary Investment Program.

**Other Post-Employment Benefits**

**Denver Public Schools Health Care Trust Fund**

**Plan Description** – The district contributes to the Denver Public Schools Health Care Trust Fund ("DPS HCTF") a cost-sharing multiple-employer healthcare trust administered by PERA. The DPS HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the DPS HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the DPS HCTF. That report can be obtained at the following web address: [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** – The district is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the district are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the DPS HCTF is established under Title 24, Article 51, Section 208(1)(f.5) of the C.R.S., as amended. For the years ending 2016, 2015 and 2014, the District's contributions to the DPS HCTF were \$6,389,748, \$6,026,646 and \$6,221,305, respectively, equal to their required contributions for each year.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The district provides post-retirement life insurance benefits in accordance with the Board of Education Resolution 1643. The benefit is administered in a non-revocable trust by an independent trustee as a single-employer defined benefit OPEB plan. Separately audited GAAP-basis financial statements are not available for the plan.

**Plan Descriptions and Contribution Information**

The contributions and benefits are provided to certain employees who retired under the provisions of early, regular, or disability retirement who meet the other eligibility requirements. Contributions to the plan are paid from the general fund. Plan participants consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

Number retired	3,512
Number disabled	<u>162</u>
Total	<u>3,674</u>

**Denver Public Schools Retiree Life Insurance Trust (DPSRLIT)**

**Plan Description** - Life insurance benefits are provided to retirees depending on the date they were eligible to retire. Retirees who were eligible to retire prior to September 1, 1997 receive two times their annual earnings, with the amount reduced annually during the five-year period after their retirement date; at the end of the five year period the life insurance benefit remaining is final and paid out upon their death. Retirees who were eligible to retire after September 1, 1997 receive a flat dollar amount of \$10,000 payable at the time of their death. Life insurance benefits are not available to anyone who retires after January 1, 2006.

**Contributions** - The Annual Required Contribution (ARC) was \$2,977,219 for fiscal year ending June 30, 2016 based on the most recent actual valuation report dated July 1, 2014. The district's Board of Education determines the annual contribution through the budgeting process. The district's current annual contribution amount is budgeted at \$2,040,000, with total contribution of \$2,851,044, including \$811,044 in dividends received for the fiscal year ended June 30, 2016. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net pension obligation.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**Annual OPEB Cost and Net OPEB Obligation**

The district's annual OPEB cost is calculated based on the ARC for the plan. The ARC represents the level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the district's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the district's net OPEB obligation:

Amortization of Unfunded Actuarial Accrued Liability	\$ 2,876,540
Interest on Amortization	<u>100,679</u>
Annual Required Contribution	2,977,219
Interest on Net OPEB Obligation	117,452
Adjustment to ARC	<u>(298,981)</u>
Annual OPEB Cost	2,795,690
Employer Contributions	<u>(2,851,044)</u>
Increase in Net OPEB Obligation	(55,354)
Net OPEB Obligation - June 30, 2015	<u>3,355,758</u>
Net OPEB Obligation - June 30, 2016	<u><u>\$ 3,300,404</u></u>

The district's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation or asset for 2016, 2015, and 2014 are as follows:

Fiscal Year Ended	Net OPEB Obligation / (Asset)	Annual Required Contribution	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed
June 30, 2016	\$ 3,300,404	\$ 2,977,219	\$ 2,795,690	\$ 2,851,044	101.98%
June 30, 2015	3,355,758	2,977,219	2,810,020	2,545,119	90.57%
June 30, 2014	3,090,857	3,062,430	2,926,591	2,346,870	80.19%

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**Funded Status and Funding Progress – OPEB**

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2014	\$ 6,602,534	\$ 38,888,814	\$ 32,286,280	16.98%

The ARC was determined using the "Projected Unit Credit" actuarial cost method and was calculated on a level dollar basis assuming the average remaining lifetime of qualified retirees (14.2 years) for the life insurance benefit with an open amortization period. The significant actuarial assumptions used in the valuation were: (a) life expectancy of participants obtained from the RP-2014 Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis; (b) life expectancy participants obtained from the RP-2014 Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis; (c) a discount rate of 3.50%. Covered payroll is not presented since the plan now covers only a closed group of district retirees.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Prior to January 1, 2010 the district provided postemployment health benefits by subsidizing health insurance premiums through the Denver Public Schools Retiree Health Benefit Trust (DPSRHB). The district transferred postemployment health benefits to PERACare on January 1, 2010.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

## 10. RISK MANAGEMENT

The district's risk management program deals with the efficient operations of the commercial insurance programs that provide financial protection to the district. These programs include property insurance, several lines of liability insurance, and workers' compensation insurance. There have been no significant changes in the insurance programs from the prior year. For the prior three years the amount of claim payments for property and liability insurance has not exceeded the amount of insurance coverage.

The district has the normal exposures to loss that are part of any large organization. The district is a public facility that teaches and supervises over 90,000 students, employs approximately 15,000 people to accomplish these functions, and provides these services in over 190 facilities located throughout the City and County of Denver. Exposures to loss include damage to and theft of property, tort claims, errors and omissions on the part of district employees or Board members, on the job injuries, and automobile liability claims.

The district participates in the Colorado School District Self-Insurance Pool (the Pool) for liability and property coverage. The Pool provides coverage, claims handling and loss prevention services to its members.

The district retains a certain level of all liability losses. For the year ended June 30, 2016 the district retained \$100,000 of each school entity liability loss and \$150,000 for each automobile liability loss. For the same period the retention level for each property claim was \$100,000. These deductible levels were arrived at after reviewing the average historical losses and determining the amount of each loss the district could pay directly.

The workers' compensation insurance program is a self-financed program, for the first \$550,000 of each loss. Risk Management funds for the workers' compensation program to pay expenses and claims costs. As well as premiums for excess insurance to cover losses above the \$550,000 self-insured retention. The district uses a third party claims administrator to process claims. Claim liabilities for automobile liability, school entity, and workers' compensation, including incurred but not reported (IBNR) claims, were determined by Aon Global Risk Consulting (AGRC) at the request of the district. The estimated workers' compensation outstanding liability as of June 30, 2016 is \$8,948,385 and the amount was based on historical paid and incurred losses. The workers compensation liability is undiscounted.

The schedule below represents the claims activity for the fiscal year and the liability for accrued claims for property, liability, and workers' compensation combined. The goal is to retain the highest level of each loss that makes economic sense. The liability for all claims is \$11,027,570 as of June 30, 2016.

		<b>Current Year</b>		
		<b>Claims and</b>		
	<b>Beginning</b>	<b>Change</b>	<b>Claim</b>	<b>Ending</b>
	<b><u>Liability</u></b>	<b>In Estimate</b>	<b>Payments</b>	<b><u>Liability</u></b>
June 30, 2015	\$8,713,225	\$8,536,968	\$6,393,727	\$10,856,466
June 30, 2016	\$10,856,466	\$6,794,170	\$6,623,066	\$11,027,570

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**11. RELATED PARTIES**

The District has an intergovernmental agreement with Douglas County School District RE-1, Arapahoe County School District No. 6 (Littleton Public Schools), Cherry Creek School District No. 5 and Aurora Public Schools to create a board of cooperative educational servers (BOCES) for the purpose of operating an expeditionary learning school, the Rocky Mountain School of Expeditionary Learning (RMSEL), a kindergarten through 12th grade school. RMSEL is a self-governing organization with its own Board of Education. The six Board members consist of one school Board member from each of the participating districts and one member appointed by the sponsoring districts from the public at large.

By contract, the maximum number of students the RMSEL may serve is 400. These students must be residents of one of the five participating school districts. All students at RMSEL are included in the District's enrollment number that is reported to the Colorado Department of Education for funding purposes. The District receives the funding related to the RMSEL students and passes 100% of that funding on to RMSEL along with a portion of state and federal categorical aid as appropriate. That funding was \$2,942,154 for fiscal year 2016. RMSEL's special education services paid \$116,533 to the District for the same year.

RMSEL is located at 1700 South Holly, Denver, in one of the District's buildings. RMSEL leases the facility from the District for \$150,000 per year.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**12. COMMITMENTS AND CONTINGENCIES**

The district is a party to numerous pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. After consulting with counsel, the district's management has concluded that no significant adverse effect on the June 30, 2016 financial statements should result upon final disposition of these proceedings. The district has a potential liability relating to the "Asbestos Hazard Emergency Response Act" (the Act), which is a federally-funded hazardous material/asbestos management program administered by the State Health Department. It is not possible at this time to estimate the amount of expenditures which will be required to comply with the Act. It is expected that these expenditures will not have a significant impact on the financial position of the district.

Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The district's management believes disallowances, if any, will be immaterial.

For the year ended June 30, 2016, the district reported a deficit net position of \$1,257,026,715 in the government-wide statements. This deficit can be partially attributed to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requiring the recognition of a long-term liability for pensions. Also, liabilities related to the district's execution of Certificates of Participation and General Obligation bonds to fund retirement and necessary capital and maintenance projects of the district's facilities.

For the year ended June 30, 2016, the district incurred expenses in excess of appropriations in the Bond Redemption Fund and Warehouse internal service Fund by \$29.4 million and \$11 thousand respectively, which may be a violation of state statute.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

As of June 30, 2016 encumbrances for governmental and proprietary funds were:

Fund	Encumbrances
General	\$ 18,587,047
Special Revenue - Grants	6,083,277
Special Revenue - ProComp	-
Special Revenue - Food Service	220,284
Building	38,807,013
Capital Reserve	35,899,087
Non-Major Funds	95,413
Total	<u>\$ 99,692,121</u>

The district leases office facilities, educational facilities, warehouse and parking under non-cancellable operating leases. Total expense for such facilities was \$3,462,638 for the fiscal year ended June 30, 2016. The future minimum operating lease obligations as of June 30, 2016 were as follows:

Year	Governmental Activities
2017	\$ 3,036,231
2018	3,036,406
2019	1,973,880
2020	1,129,816
2021	1,125,438
2022 - 2026	4,187,791
2027 - 2031	1,282,171
2032 - 2033	572,141
Total Minimum Lease Payments	<u>\$ 16,343,874</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**13. CERTAIN CONSTITUTIONAL LIMITATIONS**

At the general election held November 3, 1992, voters approved an amendment (commonly termed the Taxpayers Bill of Rights, or TABOR) to the Colorado Constitution limiting the ability of the state and local governments such as the district to increase revenues, debt and spending, and restricting property, income and other taxes. On November 2, 1999 the Denver voters gave the district approval to exceed the spending limits established in TABOR beginning with the 1999 fiscal year. The amendment also requires that the state and local governments obtain voter approval to create any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years". The amendment exempts from its restrictions the borrowings and fiscal operations of "enterprises". Enterprises are defined to include government owned businesses authorized to issue their own revenue bonds and receiving under 10% of their grants from all state and local government sources combined. The amendment also requires the establishment of an "Emergency Reserve" equal to three percent of fiscal year spending excluding debt service.

In accordance with TABOR, the district maintains an emergency reserve of 3% of fiscal year spending by designating real property owned by the district in lieu of cash. For fiscal year 2016, fiscal year spending was \$978,863,631, and the 3% emergency reserve was \$29,365,909, which excludes multi-year obligations of \$167,005. Additionally, in accordance with C.R.S. Section 22-44-105, the district established an emergency cash reserve as a restricted fund balance in the general fund for \$24,910,740 equal to 3% of budgeted general fund revenues.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**14. COMPONENT UNITS**

The District has 39 component units consisting of one blended component unit and 38 discretely presented component units.

Change in Reporting Entity and Prior Period Adjustments

The component unit combining financial statements reflect changes in reporting entity and prior period adjustments. The changes in reporting entity include the addition of new charter schools (footnoted as A in the combining statements), charter schools with expired charters that were not renewed (footnoted as B in the combining statements) and changes in reporting entity for charter school networks that were previously reported at the school level and are now reported at the network level (see footnote C in the combining statements).

Blended Component Unit

**Denver School Facilities Leasing Corporation**

The DSFLC was formed in December 1985 as a not-for-profit corporation under Sections 501(c) (3) and 501(c) (4) of the Internal Revenue Code, and exists solely to acquire real estate, buildings and equipment for schools for future lease to the District. The District is primarily responsible for the creation and continued management of the DSFLC, has influence over its operations and is ultimately responsible for any deficits or operating deficiencies. The certificates of participation issued by the DSFLC and its activities for the year are reflected in the accompanying government-wide financial statements of the District. An evaluation of the DSFLC using the above considerations results in its blended inclusion in the accompanying financial statements. There are no separate financial statements available for the DSFLC and the financial information of the DSFLC is blended with that of the primary government which is why DSFLC is not shown on the schedules in this note.

Discretely Presented Component Units

**Denver Public Schools Foundation**

In 1984 the Denver Public Schools Foundation (the "Foundation") was incorporated as a widely based not-for-profit charitable organization whose educational purposes are to support the mission, goals and objectives of the District. Separately issued financial statements are available from the Foundation at 1860 Lincoln St, Denver, CO 80203. Certain note disclosures for the Foundation have been excerpted from the Foundations' financial statements.

**Charter Schools**

In 1993, the State of Colorado Legislature enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101," which permits the District to contract with individuals and organizations for the operation of charter schools within the District. The charter schools are financed by a portion of the District's School Finance Act Revenues (based on student enrollment), mill levy override property tax dollars, and state and federal grants, as well as other revenues

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

generated by the charter school. The District's Board of Education must approve all charter school applications; however, they have their own separate governing boards.

Separately issued financial statements for the District's 38 charter schools are available from the individual charter schools at the addresses noted below:

- Academy 360 Charter School, 12505 Elmendorf Place, Denver, CO 80239
- Academy of Urban Learning, 2417 W. 29th Avenue, Denver, CO 80211
- Cesar Chavez Academy Denver, 3752 Tennyson Street, Denver, CO 80212
- Colorado High School Charter, 1175 Osage Street, Suite #100, Denver, CO 80204
- Compass Academy, 2285 S. Federal Boulevard, Denver, CO, 80219
- Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
- Denver Language School, 451 Newport Street, Denver, CO 80220
- Denver Justice High School, 300 E. 9<sup>th</sup> Avenue, Denver, CO 80203
- Downtown Denver Expeditionary Schools, 1860 Lincoln Street, Denver CO 80295
- Denver School of Science and Technology - Byers Middle School, 150 S. Pearl Street, Denver, CO 80209
- Denver School of Science and Technology - Cole High School, 3240 Humboldt Street, Denver, CO 80205
- Denver School of Science and Technology - Cole Middle School, 1350 E. 33rd Avenue, Denver, CO 80205
- Denver School of Science and Technology - College View High School, 3111 W. Dartmouth Avenue, Denver CO 80236
- Denver School of Science and Technology - College View Middle School, 3111 W. Dartmouth Avenue, Denver CO 80236
- Denver School of Science and Technology - Conservatory Green Middle School, 8499 E. Stoll Place, Denver, CO 80238
- Denver School of Science and Technology - Green Valley Ranch Middle School, 4800 Telluride Street, Building 3, Denver, CO 80249
- Denver School of Science and Technology - Green Valley Ranch High School, 4800 Telluride Street, Building 2, Denver, CO 80249
- Denver School of Science and Technology - Stapleton Middle School, 2000 Valentia Street, Denver, CO 80238
- Denver School of Science and Technology - Stapleton High School, 2000 Valentia Street, Denver, CO 80238
- Girls Athletic Leadership Schools, 750 Galapago Street, Denver CO 80204
- Highline Academy Charter School, 2170 S. Dahlia Street, Denver, CO 80222
- Highline Academy Green Valley Ranch, 19451 East Maxwell Place, Denver CO 80249
- KIPP Colorado Schools, 1390 Lawrence Street, Suite 200, Denver, CO 80204
- Monarch Montessori of Denver Charter, 4895 Peoria Street, Denver, CO 80239
- Odyssey School of Denver, 6550 E. 21st Avenue, Denver, CO 80207
- Omar D. Blair Charter School, 4905 Cathay Street, Denver, CO 80249
- Pioneer Charter School, 3230 E. 38<sup>th</sup> Avenue, Denver, CO 80205
- REACH Charter School, 940 Fillmore Street, Denver, CO 80206
- Ridge View Academy, 28101 East Quincy Avenue, Watkins, CO 80137
- RiseUp Community School, 1801 Federal Boulevard, Denver, CO 80204

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

- Rocky Mountain Preparatory Schools, 7808 Cherry Creek South Drive, Denver, CO 80231
- Roots Elementary School, 3350 Hudson Street, Denver, CO 80207
- SOAR @ Green Valley Ranch, 4800 Telluride Street, #4, Denver, CO 80249
- Southwest Early College, 3001 South Federal Boulevard, Box 114, Denver, CO 80236
- STRIVE Preparatory Schools, 2480 W. 26<sup>th</sup> Avenue, B-360, Denver, CO 80211
- University Prep - Arapahoe Street, 2409 Arapahoe Street, Denver, CO 80205
- Venture Prep High School, 2540 Holly Street, Denver, CO 80207
- Wyatt Academy, 3620 Franklin Street, Denver, CO 80205

Pension Plan

Charter school employees participate in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 68 and is administered by the Colorado Public Employees' Retirement Association (PERA). The employees at all Denver School of Science and Technology schools and Ridge View Academy do not participate in the DPS Division pension plan.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

---

**Prior Period Adjustment**

Beginning net position (deficit) for all discretely-presented component units in the aggregate differs with ending net position from the prior report as follows:

Ending net position (deficit) for component units in the aggregate from prior report	\$ (9,002,000)
<b>Less:</b>	
Ending net position from charter schools presented in the prior report but not in this report:	
Sims-Fayola International Academy Denver	(806,398)
Venture Prep Middle School	(809,086)
<b>Add:</b>	
Beginning net position for charter schools included in this report but not in the prior report:	
Compass Academy	(2,108)
College View High School	136,765
REACH Charter	4,828
RiseUp Community School	7,327
Roots Elementary	(21,526)
Beginning net position for charter management organizations included in this report but not in the prior report:	
KIPP Colorado Schools	(666,604)
Rocky Mountain Preparatory Schools	982,152
STRIVE Preparatory	(1,063,244)
Prior period adjustment from separately-issued financial statements:	
Ridge View Academy	(157,531)
Rocky Mountain Preparatory Schools	<u>(42,930)</u>
Total prior period adjustments from separately-issued financial statements	<u>(200,461)</u>
Prior period adjustment, net	<u>792,613</u>
Beginning net position (deficit), restated	<u><u>\$ (8,209,387)</u></u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Component Unit Net Position Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	Cesar Chavez Academy Denver	Colorado High School	Compass Academy
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 9,318,488	\$ 270,917	\$ 527,937	\$ 1,586,371	\$ 1,091,139	\$ 230,809
Restricted cash	-	-	-	1,037,853	85,738	-
Receivables:						
Accounts	-	17,192	54,631	-	39,174	-
Grants	-	-	-	26,126	-	28,783
Other	1,123,480	-	-	-	-	-
Due from CMO	-	-	-	-	-	-
Prepaid expenses	-	23,000	2,375	-	61,663	10,151
Restricted investments	1,717,686	-	-	-	-	-
Inventory	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Capital assets, net	6,897	606,364	27,648	5,316,277	1,667,992	24,191
Total assets	<u>12,166,551</u>	<u>917,473</u>	<u>612,591</u>	<u>7,966,627</u>	<u>2,945,706</u>	<u>293,934</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	-	338,784	252,659	557,293	292,074	924,351
Total deferred outflows of resources	<u>-</u>	<u>338,784</u>	<u>252,659</u>	<u>557,293</u>	<u>292,074</u>	<u>924,351</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	31,105	3,115	363	12,734	32,575	16,474
Due to CMO	-	-	-	-	-	-
Grants payable	4,656,002	-	-	-	-	-
Accrued interest	-	-	-	220,256	-	-
Accrued payroll	-	-	49,386	-	108,714	24,697
Accrued liabilities	-	-	-	37,944	-	11,379
Deposits	-	-	-	-	1,000	-
Deferred revenue	-	973	-	-	61,663	-
Noncurrent liabilities:						
Due within one year	-	36,911	-	75,000	19,286	-
Due in more than one year	-	1,234,687	888,586	8,260,044	1,976,720	887,053
Total liabilities	<u>4,687,107</u>	<u>1,275,686</u>	<u>938,335</u>	<u>8,605,978</u>	<u>2,199,958</u>	<u>939,603</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	-	89,711	128,397	429,845	117,603	99,292
Total deferred inflows of resources	<u>-</u>	<u>89,711</u>	<u>128,397</u>	<u>429,845</u>	<u>117,603</u>	<u>99,292</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	135,296	27,648	(1,063,723)	-	24,191
Restricted for:						
Emergencies	-	39,000	43,000	108,000	81,000	48,000
Debt Service	-	-	-	817,597	-	-
Donor-designated purposes	5,116,042	-	-	-	-	-
Unrestricted (deficit)	2,363,402	(283,436)	(272,130)	(373,777)	839,219	107,199
Total net position	<u>\$ 7,479,444</u>	<u>\$ (109,140)</u>	<u>\$ (201,482)</u>	<u>\$ (511,903)</u>	<u>\$ 920,219</u>	<u>\$ 179,390</u>

A: New Charter School  
B: Charter expired June 30, 2015  
C: Change in reporting entities

A

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

Denver School of Science and Technology									
Community Challenge School	Byers Middle School	Cole High School	Cole Middle School	College View HS	College View MS	Conservatory Green	Green Valley Ranch High School		Subtotal
\$ 429,386 19,981	\$ 1,414,517 98,800	\$ 183,257 67,968	\$ 927,898 98,059	\$ 92,389 38,944	\$ 747,110 97,620	\$ 166,524 73,217	\$ 880,779 125,382	\$ 17,867,521 1,743,562	
217	82,426	66,661	29,033	68,017	33,591	60,486	21,987	473,415 54,909	
-	-	-	-	-	-	-	-	-	1,123,480
28,967	-	-	-	250	-	-	4,999	131,405	
-	-	-	-	-	-	-	-	-	1,717,686
-	-	-	-	-	-	-	-	-	
-	84,003	26,588	90,250	11,407	45,461	30,123	21,059	7,958,260	
<u>478,551</u>	<u>1,679,746</u>	<u>344,474</u>	<u>1,145,240</u>	<u>211,007</u>	<u>923,782</u>	<u>330,350</u>	<u>1,054,206</u>	<u>31,070,238</u>	
<u>364,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,729,512</u>	
<u>364,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,729,512</u>	
 -	27,927	44,813	25,535	48,077	17,421	16,529	13,728	290,396	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	4,656,002	
-	-	-	-	-	-	-	-	220,256	
2,112 5,481	247,990 39,759	159,533 39,920	252,057 40,932	80,913 29,045	188,004 239,887	163,298	269,787 68,944	1,546,491 513,291	
-	-	-	-	-	-	-	-	1,000	
-	-	-	-	-	-	-	-	62,636	
-	-	-	-	-	-	45,471	-	176,668	
<u>1,283,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,530,090</u>	
<u>1,290,593</u>	<u>315,676</u>	<u>244,266</u>	<u>318,524</u>	<u>158,035</u>	<u>445,312</u>	<u>225,298</u>	<u>352,459</u>	<u>21,996,830</u>	
 <u>344,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,209,330</u>	
<u>344,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,209,330</u>	
 -	84,003	26,588	90,250	11,407	45,461	30,123	21,059	(567,697)	
220,958	98,800	67,968	98,059	38,944	97,620	73,217	125,382	1,139,948 817,597	
-	-	-	-	-	-	-	-	5,116,542	
(1,013,131)	1,181,267	5,652	638,407	2,621	335,389	1,212	555,306	4,087,200	
<u>\$ (792,173)</u>	<u>\$ 1,364,070</u>	<u>\$ 100,208</u>	<u>\$ 826,716</u>	<u>\$ 52,972</u>	<u>\$ 478,470</u>	<u>\$ 105,052</u>	<u>\$ 701,747</u>	<u>\$ 10,593,590</u>	

A

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

Component Unit Net Position Information		Denver School of Science and Technology					
		Green Valley Ranch Middle School	Stapleton High School	Stapleton Middle School	Denver Language School	Downtown Denver Expeditionary School	Girls Athletic Leadership Schools
<b>ASSETS</b>							
Assets:							
Cash and investments	\$ 1,514,856	\$ 807,970	\$ 1,177,224	\$ 1,243,259	\$ 644,303	\$ 492,886	
Restricted cash	95,709	129,217	102,705	-	-	-	
Receivables:							
Accounts	14,452	21,030	10,669	50,032	8,438	163,418	
Grants	-	-	-	-	-	-	
Other	-	-	-	-	-	-	
Due from CMO	-	-	-	-	-	-	
Prepaid expenses	4,999	2,729	6,132	24,500	25,379	24,722	
Restricted investments	-	-	-	-	-	-	
Inventory	-	-	-	-	1,600	-	
Deposits	-	-	-	-	-	-	
Capital assets, net:	22,493	-	-	93,113	92,657	30,436	
Total assets	<u>1,652,509</u>	<u>960,946</u>	<u>1,296,730</u>	<u>1,410,904</u>	<u>772,377</u>	<u>711,462</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Related to pensions	-	-	-	1,150,024	939,905	922,859	
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150,024</u>	<u>939,905</u>	<u>922,859</u>	
<b>LIABILITIES</b>							
Liabilities:							
Accounts payable	5,560	39,338	20,679	6,272	49	108,411	
Due to CMO	-	-	-	-	-	-	
Grants payable	-	-	-	-	-	-	
Accrued interest	-	-	-	-	-	-	
Accrued payroll	264,645	275,406	228,951	283,337	127,861	55,118	
Accrued liabilities	39,927	-	-	-	-	-	
Deposits	-	-	-	-	-	-	
Deferred revenue	-	-	-	49,730	-	23,295	
Noncurrent liabilities:							
Due within one year	-	-	-	-	-	-	
Due in more than one year	-	-	-	3,077,846	1,782,596	2,067,958	
Total liabilities	<u>310,132</u>	<u>314,744</u>	<u>249,630</u>	<u>3,417,185</u>	<u>1,910,506</u>	<u>2,254,782</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Related to pensions	-	-	-	344,920	199,767	231,746	
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,920</u>	<u>199,767</u>	<u>231,746</u>	
<b>NET POSITION</b>							
Net investment in capital assets	22,493	-	-	93,113	92,657	30,436	
Restricted for:							
Emergencies	95,709	129,217	102,705	125,000	91,000	86,500	
Debt Service	-	-	-	-	-	-	
Donor-designated purposes	-	9,517	-	-	-	-	
Unrestricted (deficit)	1,224,175	507,468	944,395	(1,419,290)	(581,648)	(969,143)	
Total net position	<u>\$ 1,342,377</u>	<u>\$ 646,202</u>	<u>\$ 1,047,100</u>	<u>\$ (1,201,177)</u>	<u>\$ (397,991)</u>	<u>\$ (852,207)</u>	

A: New Charter School  
B: Charter expired June 30, 2015  
C: Change in reporting entities

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

Highline Academy Charter School	Highline Academy Green Valley Ranch	Denver Justice High School	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver	Omar D. Blair Charter School	Pioneer Charter School	Subtotal
\$ 1,285,003 930,550	\$ 109,795	\$ 56,952	\$ 4,408,737	\$ 385,984 3,132,739	\$ 727,752	\$ 685,237	\$ 367,278	\$ 13,907,236 4,390,920
-	26,200	47,562	-	14,529	50	-	46,047	402,427
-	-	-	508,708	-	-	-	-	508,708
-	-	-	-	-	-	-	-	-
4,839	15,848 6,940	2,615	50,434	22,441	17,137	-	4,503	489,108 197,370
-	-	-	-	-	-	-	-	-
2,645	3,931	-	-	-	747	-	-	8,923
<u>6,342,553</u>	<u>9,738</u>	<u>2,304</u>	<u>571,030</u>	<u>9,535,100</u>	<u>86,658</u>	<u>163,183</u>	<u>71,799</u>	<u>17,021,064</u>
<u>8,565,590</u>	<u>172,452</u>	<u>109,433</u>	<u>5,538,909</u>	<u>13,090,793</u>	<u>832,344</u>	<u>1,321,680</u>	<u>489,627</u>	<u>36,925,756</u>
<u>825,847</u>	<u>840,544</u>	<u>281,960</u>	<u>3,718,404</u>	<u>695,109</u>	<u>404,581</u>	<u>985,126</u>	<u>821,981</u>	<u>11,586,340</u>
488 15,848	38,875	3,882	216,525	209,178	2,139	14,303	6,962	672,661 15,848
-	-	-	-	-	-	-	-	-
-	-	-	-	60,969	-	-	-	60,969
-	-	40,800	-	87,807	-	-	138,335	1,502,260
6,437	3,344	-	327,883	-	328	-	-	377,919
1,580	815	-	-	-	-	-	-	2,395
9,768	-	-	80,000	-	-	-	-	162,793
<u>115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
<u>10,758,309</u>	<u>1,159,247</u>	<u>956,594</u>	<u>9,436,078</u>	<u>10,342,698</u>	<u>1,434,386</u>	<u>3,446,472</u>	<u>2,626,720</u>	<u>47,088,904</u>
<u>10,907,430</u>	<u>1,202,281</u>	<u>1,001,276</u>	<u>10,060,486</u>	<u>10,700,652</u>	<u>1,436,853</u>	<u>3,460,775</u>	<u>2,772,017</u>	<u>49,998,749</u>
<u>386,603</u>	<u>129,911</u>	<u>107,201</u>	<u>1,057,457</u>	<u>171,202</u>	<u>213,082</u>	<u>469,947</u>	<u>575,115</u>	<u>3,886,951</u>
<u>386,603</u>	<u>129,911</u>	<u>107,201</u>	<u>1,057,457</u>	<u>171,202</u>	<u>213,082</u>	<u>469,947</u>	<u>575,115</u>	<u>3,886,951</u>
(701,897)	9,738	2,304	571,030	659,131	86,658	163,183	71,799	1,100,645
132,000	62,000	27,000	435,123	65,000	60,000	471,907	89,000	1,972,161
-	-	-	-	-	-	-	-	-
-	-	-	3,000	-	-	-	-	12,517
(1,332,699)	(390,934)	(746,388)	(2,869,783)	2,189,917	(559,668)	(2,259,006)	(2,196,323)	(8,458,927)
<u>\$ (1,902,596)</u>	<u>\$ (319,196)</u>	<u>\$ (717,084)</u>	<u>\$ (1,860,630)</u>	<u>\$ 2,914,048</u>	<u>\$ (413,010)</u>	<u>\$ (1,623,916)</u>	<u>\$ (2,035,524)</u>	<u>\$ (5,373,604)</u>

C

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

Component Unit Net Position Information	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Roots Elementary School	Sims-Fayola International Academy Denver
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 153,244	\$ 701,450	\$ 108,498	\$ 1,775,036	\$ 515,623	\$ -
Restricted cash	-	-	-	169,641	2,798,935	-
Receivables:						
Accounts	26,539	216,127	9,963	665,071	-	-
Grants	-	45,509	18,430	-	126,539	-
Other	-	-	-	-	-	-
Due from CMO	-	-	-	-	-	-
Prepaid expenses	3,487	-	2,741	33,758	-	-
Restricted investments	-	-	-	-	-	-
Inventory	-	-	-	42,162	-	-
Deposits	-	-	5,704	-	5,000	-
Capital assets, net:	-	24,739	4,650	157,963	4,482,707	-
Total assets	<u>183,270</u>	<u>987,825</u>	<u>149,986</u>	<u>2,843,631</u>	<u>7,928,804</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	930,649	-	911,159	1,463,897	735,555	-
Total deferred outflows of resources	<u>930,649</u>	<u>-</u>	<u>911,159</u>	<u>1,463,897</u>	<u>735,555</u>	<u>-</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	55,610	174,054	13,306	8,057	1,221,579	-
Due to CMO	-	-	-	-	-	-
Grants payable	-	-	-	-	-	-
Accrued interest	-	-	-	-	28,952	-
Accrued payroll	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	5,129	-
Deposits	-	-	-	-	-	-
Deferred revenue	27,000	-	637	15,585	-	-
Noncurrent liabilities:						
Due within one year	-	15,260	-	-	-	-
Due in more than one year	1,032,831	-	876,480	3,748,379	6,962,616	-
Total liabilities	<u>1,115,441</u>	<u>189,314</u>	<u>890,423</u>	<u>3,772,021</u>	<u>8,218,276</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Related to Pensions	115,745	-	98,109	488	96,557	-
	<u>115,745</u>	<u>-</u>	<u>98,109</u>	<u>488</u>	<u>96,557</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	24,739	4,650	157,963	(31,052)	-
Restricted for:						
Emergencies	38,000	57,832	39,000	169,641	57,000	-
Debt Service	-	-	-	-	-	-
Donor-designated purposes	-	-	-	-	-	-
Unrestricted (deficit)	(155,267)	715,940	28,963	207,415	323,578	-
Total net position	<u>\$ (117,267)</u>	<u>\$ 798,511</u>	<u>\$ 72,613</u>	<u>\$ 535,019</u>	<u>\$ 349,526</u>	<u>\$ -</u>
	A		C		A	B

A: New Charter School

B: Charter expired June 30, 2015

C: Change in reporting entities

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

SOAR @ Green Valley Ranch	Southwest Early College	STRIVE Preparatory Schools	University Prep - Arapahoe Street	Venture Prep High School	Venture Prep Middle School	Wyatt Academy	Total
\$ 538,171	\$ 660,192	\$ 5,910,884	\$ 734,159	\$ 607,540	\$ -	\$ 1,243,569	\$ 44,723,123
-	-	-	-	-	-	-	9,103,058
-	-	865,817	24,950	-	-	-	2,684,309
-	19,912	80,544	15,684	-	-	56,569	926,804
-	-	16,620	-	-	-	-	1,140,100
-	-	-	-	-	-	-	489,108
47,950	657	108,923	2,265	16,558	-	-	545,114
-	-	-	-	-	-	-	1,717,686
-	-	92,083	15,919	1,761	-	-	160,848
-	-	-	-	-	-	-	10,704
-	13,431	-	22,777	43,029	-	1,810,023	31,538,643
586,121	694,192	7,074,871	815,754	668,888	-	3,110,161	93,039,497
850,335	287,494	10,032,935	1,416,072	853,676	-	1,036,530	32,834,154
850,335	287,494	10,032,935	1,416,072	853,676	-	1,036,530	32,834,154
42,717	308	573,439	1,615	22,114	-	15,947	3,091,803
-	-	-	-	-	-	-	15,848
-	-	-	-	-	-	-	4,656,002
-	-	-	-	-	-	8,193	318,370
118,030	44,333	-	-	105,810	-	238,743	3,555,667
-	14,616	7,331	-	-	-	93,007	1,011,293
-	-	-	-	-	-	-	3,395
7,721	-	-	50,000	-	-	-	326,372
-	-	378,031	-	-	-	103,277	788,236
2,987,590	1,004,418	23,742,116	2,705,031	2,033,136	-	4,098,502	110,810,093
3,156,058	1,063,675	24,700,917	2,756,646	2,161,060	-	4,557,669	124,577,079
2,324,251	260,310	2,660,666	303,139	227,844	-	455,831	11,639,221
2,324,251	260,310	2,660,666	303,139	227,844	-	455,831	11,639,221
-	13,431	-	22,777	43,029	-	1,081,778	1,850,263
115,000	57,000	990,000	85,000	70,788	-	152,000	4,943,370
-	-	-	-	-	-	-	817,597
(4,158,853)	(412,730)	(11,243,777)	(935,736)	(980,157)	-	(2,100,587)	(23,082,938)
\$ (4,043,853)	\$ (342,299)	\$ (10,253,777)	\$ (827,959)	\$ (866,340)	\$ -	\$ (866,809)	\$ (10,342,649)
	C			B			

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Component Unit Activities Information	Denver Public Schools Foundation	Academy 360 Charter School	Academy of Urban Learning	Cesar Chavez Academy Denver	Colorado High School Charter	Compass Academy
<b>EXPENSES</b>						
Instruction	\$ -	\$ 614,459	\$ 692,785	\$ 1,516,958	\$ 944,561	\$ 556,647
Supporting services	-	590,401	589,043	1,241,703	948,883	902,717
Depreciation	-	-	-	-	-	-
Interest	-	27,467	-	-	50,785	2,810
Program services	12,567,251	-	-	-	-	-
Facilities	-	-	-	515,512	-	-
Technology	-	-	-	-	-	-
Fundraising	609,112	-	-	-	-	-
School administration	-	-	-	-	-	-
Management and general	584,222	-	-	-	-	-
Total expenses	<u>13,760,585</u>	<u>1,232,327</u>	<u>1,281,828</u>	<u>3,274,173</u>	<u>1,944,229</u>	<u>1,462,174</u>
<b>PROGRAM REVENUES</b>						
Operating/capital grants and contributions	<u>13,425,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>13,425,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(335,240)</u>	<u>(1,232,327)</u>	<u>(1,281,828)</u>	<u>(3,274,173)</u>	<u>(1,944,229)</u>	<u>(1,462,174)</u>
<b>GENERAL REVENUES</b>						
Per pupil revenue	-	1,115,578	950,982	2,807,975	1,790,937	973,986
Capital construction funding	-	-	-	94,608	-	15,768
Property tax mill levy override	-	144,102	313,798	377,924	818,385	108,650
Investment earnings	(41,837)	-	-	-	-	-
Interest Income	-	138	730	227	4,088	31
Unrestricted grants and contributions	996,412	-	-	-	-	543,151
At-Risk Supplemental Aid	-	-	-	4,090	-	1,850
Other	-	-	161,912	629	14,265	236
Transfers	80,000	-	-	-	-	-
Total general revenues	<u>1,034,575</u>	<u>1,259,818</u>	<u>1,427,422</u>	<u>3,285,453</u>	<u>2,627,675</u>	<u>1,643,672</u>
Change in net position	<u>699,335</u>	<u>27,491</u>	<u>145,594</u>	<u>11,280</u>	<u>683,446</u>	<u>181,498</u>
Net position - beginning	<u>6,780,109</u>	<u>(136,631)</u>	<u>(347,076)</u>	<u>(523,183)</u>	<u>236,773</u>	<u>-</u>
Prior period adjustment	-	-	-	-	-	-
Change in Reporting Entity	-	-	-	-	-	(2,108)
Net position - beginning, as restated	<u>6,780,109</u>	<u>(136,631)</u>	<u>(347,076)</u>	<u>(523,183)</u>	<u>236,773</u>	<u>(2,108)</u>
Net position - ending	<u>\$ 7,479,444</u>	<u>\$ (109,140)</u>	<u>\$ (201,482)</u>	<u>\$ (511,903)</u>	<u>\$ 920,219</u>	<u>\$ 179,390</u>

A: New Charter School  
B: Charter expired June 30, 2015  
C: Change in reporting entities

A

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**Denver School of Science and Technology**

<b>Community Challenge School</b>	<b>Byers Middle School</b>	<b>Cole High School</b>	<b>Cole Middle School</b>	<b>College View High School</b>	<b>College View Middle School</b>	<b>Conservatory Green Middle School</b>	<b>Green Valley Ranch High School</b>	<b>Subtotal</b>
\$ 351,572 1,594,673	\$ 1,642,128 1,731,072	\$ 1,067,506 1,302,958	\$ 1,866,682 1,858,177	\$ 482,591 813,760	\$ 1,869,958 1,829,970	\$ 1,215,388 1,215,758	\$ 2,307,014 2,066,614	\$ 15,128,249 16,685,729
-	-	-	-	-	-	-	-	81,062
-	-	-	-	-	-	-	-	12,567,251
-	-	-	-	-	-	-	-	515,512
-	-	-	-	-	-	-	-	609,112
-	-	-	-	-	-	-	-	584,222
<b>1,946,245</b>	<b>3,373,200</b>	<b>2,370,464</b>	<b>3,724,859</b>	<b>1,296,351</b>	<b>3,699,928</b>	<b>2,431,146</b>	<b>4,373,628</b>	<b>46,171,137</b>
<b>(1,946,245)</b>	<b>(3,373,200)</b>	<b>(2,370,464)</b>	<b>(3,724,859)</b>	<b>(1,296,351)</b>	<b>(3,699,928)</b>	<b>(2,431,146)</b>	<b>(4,373,628)</b>	<b>(32,745,792)</b>
<b>1,012,436 34,379</b>	<b>3,227,428</b>	<b>2,130,427</b>	<b>3,420,060</b>	<b>1,079,129</b>	<b>3,497,818</b>	<b>2,224,935</b>	<b>3,886,623</b>	<b>28,118,314 144,755</b>
<b>355,740 455</b>	<b>368,949</b>	<b>267,820</b>	<b>390,688</b>	<b>133,211</b>	<b>403,788</b>	<b>249,481</b>	<b>494,392</b>	<b>4,426,928 (41,382)</b>
-	811	475	788	218	809	517	950	9,782
-	-	-	-	-	-	-	-	1,539,563
-	-	-	-	-	-	-	-	5,940
-	-	-	-	-	-	-	-	42
-	-	-	-	-	-	-	-	177,084
-	-	-	-	-	-	-	-	80,000
<b>1,403,010</b>	<b>3,597,188</b>	<b>2,398,722</b>	<b>3,811,536</b>	<b>1,212,558</b>	<b>3,902,415</b>	<b>2,474,933</b>	<b>4,382,007</b>	<b>34,460,984</b>
<b>(543,235)</b>	<b>223,988</b>	<b>28,258</b>	<b>86,677</b>	<b>(83,793)</b>	<b>202,487</b>	<b>43,787</b>	<b>8,379</b>	<b>1,715,192</b>
<b>(248,938)</b>	<b>1,140,082</b>	<b>71,950</b>	<b>740,039</b>	<b>-</b>	<b>275,983</b>	<b>61,265</b>	<b>693,368</b>	<b>8,743,741</b>
-	-	-	-	<b>136,765</b>	-	-	-	<b>134,657</b>
<b>(248,938)</b>	<b>1,140,082</b>	<b>71,950</b>	<b>740,039</b>	<b>136,765</b>	<b>275,983</b>	<b>61,265</b>	<b>693,368</b>	<b>8,878,398</b>
<b>\$ (792,173)</b>	<b>\$ 1,364,070</b>	<b>\$ 100,208</b>	<b>\$ 826,716</b>	<b>\$ 52,972</b>	<b>\$ 478,470</b>	<b>\$ 105,052</b>	<b>\$ 701,747</b>	<b>\$ 10,593,590</b>

A

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Component Unit Activities Information	Denver School of Science and Technology					
	Green Valley Ranch Middle School	Stapleton High School	Stapleton Middle School	Denver Language School	Downtown Denver Expeditionary Schools	Girls Athletic Leadership Schools
<b>EXPENSES</b>						
Instruction	\$ 1,628,271	\$ 2,535,900	\$ 2,003,505	\$ 3,391,918	\$ 2,151,486	\$ 2,042,262
Supporting services	1,844,089	1,890,063	1,672,306	1,992,552	783,974	1,085,066
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Program services	-	-	-	-	-	-
Facilities	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Management and general	-	-	-	-	-	-
Total expenses	<u>3,472,360</u>	<u>4,425,963</u>	<u>3,675,811</u>	<u>5,384,470</u>	<u>2,935,460</u>	<u>3,127,328</u>
<b>PROGRAM REVENUES</b>						
Operating/capital grants and contributions	-	-	-	-	-	-
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(3,472,360)</u>	<u>(4,425,963)</u>	<u>(3,675,811)</u>	<u>(5,384,470)</u>	<u>(2,935,460)</u>	<u>(3,127,328)</u>
<b>GENERAL REVENUES</b>						
Per pupil revenue	3,441,437	3,952,066	3,489,563	4,333,258	2,404,544	2,511,316
Capital construction funding	-	-	-	-	-	-
Property tax mill levy override	397,452	489,403	393,689	528,134	311,152	287,804
Investment earnings	-	-	-	-	-	-
Interest Income	832	930	845	1,927	-	1,139
Unrestricted grants and contributions	-	-	-	-	-	-
At-Risk Supplemental Aid	-	-	-	-	-	-
Other	1,229	1,000	785	-	94,768	35,158
Transfers	-	-	-	-	-	-
Total general revenues	<u>3,840,950</u>	<u>4,443,399</u>	<u>3,884,882</u>	<u>4,863,319</u>	<u>2,810,464</u>	<u>2,835,417</u>
Change in net position	<u>368,590</u>	<u>17,436</u>	<u>209,071</u>	<u>(521,151)</u>	<u>(124,996)</u>	<u>(291,911)</u>
Net position - beginning	<u>973,787</u>	<u>628,766</u>	<u>838,029</u>	<u>(680,026)</u>	<u>(272,995)</u>	<u>(560,296)</u>
Prior period adjustment	-	-	-	-	-	-
Change in Reporting Entity	-	-	-	-	-	-
Net position - beginning, as restated	<u>973,787</u>	<u>628,766</u>	<u>838,029</u>	<u>(680,026)</u>	<u>(272,995)</u>	<u>(560,296)</u>
Net position - ending	<u>\$ 1,342,377</u>	<u>\$ 646,202</u>	<u>\$ 1,047,100</u>	<u>\$ (1,201,177)</u>	<u>\$ (397,991)</u>	<u>\$ (852,207)</u>

A: New Charter School  
B: Charter expired June 30, 2015  
C: Change in reporting entities

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

Highline Academy Charter School	Highline Academy Green Valley Ranch	Denver Justice High School	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver	Omar D. Blair Charter School	Pioneer Charter School	Subtotal
\$ 2,723,528	\$ 1,645,380	\$ 906,937	\$ 7,417,947	\$ 1,126,734	\$ 1,269,474	\$ 4,450,392	\$ 2,510,237	\$ 35,803,971
1,251,664	544,715	159,648	7,633,801	1,083,589	855,595	-	1,332,767	22,129,829
-	-	-	-	-	-	15,122	-	15,122
578,481	-	-	347	581,402	-	-	-	1,160,230
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	876,894	-	876,894
-	-	-	-	-	-	170,496	-	170,496
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,095,743	-	2,095,743
-	-	-	-	-	-	-	-	-
4,553,673	2,190,095	1,066,585	15,052,095	2,791,725	2,125,069	7,608,647	3,843,004	62,252,285
-	-	-	-	-	-	382,705	-	382,705
-	-	-	-	-	-	382,705	-	382,705
(4,553,673)	(2,190,095)	(1,066,585)	(15,052,095)	(2,791,725)	(2,125,069)	(7,225,942)	(3,843,004)	(61,869,580)
3,688,523	1,281,986	616,888	11,405,734	1,810,493	1,701,349	5,899,076	2,159,762	48,695,995
-	-	-	-	-	25,616	-	37,766	63,382
431,281	234,593	236,421	1,461,395	252,576	193,621	756,085	400,045	6,373,651
-	-	-	2,268	-	1,725	-	2,183	6,176
2,085	223	303	-	9,263	-	-	-	17,547
-	-	-	2,532,050	-	71,294	-	10,102	2,613,446
-	-	-	-	-	747	-	71,605	72,352
126,356	474,220	14,508	699	4,293,512	2,891	449,121	3,262	5,497,509
-	-	-	-	-	-	-	(975,015)	(975,015)
4,248,245	1,991,022	868,120	15,402,146	6,365,844	1,997,243	7,104,282	1,709,710	62,365,043
(305,428)	(199,073)	(198,465)	350,051	3,574,119	(127,826)	(121,660)	(2,133,294)	495,463
(1,597,168)	(120,123)	(518,619)	(1,544,077)	(660,071)	(285,184)	(1,502,256)	97,770	(5,202,463)
-	-	-	(666,604)	-	-	-	-	(666,604)
(1,597,168)	(120,123)	(518,619)	(2,210,681)	(660,071)	(285,184)	(1,502,256)	97,770	(5,869,067)
\$ (1,902,596)	\$ (319,196)	\$ (717,084)	\$ (1,860,630)	\$ 2,914,048	\$ (413,010)	\$ (1,623,916)	\$ (2,035,524)	\$ (5,373,604)

C

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

Component Unit Activities Information	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Roots Elementary School	Sims-Fayola International Academy Denver
<b>EXPENSES</b>						
Instruction	\$ 937,300	\$ 1,218,614	\$ 658,883	\$ 5,622,158	\$ 633,414	\$ -
Supporting services	547,726	819,152	738,971	1,921,933	850,343	-
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Program services	-	-	-	-	-	-
Facilities	-	-	-	-	31,052	-
Technology	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Management and general	-	-	-	-	-	-
Total expenses	<u>1,485,026</u>	<u>2,037,766</u>	<u>1,397,854</u>	<u>7,544,091</u>	<u>1,514,809</u>	<u>-</u>
<b>PROGRAM REVENUES</b>						
Operating/capital grants and contributions	-	-	-	-	-	-
Total program revenues	-	-	-	-	-	-
Net program expense	(1,485,026)	(2,037,766)	(1,397,854)	(7,544,091)	(1,514,809)	-
<b>GENERAL REVENUES</b>						
Per pupil revenue	304,695	1,530,072	881,684	3,853,833	541,802	-
Capital construction funding	-	-	29,468	-	17,784	-
Property tax mill levy override	73,001	342,406	304,729	620,579	142,628	-
Investment earnings	233	283	-	2,034	409	-
Interest Income	-	-	-	-	-	-
Unrestricted grants and contributions	213,412	818	244,352	1,879,042	1,181,119	-
At-Risk Supplemental Aid	-	89,898	1,396	-	893	-
Other	771,590	50,570	1,511	1,007,450	1,226	-
Transfers	-	-	-	-	-	-
Total general revenues	<u>1,362,931</u>	<u>2,014,047</u>	<u>1,463,140</u>	<u>7,362,938</u>	<u>1,885,861</u>	<u>-</u>
Change in net position	(122,095)	(23,719)	65,286	(181,153)	371,052	-
Net position - beginning	-	979,761	-	(223,050)	-	(806,398)
Prior period adjustment	-	(157,531)	-	(42,930)	-	-
Change in Reporting Entity	4,828	-	7,327	982,152	(21,526)	806,398
Net position - beginning, as restated	4,828	822,230	7,327	716,172	(21,526)	-
Net position - ending	<u>\$ (117,267)</u>	<u>\$ 798,511</u>	<u>\$ 72,613</u>	<u>\$ 535,019</u>	<u>\$ 349,526</u>	<u>\$ -</u>
	A	A	C	A	A	B

A: New Charter School

B: Charter expired June 30, 2015

C: Change in reporting entities

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

C

B

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

---

**15. SUBSEQUENT EVENTS**

The District had two questions on the November 2016 ballot. One question was seeking approval for a general obligation bond for \$572 million. The primary areas of investment will be to address critical maintenance needs in existing facilities, building new facilities and creating additions to existing schools to address enrollment growth. Also, the District will upgrade learning environments with science labs and access to student technology. In addition to a general obligation bond, the second ballot question related to a mill levy override for \$56 million. The primary areas of investment for the mill levy override will focus on enrichment programs, instructional support, college and career readiness, early literacy, classroom technology and improved access to educational opportunities. The voters approved both of these District initiatives by more than a 65% approval rate.



Discover a World  
of Opportunity™



Discover a World  
of Opportunity™



DENVER  
PUBLIC  
SCHOOLS

Discover a World of Opportunity™

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 115,850	\$ 106,553	\$ 106,553	\$ -
Beginning Fund Balance				
<b>REVENUES</b>				
Taxes	436,064	491,334	495,516	4,182
State sources	387,553	332,772	330,071	(2,701)
Federal sources	4,200	1,000	1,022	22
Local sources	13,664	13,949	46,390	32,441
Total Revenues	841,481	839,055	872,999	33,944
<b>EXPENDITURES</b>				
Employee salaries	480,860	491,586	495,472	(3,886)
Employee benefits	59,460	61,455	58,846	2,609
Charter school	122,762	119,948	120,587	(639)
Supplies and materials	40,584	52,339	52,722	(383)
Purchased services	45,001	45,696	87,217	(41,521)
Property	3,027	5,125	7,910	(2,785)
Debt service principal	13,360	13,360	14,730	(1,370)
Debt service interest	45,873	45,873	46,109	(236)
Other expenses	43,270	22,233	420	21,813
Appropriated reserves	57,731	67,205	-	67,205
Total expenditures	911,928	924,820	884,013	40,807
Excess (deficiency) of revenues over expenditures	(70,447)	(85,765)	(11,014)	74,751
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	878	(665)	(996)	(331)
Total other financing sources (uses)	878	(665)	(996)	(331)
Total Appropriation	911,050	925,485	885,009	\$ 40,476
Unappropriated reserves	\$ 46,280	\$ 20,124		
Net change in fund balance			(12,010)	
Fund balance - ending			\$ 94,543	

The notes to other required supplementary information are an integral part of this schedule.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
GRANTS SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016

Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning Fund Balance	\$ 18,056	\$ 16,945	\$ 16,945	\$ -
<b>REVENUES</b>				
State sources	26,015	20,936	21,758	822
Federal sources	84,444	90,152	84,548	(5,604)
Local sources	18,601	26,473	27,602	1,129
Total Revenues	<u>129,060</u>	<u>137,561</u>	<u>133,908</u>	<u>(3,653)</u>
<b>EXPENDITURES</b>				
Employee salaries	59,886	71,377	65,192	6,185
Employee benefits	16,457	18,197	15,636	2,561
Charter school	6,575	9,987	-	9,987
Supplies and materials	6,404	9,000	5,970	3,030
Purchased services	14,936	21,675	32,204	(10,529)
Property	2,106	4,086	3,385	701
Other expenses	22,828	9,189	7,638	1,551
Appropriated reserves	16,673	6,698	-	6,698
Total expenditures	<u>145,865</u>	<u>150,209</u>	<u>130,025</u>	<u>20,184</u>
Excess (deficiency) of revenues over expenditures	<u>(16,805)</u>	<u>(12,648)</u>	<u>3,883</u>	<u>16,531</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	350	12	(947)	(959)
Total other financing sources (uses)	<u>350</u>	<u>12</u>	<u>(947)</u>	<u>(959)</u>
Total Appropriation	145,515	150,197	130,972	\$ 19,225
Unappropriated reserves	<u>\$ 1,602</u>	<u>\$ 4,297</u>		
Net change in fund balance			2,936	
Fund balance - ending			<u>\$ 19,881</u>	

The notes to other required supplementary information are an integral part of this schedule.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
FOOD SERVICES SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning Fund Balance	-	-	-	-
<b>REVENUES</b>				
Taxes	400	400	714	314
State sources	38,206	38,206	36,079	(2,127)
Federal sources	4,606	4,606	5,050	444
Local sources				
Total Revenues	43,212	43,212	41,843	(1,369)
<b>EXPENDITURES</b>				
Employee salaries	14,886	16,172	17,234	(1,062)
Employee benefits	2,974	3,174	3,368	(194)
Supplies and materials	23,024	22,896	20,420	2,476
Purchased services	903	903	992	(89)
Property	558	558	149	409
Other expenses	251	252	198	54
Appropriated reserves	616	650	-	650
Total expenditures	43,212	44,605	42,361	2,244
Excess (deficiency) of revenues over expenditures	-	(1,393)	(518)	875
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	-	1,393	659	(734)
Total other financing sources (uses)	-	1,393	659	(734)
Total Appropriation	43,212	43,212	41,702	\$ 1,510
Unappropriated reserves	\$ -	\$ -	-	
Net change in fund balance			141	
Fund balance - ending			\$ 141	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
PROCOMP SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016

Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning Fund Balance	\$ 34,097	\$ 31,352	\$ 31,352	\$ -
<b>REVENUES</b>				
Taxes	31,413	31,443	32,138	695
Local sources	1,709	894	(463)	(1,357)
Total Revenues	<u>33,122</u>	<u>32,337</u>	<u>31,675</u>	<u>(662)</u>
<b>EXPENDITURES</b>				
Employee salaries	33,589	37,376	38,317	(941)
Employee benefits	5,233	5,828	6,058	(230)
Supplies and materials	1,576	1,202	-	1,202
Purchased services	240	240	307	(67)
Appropriated reserves	-	1,500	-	1,500
Total expenditures	<u>40,638</u>	<u>46,146</u>	<u>44,682</u>	<u>1,464</u>
Excess (deficiency) of revenues over expenditures	<u>(7,516)</u>	<u>(13,809)</u>	<u>(13,007)</u>	<u>802</u>
Total Appropriation	40,638	46,146	44,682	\$ 1,464
Unappropriated reserves	<u>\$ 26,582</u>	<u>\$ 17,543</u>		
Net change in fund balance			(13,007)	
Fund balance - ending			<u>\$ 18,345</u>	

The notes to other required supplementary information are an integral part of this schedule.

SCHOOL DISTRICT NO. 1  
 IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

DPS DIVISION SCHEDULE OF CHANGES IN THE COLLECTIVE NET PENSION LIABILITY  
 YEAR ENDED JUNE 30

---

	2016	2015
Total pension liability		
Service cost at end of year	\$ 82,079,000	\$ 76,564,000
Interest	281,752,000	274,862,000
Changes of benefit terms	-	-
Difference between expected and actual experience	45,767,000	(174,000)
Changes of assumptions or other inputs	(113,772,000)	-
Benefit payments, including refunds of active member contributions and disability premiums	(263,323,000)	(255,434,000)
Net change in total pension liability	<u>32,503,000</u>	<u>95,818,000</u>
Total pension liability - beginning	<u>3,888,361,000</u>	<u>3,792,543,000</u>
Total pension liability - ending (a)	<u>3,920,864,000</u>	<u>3,888,361,000</u>
Plan fiduciary net position		
Contributions - employer	8,494,000	18,478,000
Contributions - active member (includes purchased service)	53,558,000	49,409,000
Net investment income	49,172,000	182,823,000
Benefit payments (includes refunds and disability premiums)	(263,323,000)	(255,434,000)
Administrative expense	(2,599,000)	(2,377,000)
Other additions and deductions	(1,764,000)	(1,547,000)
Net change in plan fiduciary net position	<u>(156,462,000)</u>	<u>(8,648,000)</u>
Plan fiduciary net position - beginning	<u>3,263,791,000</u>	<u>3,272,439,000</u>
Plan fiduciary net position - ending (b)	<u>3,107,329,000</u>	<u>3,263,791,000</u>
Collective net pension liability - ending (a)-(b)	<u>\$ 813,535,000</u>	<u>\$ 624,570,000</u>
Plan fiduciary net position as a percentage of the total pension liability	79.25%	83.94%
Covered-employee payroll	621,115,000	584,319,000
District's net pension liability as a percentage of covered-employee payroll	130.98%	106.89%

Note: Information is not available for prior years. In future reports, additional years will be added until 10 years of historical data are presented. Information above is presented as of the measurement date and include information for the reporting entity as a whole.

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**DPS DIVISION SCHEDULE OF COLLECTIVE EMPLOYER CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2016**

---

	2016	2015
Statutorily required contribution	\$ 19,062,452	\$ 14,129,112
Contributions in relation to the statutorily required contribution	19,062,452	14,129,112
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 626,445,854	\$ 590,847,652
Contributions as a percentage of covered-employee payroll	3.04%	2.39%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information above is presented as of the District's fiscal year end.

**Notes to Schedule**

Valuation date:	December 31, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll
Remaining amortization period	30 Years, Open
Asset valuation method	4-year smoothed market
Inflation	2.80% annually
Salary increases	3.90% - 10.85% Inclusive of wage inflation
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	2.00%
PERA benefit structure hired after 12/31/06	0.00%, as financed by the AIR
Investment rate of return	7.50%
Mortality	Mortality Rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year and females set back two years.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO OTHER REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

---

**1. BUDGET BASIS OF ACCOUNTING**

The budgetary comparison schedules are budgeted in accordance with generally accepted accounting principles (GAAP). For the year ended June 30, 2016, this is a change of budget basis for the general fund. In prior years, the general fund would budget to include encumbrances and commitments with reported expenditures and the exclusion of salaries earned but unpaid.

Colorado statutes require that budgets be legally adopted for all funds. All funds will be budgeted on a GAAP basis moving forward. Refer to the general fund budgetary highlights section of the management's discussion and analysis on page 29 for information regarding significant variances between original and final budget.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO OTHER REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

**2. OPEB**

The funded status of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)			Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
		Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		
July 1, 2014	\$ 6,602,534	\$ 6,602,534	\$ 32,286,280	16.98%		
July 1, 2012	6,352,302	39,562,664	33,210,362	16.06%		
July 1, 2010	6,216,000	45,674,000	39,458,000	13.61%		

The ARC was determined using the "Projected Unit Credit" actuarial cost method and was calculated on a level dollar basis assuming the average remaining lifetime of qualified retirees (14.2 years) for the life insurance benefit with an open amortization period. The significant actuarial assumptions used in the valuation were: (a) life expectancy of participants obtained from the RP-2014 Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis; (b) life expectancy participants obtained from the RP-2014 Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis; (c) a discount rate of 3.50%. Covered payroll is not presented since the plan now covers only a closed group of District retirees.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO OTHER REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

---

**3. SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION**

2015 Changes in Plan Provisions Since 2014

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As required under Colorado Revised Statutes § 24-51-401 (1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability (UAAL) to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed House Bill 15-1391, reducing the employer contribution rate of the DPS Division from 13.75 percent to 10.15 percent, effective January 1, 2015.

2015 Changes in Assumptions or Other Inputs Since 2014

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.



Discover a World  
of Opportunity™



Discover a World  
of Opportunity™



DENVER  
PUBLIC  
SCHOOLS

Discover a World of Opportunity™

## COMBINING FUND STATEMENTS-NONMAJOR FUNDS

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016

---

	Pupil Activity Fund	Tuition Special Revenue Fund	Permanent Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents and investments	\$ -	\$ -	\$ 121,038	\$ 121,038
Other receivables	549	36,926	21	37,496
Due from other funds	3,204,265	5,313,989	8,934	8,527,188
Total assets	<u>3,204,814</u>	<u>5,350,915</u>	<u>129,993</u>	<u>8,685,722</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	36,215	-	1,440	37,655
Total liabilities	<u>36,215</u>	<u>-</u>	<u>1,440</u>	<u>37,655</u>
Fund balances:				
Nonspendable:				
Permanent fund	-	-	128,553	128,553
Restricted for:				
Non-governmental grantor-designated purpose	3,168,599	5,350,915	-	8,519,514
Total fund balances	<u>3,168,599</u>	<u>5,350,915</u>	<u>128,553</u>	<u>8,648,067</u>
Total liabilities and fund balances	<u>\$ 3,204,814</u>	<u>\$ 5,350,915</u>	<u>\$ 129,993</u>	<u>\$ 8,685,722</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	Pupil Activity Fund	Tuition Special Revenue Fund	Permanent Fund	Total
<b>REVENUES</b>				
Charge for services	\$ 277,078	\$ 15,555,982	\$ -	\$ 15,833,060
Investment income	-	-	2,387	2,387
Other local sources	616,119	(3,500)	-	612,619
Total revenues	<u>893,197</u>	<u>15,552,482</u>	<u>2,387</u>	<u>16,448,066</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction	6,116	8,158,471	-	8,164,587
Special education	-	145,827	-	145,827
Other instruction	3,581,307	-	-	3,581,307
Total instruction	<u>3,587,423</u>	<u>8,304,298</u>	<u>-</u>	<u>11,891,721</u>
Support services:				
Pupil supporting services	-	185,452	-	185,452
Instructional support	1,101,418	1,198,916	-	2,300,334
School administration	-	377,917	-	377,917
Business services	-	-	2,640	2,640
Total support services	<u>1,101,418</u>	<u>1,762,285</u>	<u>2,640</u>	<u>2,866,343</u>
Community services	-	85,658	-	85,658
Capital outlay	27,514	31,997	-	59,511
Total expenditures	<u>4,716,355</u>	<u>10,184,238</u>	<u>2,640</u>	<u>14,903,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,823,158)</u>	<u>5,368,244</u>	<u>(253)</u>	<u>1,544,833</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	4,814,111	-	-	4,814,111
Transfers out	-	(5,000,000)	-	(5,000,000)
Total other financing sources	<u>4,814,111</u>	<u>(5,000,000)</u>	<u>-</u>	<u>(185,889)</u>
Net change in fund balances	990,953	368,244	(253)	1,358,944
Fund balances - beginning	2,177,646	4,982,671	128,806	7,289,123
Fund balances - ending	<u>\$ 3,168,599</u>	<u>\$ 5,350,915</u>	<u>\$ 128,553</u>	<u>\$ 8,648,067</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
YEAR ENDED JUNE 30, 2016

---

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS</b>				
Cash	\$ 2,538,075	\$ 5,962,266	\$ 5,535,976	\$ 2,964,365
<b>LIABILITIES</b>				
Due to student groups	\$ 2,538,075	\$ 5,962,266	\$ 5,535,976	\$ 2,964,365



Discover a World  
of Opportunity™



Discover a World  
of Opportunity™



Discover a World of Opportunity™

## OTHER SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
BOND REDEMPTION FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 105,374	\$ 109,762	\$ 109,762	\$ -
<b>REVENUES</b>				
Taxes	110,632	110,632	134,434	23,802
Local sources	220	220	728	508
Total Revenues	<u>110,852</u>	<u>110,852</u>	<u>135,162</u>	<u>24,310</u>
<b>EXPENDITURES</b>				
Purchased services	66	66	712	(646)
Debt service principal	51,555	51,555	47,933	3,622
Debt service interest	60,078	60,078	59,697	381
Other expenses	-	-	165,951	(165,951)
Appropriated reserves	<u>104,467</u>	<u>108,855</u>	<u>-</u>	<u>108,855</u>
Total expenditures	<u>216,166</u>	<u>220,554</u>	<u>274,293</u>	<u>(53,739)</u>
Excess (deficiency) of revenues over expenditures	<u>(105,314)</u>	<u>(109,702)</u>	<u>(139,131)</u>	<u>(29,429)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(60)	(60)	169,650	169,710
Total other financing sources (uses)	<u>(60)</u>	<u>(60)</u>	<u>169,650</u>	<u>169,710</u>
Total Appropriation	216,226	220,614	104,643	\$ 115,971
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>30,519</u>	
Net change in fund balance				
Fund balance - ending			<u>\$ 140,281</u>	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
BUILDING FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 181,142	\$ 202,717	\$ 202,717	\$ -
<b>Beginning Fund Balance</b>				
REVENUES				
Local sources	-	-	536	536
Total Revenues	-	-	536	536
<b>EXPENDITURES</b>				
Employee salaries	7,492	7,492	7,073	419
Employee benefits	1,805	1,805	1,449	356
Supplies and materials	-	-	107	(107)
Purchased services	386	386	4,376	(3,990)
Property	143,145	143,145	102,646	40,499
Other expenses	-	-	110	(110)
Appropriated reserves	-	49,889	-	49,889
Total expenditures	<u>152,828</u>	<u>202,717</u>	<u>115,761</u>	<u>86,956</u>
Excess (deficiency) of revenues over expenditures	<u>(152,828)</u>	<u>(202,717)</u>	<u>(115,225)</u>	<u>(86,420)</u>
Total Appropriation	<u>152,828</u>	<u>202,717</u>	<u>115,761</u>	<u>\$ 86,956</u>
Unappropriated reserves	<u>\$ 28,314</u>	<u>\$ -</u>		
Net change in fund balance			(115,225)	
Fund balance - ending			<u>\$ 87,492</u>	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
CAPITAL RESERVE FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 11,261	\$ 24,355	\$ 24,355	\$ -
Beginning Fund Balance				
<b>REVENUES</b>				
Federal sources	-	-	6,497	6,497
Local sources	40,723	68,222	13,982	(54,240)
Total Revenues	40,723	68,222	20,479	(47,743)
<b>EXPENDITURES</b>				
Supplies and materials	3,280	3,280	2,933	347
Purchased services	7,058	7,734	6,907	827
Property	6,964	27,822	26,765	1,057
Debt service principal	19,516	20,953	-	20,953
Debt service interest	-	-	3,355	(3,355)
Other expenses	51	51	(873)	924
Appropriated reserves	27	26,273	-	26,273
Total expenditures	36,896	86,113	39,087	47,026
Excess (deficiency) of revenues over expenditures	3,827	(17,891)	(18,608)	(717)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(5,474)	(5,474)	11,280	16,754
Total other financing sources (uses)	(5,474)	(5,474)	11,280	16,754
Total Appropriation	42,370	91,587	27,807	\$ 63,780
Unappropriated reserves	\$ 9,614	\$ 989		
Net change in fund balance			(7,328)	
Fund balance - ending			\$ 17,027	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
PRIVATE PURPOSE TRUST FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning Fund Balance	\$ 7,620	\$ 7,620	\$ 7,900	\$ 280
<b>REVENUES</b>				
Local sources	2,172	2,172	3,052	880
Total Revenues	<u>2,172</u>	<u>2,172</u>	<u>3,052</u>	<u>880</u>
<b>EXPENDITURES</b>				
Employee benefits	2,380	2,380	2,298	82
Appropriated reserves	7,412	7,412	-	7,412
Total expenditures	<u>9,792</u>	<u>9,792</u>	<u>2,298</u>	<u>7,494</u>
Excess (deficiency) of revenues over expenditures	(7,620)	(7,620)	754	8,374
Total Appropriation	9,792	9,792	2,298	\$ 7,494
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>		
Net change in fund balance			754	
Fund balance - ending			<u>\$ 8,654</u>	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
PUPIL ACTIVITY FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 350	\$ 2,178	\$ 2,178	\$ -
Beginning Fund Balance				
<b>REVENUES</b>				
Local sources	568	874	893	19
Total Revenues	568	874	893	19
<b>EXPENDITURES</b>				
Employee salaries	1,982	2,439	2,712	(273)
Employee benefits	345	439	454	(15)
Supplies and materials	860	903	414	489
Purchased services	778	938	501	437
Property	28	28	58	(30)
Other expenses	952	915	577	338
Appropriated reserves	279	2,196	-	2,196
Total expenditures	5,224	7,858	4,716	3,142
Excess (deficiency) of revenues over expenditures	(4,656)	(6,984)	(3,823)	3,161
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	4,306	4,806	4,814	(8)
Total other financing sources (uses)	4,306	4,806	4,814	(8)
Total Appropriation	918	3,052	(98)	\$ 3,150
Unappropriated reserves	\$ -	\$ -		991
Net change in fund balance				
Fund balance - ending			\$ 3,169	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
PERMANENT FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 124	\$ 124	\$ 129	\$ 5
<b>Beginning Fund Balance</b>				
REVENUES				
Local sources	4	4	2	(2)
Total Revenues	<u>4</u>	<u>4</u>	<u>2</u>	<u>(2)</u>
EXPENDITURES				
Supplies and materials	128	128	-	128
Purchased services	-	-	2	(2)
Total expenditures	<u>128</u>	<u>128</u>	<u>2</u>	<u>126</u>
Excess (deficiency) of revenues over expenditures	<u>(124)</u>	<u>(124)</u>	<u>-</u>	<u>124</u>
Total Appropriation	128	128	2	\$ 126
Unappropriated reserves	<u>\$ -</u>	<u></u>		
Net change in fund balance				-
Fund balance - ending			<u>\$ 129</u>	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
TUITION SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 2,000	\$ 4,983	\$ 4,983	\$ -
Beginning Fund Balance				
<b>REVENUES</b>				
Local sources	10,000	10,000	15,552	5,552
Total Revenues	10,000	10,000	15,552	5,552
<b>EXPENDITURES</b>				
Employee salaries	6,518	6,607	7,182	(575)
Employee benefits	1,994	2,016	1,869	147
Supplies and materials	967	969	686	283
Purchased services	250	250	179	71
Property	130	130	253	(123)
Other expenses	1,936	1,936	15	1,921
Appropriated reserves	205	3,074	-	3,074
Total expenditures	12,000	14,982	10,184	4,798
Excess (deficiency) of revenues over expenditures	(2,000)	6,926	5,368	10,350
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	-	-	(5,000)	(5,000)
Total other financing sources (uses)	-	-	(5,000)	(5,000)
Total Appropriation	12,000	14,982	15,184	\$ (202)
Unappropriated reserves	\$ -	\$ -		
Net change in fund balance			368	
Fund balance - ending			\$ 5,351	

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE  
WAREHOUSE FUND  
YEAR ENDED JUNE 30, 2016  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning Fund Balance	-	-	(22)	(22)
<b>REVENUES</b>				
Local sources	931	931	965	34
Total Revenues	<u>931</u>	<u>931</u>	<u>965</u>	<u>34</u>
<b>EXPENDITURES</b>				
Employee salaries	76	76	82	(6)
Employee benefits	22	22	20	2
Supplies and materials	629	629	468	161
Purchased services	203	203	366	(163)
Other expenses	-	-	6	(6)
Appropriated reserves	1	1	-	1
Total expenditures	<u>931</u>	<u>931</u>	<u>942</u>	<u>(11)</u>
Excess (deficiency) of revenues over expenditures	-	-	23	23
Total Appropriation	931	931	942	\$ (11)
Unappropriated reserves	<u>\$</u>	<u>-</u>		
Net change in fund balance			23	
Fund balance - ending			<u>\$</u>	<u>1</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO OTHER REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

---

**1. BUDGET BASIS OF ACCOUNTING**

The budgetary comparison schedules are budgeted in accordance with generally accepted accounting principles (GAAP). For the year ended June 30, 2016, this is a change of budget basis for the building and capital reserve funds. In prior years, these funds would budget to include encumbrances and commitments with reported expenditures and the exclusion of salaries earned but unpaid.

Colorado statutes require that budgets be legally adopted for all funds. All funds will be budgeted on a GAAP basis moving forward. As better information became available, the budgets were adjusted.



Discover a World  
of Opportunity™



Discover a World  
of Opportunity™



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0880 - DENVER COUNTY 1  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

Page: 1

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	(6880*) Ending Fund Balance
<b>Governmental</b>	<b>+/-</b>	<b>-</b>	<b>=</b>	
10 General Fund	103,717,790	734,452,542	744,526,200	93,644,132
18 Risk Mgmt/Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	2,835,012	16,963,337	18,900,001	898,348
<b>Sub-Total</b>	<b>106,552,802</b>	<b>751,415,879</b>	<b>763,426,201</b>	<b>94,542,480</b>
11 Charter School Fund	29,267,462	190,981,078	182,795,918	37,452,622
20,26-29 Special Revenue Fund	36,335,032	42,227,664	54,866,452	23,696,244
21 Food Service Spec Revenue Fund	0	42,502,542	42,361,613	140,930
22 Govt Designated-Purpose Grants Fund	16,945,494	132,960,220	130,023,849	19,881,866
23 Pupil Activity Special Revenue Fund	2,177,646	5,707,308	4,716,355	3,168,599
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	109,761,544	304,811,846	274,292,653	140,280,738
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	202,717,436	536,425	115,761,854	87,492,007
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	24,354,943	31,759,729	39,087,600	17,027,073
<b>Totals</b>	<b>528,112,359</b>	<b>1,502,902,693</b>	<b>1,607,332,493</b>	<b>423,682,559</b>
<b>Proprietary</b>				
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	-22,027	883,499	860,265	1,207
<b>Totals</b>	<b>-22,027</b>	<b>883,499</b>	<b>860,265</b>	<b>1,207</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	7,900,632	3,052,064	2,298,596	8,654,100
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	2,538,075	5,962,266	5,535,976	2,964,365
79 GASB 34 Permanent Fund	128,806	2,387	2,640	128,533
85 Foundations	6,780,109	14,459,220	13,760,585	7,479,444
<b>Totals</b>	<b>17,347,622</b>	<b>23,476,638</b>	<b>21,597,798</b>	<b>19,226,462</b>
FINAL				

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



DENVER  
PUBLIC  
SCHOOLS

Discover a World of Opportunity™

## STATISTICAL SECTION

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District.

<b><u>STATISTICAL SECTION</u></b>	<b><u>PAGE</u></b>
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Net Position by Component .....	154
Changes in Net Position .....	156
Fund Balances - Governmental Funds .....	158
Changes in Fund Balances - Governmental Funds.....	160
Summary of Expenditures by Function and Other Financing Uses – General Fund.....	162
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Summary of Revenues by Source and Other Financing Sources – General Fund .....	164
Assessed Value and Estimated Actual Value of Taxable Property .....	166
Property Tax Rates per \$1,000 of Assessed Valuation –	
Direct and All Overlapping Governments .....	168
Principal Property Tax Payers .....	169
Property Tax Levies and Collections.....	170
<b>Debt Capacity</b>	
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.	
Legal Debt Margin .....	172
Ratios of Outstanding Debt .....	174
Direct and Overlapping Debt .....	176
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Demographic and Economic Statistics .....	177
Principal Employers .....	178
<b>Operating Information</b>	
These schedules contain service and infrastructure 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.	
Nutrition Services – Facts and Figures .....	180
Full-time Equivalent Employees .....	182
Capital Asset Information – by Schools .....	183

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
<b>Governmental activities</b>					
Net investment in capital assets	\$ 104,965,907	\$ 118,645,799	\$ 130,564,763	\$ 135,651,903	\$ 145,041,564
Restricted	290,705,891	391,653,002	175,105,064	192,765,619	254,525,804
Unrestricted (deficit)	(1,652,698,513)	(1,702,868,865)	(961,343,671)	(977,859,419)	(1,051,331,851)
Total governmental activities net position (deficit)	<u>\$ (1,257,026,715)</u>	<u>\$ (1,192,570,064)</u>	<u>\$ (655,673,844)</u>	<u>\$ (649,441,897)</u>	<u>\$ (651,763,883)</u>
<b>Business-type activities*</b>					
Net investment in capital assets	\$ -	\$ -	\$ 643,501	\$ 463,179	\$ 506,458
Unrestricted (deficit)	-	-	(760,348)	(383,151)	1,747,768
Total business-type activities net position (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (116,847)</u>	<u>\$ 80,028</u>	<u>\$ 2,254,226</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 104,965,907	\$ 118,645,799	\$ 131,208,264	\$ 136,115,082	\$ 145,548,022
Restricted	290,705,891	391,653,002	175,105,064	192,765,619	254,525,804
Unrestricted (deficit)	(1,652,698,513)	(1,702,868,865)	(962,104,019)	(978,242,570)	(1,049,583,483)
Total primary government net position (deficit)	<u>\$ (1,257,026,715)</u>	<u>\$ (1,192,570,064)</u>	<u>\$ (655,790,691)</u>	<u>\$ (649,361,869)</u>	<u>\$ (649,509,657)</u>
	2011	2010	2009	2008	2007
<b>Governmental activities</b>					
Net investment in capital assets	\$ 158,129,481	\$ 155,415,742	\$ 156,461,727	\$ 156,815,186	\$ 173,129,371
Restricted	249,496,173	80,477,836	75,749,943	69,420,889	61,730,781
Unrestricted (deficit)	(1,008,068,262)	(871,873,175)	(894,565,007)	(880,304,592)	(536,694,044)
Total governmental activities net position (deficit)	<u>\$ (600,442,608)</u>	<u>\$ (635,979,597)</u>	<u>\$ (662,353,337)</u>	<u>\$ (654,068,517)</u>	<u>\$ (301,833,892)</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 444,862	\$ 481,124	\$ 482,212	\$ 595,253	\$ 679,532
Unrestricted (deficit)	4,413,742	7,361,642	7,055,398	7,217,883	7,469,652
Total business-type activities net position (deficit)	<u>\$ 4,858,604</u>	<u>\$ 7,842,766</u>	<u>\$ 7,537,610</u>	<u>\$ 7,813,136</u>	<u>\$ 8,149,184</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 158,574,343	\$ 155,896,866	\$ 156,943,939	\$ 157,410,439	\$ 173,808,903
Restricted	249,496,173	80,477,836	75,749,943	69,420,889	61,730,781
Unrestricted (deficit)	(1,003,654,520)	(864,511,533)	(887,509,609)	(873,086,709)	(529,224,392)
Total primary government net position (deficit)	<u>\$ (595,584,004)</u>	<u>\$ (628,136,831)</u>	<u>\$ (654,815,727)</u>	<u>\$ (646,255,381)</u>	<u>\$ (293,684,708)</u>

Source: School District annual financial reports for the respective years

\* From FY15 we no longer have business type activities - Food Services moved to Special Revenue Fund

Years prior to 2015 have not been restated for the effects of GASB 68



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
<b>Expenses:</b>					
Government activities:					
Instructional services	\$ 668,873,429	\$ 606,202,845	\$ 525,401,180	\$ 507,722,226	\$ 477,604,430
Supporting services:					
Pupil support	45,246,471	36,294,290	30,804,590	29,638,062	29,312,499
Instructional support	111,594,016	113,735,904	89,761,367	81,086,728	78,847,455
General administration	6,096,731	5,299,658	5,862,233	6,652,309	6,873,428
School administration	69,544,540	65,203,286	57,364,780	58,734,139	52,697,622
Business services	8,609,001	6,971,488	9,069,995	7,487,603	6,442,027
Operation and maintenance	79,314,548	74,977,465	68,752,560	69,409,493	76,815,166
Pupil transportation	26,012,440	22,571,539	22,069,496	22,182,306	22,288,795
Central services	134,964,286	126,422,167	139,191,526	74,998,203	69,071,079
Other support services	48,582,600	47,742,261	4,570,465	4,045,531	4,628,895
Community services	14,366,660	12,899,167	11,611,773	10,497,464	9,483,230
Education for adults	17,828,984	17,810,825	14,527,846	14,790,637	15,775,918
Food services	-	-	43,974	96,963	153,482
Interest on long-term debt	128,003,672	127,899,257	117,380,359	113,073,282	108,487,396
Total governmental activities expenses	1,359,037,378	1,264,030,152	1,096,412,144	1,000,414,946	958,481,422
Business-type activities:					
Food services	-	-	38,774,528	36,404,972	34,622,691
Total business-type activities expenses	-	-	38,774,528	36,404,972	34,622,691
Total primary government expenses	1,359,037,378	1,264,030,152	1,135,186,672	1,036,819,918	993,104,113
<b>Program revenues:</b>					
Government activities:					
Charges for services - Instructional	29,805,479	27,970,405	24,268,736	29,467,729	25,542,292
Charges for services - Other	27,398,922	25,712,014	22,309,227	12,389,843	15,989,891
Operating grants and contributions	212,702,661	221,919,647	170,631,292	163,451,886	178,115,194
Total governmental activities program revenues	269,907,062	275,602,066	217,209,255	205,309,458	219,647,377
Business-type activities:					
Food services	-	-	4,388,602	4,026,244	3,715,616
Operating grants and contributions	-	-	34,152,589	30,190,114	28,273,108
Total business-type activities program revenues	-	-	38,541,191	34,216,358	31,988,724
Total primary government program revenues	269,907,062	275,602,066	255,750,446	239,525,816	251,636,101
Net Expenses					
Government activities	(1,089,130,316)	(988,428,086)	(879,202,889)	(795,105,488)	(738,834,045)
Business-type activities	-	-	(233,337)	(2,188,614)	(2,633,967)
Total primary government net expense	(1,089,130,316)	(988,428,086)	(879,436,226)	(797,294,102)	(741,468,012)
<b>General revenues and other changes in net position:</b>					
Government activities:					
Property taxes	623,495,039	512,100,229	545,898,621	498,552,760	420,204,686
Specific ownership taxes	40,303,943	36,829,683	33,376,380	30,035,934	27,021,138
Payment in lieu of taxes	2,522,094	2,489,581	2,492,618	2,143,237	2,081,204
State equalization	294,025,391	331,479,392	282,036,930	257,727,049	234,783,298
Interest and investment income	1,958,554	2,481,057	7,214,663	5,904,892	2,486,539
Other	62,368,644	35,645,024	12,430,956	5,867,733	935,905
Transfers	-	-	-	-	-
Special items	-	-	-	-	-
Total governmental activities	1,024,673,665	921,024,966	883,450,168	800,231,605	687,512,770
Business-type activities:					
Interest and investment income	-	-	-	-	-
Other	-	-	36,462	14,416	29,589
Transfers	-	-	-	-	-
Total business-type activities	-	-	36,462	14,416	29,589
Total primary government	1,024,673,665	921,024,966	883,486,630	800,246,021	687,542,359
<b>Change in net position</b>					
Governmental activities	(64,456,651)	(67,403,120)	4,247,279	5,126,117	(51,321,275)
Business-type activities	-	-	(196,875)	(2,174,198)	(2,604,378)
Total primary government	\$ (64,456,651)	\$ (67,403,120)	\$ 4,050,404	\$ 2,951,919	\$ (53,925,653)

Source: School District annual financial reports for the respective years

Note: The special item in 2008 was a contribution to the Denver Public Schools Retirement System to reduce the unfunded accrued actuarial liability.  
From FY15 we no longer have business type activities - Food Services moved to Special Revenue Fund

**SCHOOL DISTRICT NO. 1SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (Unaudited)**

	2011	2010	2009	2008	2007
<b>Expenses:</b>					
Government activities:					
Instructional services	\$ 474,240,486	\$ 476,278,700	\$ 422,627,498	\$ 397,666,096	\$ 381,864,932
Supporting services:					
Pupil support	25,659,390	28,246,457	25,824,063	25,687,424	24,203,198
Instructional support	68,357,869	66,549,179	58,473,132	57,657,139	51,530,878
General administration	4,692,577	4,617,620	4,733,562	4,469,043	3,899,230
School administration	44,700,293	40,955,892	41,162,161	42,525,715	37,986,274
Business services	6,276,830	5,383,702	5,268,181	7,625,659	4,805,738
Operation and maintenance	71,715,439	71,085,264	73,688,352	68,357,795	83,837,328
Pupil transportation	20,027,703	21,719,386	21,204,172	23,103,680	21,934,799
Central services	59,338,961	48,963,934	48,720,535	39,546,533	37,158,630
Other support services	5,273,195	4,623,514	3,741,000	3,718,449	3,988,945
Community services	7,289,515	5,813,625	4,740,667	4,187,161	2,976,324
Education for adults	11,622,217	12,240,071	14,881,683	14,016,390	13,065,090
Food services	227,602	105,551	495,782	489,196	472,309
Interest on long-term debt	100,279,347	95,444,496	102,499,436	57,492,219	59,186,288
Total governmental activities expenses	899,701,424	882,027,393	828,060,224	746,542,499	726,909,963
Business-type activities:					
Food services	32,365,428	27,303,586	26,386,796	24,531,466	23,801,447
Total business-type activities expenses	32,365,428	27,303,586	26,386,796	24,531,466	23,801,447
Total primary government expenses	932,066,852	909,330,979	854,447,020	771,073,965	750,711,410
<b>Program revenues:</b>					
Government activities:					
Charges for services - Instructional	17,205,330	19,913,607	18,074,035	12,298,121	11,675,557
Charges for services - Other	10,770,817	12,490,488	14,659,811	11,692,362	6,148,497
Operating grants and contributions	232,977,735	148,622,734	120,326,610	126,252,998	131,592,570
Total governmental activities program revenues	260,953,882	181,026,829	153,060,456	150,243,481	149,416,624
Business-type activities:					
Food services	3,592,685	3,825,050	3,871,542	3,973,383	3,856,110
Operating grants and contributions	25,787,342	23,779,151	22,204,624	20,042,125	18,184,582
Total business-type activities program revenues	29,380,027	27,604,201	26,076,166	24,015,508	22,040,692
Total primary government program revenues	290,333,909	208,631,030	179,136,622	174,258,989	171,457,316
Net Expenses					
Government activities	(638,747,542)	(701,000,564)	(674,999,768)	(596,299,018)	(577,493,339)
Business-type activities	(2,985,402)	300,615	(310,630)	(515,958)	(1,760,755)
Total primary government net expense	(641,732,944)	(700,699,949)	(675,310,398)	(596,814,976)	(579,254,094)
<b>General revenues and other changes in net position:</b>					
Government activities:					
Property taxes	437,794,905	435,745,405	399,760,438	389,744,515	341,943,644
Specific ownership taxes	25,698,371	26,172,343	27,169,809	29,568,688	29,482,711
Payment in lieu of taxes	1,997,608	2,029,800	2,113,706	1,953,008	278,280
State equalization	201,316,796	234,172,686	225,756,709	208,706,454	224,424,366
Interest and investment income	7,476,851	6,649,012	(3,413,079)	7,661,878	10,129,977
Other	-	9,426,847	15,334,265	4,229,850	10,792,728
Transfers	-	-	(6,900)	-	(255,077)
Special items	-	-	-	(397,800,000)	-
Total governmental activities	674,284,531	714,196,092	666,714,948	244,064,393	616,796,629
Business-type activities:					
Interest and investment income	1,240	4,541	28,204	179,910	278,779
Other	-	-	-	-	-
Transfers	-	-	6,900	-	255,077
Total business-type activities	1,240	4,541	35,104	179,910	533,856
Total primary government	674,285,771	714,200,633	666,750,052	244,244,303	617,330,485
<b>Change in net position</b>					
Governmental activities	35,536,989	13,195,528	(8,284,820)	(352,234,625)	39,303,290
Business-type activities	(2,984,162)	305,156	(275,526)	(336,048)	(1,226,899)
Total primary government	\$ 32,552,827	\$ 13,500,684	\$ (8,560,346)	\$ (352,570,673)	\$ 38,076,391

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Unaudited)

General Fund	2016	2015	2014	2013	2012
Nonspendable:					
Inventory	\$ 704,168	\$ 824,309	\$ 73,575	\$ 866,501	\$ 847,557
Prepaid expenses	142,383	-	-	-	-
Restricted for:					
Emergency reserve	24,910,740	23,587,040	-	-	-
Preschool	-	-	-	-	-
Committed to:					
Emergency reserve	-	-	21,562,473	20,575,246	18,038,993
Assigned to:					
Special projects	17,397,322	15,920,181	12,483,461	10,737,052	11,752,585
Subsequent year expenditures	1,315,705	4,082,181	9,736,417	25,054,712	-
Unassigned	50,072,162	62,139,089	54,441,927	52,305,933	71,030,433
Total general fund	<u>94,542,480</u>	<u>106,552,800</u>	<u>98,297,853</u>	<u>109,539,444</u>	<u>101,669,568</u>
All other governmental funds					
Nonspendable:					
Permanent fund	128,553	128,806	127,586	123,986	122,225
Inventory	3,485,663	3,059,757	16	-	-
Prepaid expenses	509,302	-	-	-	-
Restricted for:					
Debt service	140,280,738	109,761,547	109,621,401	109,580,300	72,084,732
Capital projects	87,492,008	202,717,436	428,287,451	600,539,662	92,538,729
Performance-based teacher compensation	18,345,329	31,352,361	44,698,850	52,566,684	-
Higher education	10,572,551	10,047,631	11,180,577	9,809,638	-
Non-governmental grantor-designated purposes	6,111,724	9,859,915	9,584,310	9,136,215	-
State programs	-	-	-	1,664,931	-
Federal programs	8,548,506	4,198,266	-	5,714	-
Special revenue fund	-	-	-	-	77,786,870
Committed to:					
Capital projects	5,554,771	17,390,944	7,438,353	16,273,544	20,816,392
Pupil activities	3,168,599	-	-	-	-
Assigned to:					
Encumbrances	-	-	-	-	-
Debt service	10,963,000	6,964,000	-	-	-
Unassigned	(3,344,733)	(3,059,757)	-	-	-
Total all other governmental funds	<u>291,816,011</u>	<u>392,420,906</u>	<u>610,938,544</u>	<u>799,700,674</u>	<u>263,348,948</u>
Total fund balances	<u>\$ 386,358,491</u>	<u>\$ 498,973,706</u>	<u>\$ 709,236,397</u>	<u>\$ 909,240,118</u>	<u>\$ 365,018,516</u>

Source: District annual financial reports for the respective years

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Unaudited)**

<b>General Fund</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Nonspendable:					
Inventory	\$ 759,089	\$ 712,880	\$ 611,668	\$ 796,503	\$ 663,619
Prepaid expenses	-	-	-	-	-
Restricted for:					
Emergency reserve	-	-	-	-	-
Preschool	-	2,451,582	2,001,187	228,043	-
Committed to:					
Emergency reserve	1,930,151	1,930,151	1,841,917	1,664,770	1,898,467
Assigned to:					
Special projects	11,276,833	-	-	-	-
Subsequent year expenditures	-	5,993,049	4,293,617	4,479,066	4,434,970
Unassigned	102,547,665	52,164,268	19,877,018	27,715,334	88,420,718
Total general fund	<u>116,513,738</u>	<u>63,251,930</u>	<u>28,625,407</u>	<u>34,883,716</u>	<u>95,417,774</u>
<b>All other governmental funds</b>					
Nonspendable:					
Permanent fund	121,222	121,358	120,368	43,478	40,482
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Debt service	66,657,069	66,032,136	61,482,392	53,468,381	49,788,511
Capital projects	187,110,425	223,844,534	68,518,779	15,554,003	24,972,789
Performance-based teacher compensation	-	-	-	-	-
Higher education	-	-	-	-	-
Non-governmental grantor-designated purposes	-	-	-	-	-
State programs	-	-	-	-	-
Federal programs	-	-	-	-	-
Special revenue fund	82,091,071	85,517,878	84,644,134	81,354,742	55,551,161
Committed to:					
Capital projects	13,429,620	12,977,929	12,320,849	13,389,583	11,303,109
Pupil activities	-	-	-	-	-
Assigned to:					
Encumbrances	-	75,828,070	69,226,124	8,278,095	8,516,606
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>349,409,407</u>	<u>464,321,905</u>	<u>296,312,646</u>	<u>172,088,282</u>	<u>150,172,658</u>
Total fund balances	<u>\$ 465,923,145</u>	<u>\$ 527,573,835</u>	<u>\$ 324,938,053</u>	<u>\$ 206,971,998</u>	<u>\$ 245,590,432</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
<b>Revenues:</b>					
Taxes	\$ 662,087,462	\$ 549,453,629	\$ 549,095,824	\$ 527,488,569	\$ 451,643,564
Intergovernmental:					
State sources	352,543,848	386,841,732	321,083,838	292,811,118	270,460,213
Federal sources	128,143,943	135,266,941	91,110,827	94,585,766	114,213,045
Charges for services	63,538,071	58,485,884	46,577,962	41,857,571	23,430,483
Investment income	1,703,554	2,191,056	6,646,572	5,346,754	2,010,633
Other local sources	45,033,043	46,432,436	56,121,534	42,198,314	54,343,359
Total revenue	<u>1,253,049,921</u>	<u>1,178,671,678</u>	<u>1,070,636,557</u>	<u>1,004,288,092</u>	<u>916,101,297</u>
<b>Expenditures:</b>					
Current:					
Instructional services	580,342,703	545,258,244	524,717,767	474,740,668	445,586,238
Supporting services:					
Pupil support	45,246,471	36,294,290	30,750,759	29,191,916	28,952,897
Instructional support	111,594,016	113,735,903	89,657,359	80,726,483	78,919,561
General administration	6,096,731	5,299,657	5,855,666	6,621,029	6,888,188
School administration	69,544,540	65,203,286	57,265,795	58,420,495	52,621,612
Business services	8,581,051	6,700,984	8,511,434	7,049,603	5,715,778
Operation and maintenance	79,314,548	74,977,466	77,295,764	75,907,378	78,203,626
Pupil transportation	26,012,440	22,571,539	21,759,520	20,626,032	20,319,139
Central services	67,066,399	72,231,405	76,726,379	64,742,988	57,892,081
Other support services	48,582,600	47,742,261	4,570,465	4,045,531	4,628,895
Total support services	<u>462,038,796</u>	<u>444,756,791</u>	<u>372,393,141</u>	<u>347,331,455</u>	<u>334,141,777</u>
Community services	14,366,660	12,899,168	11,600,514	10,465,425	9,491,061
Education for adults	17,828,984	17,810,826	14,504,741	14,775,707	15,908,260
Capital outlay	132,056,762	207,594,348	209,752,895	88,411,292	78,774,655
Debt service:					
Principal	62,663,175	57,125,000	52,638,533	424,254,920	30,492,391
Interest and fiscal charges	106,825,938	284,599,941	115,257,640	243,687,187	102,268,418
Total debt service	<u>169,489,113</u>	<u>341,724,941</u>	<u>167,896,173</u>	<u>667,942,107</u>	<u>132,760,809</u>
Debt issuance costs	-	-	-	7,419,384	760,824
Total expenditures	<u>1,376,123,018</u>	<u>1,570,044,318</u>	<u>1,300,865,231</u>	<u>1,611,086,038</u>	<u>1,017,423,624</u>
Deficiency of revenues under expenditures	(123,073,097)	(391,372,640)	(230,228,674)	(606,797,946)	(101,322,327)
<b>Other financing sources (uses):</b>					
Transfers in	16,052,982	26,513,288	7,384,908	25,776,235	29,807,290
Transfers out	(16,052,982)	(26,513,288)	(7,384,908)	(25,776,235)	(29,807,290)
Proceeds from capital leases	-	-	-	-	-
Issuance of certificates of participation	9,680,591	-	-	-	-
Issuance of bonds	-	-	25,347,008	1,075,390,000	-
Premium on issuance of debt	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Proceeds from refunding bonds	143,280,000	149,170,000	-	67,220,000	129,870,000
Premium on refunding bonds	26,500,712	24,225,792	-	78,030,437	16,171,251
Face Amount of COPs	-	-	-	-	-
Debt service Principal - Current Refunding	-	-	-	-	-
Payment to Bond Escrow Agent	(169,003,421)	-	-	(66,816,759)	(145,623,553)
Total other financing sources	<u>10,457,882</u>	<u>173,395,792</u>	<u>25,347,008</u>	<u>1,153,823,678</u>	<u>417,698</u>
Special Items	-	-	-	-	-
Change in fund balances	\$ (112,615,215)	\$ (217,976,848)	\$ (204,881,666)	\$ 547,025,732	\$ (100,904,629)
Debt service as a percentage of noncapital expenditures	13.71%	25.08%	15.39%	43.87%	14.14%

Source: School District annual financial reports for the respective years

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Unaudited)**

	2011	2010	2009	2008	2007
<b>Revenues:</b>					
Taxes	\$ 463,701,678	\$ 462,643,068	\$ 423,911,267	\$ 417,248,845	\$ 373,754,814
Intergovernmental:					
State sources	236,070,398	265,791,329	260,199,560	239,161,536	253,829,964
Federal sources	136,925,043	100,774,555	68,120,464	76,218,495	72,500,062
Charges for services	27,976,147	32,404,095	25,424,643	16,030,824	10,385,097
Investment income	7,476,771	6,649,012	(3,413,079)	7,661,878	10,129,977
Other local sources	49,898,805	29,777,554	35,269,745	33,721,938	28,576,631
Total revenue	<u>922,048,842</u>	<u>898,039,614</u>	<u>809,512,600</u>	<u>790,043,516</u>	<u>749,176,545</u>
<b>Expenditures:</b>					
Current:					
Instructional services	450,508,108	453,686,991	409,265,755	387,178,009	366,977,923
Supporting services:					
Pupil support	25,115,010	27,172,134	25,923,928	26,114,755	24,150,531
Instructional support	67,909,790	65,629,241	58,571,811	57,793,209	51,358,900
General administration	4,632,034	4,533,937	4,735,766	4,502,612	3,871,916
School administration	44,306,838	40,502,543	40,227,803	41,931,790	36,639,655
Business services	5,863,130	5,229,648	5,239,973	7,233,550	4,348,624
Operation and maintenance	74,239,981	63,519,295	72,884,805	67,930,237	82,687,109
Pupil transportation	17,786,788	18,695,511	18,426,871	20,203,228	18,619,149
Central services	48,503,467	44,225,123	44,156,298	36,431,317	33,037,859
Other support services	5,273,195	4,623,514	3,741,000	3,718,449	3,988,945
Total support services	<u>293,630,233</u>	<u>274,130,944</u>	<u>273,908,255</u>	<u>265,859,147</u>	<u>258,702,688</u>
Community services	7,259,244	5,813,625	4,740,667	4,187,161	2,976,324
Education for adults	11,716,004	13,447,021	14,881,683	14,016,390	13,065,090
Capital outlay	127,088,070	102,422,277	23,273,190	5,495,299	27,065,637
Debt service:					
Principal	27,070,024	25,512,731	24,078,809	111,526,792	44,069,976
Interest and fiscal charges	133,286,320	90,790,335	97,086,037	61,452,258	53,379,963
Total debt service	<u>160,356,344</u>	<u>116,303,065</u>	<u>121,164,846</u>	<u>172,979,050</u>	<u>97,449,939</u>
Debt issuance costs	6,791,796	2,370,180	784,744	17,590,452	-
Total expenditures	<u>1,057,349,799</u>	<u>968,174,103</u>	<u>848,019,140</u>	<u>867,305,508</u>	<u>766,237,601</u>
Deficiency of revenues under expenditures	(135,300,957)	(70,134,489)	(38,506,540)	(77,261,992)	(17,061,056)
<b>Other financing sources (uses):</b>					
Transfers in	57,609,285	53,296,908	53,125,379	51,483,476	51,064,125
Transfers out	(57,609,285)	(53,296,908)	(49,383,259)	(51,082,816)	(51,319,202)
Proceeds from capital leases	-	-	-	750,000,000	249,180
Issuance of certificates of participation	-	-	-	-	-
Issuance of bonds	30,805,000	274,022,000	151,593,831	-	-
Premium on issuance of debt	-	-	-	-	-
Payment to refunded debt	-	-	1,136,643	(313,957,102)	-
Proceeds from refunding bonds	85,390,000	68,020,000	-	-	-
Premium on refunding bonds	14,842,531	7,034,063	-	-	-
Face Amount of COPs	792,280,000	-	-	-	-
Debt service Principal - Current Refunding	(750,000,000)	(26,465,000)	-	-	-
Payment to Bond Escrow Agent	(99,667,264)	(47,890,570)	-	-	-
Total other financing sources	<u>73,650,267</u>	<u>274,720,493</u>	<u>156,472,594</u>	<u>436,443,558</u>	<u>(5,897)</u>
Special Items	-	-	-	(397,800,000)	-
Change in fund balances	<u>\$ (61,650,690)</u>	<u>\$ 204,586,004</u>	<u>\$ 117,966,054</u>	<u>\$ (38,618,434)</u>	<u>\$ (17,066,953)</u>
Debt service as a percentage of noncapital expenditures	17.24%	13.43%	14.69%	20.07%	13.18%

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

SUMMARY OF EXPENDITURES BY FUNCTION AND OTHER FINANCING USES - GENERAL FUND  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
<b>Expenditures</b>					
Instructional services	\$ 466,866,692	\$ 435,036,390	\$ 418,723,429	\$ 364,156,448	\$ 326,490,335
Supporting services:					
Pupil support	37,126,952	29,300,812	25,685,836	23,591,382	23,623,681
Instructional support	70,635,195	64,420,077	50,236,006	42,541,541	37,443,813
General administration	5,642,389	4,891,160	5,465,573	6,068,298	6,270,835
School administration	68,299,902	63,290,849	54,895,533	55,494,061	50,610,332
Business services	7,571,069	5,970,739	7,718,542	6,560,065	5,249,788
Operation and maintenance	71,563,249	57,100,385	56,461,321	51,263,651	50,770,339
Pupil transportation	25,724,818	21,942,671	20,913,687	19,627,160	19,006,911
Central services	53,956,802	54,801,151	54,075,641	45,444,542	37,757,510
Other support services	1,036,037	914,267	705,984	719,810	757,315
Total support services	<u>341,556,413</u>	<u>302,632,111</u>	<u>276,158,123</u>	<u>251,310,510</u>	<u>231,490,524</u>
Community services	11,021,566	8,555,867	7,790,165	6,651,925	5,641,526
Education for adults	2,256,856	629,177	1,173,530	823,417	622,852
Capital outlay	1,467,271	1,270,899	528,674	195,172	1,847,261
Debt service:					
Principal payments	14,730,000	13,360,000	9,305,000	401,540,000	3,985,000
Interest and fiscal charges	46,114,624	45,878,257	48,629,712	188,137,089	52,412,285
Issuance costs of debt	-	-	-	3,633,148	-
Total expenditures	<u>884,013,422</u>	<u>807,362,701</u>	<u>762,308,633</u>	<u>1,216,447,709</u>	<u>622,489,783</u>
<b>Other financing uses:</b>					
Transfers out	9,926,794	19,727,702	7,067,866	22,505,189	28,240,127
Debt service principal - current refunding	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Total other financing uses	<u>9,926,794</u>	<u>19,727,702</u>	<u>7,067,866</u>	<u>22,505,189</u>	<u>28,240,127</u>
Total expenditures and other financing uses	<u>\$ 893,940,216</u>	<u>\$ 827,090,403</u>	<u>\$ 769,376,499</u>	<u>\$ 1,238,952,898</u>	<u>\$ 650,729,910</u>

Source: School District annual financial reports for the respective years

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**SUMMARY OF EXPENDITURES BY FUNCTION AND OTHER FINANCING USES - GENERAL FUND  
LAST TEN FISCAL YEARS (Unaudited)**

	2011	2010	2009	2008	2007
<b>Expenditures</b>					
Instructional services	\$ 333,728,437	\$ 334,898,507	\$ 328,394,419	\$ 326,964,441	\$ 308,016,937
Supporting services:					
Pupil support	21,399,605	23,068,864	22,523,347	20,681,987	17,233,674
Instructional support	27,893,132	29,519,723	28,463,467	26,196,402	23,365,552
General administration	4,444,726	4,257,703	4,097,106	4,114,368	3,663,578
School administration	39,082,284	35,329,814	35,434,160	37,471,491	34,551,884
Business services	4,933,010	4,021,517	4,089,026	4,143,169	3,646,158
Operation and maintenance	44,906,919	45,369,628	46,564,264	48,315,698	46,390,165
Pupil transportation	16,751,083	17,802,979	17,397,151	18,773,302	17,205,514
Central services	34,067,358	36,593,294	33,411,995	33,613,741	30,412,125
Other support services	697,865	681,194	674,673	500,834	900,736
Total support services	<u>194,175,982</u>	<u>196,644,716</u>	<u>192,655,189</u>	<u>193,810,992</u>	<u>177,369,386</u>
Community services	4,250,529	312,027	389,602	130,453	103,777
Education for adults	1,556,938	-	-	-	-
Capital outlay	1,036,732	172,107	454,071	367,976	242,771
Debt service:					
Principal payments	2,635,000	2,635,000	335,000	89,324,877	21,682,762
Interest and fiscal charges	82,181,236	82,181,236	65,397,537	30,161,462	21,215,810
Issuance costs of debt	6,023,749	-	-	17,590,452	-
Total expenditures	<u>625,588,603</u>	<u>580,094,547</u>	<u>587,625,818</u>	<u>658,350,653</u>	<u>528,631,443</u>
<b>Other financing uses:</b>					
Transfers out	57,399,265	52,727,380	48,600,719	49,935,469	49,447,961
Debt service principal - current refunding	750,000,000	-	-	-	-
Payment to refunded debt	-	-	-	313,957,102	-
Total other financing uses	<u>807,399,265</u>	<u>52,727,380</u>	<u>48,600,719</u>	<u>363,892,571</u>	<u>49,447,961</u>
Total expenditures and other financing uses	<u>\$ 1,432,987,868</u>	<u>\$ 632,821,927</u>	<u>\$ 636,226,537</u>	<u>\$ 1,022,243,224</u>	<u>\$ 578,079,404</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

SUMMARY OF REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GENERAL FUND  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
<b>Revenues:</b>					
Property taxes	\$ 495,515,584	\$ 408,845,811	\$ 409,088,016	\$ 390,026,018	\$ 343,058,887
Intergovernmental:					
State sources	330,071,454	367,131,089	307,706,457	279,032,257	256,289,344
Federal sources	1,021,504	1,017,755	922,508	7,573,147	7,863,578
Charges for services	36,843,509	33,656,565	28,913,976	23,888,965	6,127,453
Investment income	876,883	725,088	659,844	695,884	708,770
Other local sources	8,669,688	8,708,951	5,899,120	7,923,953	20,270,542
Total revenue	<u>872,998,622</u>	<u>820,085,259</u>	<u>753,189,921</u>	<u>709,140,224</u>	<u>634,318,574</u>
<b>Other financing sources:</b>					
Transfers in	8,931,274	6,785,586	67,042	3,631,681	1,567,163
Face amount of refunding COPs	-	-	-	-	-
Bond proceeds	-	-	-	536,855,000	-
Total other financing sources	<u>8,931,274</u>	<u>6,785,586</u>	<u>67,042</u>	<u>540,486,681</u>	<u>1,567,163</u>
Total revenue and other financing sources	<u>\$ 881,929,896</u>	<u>\$ 826,870,845</u>	<u>\$ 753,256,963</u>	<u>\$ 1,249,626,905</u>	<u>\$ 635,885,737</u>

Source: School District annual financial reports for the respective years

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**SUMMARY OF REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GENERAL FUND  
LAST TEN FISCAL YEARS (Unaudited)**

	2011	2010	2009	2008	2007
<b>Revenues:</b>					
Property taxes	\$ 389,289,312	\$ 391,889,529	\$ 362,086,491	\$ 361,921,378	\$ 325,958,252
Intergovernmental:					
State sources	222,522,302	255,305,800	248,153,540	227,827,943	243,942,772
Federal sources	28,261,677	3,274,570	912,634	853,961	746,727
Charges for services	13,427,191	9,797,158	4,775,692	5,954,728	1,011,407
Investment income	772,199	727,864	1,144,649	3,857,555	5,525,117
Other local sources	15,165,361	6,356,725	8,685,562	7,946,254	9,937,370
Total revenue	<u>669,438,042</u>	<u>667,351,645</u>	<u>625,758,568</u>	<u>608,361,819</u>	<u>587,121,645</u>
<b>Other financing sources:</b>					
Transfers in	13,043,507	96,805	4,209,660	1,147,347	1,366,164
Face amount of refunding COPs	792,280,000	-	-	750,000,000	-
Bond proceeds	-	-	-	-	-
Total other financing sources	<u>805,323,507</u>	<u>96,805</u>	<u>4,209,660</u>	<u>751,147,347</u>	<u>1,366,164</u>
Total revenue and other financing sources	<u><u>\$ 1,474,761,549</u></u>	<u><u>\$ 667,448,451</u></u>	<u><u>\$ 629,968,228</u></u>	<u><u>\$ 1,359,509,166</u></u>	<u><u>\$ 588,487,809</u></u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN TAX YEARS (Unaudited)  
(Amount in 000's)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Vacant property	\$ 219,528	\$ 181,758	\$ 212,668	\$ 193,826	\$ 194,051
Residential property	5,919,659	4,567,603	4,469,706	4,345,018	4,325,747
Commercial property	6,445,053	4,909,533	4,886,510	4,567,479	4,655,265
Industrial property	150,606	122,425	124,503	120,329	147,433
Agricultural property	79	69	69	55	120
Oil and Gas property	-	-	-	-	-
Personal property	825,798	765,486	741,538	722,513	726,354
State assessed property	824,187	838,378	829,207	808,218	888,485
Total taxable assessed value	14,384,910	11,385,252	11,264,201	10,757,438	10,937,455
Total direct tax rate	78.127	83.054	83.090	84.071	71.307
Estimated actual taxable value	\$ 100,203,607	\$ 80,891,083	\$ 79,581,379	\$ 76,697,449	\$ 77,142,543

**Assessed value as a percentage of  
estimated actual value**      14.4%      14.1%      14.2%      14.0%      14.2%

Source: December 31, 2015 - City and County of Denver CAFR  
(The most current information available)

Note: The TABOR amendment, which was approved by Colorado voters in 1992, requires all assessors to use only the market approach in valuing residential property. For commercial real property, the income approach is generally the appropriate method to use in estimating value. Under Colorado law, all assessors must reappraise real property every two years; this occurs in every odd-numbered year (2007, 2009, 2011, 2013 and 2015). If home sales have been very active, and home prices have been increasing, then the property value and assessment for many types and styles of homes typically will increase during these reappraisals. Property tax is determined by the mill levy, which is set in December of each year by the taxing authorities in Denver (the school district, city council, special districts, etc).

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN TAX YEARS (Unaudited)  
(Amount in 000's)**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Vacant property	\$ 218,132	\$ 231,563	\$ 210,633	\$ 198,284	\$ 172,889
Residential property	4,598,108	4,545,672	4,510,588	4,394,658	3,933,051
Commercial property	5,426,538	5,452,125	4,383,397	4,372,532	3,340,741
Industrial property	142,372	144,380	125,108	130,130	120,660
Agricultural property	44	44	56	113	49
Oil and Gas property	63	4,020	3,286	1,279	1,043
Personal property	739,224	813,037	792,393	779,600	715,287
State assessed property	<u>835,603</u>	<u>821,502</u>	<u>837,783</u>	<u>784,031</u>	<u>750,830</u>
Total taxable assessed value	11,960,084	12,012,343	10,863,244	10,660,627	9,034,550
Total direct tax rate	66.591	65.139	66.783	66.897	66.948
Estimated actual taxable value	\$ 83,151,295	\$ 82,844,303	\$ 78,563,808	\$ 76,813,114	\$ 66,999,158
Assessed value as a percentage of estimated actual value	14.4%	14.5%	13.8%	13.9%	13.5%

SCHOOL DISTRICT NO. 1  
 IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUATION -  
 DIRECT AND ALL OVERLAPPING GOVERNMENTS  
 LAST TEN YEARS (Unaudited)

---

Tax <u>Year</u>	Bond			Denver County	Police and Firemen Pension	Improvement and Services Districts		<u>Total</u>
	General <u>Fund</u>	Redemption <u>Fund</u>	<u>Total</u>					
2015	37.147	10.250	47.397	19.764	2.960	8.006		78.127
2014	38.780	10.519	49.299	21.589	3.438	8.728		83.054
2013	38.853	10.446	49.299	21.618	3.447	8.726		83.090
2012	39.575	10.913	50.488	21.312	3.480	8.791		84.071
2011	34.307	7.958	42.265	17.385	3.331	8.326		71.307
2010	33.172	6.800	39.972	16.035	2.889	7.695		66.591
2009	32.912	6.350	39.262	13.447	2.760	9.670		65.139
2008	33.464	6.193	39.657	13.969	3.007	10.150		66.783
2007	33.611	5.599	39.210	14.739	2.952	9.996		66.897
2006	34.734	5.599	40.333	17.756	3.247	5.612		66.948

Source: December 31, 2015 - City and County of Denver CAFR  
 (The most current information available)

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO (Unaudited)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value
Public Service Company - Xcel Energy	\$ 256,596	1	2.25%	\$ 166,870	1	1.85%
Brookfield Properties	200,284	2	1.76%	-	-	-
Beacon Capital Partners	169,290	3	1.49%	-	-	-
CenturyLink, Inc.	151,991	4	1.33%	162,552	2	1.80%
Invesco Realty Advisers Inc.	128,357	5	1.13%	-	-	-
Taubman Centers Inc.	101,355	6	0.89%	-	-	-
UBS Realty Investors	100,321	7	0.88%	-	-	-
Columbia-Healthone, LLC	99,232	8	0.87%	63,661	6	0.70%
Callahan Capital Partners	96,867	9	0.85%	-	-	-
Shorenstein Properties LLC	86,697	10	0.76%	-	-	-
Frontier Airlines	-	-	-	56,407	9	0.62%
United Airlines, Inc.	-	-	-	110,101	3	1.22%
Equity Office Properties	-	-	-	73,502	4	0.81%
AT&T	-	-	-	66,658	5	0.73%
Crescent Real Estate Equities	-	-	-	63,371	7	0.70%
Temple Hoyne Buell Foundation	-	-	-	59,852	8	0.66%
SkyWest Airlines	-	-	-	48,758	10	0.54%
<b>Totals</b>	<b>\$ 1,390,990</b>		<b>12.21%</b>	<b>\$ 871,732</b>		<b>9.63%</b>

Source: December 31, 2015 - City and County of Denver CAFR  
(The most current information available)

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS (Unaudited)

Calendar <u>Year</u>	Total <u>Tax Levy</u>	Current Tax <u>Collections</u>	Percent of Levy <u>Collected</u>	Delinquent Taxes Collected (Taxes <u>Refunded</u> )	Total Taxes <u>Collected</u>	Percent of Total Tax Collections to Current <u>Tax Levy</u>
2007	345,308,239	342,933,216	99.31	(652,788)	342,280,428	99.12
2008	393,081,263	390,185,835	99.26	(982,194)	389,203,641	99.01
2009	403,951,235	397,020,805	98.28	(2,126,458)	394,894,347	97.76
2010	442,516,290	436,223,046	98.58	2,755,674	438,978,721	99.20
2011	446,293,259	440,916,593	98.80	(4,907,177)	436,009,416	97.70
2012	431,137,524	422,713,147	98.05	(1,432,860)	421,280,287	97.71
2013	505,246,942	502,946,005	99.54	(809,506)	502,136,499	99.38
2014	515,395,470	511,059,056	99.16	460,277	511,519,333	99.25
2015**	518,496,645	513,820,030	99.10	(1,163,514)	512,656,516	98.87
2016*	626,668,635	618,633,787	98.72	247,375	618,881,162	98.76

Source: District financial records for the respective years.

\* Property taxes are levied on a calendar year basis. Tax collections for 2016 represent collections for January through September 2016.

\*\* Current Tax Collections for 2015 have been updated with the full calendar year figures.



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
Assessed value (prior year)	\$ 14,384,909,283	\$ 11,385,251,250	\$ 11,264,201,810	\$ 10,757,438,400	\$ 10,937,453,830
Actual value (prior year)	100,203,607,405	80,891,082,600	79,581,379,500	76,697,448,800	77,142,545,500
Debt limit is greater of:					
20% of assessed value	2,876,981,857	2,277,050,250	2,252,840,362	2,151,487,680	2,187,490,766
or 6% of actual value*	6,012,216,444	4,853,464,956	4,774,882,770	4,601,846,928	4,628,552,730
Debt limit	6,012,216,444	4,853,464,956	4,774,882,770	4,601,846,928	4,628,552,730
Amount of debt applicable to debt limits	1,321,607,000	1,364,745,175	1,408,510,175	1,430,390,175	1,002,395,175
Less: amount reserved for long-term debt	(140,280,738)	(109,761,547)	(105,629,590)	(102,079,673)	(72,084,732)
Net chargeable to bond limit	1,181,326,262	1,254,983,628	1,302,880,585	1,328,310,502	1,002,395,175
Legal debt margin	\$ 4,830,890,182	\$ 3,598,481,328	\$ 3,472,002,185	\$ 3,273,536,426	\$ 3,698,242,287
Total net debt applicable to the limit as a percentage of debt limit	19.65%	25.86%	27.29%	28.86%	21.66%

Sources: The Certification of Assessed Valuation is from the City and County of Denver Assessor's Office in early December, prior to the District's certification of the mill levies which can be no later than December 15th. The assessed valuation figure is inclusive of tax increment values.

\* Section 22-42-104 of the Colorado School Law limits the amount of bonded indebtedness to the greater of 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 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.

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEAR (Unaudited)**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Assessed value (prior year)	\$ 11,960,083,760	\$ 12,012,342,720	\$ 10,863,244,130	\$ 10,660,627,490	\$ 8,561,431,954
Actual value (prior year)	83,151,295,000	82,844,303,500	78,563,808,200	76,813,114,100	66,999,157,200
Debt limit is greater of: 20% of assessed value or 6% of actual value*	2,392,016,752 4,989,077,700	2,402,468,544 4,970,658,210	2,172,648,826 4,713,828,492	2,132,125,498 4,608,786,846	1,712,286,391 4,019,949,432
Debt limit	4,989,077,700	4,970,658,210	4,713,828,492	4,608,786,846	4,019,949,432
Amount of debt applicable to debt limits	1,032,125,175	1,027,365,175	768,396,601	633,326,046	654,111,046
Less: amount reserved for long- term debt	(66,657,069)	(66,657,070)	(61,482,392)	(53,468,381)	(49,788,511)
Net chargeable to bond limit	978,012,133	974,285,929	730,069,560	610,058,741	635,443,643
Legal debt margin	<u>\$ 4,011,065,567</u>	<u>\$ 3,996,372,281</u>	<u>\$ 3,983,758,932</u>	<u>\$ 3,998,728,105</u>	<u>\$ 3,384,505,789</u>
Total net debt applicable to the limit as a percentage of debt limit	19.60%	19.60%	15.49%	13.24%	15.81%

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS (Unaudited)

Year	District Population*	Assessed Valuation*	Bonded Debt	Certificates of Participation	Capital Leases	Gross Debt Primary Government
2016	682,545	\$ 14,384,909,283	\$ 1,433,272,568	\$ 1,044,456,762	\$ -	\$ 2,477,729,330
2015	663,862	11,385,251,250	1,482,464,966	1,049,340,225	-	2,531,805,191
2014	649,495	11,264,201,810	1,513,418,866	1,062,149,172	-	2,575,568,038
2013	634,265	10,757,438,400	1,506,436,908	863,946,953	53,534	2,370,437,395
2012	619,968	10,937,453,830	1,018,114,694	720,556,945	298,454	1,738,970,093
2011	600,158	11,960,083,760	1,069,869,202	718,033,565	530,845	1,788,433,612
2010	610,345	12,012,342,720	1,040,942,999	767,096,484	755,869	1,808,795,352
2009	598,707	10,863,244,130	791,551,951	764,606,178	973,599	1,557,131,728
2008	592,052	10,660,627,490	663,527,122	760,965,869	20,765	1,424,513,756
2007	582,474	8,561,431,954	685,232,154	418,275,005	2,667,556	1,106,174,715

Source: School District Financials

Source: \* December 31, 2015 - City and County of Denver CAFR  
(The most current information available)

\*\* Personal income not available this year from data source.

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

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS (Unaudited)**

Year	Less Debt Service Funds Available	Net Debt	Bonded Debt to Assessed Value 9.96%	Total Debt Per Capita	Personal Income (expressed in thousands)	n/a	**	Percentage of Personal Income to O/S Debt
	\$ 140,280,738							
2015	109,761,547	2,422,043,644	13.02%	3,814	n/a	**	n/a	
2014	109,621,401	2,465,946,637	13.44%	3,965	36,999		6.96%	
2013	109,580,300	2,260,857,095	14.00%	3,737	35,721		6.64%	
2012	72,084,732	1,666,885,361	9.31%	2,805	33,811		5.14%	
2011	66,657,070	1,721,776,542	8.95%	2,980	30,515		5.86%	
2010	66,657,070	1,742,138,282	8.67%	2,964	31,512		5.74%	
2009	61,482,392	1,495,649,336	7.29%	2,601	31,308		4.97%	
2008	53,468,381	1,371,045,375	6.22%	2,406	30,949		4.60%	
2007	49,788,511	1,056,386,204	8.00%	1,899	28,902		3.83%	

Source: School District Financials

Source: \* December 31, 2015 - City and County of Denver CAFR

(The most current information available)

\*\* Personal income not available this year from data source.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

DIRECT AND OVERLAPPING DEBT (Unaudited)

---

<u>Taxing Body</u>	<u>Total Debt Outstanding</u>	<u>Outstanding As of</u>	<u>Percent Overlapping</u>	<u>Share of Debt</u>
Overlapping Debt				
City and County of Denver	2,354,967,000	12/31/15	100%	2,354,967,000
School District No. 1 Denver	<u>2,477,729,330</u>	06/30/16	100%*	<u>2,477,729,330</u>
	<u>\$ 4,832,696,330</u>			<u>\$ 4,832,696,330</u>

Source: City and County of Denver 2015 CAFR - December 31, 2015

Source: School District Financials - June 30, 2016

\*As per City and County of Denver 2015 CAFR, all overlapping debt for Denver Public Schools is considered overlapping at 100%

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS (Unaudited)**

<u>Year Ended June 30,</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Median Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2016	682,545	N/A *	N/A *	34.9	91,429	3.7%
2015	663,862	41,743	\$ 62,880	34.7	90,150	4.3%
2014	649,495	36,999	\$ 56,967	34.5	87,398	7.0%
2013	634,265	35,721	\$ 56,318	34.3	84,424	8.2%
2012	619,968	33,811	\$ 54,537	34.2	81,870	9.2%
2011	600,158	30,515	\$ 50,845	36.1	79,423	10.0%
2010	610,345	31,512	\$ 51,630	35.9	78,352	9.0%
2009	598,707	31,308	\$ 52,788	35.6	75,269	5.3%
2008	592,052	30,949	\$ 53,908	35.4	73,873	4.2%
2007	582,474	28,902	\$ 50,193	35.1	73,399	4.8%

Source: December 31, 2015 - City and County of Denver CAFR  
(The most current information available)

\* Total personal income and Median per capita income not available this year from data sources.

Certain data on this table are only available on a calendar year basis. The prior calendar year data is used for a given fiscal year.

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

**PRINCIPAL EMPLOYERS**  
**CURRENT COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR (Unaudited)**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,864	1	3.0%	9,421	2	2.5%
City and County of Denver	10,549	2	2.5%	11,322	1	3.0%
State of Colorado Central Payroll	9,401	3	2.2%	8,885	3	2.4%
U.S.D.A. National Finance Center	7,264	4	1.7%	3,933	7	1.1%
Denver Health & Hospital Authority	6,047	5	1.4%	-	-	-
United Airlines, Inc.	5,412	6	1.3%	5,805	6	1.6%
CHC Payroll Agent, Inc. (HCA Health One)	4,264	7	1.0%	3,630	10	1.0%
University of Denver	3,795	8	0.9%	-	-	-
University of Colorado Central	3,536	9	0.8%	6,113	5	1.6%
Accounting Service Center (U.S. Postal Service)	2,943	10	0.7%	3,710	9	1.0%
Frontier Airlines Inc.	-	-	-	3,746	8	1.0%
Defense Civilian Pay System	-	-	-	8,352	4	2.2%
Total	<u><u>66,075</u></u>		<u><u>15.5%</u></u>	<u><u>64,917</u></u>		<u><u>17.4%</u></u>

Source: December 31, 2015 - City and County of Denver CAFR  
(The most current information available)

Based on 2015 and 2006 Principal Employers.



Discover a World  
of Opportunity™

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NUTRITION SERVICES - FACTS AND FIGURES  
LAST TEN FISCAL YEARS (Unaudited)

	2016	2015	2014	2013	2012
Number of schools participating in:					
Lunch - regular schedule	190	178	170	167	154
Breakfast program	187	176	164	163	146
Student lunches served:					
Free	6,039,463	6,321,861	6,545,540	6,157,279	6,247,801
Reduced	710,818	740,182	560,806	498,219	531,509
Fully paid	<u>1,262,199</u>	<u>1,229,486</u>	<u>1,104,247</u>	<u>1,009,743</u>	<u>1,097,105</u>
Total	<u>8,012,480</u>	<u>8,291,529</u>	<u>8,210,593</u>	<u>7,665,241</u>	<u>7,876,415</u>
Adult lunches served	25,558	40,205	47,833	50,983	52,596
Student breakfasts served:					
Free	4,360,853	4,598,757	3,915,825	3,200,617	2,660,621
Reduced	555,004	564,425	365,988	282,440	228,977
Fully paid	<u>1,143,377</u>	<u>1,080,075</u>	<u>826,957</u>	<u>614,875</u>	<u>527,877</u>
Total	<u>6,059,234</u>	<u>6,243,257</u>	<u>5,108,770</u>	<u>4,097,932</u>	<u>3,417,475</u>
Number of serving days:					
Regular schedule	173.5	172.5	172.5	171	171
Average daily participation:					
Student lunch	46,181	48,067	47,598	44,826	46,061
Adult lunch	147	233	277	298	308
Student breakfast	34,924	36,193	29,616	23,965	19,985
October 1 pupil count	91,860	90,591	87,398	84,424	81,870
Percentage of students daily eating school lunch	50.27%	53.06%	54.46%	53.10%	56.26%
October 1 count of benefits					
Students on free lunch	55,505	55,755	56,945	55,415	53,994
Student on reduced lunch	7,430	7,382	6,032	5,512	5,369
Percentage of students on:					
Free lunch	60.42%	61.55%	65.16%	65.64%	65.95%
Reduced lunch	8.09%	8.15%	6.90%	6.53%	6.56%
Total	<u>68.51%</u>	<u>69.69%</u>	<u>72.06%</u>	<u>72.17%</u>	<u>72.51%</u>

Source: School District Planning Department

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NUTRITION SERVICES - FACTS AND FIGURES  
LAST TEN FISCAL YEARS (Unaudited)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of schools participating in:					
Lunch - regular schedule	136	135	134	139	139
Breakfast program	121	123	130	126	126
Student lunches served:					
Free	5,873,222	5,652,843	5,457,415	4,875,615	4,846,309
Reduced	584,553	660,953	621,699	572,848	542,660
Fully paid	<u>1,127,243</u>	<u>1,037,510</u>	<u>1,081,385</u>	<u>1,048,951</u>	<u>1,091,840</u>
Total	<u>7,585,018</u>	<u>7,351,306</u>	<u>7,160,499</u>	<u>6,497,414</u>	<u>6,480,809</u>
Adult lunches served	67,645	62,513	69,207	66,637	79,649
Student breakfasts served:					
Free	2,074,211	2,140,213	2,058,576	1,839,276	1,656,573
Reduced	197,429	229,883	216,230	207,167	170,783
Fully paid	<u>390,855</u>	<u>374,485</u>	<u>398,992</u>	<u>411,300</u>	<u>358,356</u>
Total	<u>2,662,495</u>	<u>2,744,581</u>	<u>2,673,798</u>	<u>2,457,743</u>	<u>2,185,712</u>
Number of serving days:					
Regular schedule	170	170	172	172	173
Average daily participation:					
Student lunch	44,618	43,243	41,631	37,776	37,461
Adult lunch	398	368	402	387	460
Student breakfast	15,662	16,145	15,545	14,289	12,634
October 1 pupil count	79,423	78,352	75,269	73,873	73,399
Percentage of students daily eating school lunch	56.18%	55.19%	55.31%	51.14%	51.04%
October 1 count of benefits					
Students on free lunch	48,545	46,287	40,976	40,956	40,828
Student on reduced lunch	5,520	6,514	5,653	5,806	5,357
Percentage of students on:					
Free lunch	61.12%	59.08%	54.44%	55.44%	55.62%
Reduced lunch	6.95%	8.31%	7.51%	7.86%	7.30%
Total	<u>68.07%</u>	<u>67.39%</u>	<u>61.95%</u>	<u>63.30%</u>	<u>62.92%</u>

SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

FULL-TIME EQUIVALENT EMPLOYEES  
LAST TEN FISCAL YEARS (Unaudited)

<b>All Funds</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Instruction	6,948	7,495	6,911	4,893	5,277
Pupil support	792	533	448	386	422
Instructional support	1,361	1,133	803	812	786
General administration	40	37	36	26	28
School administration	827	756	37	699	705
Business services	118	131	108	114	124
Operation & maintenance	964	917	1,011	722	717
Pupil transportation	523	544	579	190	190
Central services	619	589	602	384	362
Community services	246	205	283	121	100
Education for adults	240	130	20	77	141
Food services	675	676	581	156	145
	<b>13,353</b>	<b>13,146</b>	<b>11,419</b>	<b>8,579</b>	<b>8,997</b>

<b>All Funds</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Instruction	6,694	5,117	4,178	4,043	3,899
Pupil support	498	539	383	353	362
Instructional support	1,089	743	556	548	541
General administration	26	29	31	33	26
School administration	612	576	556	549	550
Business services	97	81	73	73	72
Operation & maintenance	720	704	673	629	640
Pupil transportation	194	197	195	193	192
Central services	314	353	293	241	216
Community services	139	147	146	25	23
Education for adults	62	56	33	60	60
Food services	146	75	57	147	145
	<b>10,590</b>	<b>8,616</b>	<b>7,174</b>	<b>6,894</b>	<b>6,726</b>

Source: School District financial reports for the respective years

**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**CAPITAL ASSET INFORMATION  
LAST TEN FISCAL YEARS - SCHOOLS (Unaudited)**

**Enrollment is as of October 1 in fiscal year.**

	<b>2016*</b>	<b>2015*</b>	<b>2014*</b>	<b>2013</b>	<b>2012</b>
<b>Elementary &amp; K-8 Schools:**</b>	121	120	136	82	82
Total Square Feet	6,694,908	6,694,908	6,694,908	5,651,281	5,596,588
Total Capacity (Students)	67,050	67,050	67,050	42,226	42,226
Enrollment	46,388	48,153	46,658	44,391	39,673
<b>Middle Schools:**</b>	29	29	15	15	14
Total Square Feet	1,955,193	1,955,193	1,955,193	2,114,045	2,114,543
Total Capacity (Students)	14,825	14,825	14,825	14,364	14,364
Enrollment	9,921	9,146	9,738	9,551	8,613
<b>High Schools:**</b>	35	27	38	12	12
Total Square Feet	4,843,312	4,824,362	4,824,362	3,793,938	3,774,707
Total Capacity (Students)	39,050	39,050	39,050	21,385	21,385
Enrollment	16,679	16,053	15,822	15,608	13,492
<b>Alternative Schools:***</b>	18	18	13	4	5
Enrollment	1,727	1,774	1,613	1,597	923
<b>Charter Schools:***</b>	60	51	43	18	18
Enrollment	16,714	15,024	13,567	11,567	5,391

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Elementary &amp; K-8 Schools:**</b>	82	82	82	82	82
Total Square Feet	5,401,362	5,345,466	5,345,466	5,345,466	5,345,466
Total Capacity (Students)	42,226	49,369	49,369	49,369	49,369
Enrollment	40,119	39,541	36,368	36,269	36,233
<b>Middle Schools:**</b>	14	14	14	14	14
Total Square Feet	2,026,369	2,026,374	2,026,374	2,026,374	2,026,374
Total Capacity (Students)	14,364	15,696	15,696	15,696	15,696
Enrollment	8,610	8,853	8,916	9,020	9,814
<b>High Schools:**</b>	12	12	12	12	12
Total Square Feet	3,522,950	3,332,506	3,539,700	3,539,699	3,539,700
Total Capacity (Students)	21,385	22,901	22,901	22,901	22,901
Enrollment	13,636	13,780	13,839	13,865	14,493
<b>Alternative Schools:***</b>	6	6	4	4	5
Total Square Feet	253,399	46,205	253,399	253,399	253,399
Total Capacity (Students)	1,006	1,550	1,550	1,550	1,550
Enrollment	861	1,381	1,278	1,293	1,344
<b>Charter Schools:***</b>	19	16	9	9	9
Total Square Feet	53,517	-	-	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	5,349	5,160	2,766	2,585	1,970

\* We have changed the presentation of this schedule. For the Alternative and Charter Schools located in DPS owned buildings, square footage and capacity are reflected in the K-12 building data and enrollment data is reflected within the Alternative and Charter Schools program categories.

\*\* Building Count

\*\*\*Program Count

**School District No. 1 in the  
City and County of Denver and State of Colorado**

**Single Audit Report**

**Year Ended June 30, 2016**

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Year Ended June 30, 2016**

**Table of Contents**

<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....</b>	<b>186</b>
<b>Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance .....</b>	<b>188</b>
<b>Schedule of Expenditures of Federal Awards .....</b>	<b>191</b>
<b>Notes to Schedule of Expenditures of Federal Awards.....</b>	<b>195</b>
<b>Schedule of Findings and Questioned Costs.....</b>	<b>196</b>
<b>Status of Prior Audit Findings .....</b>	<b>203</b>
<b>Management's Summary Schedule of Prior Audit Findings (Unaudited).....</b>	<b>205</b>
<b>Management's Corrective Action Plan (Unaudited).....</b>	<b>211</b>

---

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado  
Denver, Colorado

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of School District No. 1 in the City and County of Denver and State of Colorado (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2016, which contained an emphasis of matter paragraph regarding a change in reporting entity. Our report includes a reference to other auditors who audited the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust Fund, presented as a major fund and Academy 360 and Rocky Mountain Preparatory, presented as discretely presented component units, in accordance with *Government Auditing Standards* 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. Our report also includes a reference to other auditors who audited the financial statements of the remaining aggregate discretely presented component units, except for KIPP Colorado Schools and STRIVE Preparatory Schools. Those financial statements were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado

of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency in internal control.

### ***Compliance and Other Matters***

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

### ***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also noted certain matters that we reported to the District's management in a separate letter dated November 18, 2016.

### ***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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BKD, LLP*

Denver, Colorado  
November 18, 2016

## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance**

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado  
Denver, Colorado

### **Report on Compliance for Each Major Federal Program**

We have audited School District No. 1 in the City and County of Denver and State of Colorado's (the District) compliance of with the types of compliance requirements described 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, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado

***Basis for Qualified Opinion on Child Nutrition Cluster and Title I Grants to Local Educational Agencies***

As listed in the chart below and described in the accompanying schedule of findings and questioned costs, the District did not comply with certain requirements that are applicable to certain of its major federal programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

<b>CFDA #</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Type of Opinion</b>	<b>Finding Number</b>
10.553, 10.555, 10.559	Child Nutrition Cluster	Procurement, Suspension and Debarment	Qualified	2016-003
84.010	Title I Grants to Local Educational Agencies	Special Tests and Provisions – Schoolwide Programs	Qualified	2016-004

***Qualified Opinion on Child Nutrition Cluster and Title I Grants to Local Educational Agencies***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster and Title I Grants to Local Educational Agencies for the year ended June 30, 2016.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

***Other Matters***

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

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

Board of Education  
School District No. 1 in the  
City and County of Denver and State of Colorado

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-003 and 2016-004 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-002 to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*BKD, LLP*

Denver, Colorado  
November 18, 2016

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass- through Identifying Number	Federal CFDA Number	Federal Expenditures
<b>Department of Agriculture</b>				
Child Nutrition Cluster				
School Breakfast Program	Colorado Department of Education	4553	10.533	\$ 9,867,559
National School Lunch Program	Colorado Department of Education	4555	10.555	21,751,301
Donated Commodities	Colorado Department of Education	None Provided	10.555	2,640,900
Summer Food Service Program for Children	Colorado Department of Education	4559	10.559	686,890
Child Nutrition Cluster Subtotal				<u>34,946,650</u>
Child Nutrition Discretionary Grants	Colorado Department of Education	5579	10.579	4,762
Fresh Fruit and Vegetable Program	Colorado Department of Education	4582	10.582	1,131,753
<b>Total Department of Agriculture</b>				<u>36,083,165</u>
<b>Department of Defense</b>				
JROTC Career Academy		9001	12.000	754,488
<b>Total Department of Defense</b>				<u>754,488</u>
<b>Department of Labor</b>				
WIA Cluster				
WIA/WIOA Youth Activities	City and County of Denver	7259 (Award No. AA253431455A8)	17.259	149,978
WIA Cluster Subtotal				<u>149,978</u>
YouthBuild		7274	17.274	3,814,753
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	Front Range Community College	7282	17.282	295,340
<b>Total Department of Labor</b>				<u>4,260,071</u>
<b>National Science Foundation</b>				
Computer and Information Science and Engineering	University of Colorado	7070	47.070	20,302
<b>Total National Science Foundation</b>				<u>20,302</u>

*The accompanying notes are an integral part of this schedule*

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2016**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass-through Identifying Number	Federal CFDA Number	Federal Expenditures
<b>Department of Education</b>				
<i>Federal Student Financial Aid Cluster</i>				
Federal Supplemental Educational Opportunity Grants		5007	84.007	89,455
Federal Pell Grant Program		5063	84.063	1,002,459
<i>Federal Student Financial Aid Cluster Subtotal</i>				<u>1,091,914</u>
Title I Grants to Local Educational Agencies	Colorado Department of Education	4010, 5010, 7010	84.010	33,137,286
Migrant Education State Grant Program	Colorado Department of Education	4011	84.011	61,280
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	Colorado Department of Education	4027	84.027	16,762,327
Special Education Preschool Grants	Colorado Department of Education	4173	84.173	410,368
<i>Special Education Cluster Subtotal</i>				<u>17,172,695</u>
Career and Technical Education Basic Grants to States	Colorado Community College System	4048	84.048	1,360,524
Indian Education Grants to Local Educational Agencies		4060	84.060	133,655
Rehabilitation Services Vocational Rehabilitation Grants to States	Colorado Department of Human Services	5126	84.126	564,966
Education for Homeless Children and Youth	Colorado Department of Education	5196	84.196	28,440
Fund for the Improvement of Education		5215	84.215	465,850
Charter Schools	Colorado Department of Education	5282	84.282	2,954,436
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287	2,219,127
Gaining Early Awareness and Readiness for Undergraduate Programs		5334	84.334	672,686

*The accompanying notes are an integral part of this schedule*

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2016**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass-through Identifying Number	Federal CFDA Number	Federal Expenditures
Teacher Quality Partnership Grants		4336	84.336	268,635
High School Graduation Initiative	Colorado Department of Education	5360	84.360	43,191
English Language Acquisition State Grants	Colorado Department of Education	4365	84.365	1,911,628
Supporting Effective Instruction State Grants	Colorado Department of Education	4367	84.367	4,525,320
Teacher and School Leader Incentive Grants		5374	84.374	6,199,612
School Improvement Grant	Colorado Department of Education	7377	84.377	2,848,042
State Fiscal Stabilization Fund-Innovation Fund, Recovery Act		4396	84.396	882,024
Teacher Quality Partnership Grant Program Recovery Act		5405	84.405	132,798
Investing in Innovation (i3) Fund		4411	84.411	595,774
Race to the Top - Early Learning Challenge	Colorado Department of Education	5412	84.412	69,810
Race to the Top Phase 3	Colorado Department of Education	4413	84.413	298,470
<b>Total Department of Education</b>				<b><u>77,638,163</u></b>
<b>Department of Health and Human Services</b>				
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families (TANF)	Colorado Department of Human Services	8558	93.558	<u>314,621</u>
<i>TANF Cluster Subtotal</i>				<u>314,621</u>
Refugee and Entrant Assistance State Administered Programs	Colorado Department of Human Services	7566	93.566	384,106
Refugee and Entrant Assistance Targeted Assistance Grants	Colorado Department of Human Services	7584	93.584	99,234

*The accompanying notes are an integral part of this schedule*

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2016**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass-through Identifying Number	Federal CFDA Number	Federal Expenditures
Head Start	City and County of Denver	8600 (Award No. 08CH01119-02 08CH01119-03 08CH01119-04)	93.600	1,363,777
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Denver Health and Hospital Authority	7243	93.243	6,500
Teenage Pregnancy Prevention Program	Colorado Youth Matter	7297	93.297	73,412
				<u><b>2,241,650</b></u>
<b>Department of Housing and Urban Development</b>				
<i>CDBG Entitlement Grants Cluster</i>				
Community Development Block Grants	City and County of Denver	7218 (Award No. B-15-MC-08-0005)	14.218	20,904
<i>CDBG Entitlement Grants Cluster Subtotal</i>				<u><b>20,904</b></u>
<b>Total Department of Housing and Urban Development</b>				<u><b>20,904</b></u>
<b>Department of Justice</b>				
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Department of Public Safety	7738	16.738	63,307
<b>Total Department of Justice</b>				<u><b>63,307</b></u>
<b>Corporation for National and Community Service</b>				
AmeriCorps	Colorado Governor's Commission on Community Service	7006	94.006	478,092
<b>Total Corporation for National and Community Service</b>				<u><b>478,092</b></u>
<b>Total Federal Expenditures</b>				<u><b>\$ 121,560,142</b></u>

*The accompanying notes are an integral part of this schedule*

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the District. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the District through the state of Colorado or other non-federal entities. 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 position, or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The District utilizes the indirect cost rate established for it by the Colorado Department of Education, therefore has not used the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2016, the District did not pass through any federal funds to subrecipients.
4. The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenditures when used by schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The District recognized noncash awards of \$2,640,900 for the year ended June 30, 2016.

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

2. The independent auditor’s report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None Reported

Material Weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements       Yes       No  
was disclosed by the audit?

*Federal Awards*

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?       Yes       None Reported

Material weakness(es)?       Yes       No

5. The opinions expressed in the independent auditor’s report on compliance for major federal award programs were:

Unmodified       Qualified       Adverse       Disclaimer

Unmodified: 17.274 YouthBuild

Qualified: 10.553, 10.555, 10.559, Child Nutrition Cluster and 84.010 Title I Grants to Local Educational Agencies

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

6. The audit disclosed findings required to be reported by  
2 CFR 200.516(a)?  Yes  No

7. The District's major programs were:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
17.274	YouthBuild

8. The threshold used to distinguish between Type A and Type B programs: \$3,000,000.

9. The District qualified as low-risk auditee?  Yes  No

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
2016-001	<p><b>Finding:</b> Student Activity Fund Reconciliations</p> <p><b>Criteria or Specific Requirement:</b> The District maintained approximately 153 Student Activity Funds accounts for fiscal year 2016. Student Activity Funds are held in the School's name and are established to direct and account for monies used to support co-curricular and extra-curricular student activities. On a monthly basis, each Student Activity Fund account is required to have a bank to book reconciliation completed by the school bookkeeper and reviewed by the principal. Once reviewed these reconciliations are required to be submitted to the District's Controller's Office.</p> <p><b>Condition:</b> During our testing of these accounts, we noted that the monthly reconciliations were not submitted timely to the Controller's at year-end. After multiple requests to responsible departments to provide and correct information, 21 year-end reconciliations were not completed and submitted to the District's Controller's Office.</p> <p><b>Effect:</b> This delay resulted in in the District's Controller's Office being forced to use bank statement balances to close the fiscal year. This led to a difference between Student Activity Fund book balances and general ledger balances because of outstanding checks. While exact amounts could not be determined as a result of the missing reconciliations, the District's analysis concluded that the differences between bank and book balances were not material. However, an audit adjustment based on an estimated amount was proposed and management chose not to record this adjustment.</p> <p><b>Cause:</b> The individual school's holding the Student Activity Funds are not performing reconciliations as required and currently the District's Controller's Office has no available repercussions against schools when they do not perform or submit monthly reconciliations.</p> <p><b>Identification as a repeat finding:</b> Not applicable.</p> <p><b>Recommendation:</b> We recommend that the District examine its current process over this area and strengthen its existing policies and procedures to help ensure reconciliations are performed timely and accurately and that senior district leadership and the school board set the tone on the importance of following established process and policies.</p> <p><b>Views of responsible officials:</b> The District agrees with the finding. See separate report for planned corrective actions.</p>

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

**Section III – Federal Awards Findings**

<b>Reference Number</b>	<b>Finding</b>
2016-002	<p><b>Finding:</b> Allowable Costs/Activities</p> <p><b>CFDA No. 17.274 - YouthBuild</b></p> <p><b>United States Department of Labor, Grant Number YC-25420-14-60-A-8, Award Year 2014</b></p> <p><b>Criteria:</b> According to OMB Circular A-87, when employees work solely on a single federal award or cost objective, charges for salaries and wages shall be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications should be prepared at least semi-annually and signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation that contain the following attributes:</p> <ul style="list-style-type: none"><li>• reflects an after-the-fact distribution of the actual activity of each employee</li><li>• accounts for the total activity for which each employee is compensated</li><li>• be prepared at least monthly and coincide with one or more pay periods</li><li>• be signed by the employee</li></ul> <p><b>Condition:</b> Certain salary and wages charged to YouthBuild were not supported by timely time and effort reporting.</p> <p><b>Questioned Costs:</b> \$0. As all certifications were received, no questioned costs were identified.</p> <p><b>Context:</b> We tested 60 payroll and nonpayroll transactions out of a population of 1,545 for the grant identified above and noted that time and effort certifications were not completed timely for five employees. A nonstatistical sampling methodology was used to select the sample.</p> <p><b>Effect:</b> Salary and wage costs were not fully supported by documentation in accordance with OMB Circular A-87.</p> <p><b>Cause:</b> The District's process to ensure that all required time and effort certifications are completed does not allow for timely recognition of uncompleted certifications.</p> <p><b>Identification as a repeat finding:</b> Not applicable.</p> <p><b>Recommendation:</b> During fiscal year 2016, the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained in a timely manner.</p> <p><b>Views of responsible officials and planned corrective actions:</b> Agree. See separate report for planned corrective actions.</p>

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

<b>Reference Number</b>	<b>Finding</b>
2016-003	<p><b>Finding:</b> Procurement and Suspension and Debarment</p> <p><b>Child Nutrition Cluster</b></p> <p><b>CFDA No. 10.553 - School Breakfast Program (SBP)</b></p> <p><b>CFDA No. 10.555 - National School Lunch Program (NSLP)</b></p> <p><b>CFDA No. 10.559 - Summer Food Service Program for Children (SFSP)</b></p> <p><b>United States Department of Agriculture, Passed through the Colorado Department of Education, Award Numbers 4553, 4555, 4559</b></p> <p><b>Criteria:</b> Per 2 CFR 180, all nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are not suspended or debarred. The District must verify that the contracted entity is not suspended or debarred or otherwise excluded from participating in the transaction. The verification can be accomplished by:</p> <ol style="list-style-type: none"><li>1. Checking the Excluded Parties List System (EPLS).</li><li>2. Collecting a certification from the entity.</li><li>3. Adding a clause or condition to the covered transaction with the entity.</li></ol> <p>If checking of the EPLS system is used, the District should perform this review timely and any time a contract includes provisions for renewal.</p> <p><b>Condition:</b> The District could not provide evidence that a verification was performed, nor was any language to this effect included in the contracts.</p> <p><b>Questioned Costs:</b> \$0. We reviewed the EPLS for the affected vendors noting that none were suspended or debarred. As such, the District did not appear to enter into a contract with an excluded party.</p> <p>controls and compliance noting that the District was unable to provide documentation that EPLS status was reviewed during contract extension for four contracts. In addition, certain procurement history could not be located for those contracts. A non-statistical sampling methodology was used to select the sample.</p> <p><b>Effect:</b> By not following procedures, the District risks contracting with a vendor that is suspended or debarred.</p>

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

<b>Reference Number</b>	<b>Finding</b>
	<p><b>Cause:</b> The primary cause appears to be that the Child Nutrition Program is not updating EPLS status when contracts are extended; additionally, Child Nutrition appears to not be consistently documenting review of the EPLS.</p>
	<p><b>Identification as a repeat finding:</b> 2014-007, 2015-003.</p>
	<p><b>Recommendation:</b> We recommend the District establish monitoring procedures to ensure review of the EPLS is formally documented and that documentation of executed contracts is maintained.</p>
	<p><b>Views of responsible officials and planned corrective actions:</b> Agree. See separate report for planned corrective actions.</p>

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

<b>Reference Number</b>	<b>Finding</b>
-----------------------------	----------------

2016-004   **Finding:** Special Tests and Provisions - Schoolwide Programs

**CFDA No. 84.010 - Title I Grants to Local Educational Agencies**

**United States Department of Education, Passed through the Colorado Department of Education, Award  
Numbers 4010, 5010, 7010**

**Criteria:** Per 34 CFR Section 200.28(c), a schoolwide program must have a parental involvement policy that includes strategies to increase parental involvement.

**Condition:** In some instances, schools did not include parental involvement strategies in their school improvement plan.

**Questioned Costs:** \$0. The missing information did not impact the expenditures of the affected schools.

**Context:** We tested 25 school improvement plans out of a population of 167, noting that nine school improvement plans did not include the required parental involvement strategies. A non-statistical sampling methodology was used to select the sample.

**Effect:** The District did not comply with schoolwide plan documentation requirements.

**Cause:** The basic school improvement plan template does not explicitly require a school to address parental involvement strategies, though many schools tested still addressed this requirement. However, the template includes an optional appendix which includes an explicit step to address parental involvement strategies. In most cases, this appendix was not completed, so if the school did not otherwise address parental involvement strategies, the topic was not addressed.

**Identification as a repeat finding:** 2010-008, 2011-008, 2012-004, 2013-004, 2014-005, 2015-005

**Recommendation:** We recommend the District make completion and submission of the optional appendix mandatory for all schools.

**Views of responsible officials and planned corrective actions:** Agree. See separate report for planned corrective actions.

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Status of Prior Audit Findings**  
**Year Ended June 30, 2016**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2015-001	<i>Accounts Payable</i> - We recommend that internal controls over accounts payable be strengthened to include a more thorough review of invoices received after the fiscal year through the beginning of the audit. In addition, we recommend that accounts payable technicians receive training on the proper coding to help ensure invoices are recorded to the proper fiscal year.	Implemented
2015-002	CFDA No. 84.010 - Title I Grants to Local Educational Agencies: <i>Allowable Costs/Activities</i> - During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up of time and effort reporting. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, we recommend the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.	Implemented
2015-003	Child Nutrition Cluster: <i>Procurement and Suspension and Debarment</i> - We recommend the District establish monitoring procedures to ensure review of the EPLS is formally documented and that documentation of executed contracts is maintained.	Not Implemented - See finding 2016-003.
2015-004	CFDA No. 84.367 Title 11A - Improving Teacher Quality State Grants. CFDA No. 84.027 and 84.173 Special Education - Grants to States (IDEA Part B) and Special Education - Preschool Grants (IDEA Preschool) - <i>Allowable Costs/Activities</i> - During fiscal year 2014 and continuing into fiscal year 2015, the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up of time and effort reporting. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, we recommend the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.	Implemented

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Status of Prior Audit Findings (continued)**  
**Year Ended June 30, 2016**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2015-005	CDFA No. 84.010 - Title I Grants to Local Educational Agencies. CFDA No. 84.367 Title 11A - Improving Teacher Quality State Grants - <i>Special Tests and Provisions</i> - We recommend the District establish monitoring procedures to review and approve schoolwide plans on an annual basis including the identification of schools which submit incomplete schoolwide plans and follow up procedures that will be performed to ensure appropriate completion	Partially Implemented - See finding 2016-005 and management's summary schedule of prior audit findings.
2015-006	CFDA No. 84.010 - Title I Grants to Local Educational Agencies. <i>Special Tests and Provisions</i> - We recommend the District strengthen and maintain internal controls over identifying schools and LEAs needing improvement to help ensure compliance. If the District chooses to use UIP tracking spreadsheets as a control, we recommend that the District make it a mandatory requirement for all schools to use.	Implemented



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings Year Ended June 30, 2016**

**2015-001**

**Finding:** Accounts Payable - BKD recommended that internal controls over accounts payable be strengthened to include a more thorough review of invoices received after the fiscal year through the beginning of the audit. In addition, BKD recommended that accounts payable technicians receive training on the proper coding to help ensure invoices are recorded to the proper fiscal year.

**Status:** Implemented

**Corrective Action:** The District updated the year-end process for recording accounts payable, and based on the results, updated year-end procedures to help ensure accounts payable are properly recorded at year-end. The updated procedures included a detailed review by the Accounts Payable team of all invoices paid through the end of August for proper accruals and continuing reviews by Office of the Controller staff for payments after the cutoff date. There were several large construction payments made in late August and early September that were for fiscal year 2015 that were not identified through this process. Corrective action in fiscal year 2016 included additional training of staff and monitoring procedures to identify invoices for accrual.

**Identification as a repeat finding:** 2014-002

**Person Responsible for Implementing:** Wendy Scheidegger, Director

**Implementation Date:** July 1, 2015



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings (continued) Year Ended June 30, 2016

**2015-002**

**Finding:** Allowable Costs/Activities - During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. BKD recommended the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, BKD recommended the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.

**Questioned Costs:** \$20,804

**Status:** Implemented

**Corrective Action:** During fiscal year 2015-2016, the District completed a comprehensive review of the District's procedures and controls which identified technical and procedural deficiencies including communication and training to end users; revision of language in monthly email notifications; revision of system descriptions to improve understandability; updating system queries to ensure all transactions are captured; validation process on system data, and escalation procedures for any non-responses or exceptions to employee validations.

Corrective action implemented in May 2016 included a revised semi-annual certification, aligned with new Uniform Grants Guidance and to coincide with new DPS consolidated school wide (General Fund and Title I, part a) funding. In fiscal year 2016, the new process ran concurrently with the existing process to pilot, test and cover any missing certification. In fiscal year 2017 this new process will formally replace the existing digital web-based process.

**Identification as a repeat finding:** 2013-002, 2014-004

**Person Responsible for Implementing:** Jeremiah Johnson, Director Grants Administration

**Implementation Date:** December 31, 2015



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings (continued) Year Ended June 30, 2016**

**2015-003**

**Finding:** Procurement and Suspension and Debarment - BKD recommended the District establish monitoring procedures to ensure review of the EPLS is formally documented and that documentation of executed contracts is maintained.

**Questioned Costs:** \$54,600

**Status:** Partially Implemented

**Corrective Action:** For debarment the vendor continues to self-disclose at time of response to a bid or request for proposal. Enterprise Management runs an EPLS report prior to recommendation of award of RFP, Bid, IFB, or Vendor Agreement Contracts. The printed EPLS form is filed with the physical bid documents. The EPLS report is also saved electronically on the Strategic Sourcing shared drive with the related award letters. Additionally, an EPLS report is run for all single vendor payments of \$50,000 and more. Regarding contracts for all vendors, the Enterprise Management buyer immediately prepares a contract once an item is accepted (completes testing). Two times per year, the Enterprise Management buyer verifies that all vendors being paid by Enterprise Management have a current contract on file.

**Identification as a repeat finding:** 2014-007

**Person Responsible for Implementing:** Theresa Hafner, Executive Director Enterprise Management

**Implementation Date:** December 31, 2016



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings (continued) Year Ended June 30, 2016

**2015-004**

**Finding: Allowable Costs/Activities:** During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. BKD recommended the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, BKD recommended the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.

**Questioned Costs:** IDEA Part B and IDEA Preschool - \$7,810 and Title II-A - \$3,375

**Status:** Implemented

**Corrective Action:** During fiscal year 2015-2016, the District completed a comprehensive review of the District's procedures and controls which identified technical and procedural deficiencies including communication and training to end users; revision of language in monthly email notifications; revision of system descriptions to improve understandability; updating system queries to ensure all transactions are captured; validation process on system data, and escalation procedures for any non-responses or exceptions to employee validations.

Corrective action implemented in May 2016 included a revised semi-annual certification, aligned with new Uniform Grants Guidance and to coincide with new DPS consolidated school wide (General Fund and Title I, part a) funding. In fiscal year 2016, the new process ran concurrently with the existing process to pilot, test and cover any missing certification. In fiscal year 2017 this new process will formally replace the existing digital web-based process.

**Identification as a repeat finding:** 2011-008, 2012-002, 2013-002, 2014-004

**Person Responsible for Implementing:** Jeremiah Johnson, Director Grants Administration

**Implementation Date:** December 31, 2015



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver**

### **Summary Schedule of Prior Audit Findings (continued)**

#### **Year Ended June 30, 2016**

**2015-005**

**Finding:** Special Tests and Provisions - BKD recommended the District establish monitoring procedures to review and approve school wide plans on an annual basis including the identification of schools which submit incomplete school wide plans and follow up procedures that will be performed to ensure appropriate completion.

**Questioned Costs:** None

**Status:** Partially Implemented

**Corrective Action:** The District reviewed its policies and procedures related to monitoring compliance with Unified Improvement Planning requirements and established consistent documentation and control procedures for all applicable schools. During fiscal year 2016 the District updated its procedures in order to review, approve and track UIP/school wide plans. The corrective action by the District was implemented to a more robust process including a principal checklist, review of plans, and training for principals.

**Identification as a repeat finding:** 2010-008, 2011-008, 2012-004, 2013-004, 2014-005

**Person Responsible for Implementing:** Jeremiah Johnson, Director Grants Administration

**Implementation Date:** December 31, 2016



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings (continued) Year Ended June 30, 2016**

### **2015-006**

**Finding:** Special Tests and Provisions - BKD recommended the District strengthen and maintain internal controls over identifying schools and LEAs needing improvement to help ensure compliance. If the District chooses to use UIP tracking spreadsheets as a control, BKD recommended that the District make it a mandatory requirement for all schools to use.

**Questioned Costs:** None

**Status:** Implemented

**Corrective Action:** The District reviewed its policies and procedures related to monitoring compliance with Unified Improvement Planning requirements and established consistent documentation and control procedures for all applicable schools. During fiscal year 2016 the District updated its procedures in order to review, approve and track UIP/school wide plans. The corrective action by the District was implemented to a more robust process including a principal checklist, review of plans, and training for principals.

**Identification as a repeat finding:** 2010-008, 2011-008, 2012-004, 2013-004, 2014-005

**Person Responsible for Implementing:** Jeremiah Johnson, Director Grants Administration

**Implementation Date:** December 31, 2015



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2016**

**2016-001**

**Finding:** Student Activity Fund Reconciliations

**Corrective Action:** The District agrees with the finding. During the current Fiscal Year 2016-17, the Office of the Controller is implementing a plan to expand outreach to schools to improve compliance with reconciliation requirements. Additionally, the District is in the proposal phase of implementing an online system for collection of student activity and fees that will also result in improvements to the accounting and banking processes. The new online system is scheduled to go-live for the beginning of Fiscal Year-17-18.

**Person Responsible for Implementing:** Stephen Clawson, Controller

**Implementation Date:** June 30, 2017



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Corrective Action Plan (continued) Year Ended June 30, 2016**

**2016-002**

**Finding:** Allowable Costs/Activities

CFDA No. 17.274 - YouthBuild  
United States Department of Labor, Grant Number YC-25420-14-60-A-8, Award Year 2014

**Questioned Costs:** \$0. As all certifications were received, no questioned costs were identified.

**Corrective Action:** The District agrees with the finding.. During fiscal year 2016, the District implemented additional procedures to strengthen controls for identifying and improving the timely follow up of missing certifications through escalation procedures. In addition, the District tested a new simplified certification process which makes it easier for the end users to certify their time. That process was put into effect on 7/1/16. The District is continuing to address the deficiencies and implement additional controls to ensure that all of the required certifications are obtained in a timely manner. The District is exploring additional opportunities to further simplify and fortify the process using system capabilities that would diminish missing certifications and time lag.

**Person Responsible for Implementing:** Jeremiah Johnson, Director Grants Administration

**Implementation Date:** July 1, 2016



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Corrective Action Plan (continued) Year Ended June 30, 2016**

**2016-003**

**Finding:** Procurement and Suspension and Debarment

Child Nutrition Cluster

CFDA No. 10.553 - School Breakfast Program (SBP)

CFDA No. 10.555 - National School Lunch Program (NSLP)

CFDA No. 10.559 - Summer Food Service Program for Children (SFSP)

United States Department of Agriculture, Passed through the Colorado Department of Education, Award Numbers 4553, 4555, 4559

**Questioned Costs:** \$0. BKD reviewed the EPLS for the affected vendors noting that none were suspended or debarred. As such, the District did not appear to enter into a contract with an excluded party.

**Corrective Action:** The District agrees with the finding. Enterprise Management runs an EPLS report prior to recommendation of award of RFP, Bid, IFB, or Vendor Agreement Contracts. The printed EPLS form is filed with the physical bid documents. The EPLS report is also saved electronically on the Strategic Sourcing shared drive with the related award letters. For debarment, the vendor continues to self-disclose at time of response to a bid or request for proposal. The District will add the self-disclosure to contract renewals, including renewals of overarching agreements, to be implemented by 1/1/2017.

**Person Responsible for Implementing:** Erik Johnson, Executive Director of Finance

**Implementation Date:** January 1, 2017



Department of Financial Services  
720-423-3440  
[www.dpsk12.org](http://www.dpsk12.org)

## **School District No. 1 in the City and County of Denver Corrective Action Plan (continued) Year Ended June 30, 2016**

**2016-004**

**Finding:** Special Test and Provisions - Schoolwide Programs

CFDA No. 84.010 - Title I Grants to Local Educational Agencies

United States Department of Education, Passed through the Colorado Department of Education, Award Numbers 4010, 5010, 7010

**Questioned Costs:** None. The missing information did not impact the expenditures of the affected schools.

**Corrective Action:** The District concurs with the finding. The District reviewed its policies and procedures related to monitoring compliance with Unified Improvement Planning/Schoolwide plan requirements and established consistent documentation and control procedures for all applicable schools. During fiscal year 2016 the District updated its procedures in order to review, approve and track UIP/school wide plans. The District has established a consistent control process for all applicable schools including: a principal checklist that includes parent involvement requirements, routine review of plans, and training for principals.

**Person Responsible for Implementing:** Veronica Bradsby, ESEA Title Programs Director

**Implementation Date:** December 31, 2016



Discover a World  
of Opportunity™



Discover a World  
of Opportunity™