



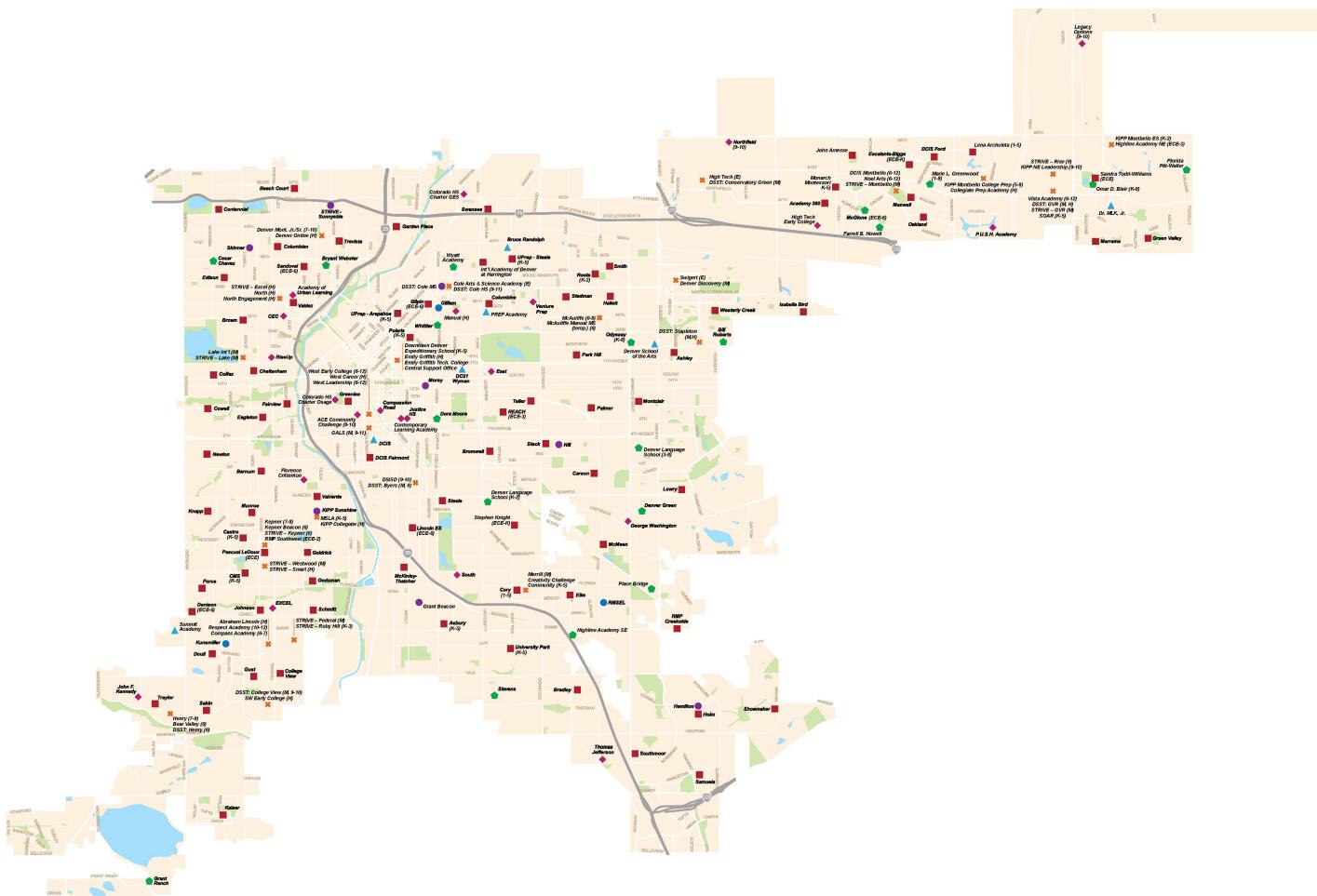
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2017



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

# Denver Public Schools

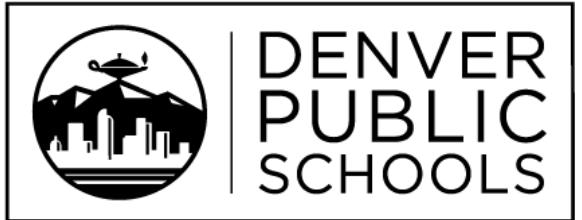
The District's financial operations support Denver Public Schools' mission of Every Child Succeeds. Denver Public Schools serve more than 92,000 students in more than 235 schools in the City and County of Denver and is the largest district in the State of Colorado.



School District No. 1 in the City and County of Denver  
For the year ended June 30, 2017



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



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Stephen Clawson, Controller

Samantha Gallagher, Director of Accounting

Mary Cooper, Director of Accounting

Juan Martinez, Supervisor of Accounting

Jeff Zwolenski, Supervisor of Accounting

Selam Habte, Senior Accountant

Dave Lobato, Accountant III

Sara O'Byrne, Accountant III

Medina Steta, Accountant III

Claudia Delgado, Accountant II

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Denver Public Schools  
Office of the Controller  
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OFFICE OF THE CONTROLLER

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

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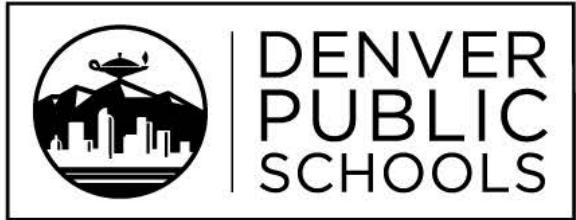
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## INTRODUCTORY SECTION

November 17, 2017

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, 2017 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, 2017 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 2016 Government Finance Officers Association (GFOA) Certificate of Achievement, and the 2016 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 92,000 students in 217 schools in the City and County of Denver and is the largest district in Colorado. Over 67% of students qualify for free/reduced priced lunch and approximately 76% are ethnic minorities. In the last ten years, DPS has increased the graduation rate by 28% and decreased the dropout rate by nearly 62%. 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 FY2017-18 Adopted Budget is intended to provide the financial resources necessary to enable educators to further 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 curriculum 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. 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.

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. 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 33% 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. For FY2017-18, the Negative Factor reduces annual funding for K-12 education by \$828 million below fully funded or \$86 million for DPS.

State statute allows school districts to levy general fund taxes at a general or special Override Election Mill Levy. 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, 2012, and 2016 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 FY17-18 is forecasted at approximately \$33.0 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 \$79.2 million for FY 17-18. In future years, the mill rate of 4.86 will remain fixed regardless of changes to assessed valuation. The 2016 Override Election mill levy has a variable mill amount, which can be adjusted annually as long as the total revenue amount for all mills does not exceed the maximum collection amount of 25% of revenue + COLA adjustment.

The District has been able to limit the impact of these complications on our classrooms by using reserves built up over the last decade and by effectively managing costs. As a result of improved economic conditions, Per Pupil Revenue (PPR) in FY2017-18 is expected to grow \$229 over the PPR for FY2016-17 from \$7,686 to \$7,915. 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. The District continues to manage fund balances to ensure that future uncertainties can be addressed without major interruptions to core educational services. In FY2016-17, general fund balance increased by \$28.2 million.

## **MAJOR INITIATIVES**

### **Capital Improvements**

At an election held in November 2016, district voters approved the issuance of General Obligation Bonds with a par amount of \$572 million 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’).

With these funds the District has been able to continue our efforts renovating existing schools and building new schools to meet our population growth. In 2017, DPS will completed work on three large new construction/addition projects including a new ECE through eighth grade school in Green Valley Ranch currently referred to as ‘Far Northeast Building 28’ which will house KIPP NE Denver Elementary and Middle School; a 500 seat addition on the Regis F. Groff Campus housing KIPP NE Denver Leadership Academy and STRIVE Prep RISE; and a nine classroom addition at McGlone which will allow the school to expand to grades 6-8. The district has also invested significant funds in renovating our existing facilities including a major HVAC project at Montbello and adding classroom air conditioning at older facilities such as George Washington, Abraham Lincoln and Hill Middle School.

### **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, except for the ProComp Special Revenue Fund that is audited separately. 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 of revenue 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 re-balancing 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, 2016. This was the thirty-second 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, 2016 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, 2016. This was the eighteenth 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 2016 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



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, 2016**

A handwritten signature in black ink that reads "Jeffrey R. Emen". The signature is fluid and cursive, with "Jeffrey" on top and "R. Emen" on the line below it.

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

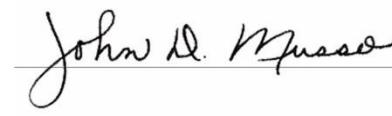
## School District No. 1 in the City and County of Denver and State of Colorado

for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.

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



Anthony N. Dragona, Ed.D., RSBA  
President



John D. Musso

John D. Musso, CAE  
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

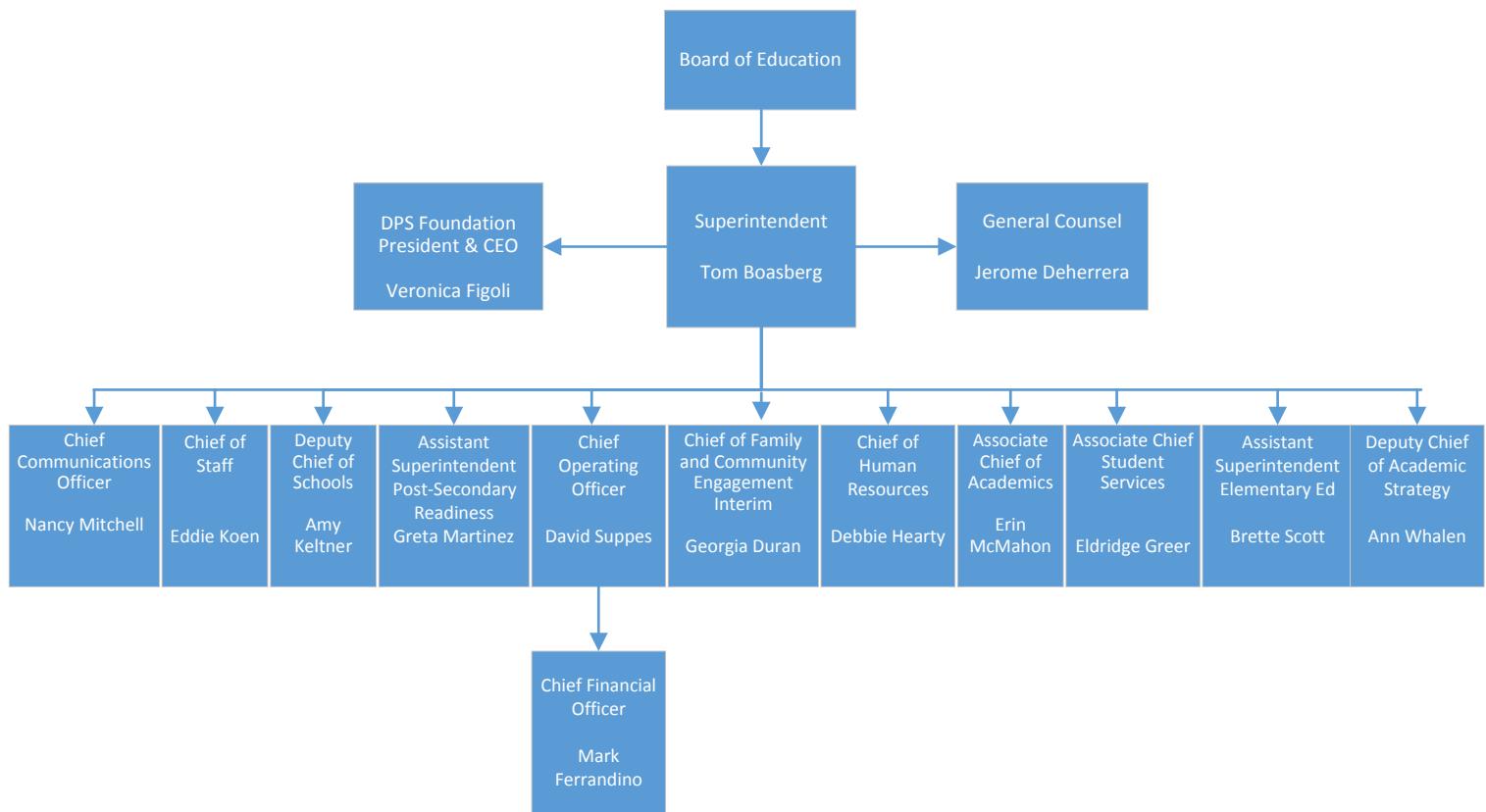
**CHIEF FINANCIAL OFFICER**

Mark Ferrandino

**CONTROLLER**

Stephen A. Clawson, CPA

## Denver Public School Organization Chart-Senior Leadership Team As of June 30, 2017





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## FINANCIAL SECTION



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## 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 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, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***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 presented component units, which represent 80.48% of total assets and 71.70% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2017. 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 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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows, 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 has 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, budgetary comparison, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

***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 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 and the other information including the introductory section and statistical section as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, 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 17, 2017



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017

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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, 2017. 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, 2017, the District's net position for governmental activities is a deficit of \$1,357.1 million. The deficit net position is primarily the result of two factors. The first is the result of the District executing Certificates of Participation (COP) 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 74% funded compared to the PERA School division of 46% as of December 31, 2016. Second, in order to fund the District's capital program, the voters of Denver authorized General Obligation bonds in November 1998, 2003, 2008, 2012, and 2016 of \$305 million, \$310.8 million, \$454 million, \$466 million and \$572 million respectively. The proceeds of these bonds are used to fund necessary capital and maintenance of the District's facilities. (See additional details in Note 5 and Note 6 to the financial statements).

Long-term liabilities increased to \$3,978.3 million from \$3,232.4 million in FY 2016 primarily due to an increase in pension liability along with the issuance of the 2017 bond proceeds (voter approved in 2016).

On the statement of activities, general revenues accounted for \$1,071.4 million or 79% of total revenues, and program revenues were \$278.1 million or 21% of the total revenues of the primary government. The total revenues increased from \$1,294.6 to \$1,349.5, or 4% when compared to prior year, primarily due to increased property taxes. Net position declined year over year primarily due to an increase in the net pension liability as reflected in pension expense. (See additional details in Note 8 to the financial statements.)

### **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.

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IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

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YEAR ENDED JUNE 30, 2017

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### 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.

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. 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 ProComp Special Revenue Fund and Denver School Facilities Leasing Corporation as blended component units, and 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. 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,

SCHOOL DISTRICT NO. 1  
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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 Special Revenue, 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.

The schedule of changes in the collective net pension liability are provided next, followed by notes to required supplementary information. 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 final schedules in this report provide additional information on the District's agency fund and capital assets.

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YEAR ENDED JUNE 30, 2017

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### **Financial Analysis of the District**

Increases or decreases in net position may serve as a useful indicator of the district's overall financial position. While the District's net position declined during the year primarily as a result of increased pension liability as reflected in pension expense, there are several other measures that indicate a sustainable financial position, including:

- The District has the largest and most diverse tax base in the State of Colorado with \$14.6 billion of Assessed Value.
- Denver is the fastest growing large city in the U.S. (Source: June 2016 U.S. Census Bureau).
- DPS is the fastest growing large urban school district in the U.S.
- General Fund increased \$27.6 million in FY16-17, with ending fund balance of \$122.1 million.
- In November of 2016, Denver voters approved a mill levy override of \$56.6 million in 2016 and in the years following by the amount allowed by Colorado State law. The increased funding will go towards expanding early childhood reading programs, providing more mental health professionals and counselors for students, expanding student technology access, providing better training for teachers and developing a more diverse pool of teachers and expanding college and career programs.
- In November of 2016, Denver voters approved a \$572 million bond to invest in critical maintenance, constructing new schools and additions to existing schools, upgrading learning environments in older schools and to increase student technology access.
- The 2017 bond issuance received the following ratings:
  - Moody's ratings of Aa2
  - Fitch ratings of AA+
  - S&P ratings of AA

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, equipment, and capital leases). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased from \$1,168.8 million in 2016 to \$1,258.2 million in 2017. 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 Funds. Combined, these funds have available fund balance of \$554.2 million.

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YEAR ENDED JUNE 30, 2017

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Current and other assets increased from \$596.8 million to \$1.07 billion primarily due to the issuance of the 2017 bond and COP's as described in the Capital Improvements section of the Transmittal letter.

The following table provides a summary of the District's net position as of June 30, 2017 and 2016, respectively (in millions):

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	Governmental activities	Governmental activities
Current and other assets	\$ 1,067.8	\$ 596.8
Capital assets, net	1,258.2	1,168.8
Total assets	<u>2,326.0</u>	<u>1,765.6</u>
Deferred outflow of resources	<u>512.6</u>	<u>430.6</u>
Long-term liabilities	3,978.3	3,232.4
Other liabilities	<u>144.6</u>	<u>132.4</u>
Total liabilities	<u>4,122.9</u>	<u>3,364.8</u>
Deferred inflow of resources	<u>72.8</u>	<u>88.4</u>
Net position:		
Net investment in capital assets	148.7	105.0
Restricted	648.6	290.7
Unrestricted	<u>(2,154.4)</u>	<u>(1,652.7)</u>
Total net position	<u>\$ (1,357.1)</u>	<u>\$ (1,257.0)</u>

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017

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The following table provides a summary of the District's activities for the fiscal years ended June 30, 2017 and 2016, respectively (in millions).

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	Governmental activities	Governmental activities
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 63.7	\$ 57.2
Operating grants and contributions	214.4	212.7
General revenues		
Taxes	719.4	666.3
State equalization	296.5	294.0
Investment income	5.9	2.0
Other	49.6	62.4
Total revenues	1,349.5	1,294.6
<b>EXPENSES</b>		
Instruction	661.5	668.9
Support services, other than interest	650.2	562.1
Interest on long-term debt	137.9	128.0
Total expenses	1,449.6	1,359.0
Change in net position	(100.1)	(64.4)
Net position - beginning	(1,257.0)	(1,192.6)
Net position - ending	\$ (1,357.1)	\$ (1,257.0)

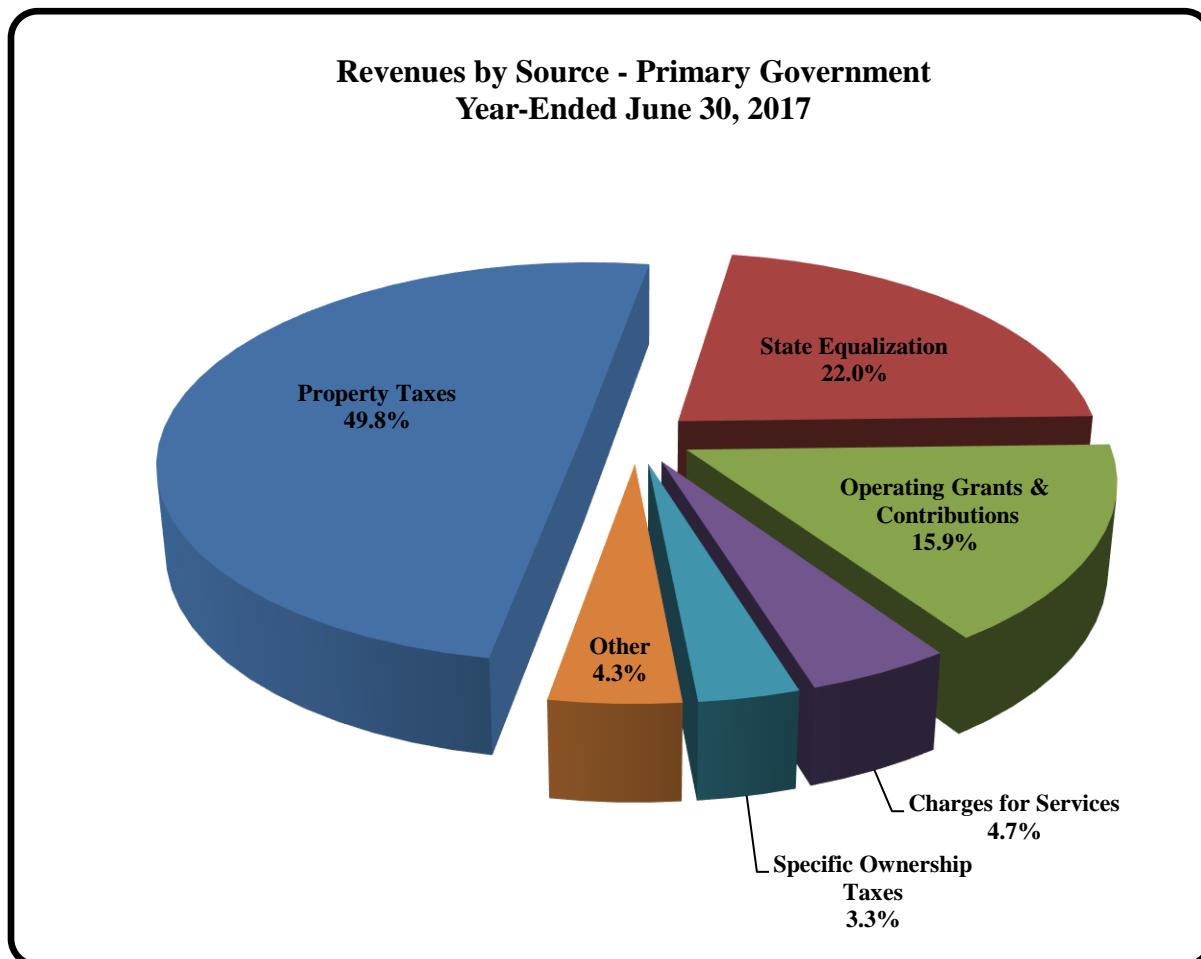
SCHOOL DISTRICT NO. 1  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017

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 2017 was \$662.7 million based on a funded pupil count of 86,231 and per pupil total program funding of \$7,686, compared to total program funding of \$651.5 million, funded pupil count of 85,585 and per pupil total program funding of \$7,612 in fiscal year FY 2016. Of the \$662.7 million adjusted program, \$296.5 million was funded through state share and the remainder through a combination of local property and specific ownership taxes compared to \$294 million funded through state share in FY 2016.

The District generated \$671.8 million in property tax revenues in fiscal year 2017 compared to \$623.5 million in fiscal year 2016. 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 2017 were \$1,449.6 million compared to \$1,359.0 million in fiscal year 2016.

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, 2017

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**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 is \$839.4 million compared to \$386.4 million in FY2015-16.

The General Fund is the primary operating fund of the District. Fund balance of the General Fund at June 30, 2017 was \$122.1 million, compared to \$94.5 million as of June 30, 2016. This increase is primarily due to the passage of the 2016 mill levy and the timing of related program rollouts. Constraints on use of the General fund balance include a restricted cash reserve of \$27.0 million as required by TABOR and state statute. Assigned fund balance includes \$8.2 million use budgeted for subsequent year expenditure and \$15.9 million for special projects.

The Grant Special Revenue Fund as of June 30, 2017 was \$17.1 million compared to \$19.9 million at June 30, 2016. The fund balance is restricted to the district's grant funded programs that generated the fund balance.

The ProComp Special Revenue Fund as of June 30, 2017 was \$11.8 million compared to \$18.3 million as of June 30, 2016. The ProComp Fund is restricted through a trust agreement for teacher-based educator compensation. 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 Trust Agreement.

The Bond Redemption Fund as of June 30, 2017 was \$130.1 million compared to \$140.3 million as of June 30, 2016. The Bond Redemption Fund is restricted for payment of the District's General Obligation Bond debt service as authorized by Denver voters.

The Building Fund as of June 30, 2017 was \$470.2 million compared to \$87.5 million as of June 30, 2016. The Building Fund consists of unspent proceeds from issuance of voter approved General Obligation Bonds and is restricted for financing projects as described in the respective ballot language.

The Capital Reserve Fund as of June 30, 2017 was \$84.0 million compared to \$17.0 million as of June 30, 2016. The Capital Reserve Fund consists of unspent Certificates of Participation restricted for financing capital projects and for debt service. Additionally, a portion of Capital Reserve Fund is committed for capital projects by Board authorization, and assigned to debt service by Board adoption of the annual budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017

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The Building Fund and Capital Reserve Funds increased by \$382.8 million and \$66.9 million, respectively, as a result of the 2017 bond and COP issuance. They are offset by a decrease in the Bond Redemption Fund of \$10.1 million due to timing of upcoming debt service payments. Fund balance of the ProComp Special Revenue Fund decreased by \$6.7 million due to planned increases in program spending. The Grant Special Reserve Fund decreased \$2.8 million, through spending on grant programs that generated the fund balance. The Food Services Fund balance increased by \$144 thousand.

### **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. The most significant budgeted fund is the General Fund.

The difference between the General Fund original and final budget for expenditures increased by \$30.1 million to fund additional resources and program rollouts due to the passage of the 2016 Mill Levy including Early Literacy, Dual Enrollment, and Classroom Technology.

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, 2017

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**Capital Assets and Debt Administration**

**Capital assets**

The District's investment in capital assets for its governmental activities as of June 30, 2017 amounted to \$1,258.2 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, 2017 and 2016, respectively, net of accumulated depreciation, were as follows (in millions):

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	Governmental activities	Governmental activities
Land	\$ 76.5	\$ 74.4
Buildings and improvements	991.2	984.2
Construction in progress	119.8	50.9
Equipment	69.4	59.3
Capital leases	1.3	-
<b>Total</b>	<b>\$ 1,258.2</b>	<b>\$ 1,168.8</b>

(See additional details in Note 5 to the 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, 2017

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**Long-Term Debt**

At June 30, 2017 and 2016, respectively, the District's long-term debt consisted of the following (in millions):

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	Governmental activities	Governmental activities
Certificates of participation	\$ 1,077.2	\$ 1,044.5
General obligation bonds	1,889.6	1,433.2
Compensated absences	19.1	17.6
Capital lease liability	1.3	-
Accrued claims liability	11.0	-
OPEB net obligation	2.9	3.3
Net pension liability	977.2	733.8
<b>Total</b>	<b>\$ 3,978.3</b>	<b>\$ 3,232.4</b>

(See additional details in Note 6 to the 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.



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## 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, 2017

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 202,138,918	\$ 88,603,280
Investments	3,982	-
Receivables:		
Taxes	33,365,500	-
Intergovernmental	27,508,857	-
Interest	1,605,013	-
Other	95,938,627	17,000,156
Due from fiduciary funds	59,865	-
Inventory	2,883,306	124,874
Prepaid items	1,681,626	1,171,946
Held by fiscal agent	2,886,180	67,157
Restricted cash and cash equivalents	162,985,201	3,620,448
Restricted investments	536,724,792	1,853,287
Capital assets:		
Land and construction in progress	196,339,913	5,249,751
Buildings, improvements, and equipment, net of accumulated depreciation	1,061,832,083	30,343,425
Total assets	<u>2,325,953,863</u>	<u>148,034,324</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refundings	207,441,176	-
Difference between projected and actual earnings on pension plan	125,445,351	14,986,490
Contributions subsequent to measurement date on pension plan	11,377,400	1,642,619
Change in proportionate share on pension plan	-	15,475,607
Change in experience assumption	24,528,510	2,942,197
Change in other assumptions related to pension plans	143,823,224	17,135,207
Total deferred outflows of resources	<u>512,615,661</u>	<u>52,182,120</u>
<b>LIABILITIES</b>		
Accounts and interest payable	65,910,280	10,784,457
Accrued payroll and benefits	66,432,686	4,207,141
Unearned revenue	12,243,651	833,367
Long-term liabilities:		
Due within one year	81,439,200	896,048
Due in more than one year	3,896,889,206	147,656,314
Total liabilities	<u>4,122,915,023</u>	<u>164,377,327</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on sale	-	168,400
Permanent endowment	-	156,199
Difference between expected and actual experience on pension plan	2,049,915	240,593
Change in proportionate share on pension plan	9,774,658	3,071,427
Change in other assumptions related to pension plans	60,974,717	7,313,937
Total deferred inflows of resources	<u>72,799,290</u>	<u>10,950,556</u>
<b>NET POSITION</b>		
Net investment in capital assets	148,648,229	3,744,926
Restricted for:		
Debt service	122,335,266	1,067,138
Performance-based teacher compensation	11,837,366	-
Higher education	9,595,895	-
Non-governmental grantor-designated purposes	1,492,383	-
Federal programs	5,876,870	-
Permanent fund and nonexpendable	130,992	-
Capital projects	470,254,135	112,758
Donor-designated purposes	-	27,124,197
Emergency reserve	27,033,570	5,725,384
Unrestricted (deficit)	(2,154,349,495)	(12,885,842)
Total net position (deficit)	<u>\$ (1,357,144,789)</u>	<u>\$ 24,888,561</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions				
<b>Primary government</b>							
Governmental activities:							
Instruction:							
Regular	\$ 578,876,751	\$ 32,279,669	\$ 93,766,045	\$ (452,831,037)			
Special education	71,967,718	-	20,587,489	(51,380,229)			
Vocational	1,418,715	-	1,473,374	54,659			
Other	9,272,881	915,252	2,658,625	(5,699,004)			
Total instruction	<u>661,536,065</u>	<u>33,194,921</u>	<u>118,485,533</u>	<u>(509,855,611)</u>			
Support services:							
Pupil support	58,337,272	2,223,429	6,458,619	(49,655,224)			
Instructional support	114,572,496	6,478,839	18,819,742	(89,273,915)			
General administration	6,964,963	423,127	1,229,101	(5,312,735)			
School administration	77,079,051	4,140,502	12,027,339	(60,911,210)			
Business services	12,957,204	-	-	(12,957,204)			
Operations and maintenance	91,074,789	5,923,079	17,205,368	(67,946,342)			
Pupil transportation	25,164,705	-	4,627,182	(20,537,523)			
Central services	176,020,151	10,157,710	29,136,774	(136,725,667)			
Other support services	51,052,612	329,889	958,263	(49,764,460)			
Community services	16,515,410	838,120	2,434,572	(13,242,718)			
Education for adults	20,508,759	-	3,045,968	(17,462,791)			
Interest on long-term debt	137,843,846	-	-	(137,843,846)			
Total support services	<u>788,091,258</u>	<u>30,514,695</u>	<u>95,942,928</u>	<u>(661,633,635)</u>			
Total governmental activities	<u>1,449,627,323</u>	<u>63,709,616</u>	<u>214,428,461</u>	<u>(1,171,489,246)</u>			
Total primary government	<u><u>\$ 1,449,627,323</u></u>	<u><u>\$ 63,709,616</u></u>	<u><u>\$ 214,428,461</u></u>	<u><u>\$ (1,171,489,246)</u></u>			
<b>Component units</b>							
Charter schools	\$ 197,451,787	\$ -	\$ 561,937	\$ (196,889,850)			
DPS Foundation	9,363,751	-	8,089,707	(1,274,044)			
Total component units	<u>\$ 206,815,538</u>	<u>\$ -</u>	<u>\$ 8,651,644</u>	<u>\$ (198,163,894)</u>			

Primary Government		
	Governmental Activities	Component Units
Net (expense) revenue	\$ (1,171,489,246)	\$ (198,163,894)
General revenues:		
Property taxes	671,768,786	30,235,513
Specific ownership taxes	44,805,199	-
Payment in lieu of taxes	2,828,616	-
State equalization	296,486,570	136,857,964
Interest and investment income	5,922,616	401,584
Other	49,559,385	19,525,851
Total general revenues	<u>1,071,371,172</u>	<u>187,020,912</u>
Changes in net position	<u>(100,118,074)</u>	<u>(11,142,982)</u>
Net position (deficit) - beginning, as previously stated	<u>(1,257,026,715)</u>	<u>(10,342,649)</u>
Change in reporting entity	-	46,374,192
Net position (deficit) - beginning, as restated	<u>(1,257,026,715)</u>	<u>36,031,543</u>
Net position (deficit) - ending	<u><u>\$ (1,357,144,789)</u></u>	<u><u>\$ 24,888,561</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 THE STATE OF COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2017

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
<b>ASSETS</b>				
Assets:				
Cash and cash equivalents	\$ 187,617,552	\$ -	\$ 314,882	\$ 14,089,428
Investments	-	-	-	-
Receivables:				
Taxes receivable	26,496,840	-	-	1,402,549
Intergovernmental	-	22,742,107	4,766,750	-
Interest receivable	15,952	-	-	-
Other	1,955,918	6,453,145	4,279	2,208
Due from other funds	-	-	-	-
Due from fiduciary funds	59,865	-	-	-
Inventory	761,736	-	2,121,570	-
Prepaid items	150,566	108,900	-	-
Cash with fiscal agents	2,886,180	-	-	-
Restricted cash and cash equivalents	15,421,342	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 235,365,951</u>	<u>\$ 29,304,152</u>	<u>\$ 7,207,481</u>	<u>\$ 15,494,185</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 28,212,366	\$ 4,129,601	\$ 409,212	\$ -
Accrued payroll and benefits	64,524,313	503,507	-	1,404,866
Due to other funds	8,498,654	3,092,298	6,513,069	1,986,097
Unearned revenue	7,738,953	4,504,698	-	-
Total liabilities	<u>\$ 108,974,286</u>	<u>\$ 12,230,104</u>	<u>\$ 6,922,281</u>	<u>\$ 3,390,963</u>
Deferred inflows of resources:				
Property taxes	4,241,790	-	-	265,856
Unavailable revenues - long-term receivables	-	-	-	-
Total deferred inflows of resources	<u>4,241,790</u>	<u>-</u>	<u>-</u>	<u>265,856</u>
Fund balances:				
Nonspendable:				
Inventory	761,736	-	332,113	-
Prepaid expenses	150,566	108,900	-	-
Permanent fund	-	-	-	-
Restricted for:				
Higher education	-	9,595,895	-	-
Non-governmental grantor-designated purposes	-	1,492,383	-	-
Federal programs	-	5,876,870	-	-
Performance-based teacher compensation	-	-	-	11,837,366
Debt service	-	-	-	-
Capital projects	-	-	-	-
Emergency reserve	27,033,570	-	-	-
Committed to:				
Capital projects	-	-	-	-
Pupil activities	-	-	-	-
Assigned to:				
Subsequent year expenditure	8,182,740	-	-	-
Special projects	15,923,740	-	-	-
Debt service	-	-	-	-
Unassigned	70,097,523	-	(46,913)	-
Total fund balances	<u>\$ 122,149,875</u>	<u>\$ 17,074,048</u>	<u>\$ 285,200</u>	<u>\$ 11,837,366</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 235,365,951</u>	<u>\$ 29,304,152</u>	<u>\$ 7,207,481</u>	<u>\$ 15,494,185</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, 2017**

	<u>Bond Redemption</u>	<u>Building</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 117,056	\$ 202,138,918
Investments	-	-	-	3,982	3,982
Receivables:					
Taxes receivable	5,466,111	-	-	-	33,365,500
Intergovernmental	-	-	-	-	27,508,857
Interest receivable	55,882	1,499,822	33,357	-	1,605,013
Other	-	-	87,466,831	2,189	95,884,570
Due from other funds	-	-	29,658,895	3,584,960	33,243,855
Due from fiduciary fund	-	-	-	-	59,865
Inventory	-	-	-	-	2,883,306
Prepaid items	-	-	1,422,160	-	1,681,626
Cash with fiscal agents	-	-	-	-	2,886,180
Restricted cash and cash equivalents	-	91,531,695	56,032,164	-	162,985,201
Restricted investments	125,784,584	410,940,208	-	-	536,724,792
Total assets	<u>\$ 131,306,577</u>	<u>\$ 503,971,725</u>	<u>\$ 174,613,407</u>	<u>\$ 3,708,187</u>	<u>\$ 1,100,971,665</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 62,586	\$ 20,654,535	\$ 3,497,970	\$ 71,910	\$ 57,038,180
Accrued payroll and benefits	-	-	-	-	66,432,686
Due to other funds	42,356	13,063,055	-	-	33,195,529
Unearned revenue	-	-	-	-	12,243,651
Total liabilities	<u>104,942</u>	<u>33,717,590</u>	<u>3,497,970</u>	<u>71,910</u>	<u>168,910,046</u>
Deferred inflows of resources:					
Property taxes	1,056,849	-	-	-	5,564,495
Unavailable revenues - long-term receivables	-	-	87,145,991	-	87,145,991
Total deferred inflows of resources	<u>1,056,849</u>	<u>-</u>	<u>87,145,991</u>	<u>-</u>	<u>92,710,486</u>
Fund balances:					
Nonspendable:					
Inventory	-	-	-	-	1,093,849
Prepaid expenses	-	-	1,422,160	-	1,681,626
Permanent fund	-	-	-	130,992	130,992
Restricted for:					
Higher education	-	-	-	-	9,595,895
Non-governmental grantor-designated purposes	-	-	-	-	1,492,383
Federal programs	-	-	-	-	5,876,870
Performance-based teacher compensation	-	-	-	-	11,837,366
Debt service	130,144,786	-	-	-	130,144,786
Capital projects	-	470,254,135	-	-	470,254,135
Emergency reserve	-	-	-	-	27,033,570
Committed to:					
Capital projects	-	-	35,949,286	-	35,949,286
Pupil activities	-	-	-	3,505,285	3,505,285
Assigned to:					
Subsequent year expenditure	-	-	-	-	8,182,740
Special projects	-	-	-	-	15,923,740
Debt service	-	-	46,598,000	-	46,598,000
Unassigned	-	-	-	-	70,050,610
Total fund balances	<u>130,144,786</u>	<u>470,254,135</u>	<u>83,969,446</u>	<u>3,636,277</u>	<u>839,351,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 131,306,577</u>	<u>\$ 503,971,725</u>	<u>\$ 174,613,407</u>	<u>\$ 3,708,187</u>	<u>\$ 1,100,971,665</u>



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**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, 2017**

---

Total fund balances for governmental funds	\$ 839,351,133
<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.	92,710,486
Capital assets do not provide current financial resources and are not included in the governmental funds.	2,000,153,717
Deferred outflow of resources related to loss on refundings are not financial resources, and therefore are not reported in the funds.	207,441,176
Deferred outflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	293,797,085
Pension contributions subsequent to the plans measurement date are not included in the long-term liability and are shown as a deferred outflow of resources.	11,377,400
<b>Due to/due from amounts are eliminated for District-wide reporting:</b>	
Due to other funds	(33,243,855)
Due from other funds	33,243,855
<b>Less:</b>	
Accumulated depreciation, related to capital assets.	(741,981,721)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(2,987,174,615)
Accrued interest payable not included in the funds.	(8,866,369)
OPEB are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(2,910,750)
Accrued claims liability is not reported in governmental funds, but are included as a government-wide liability.	(11,034,754)
Deferred inflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	(72,799,290)
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.	(977,208,287)
<b>Net position (deficit) of governmental activities</b>	<b>\$ (1,357,144,789)</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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
<b>REVENUES</b>				
Taxes	\$ 559,685,741	\$ -	\$ -	\$ 32,316,512
Intergovernmental:				
Revenue from state sources	334,508,875	19,317,113	720,295	-
Revenue from federal sources	1,051,459	77,058,536	36,402,310	-
Charge for services	40,640,410	7,137,869	5,308,340	-
Investment income	1,243,941	-	-	70,357
Other local sources	20,344,239	16,522,830	29,863	-
Total revenues	<u>957,474,665</u>	<u>120,036,348</u>	<u>42,460,808</u>	<u>32,386,869</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular instruction	374,415,185	29,456,659	-	37,774,569
Special education	57,654,657	13,947,711	-	-
Vocational education	1,282,986	135,729	-	-
Other instruction	4,552,839	819,882	-	-
Total instruction	<u>437,905,667</u>	<u>44,359,981</u>	<u>-</u>	<u>37,774,569</u>
Support services:				
Pupil supporting services	49,753,091	8,271,465	-	-
Instructional support	79,952,672	31,045,630	-	-
General administration	6,525,345	362,139	-	44,673
School administration	73,368,180	2,955,215	-	-
Business services	12,152,815	166,993	-	-
Operations and maintenance	77,568,148	337,079	32,532	-
Pupil transportation	25,102,779	61,926	-	-
Central services	89,188,409	7,627,343	-	1,075,590
Other support services	1,131,085	5,691,604	42,976,482	-
Total support services	<u>414,742,524</u>	<u>56,519,394</u>	<u>43,009,014</u>	<u>1,120,263</u>
Community services	13,587,690	2,800,422	-	-
Education for adults	1,750,462	18,758,297	-	-
Capital outlay	2,092,671	503,222	50,724	-
Debt service:				
Principal payments	18,945,000	-	-	-
Interest and fiscal charges	46,170,414	-	-	-
Total debt service	<u>65,115,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>935,194,428</u>	<u>122,941,316</u>	<u>43,059,738</u>	<u>38,894,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,280,237</u>	<u>(2,904,968)</u>	<u>(598,930)</u>	<u>(6,507,963)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,969,063	648,908	743,200	-
Transfers out	(9,775,503)	(551,758)	-	-
Issuance of bonds	-	-	-	-
Issuance of certificates of participation	-	-	-	-
Premium on issuance of debt	-	-	-	-
Proceeds from capital leases	2,133,598	-	-	-
Total other financing sources (uses)	<u>5,327,158</u>	<u>97,150</u>	<u>743,200</u>	<u>-</u>
Net change in fund balances	<u>27,607,395</u>	<u>(2,807,818)</u>	<u>144,270</u>	<u>(6,507,963)</u>
Fund balance - beginning	<u>94,542,480</u>	<u>19,881,866</u>	<u>140,930</u>	<u>18,345,329</u>
Fund balance - ending	<u>\$ 122,149,875</u>	<u>\$ 17,074,048</u>	<u>\$ 285,200</u>	<u>\$ 11,837,366</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**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 125,449,115	\$ -	\$ -	\$ -	\$ 717,451,368
Intergovernmental:					
Revenue from state sources	-	-	-	-	354,546,283
Revenue from federal sources	-	-	3,525,705	-	118,038,010
Charge for services	-	-	152,616	16,897,209	70,136,444
Investment income	1,207,538	3,094,829	78,513	2,439	5,697,617
Other local sources	-	39,385	34,775,386	484,097	72,195,800
Total revenues	<u>126,656,653</u>	<u>3,134,214</u>	<u>38,532,220</u>	<u>17,383,745</u>	<u>1,338,065,522</u>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular instruction	-	15,057	-	9,092,349	450,753,819
Special education	-	-	-	365,350	71,967,718
Vocational education	-	-	-	-	1,418,715
Other instruction	-	-	-	3,900,160	9,272,881
Total instruction	<u>-</u>	<u>15,057</u>	<u>-</u>	<u>13,357,859</u>	<u>533,413,133</u>
Support services:					
Pupil supporting services	-	-	-	312,716	58,337,272
Instructional support	-	261,259	-	3,312,935	114,572,496
General administration	-	32,806	-	-	6,964,963
School administration	-	130,487	-	625,169	77,079,051
Business services	-	470,875	26,863	-	12,817,546
Operations and maintenance	-	9,002,883	4,134,147	-	91,074,789
Pupil transportation	-	-	-	-	25,164,705
Central services	-	2,854,676	3,682,596	-	104,428,614
Other support services	-	-	-	-	49,799,171
Total support services	<u>-</u>	<u>12,752,986</u>	<u>7,843,606</u>	<u>4,250,820</u>	<u>540,238,607</u>
Community services	-	-	-	127,298	16,515,410
Education for adults	-	-	-	-	20,508,759
Capital outlay	-	143,084,351	15,986,652	16,582	161,734,202
Debt service:					
Principal payments	70,210,000	-	950,000	-	90,105,000
Interest and fiscal charges	66,160,807	2,215,232	3,845,541	-	118,391,994
Total debt service	<u>136,370,807</u>	<u>2,215,232</u>	<u>4,795,541</u>	<u>-</u>	<u>208,496,994</u>
Total expenditures	<u>136,370,807</u>	<u>158,067,626</u>	<u>28,625,799</u>	<u>17,752,559</u>	<u>1,480,907,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,714,154)</u>	<u>(154,933,412)</u>	<u>9,906,421</u>	<u>(368,814)</u>	<u>(142,841,583)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	3,974,119	4,837,680	23,172,970
Transfers out	(421,798)	(3,026,721)	-	(9,480,656)	(23,256,436)
Issuance of bonds	-	466,675,000	-	-	466,675,000
Issuance of certificates of participation	-	-	46,175,000	-	46,175,000
Premium on issuance of debt	-	74,047,260	6,749,290	-	80,796,550
Proceeds from capital leases	-	-	137,543	-	2,271,141
Total other financing sources (uses)	<u>(421,798)</u>	<u>537,695,539</u>	<u>57,035,952</u>	<u>(4,642,976)</u>	<u>595,834,225</u>
Net change in fund balances	<u>(10,135,952)</u>	<u>382,762,127</u>	<u>66,942,373</u>	<u>(5,011,790)</u>	<u>452,992,642</u>
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 130,144,786</u>	<u>\$ 470,254,135</u>	<u>\$ 83,969,446</u>	<u>\$ 3,636,277</u>	<u>\$ 839,351,133</u>



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**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, 2017**

---

Net change in fund balance - governmental funds	\$ 452,992,642
<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.	168,998,384
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.	90,105,000
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	14,819,957
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.	389,654
<b>Less:</b>	
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.	(3,431,216)
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.	(1,207)
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.	(1,544,264)
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.	(77,149,731)
Loss on disposal of capital assets.	(2,432,865)
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.	(593,646,550)
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.	(343,610)
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.	(17,295,835)
Accrued claims	(7,184)
Increase in interest payable related to long-term liabilities.	(1,812,407)
Increase in capital lease liability	(1,253,441)
Pension Expense	<u>(128,505,401)</u>
Change in net position of governmental activities	<u>\$ (100,118,074)</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, 2017

---

Warehouse  
Fund

---

**ASSETS**

Current assets:

Receivables	\$ 54,057
Total current assets	<hr/> <hr/> 54,057

**LIABILITIES**

Current liabilities:

Accounts payable	5,731
Due to other funds	<hr/> 48,326
Total current liabilities	<hr/> <hr/> 54,057

**NET POSITION**

Unrestricted	-
Total net position	<hr/> <hr/> -

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, 2017

---

	<u>Warehouse Fund</u>
<b>OPERATING REVENUES</b>	
Billings to funds	\$ 587,194
Other revenue	54,985
Total operating revenues	<u>642,179</u>
<b>OPERATING EXPENSES</b>	
Cost of goods:	
Purchased	79,131
Salaries and employee benefits	123,462
Purchased property services	285,503
Other purchased services	133,249
Supplies	<u>105,507</u>
Total operating expenses	<u>726,852</u>
Income (loss) before transfers	(84,673)
Transfers in	<u>83,466</u>
Change in net position	(1,207)
Total net position - beginning	<u>1,207</u>
Total net position - ending	<u>\$ -</u>

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



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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, 2017

---

	Warehouse Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 534,935
Payments to suppliers	(597,659)
Payments to employees	(123,462)
Payments from (to) other funds	47,735
Other receipts (payments)	<u>54,985</u>
Net cash provided (used) by operating activities	<u>(83,466)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers in	<u>83,466</u>
Net cash used by non-capital financing activites	<u>83,466</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ (84,673)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	(52,259)
Accounts payable	5,731
Due to other funds	<u>47,735</u>
Net cash provided (used) by operating activities	<u>\$ (83,466)</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  
JUNE 30, 2017

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and investments	\$ 9,721,977	\$ 2,843,724
Total assets	<u>9,721,977</u>	<u>2,843,724</u>
<b>LIABILITIES</b>		
Due to general fund	59,865	-
Due to student groups	<u>-</u>	<u>2,843,724</u>
Total liabilities	<u>59,865</u>	<u>2,843,724</u>
Net position held in trust	<u><u>\$ 9,662,112</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, 2017

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	Private Purpose Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,640,000
Interest income	952,206
Total additions	<hr/> <hr/> 3,592,206

**DEDUCTIONS**

Medical and life insurance for retirees	2,580,601
Student scholarships	3,593
Total deductions	<hr/> <hr/> 2,584,194

**CHANGE IN NET POSITION HELD FOR:**

Change in net position	1,008,012
Net position - beginning	8,654,100
Net position - ending	<hr/> <hr/> \$ 9,662,112

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



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## 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, 2017

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## 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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 blended component unit 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 Special Revenue Fund, Tuition Special Revenue Fund and the Permanent Fund.

**Pupil Activity Special Revenue 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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.
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.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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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) is reported at \$1 net asset value per share or amortized cost.
3. Investments in external investment pool Colorado Local Government Liquid Asset Trust (COLOTRUST) is reported at \$1 net asset value per share.
4. 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.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District records prepaid items using the consumption method.

**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, 2017 represent reimbursements and adjustments due but not transferred as of that date.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

**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.

**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 2016-2017 was Wells Fargo Bank, N.A., third party.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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 refunding 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned. Negative unassigned fund balance may be reported in any governmental fund other than the General Fund when expenditures incurred for specific purposes exceed amounts restricted, committed or assigned to those purposes.

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

**Adoption of Accounting Principles (Implementation of New Accounting Principles)**

The District implemented GASB Statement No. 77, *Tax Abatement Disclosures* (GASB 77), which requires certain new financial reporting disclosures for governments that offer tax abatements. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The requirements of GASB 77 improve financial reporting by providing users of financial statements essential information that had not been consistently or comprehensively reported for GASB 77 defined tax abatements previously. The District does not provide tax abatements that meets GASB 77 criteria.

The District implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80) – an amendment of GASB No. 14, which establishes an additional blending requirement for the financial statement presentation of component units. The additional criterion requires reporting component unit financial statements using the blending method if the entity is organized as a non-for-profit corporation in which the primary government is the sole corporate member. The requirements of GASB 80 improve financial reporting by clarifying the financial statement presentation for certain component units.

There were no changes to the District's financial reporting as the result of these standards.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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 Obligations	5 years	100%	N/A
Federal Agency and Instrumentality Securities	5 years	100%	50%
Local Government Investment Pools	13 months	100%	50%
Money Market Mutual Funds	13 months	100%	50%
Repurchase Agreements*	5 years	100%	N/A
Commercial Paper	9 months	35%	5%
Corporate Bonds	3 years	35%	5%
Municipal Bonds	5 years	25%	5%
Non-negotiable Certificates of Deposit (Time CDs)	1 year	5%	2%
Negotiable Certificates of Deposit	3 years	35%	5%
Flexible Repurchase Agreements	5 years	100%	N/A
In compliance with			
Guaranteed Investment Contracts	C.R.S. 24-75-601	N/A	N/A

\*other than repurchase agreements for investment of general obligation bond proceeds and certificates of deposit

As of June 30, 2017, the District investments were in compliance with the policy.

**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.

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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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 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, 2017:

- Corporate Notes of \$35,136,200 are valued using quoted market price (Level 1 inputs).
- U.S. Treasury securities of \$117,640,937 are valued using quoted market price (Level 1 inputs).
- Federal Agency Bonds/Notes of \$51,088,751 are valued using quoted market price (Level 1 inputs).
- Repurchase Agreements of \$18,175,000 are valued using pricing models (Level 2 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 \$10,125,950 and related carrying amount of \$5,090,234.

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NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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	24 months or more
Certificates of Deposit	\$ 104,076,960	-	\$ 104,076,960	-
Commercial Paper	102,997,361	-	102,997,361	-
US Treasury Bonds/Note	117,640,937	-	-	117,640,937
Corporate Note	35,136,200	-	-	35,136,200
Federal Agency Bonds/Note	51,088,751	-	-	51,088,751
External Investment Pools	225,926,395	225,926,395	-	-
Money Market Funds	234,489,848	234,489,848	-	-
Repurchase Agreements	18,175,000	-	-	18,175,000
Forward delivery Agreements				
FHLMC Discount Note	4,882,000	-	4,882,000	-
First Amer Treasury Obligations	112,895	-	112,895	-
US Treasury Bills	8,969,000	-	8,969,000	-
Retiree Life Insurance	8,715,211	8,715,211	-	-
Total	<u>\$ 912,210,558</u>	<u>\$ 469,131,454</u>	<u>\$ 221,038,216</u>	<u>\$ 222,040,888</u>

Stocks with an amount of \$3,982 are the only securities without maturity.

SCHOOL DISTRICT NO. 1  
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NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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**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	\$ 5,090,234
Investments	912,210,558
Stocks	3,982
Total	<u>917,304,774</u>

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

Cash and Cash equivalents	\$ 202,138,918
Investments	3,982
Restricted Cash and Cash Equivalents	162,985,201
Held by fiscal agent	2,886,180
Restricted Investments	536,724,792

Cash and investments per the fiduciary statements of net position:

Private purpose trust:	9,721,977
Agency	2,843,724
Total	<u>917,304,774</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.

**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 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.

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YEAR ENDED JUNE 30, 2017

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As of June 30, 2017, 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, 2017</u>
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Heritage Money Market Fund	AAAm
MetLife	Liquidity Account	Not rated

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 \$2,886,180 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 utilizes two local government investment pools for investment, when a high degree of liquidity is prudent. The two pools are the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), collectively, the Trusts. COLOTRUST is a local government investment pool with a stable net asset value and CSAFE is considered a qualifying external investment pool under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The Trusts may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper.

A designated custodial bank serves as custodian for the Trusts' portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records segregate investments owned by the Trusts. The Trusts do not have any limitations or restrictions on participant withdrawals.

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.

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**Concentration of Credit Risk**

Concentration of credit risk as defined by the Government Accounting Standards Board is any investment that represents 5% or more of the total investments to any one issuer. The District's investments do not contain more than a 5% concentration in one issuer as of June 30, 2017.

The District's collateral securities of repurchase agreements contained concentration in Federal Security (FNMA) of \$7,605,000 and US Treasury Obligations of \$10,570,000 representing 0.83% and 1.16% of the total investments respectively as of June 30, 2017. FNMA was rated AA+ by Standard and Poor's.

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**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 \$552,069,960 in 2017. In 1988, 1998, 2003, 2005, 2012 and 2016 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 2017 collection year was approximately \$31.7 million. The 2012 override election mill levy is fixed at 4.860 mills. This will generate \$65.4 million for the 2017 property tax collection year. In future years the mill rate of 4.860 will remain fixed regardless of changes to assessed valuation. The 2016 override election mill levy is fixed at 4.052 mills. This will generate \$54.5 million for the 2017 property tax collection year. In future years, the 2012 mill rate of 4.052 will be variable maxing out Denver Public Schools total mill at 25% of total program.

Deferred inflow of resources in the General Fund and ProComp Special Revenue Fund included \$4,241,790 and \$265,856, respectively, of property taxes at June 30, 2017. In addition, property taxes levied for the Bond Redemption Fund totaled \$126,303,183 in 2017 and accounted for the entire deferred inflow of resources of \$1,056,849 at June 30, 2017. 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 \$8,610,032 in the governmental activities, \$6,986,149 in the General Fund and \$1,623,882 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 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.

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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, 2017. 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, 2017
Stapleton Redevelopment Plan	<u>\$ 81,799,825</u>	<u>\$ -</u>	<u>\$ 3,617,513</u>	<u>\$ 78,182,312</u>
	<u>\$ 81,799,825</u>	<u>\$ -</u>	<u>\$ 3,617,513</u>	<u>\$ 78,182,312</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, 2017
National Jewish Health	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 5,250,000</u>
Westerly Creek	<u>1,500,000</u>	<u>-</u>	<u>1,000,000</u>	<u>500,000</u>
St. Anthony School Agreement	<u>400,000</u>	<u>250,000</u>	<u>400,000</u>	<u>250,000</u>
	<u>\$ 7,900,000</u>	<u>\$ 250,000</u>	<u>\$ 2,150,000</u>	<u>\$ 6,000,000</u>

### Other Revenue

The District holds Build America Bonds comprised of 2009C, 2010A, and 2010B issuances which credits payments to issuers. During the fiscal year the District earned credits that will be paid the following fiscal year as outlined below.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2017
U.S. Treasury Subsidy	<u>\$ -</u>	<u>\$ 2,963,679</u>	<u>\$ -</u>	<u>\$ 2,963,679</u>
	<u>\$ -</u>	<u>\$ 2,963,679</u>	<u>\$ -</u>	<u>\$ 2,963,679</u>

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**4. INTERFUND BALANCES AND TRANSFERS**

Balances of interfund receivables, payables and transfers at June 30, 2017 are as follows:

Fund	Due From	Due To	Transfer In	Transfer Out
General Fund	\$ 59,865	\$ 8,498,654	\$ 12,969,063	\$ 9,775,503
Special Revenue - Grants Fund	-	3,092,298	648,908	551,758
Special Revenue - Food Services Fund	-	6,513,069	743,200	-
Special Revenue - ProComp	-	1,986,097	-	-
Bond Redemption Fund	-	42,356	-	421,798
Building Fund	-	13,063,055	-	3,026,721
Capital Reserve Fund	29,658,895	-	3,974,119	-
Non-Major Funds				
Special Revenue - Pupil Activity Fund	3,565,487	-	4,837,680	-
Special Revenue - Tuition Fund	9,541	-	-	9,480,656
Permanent Fund	9,932	-	-	-
Internal Service Fund	-	48,326	83,466	-
Fiduciary Fund	-	59,865	-	-
	<u>\$ 33,303,720</u>	<u>\$ 33,303,720</u>	<u>\$ 23,256,436</u>	<u>\$ 23,256,436</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.



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## 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	\$ 34,045,394
Special education	4,232,627
Vocational	83,439
Other	545,365
<b>Supporting services</b>	
Pupil support	3,430,982
Instructional support	6,738,336
General administration	409,629
School administration	4,533,239
Business services	762,050
Operation & maintenance	5,356,368
Pupil transportation	1,480,008
Central services	10,352,247
Other support services	3,002,550
Community Services	971,318
Education for adults	1,206,179
<b>Total Depreciation Expense</b>	<b>\$ 77,149,731</b>

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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, 2016	\$ 74,423,590	\$ 1,515,595,181	\$ 199,143,081	\$ 50,868,666	\$ -	\$ 1,840,030,518
Additions	2,685,654	1,136,732	2,806,514	155,266,675	7,102,809	168,998,384
Transfers	-	60,349,138	24,456,362	(84,805,500)	-	-
Less – Retirements	(598,097)	(2,091,041)	(3,318,305)	(1,501,075)	(1,366,667)	(8,875,185)
Balance June 30, 2017	76,511,147	1,574,990,010	223,087,652	119,828,766	5,736,142	2,000,153,717
Less – Accumulated Depreciation	-	583,767,778	153,704,259	-	4,509,684	741,981,721
Ending net assets	<u>\$ 76,511,147</u>	<u>\$ 991,222,232</u>	<u>\$ 69,383,393</u>	<u>\$ 119,828,766</u>	<u>\$ 1,226,458</u>	<u>\$ 1,258,171,996</u>
Accumulated depreciation – July 1, 2016		\$ 531,447,117	139,827,193.2		\$ -	\$ 671,274,310
Increases		54,330,341	17,034,150.1		5,785,240	77,149,731
Decreases		(2,009,680)	(3,157,084)		(1,275,556)	(6,442,320)
Accumulated depreciation – June 30, 2017		<u>\$ 583,767,778</u>	<u>\$ 153,704,259</u>		<u>\$ 4,509,684</u>	<u>\$ 741,981,721</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 73.37% as of June 30, 2017. Only certificates of participation related to capital items are included below. The related outstanding debt is then calculated as follows:

Depreciated capital assets	\$ 1,258,171,996
Outstanding bonds payable	1,889,552,488
Less fund balance restricted for capital	(470,254,135)
Less deferred loss of refunding	(45,528,790)
Adjusted bonds payable	1,373,769,563
Percent of capitalized assets	73.37%
Bonds payable related to capital assets	<u>\$ 1,007,934,728</u>
Related Debt:	
Bonds payable	\$ 1,007,934,728
Certificates of participation	101,589,039
Total related debt	1,109,523,767
Net investment in capital assets	<u>\$ 148,648,229</u>

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## 6. LONG-TERM LIABILITIES

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

	Accretion of				Balance	Due Within One
	Balance	Additions	Capital Interest	Refunded/ Reductions	June 30, 2017	Year
	June 30, 2016					
Bonds Payable	\$ 1,321,607,000	\$ 466,675,000	-	\$ (70,210,000)	\$ 1,718,072,000	\$ 49,980,000
Premiums	111,665,568	74,047,260	-	(14,232,340)	171,480,488	-
Total bonds payable	1,433,272,568	540,722,260	-	(84,442,340)	1,889,552,488	49,980,000
Certificates of participation	1,037,742,778	46,175,000	343,610	(19,895,000)	1,064,366,388	24,681,390
Premiums	6,713,984	6,749,290	-	(587,617)	12,875,657	-
Total certificates of participation	1,044,456,762	52,924,290	343,610	(20,482,617)	1,077,242,045	24,681,390
Other long-term liabilities:						
Compensated absences	17,582,377	11,730,786	-	(10,186,522)	19,126,641	2,144,705
Capital Lease Liability	-	2,271,475	-	(1,018,034)	1,253,441	456,628
Accrued Claims Liability	11,027,570	7,070,015	-	(7,062,831)	11,034,754	4,173,101
Net OPEB obligation	3,300,404	-	-	(389,654)	2,910,750	-
Net Pension Liability	733,817,579	258,656,930	-	(15,266,222)	977,208,287	-
Total other long-term liabilities	765,727,930	279,729,206	-	(33,923,263)	1,011,533,873	6,777,810
Total long-term liabilities	\$ 3,243,457,260	\$ 873,375,756	\$ 343,610	\$ (138,848,220)	\$ 3,978,328,406	\$ 81,439,200

Long-term liabilities at June 30, 2017 are comprised of the following:

Bonds	Original Issuance Amount	Outstanding Amount
2005A GO Refunding Bonds, varying interest rates of 5% to 5.5% payable semiannually through 2023, principal due in annual installments of \$13,895,000 to \$26,735,000 December 2018 through December 2023.	\$ 130,290,000	\$ 129,510,000
2009B GO Qualified School Construction Bonds, interest rate of 1.39% payable semiannually through 2024, principal due in annual installments of \$1,600,000 to \$1,762,000 and transferred to a sinking fund for principal at maturity in December 2024.	24,022,000	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	250,000,000
2009F GO Tax-Exempt Refunding Bonds, varying interest rates of 3% to 5% payable semiannually through 2023, principal due in annual installments of \$2,005,000 to \$3,090,000 through December 2023.	24,700,000	17,665,000
2009G GO Tax-Exempt Refunding Bonds, interest rates of 3.25% to 5% payable semiannually through 2018, principal due in annual installments of \$16,040,000 through December 2018.	43,320,000	16,040,000
2010A GO Qualified School Construction Bonds, interest rate of 4.73% payable semiannually through September 2027, principal due in annual installments of \$1,510,000 to \$2,400,000 and transferred to a sinking fund for principal at maturity in September 2027.	29,260,000	29,260,000
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	1,545,000
2010C GO Tax-Exempt Refunding Bonds, varying interest rates of 2.5% to 5% 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	85,390,000
2012A GO Refunding Bonds, varying interest rates of 3.5% to 5% payable semiannually through 2028, principal due in installments of \$16,175,000 to \$21,210,000 between December 2017 and December 2028.	129,870,000	113,855,000

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<b>Bonds Continued</b>	<b>Original Issuance Amount</b>	<b>Outstanding Amount</b>
2012B GO Tax-Exempt Bonds, varying interest rates of 3% to 4% payable semiannually through 2032, principal due in installments of \$11,975,000 to \$42,055,000 through December 2032.	428,600,000	249,975,000
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	16,000,000
2012D GO Taxable Refunding Bonds, varying interest rates of 1.097% to 3.154% payable semiannually through 2028, principal due in installments of \$380,000 to \$19,120,000 between December 2017 and December 2028.	67,220,000	27,415,000
2014A GO Bonds, varying interest rates of 5% to 5.5% payable semiannually through 2034, principal due in installments of \$705,000 to \$1,680,000 December 2016 through December 2034.	21,400,000	20,090,000
2014B GO Refunding Bonds, varying interest rates of 3.5% to 5% payable semiannually through 2029, principal due in installments of \$16,075,000 to \$21,440,000 between December 2023 and December 2029.	149,170,000	130,805,000
2016A GO Refunding Bonds, varying interest rates of 1.75% to 5% payable semiannually through 2031, principal due in installments of \$405,000 to \$40,715,000 between December 2020 and December 2031.	143,280,000	139,825,000
2017 GO Bonds, varying interest rates of 4% to 5% payable semiannually through 2041, principal due in installments of \$11,280,000 to \$32,490,000 between December 2019 and December 2041.	466,675,000	466,675,000
Premium		171,480,488
<b>Total bonds payable</b>		<b>\$ 1,889,552,488</b>
<b>Certificates of Participation</b>		
1997 taxable, varying interest rates of 7.32% payable semiannually through 2017, principal due in annual installments of \$917,470 in December 2017.	\$ 384,167,520	\$ 917,469
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	396,235,000
2013A, interest rates of 1.95% and 12% payable semiannually through 2032, principal due in annual installments of \$935,000 to \$4,650,000 December 2018 through December 2032.	35,195,000	35,195,000
2013B taxable, interest rates of 1.444% and 4.242% payable semiannually through 2037, principal due in annual installments of \$12,435,000 to \$39,020,000 through December 2037.	536,855,000	516,295,000
2013C, interest rates of 3.25% and 5% payable semiannually through 2033, principal due in annual installments of \$1,000,000 to \$4,965,000 December 2017 through December 2033.	58,740,000	57,790,000
2015A taxable, interest rates of 1.6% and 2% payable semiannually through 2018, principal due in annual installments of \$30,000 to \$165,000 through December 2018.	360,000	195,000
2015B tax-exempt, interest rates of 2% and 5% payable semiannually through 2045, principal due in annual installments of \$135,000 to \$525,000 through December 2045.	8,570,000	8,570,000
2017A, interest rates of 2% and 5% payable semiannually through 2030, principal due in annual installments of \$980,000 to \$3,965,000 December 2017 through December 2030.	32,080,000	32,080,000
2017B, interest rates of 2% and 5% payable semiannually through 2025, principal due in annual installments of \$230,000 to \$3,900,000 December 2017 through December 2025.	14,095,000	14,095,000
Cumulative accretion of interest on capital appreciation certificates		2,993,919
Premium		12,875,657
<b>Total certificates of participation</b>		<b>\$ 1,077,242,045</b>

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<u>Other long-term liabilities</u>	<u>Outstanding Amount</u>
Compensated absences payable	19,126,641
Capital lease liability	1,253,441
Accrued claims liability	11,034,754
Net OPEB obligation	2,910,750
Net Pension Liability	977,208,287
<b>Total other long-term liabilities</b>	<b>\$ 1,011,533,873</b>
<b>Total long-term liabilities</b>	<b>\$ 3,978,328,406</b>

In November of 1998, 2003, 2008, 2012 and 2016 the registered voters of Denver authorized the School District to issue \$305 million, \$310.8 million, \$454 million, \$466 and \$572 million respectively, of general obligation bonds. As of June 30, 2017, substantially all previously authorized bonds had been issued. In January of 2017, the District issued general obligation bonds in the amount of \$466 million out of the 2016 authorization.

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 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.

In May of 2017, as authorized by Board resolution, the District issued \$36.2 million Certificates of Participation, Series 2017A and \$14 million of Certificates of Participation, Series 2017B. The purpose of the 2017A issuance was to construct the Stapleton Park Street School, an elementary school located in the Stapleton neighborhood of Denver. The proceeds from 2017B issuance were used to purchase a school site on which Stapleton Park Street School will be built on and to help fund of the design and construction cost of a fire station near the school site to meet safety standards for DPS schools within Stapleton.

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Annual requirements to maturity are as follows:

June 30,	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2018	49,980,000	78,607,609	24,681,388	52,328,165
2019	51,320,000	76,781,353	26,075,000	54,008,783
2020	64,705,000	74,181,128	29,630,000	53,020,446
2021	70,210,000	71,103,808	32,790,000	51,805,572
2022	73,250,000	67,786,216	34,730,000	50,407,268
2023-2027	441,662,000	279,937,983	220,310,000	223,778,448
2028-2032	538,395,000	164,314,101	277,045,000	159,311,894
2033-2037	279,280,000	57,922,225	337,445,000	70,873,612
2038-2042	149,270,000	16,674,200	79,705,000	2,898,977
2043-2046	-	-	1,955,000	201,375
Total	<u>\$ 1,718,072,000</u>	<u>\$ 887,308,623</u>	<u>\$ 1,064,366,388</u>	<u>\$ 718,634,541</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 Certificates 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, 2013C, 2017A and 2017B 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.

The Building Fund ending fund balance of \$470,254,135 is from the issuance of Series 2009A, 2009C, 2010A, 2012B, 2012C, 2014A and 2017 general obligation bonds and related interest earnings. At June 30, 2017, the School District had capital expenditure purchase commitments outstanding of \$95,658,311.

### Capital Lease Obligations

In accordance with generally accepted accounting principles, the leases have been capitalized at the present value of future minimum lease payments and the assets are reflected in the government-wide financial statements and as of June 30, 2017 were:

	Original Lease Amount	Outstanding Amount
Garage Equipment, interest rate of 3.03% payable semiannually through January 15, 2020	\$ 137,543	\$ 137,543
Ricoh Copiers, imputed interest rate of 3.50% payable in monthly installments through October 15, 2017	1,264,227	258,534
Ricoh Copiers, interest rate of 6.39% payable in monthly installments through May 30, 2022	869,705	857,364
Total Capital Lease	<u>\$ 2,271,475</u>	<u>\$ 1,253,441</u>

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Annual debt service requirements to maturity for capital leases are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 456,628	\$ 55,242
2019	209,092	42,725
2020	221,239	30,578
2021	185,620	18,044
2022	180,862	5,830
Total	<u>\$ 1,253,441</u>	<u>\$ 152,419</u>

**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.

**Defeasance of General Obligation Bonds**

In prior years, the District advance refunded a portion of the District's Series 2004A, 2004C, 2009A and 2012B 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, 2017 \$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, \$8,890,313 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.

**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 2017 is \$2,144,705 based on recent history. These expenditures are recognized in the fund where incurred, a majority of which are incurred by the General Fund.

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**7. SHORT-TERM DEBT**

It was necessary for the District to participate in the State of Colorado interest-free loan program by borrowing \$258,500,000 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, 2016	Borrowed	Repayment	June 30, 2017
Balance			Balance
\$0	\$ 258,500,000	\$ 258,500,000	\$0

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**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.
- 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.

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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 five 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 two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two 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.

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**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 eight percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
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	(15.54%)	(14.56%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24- 51-411	4.50%	5.00%
Total Employer Contribution Rate to the DPS Division	2.59%	4.07%

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 \$19,390,936 and \$2,794,908, respectively, for the year ended June 30, 2017.

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

At June 30, 2017 the District reported a liability of \$977,208,287 for its proportionate share of the net pension liability and the component units reported an aggregate liability of \$118,263,713. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the DPS Division for the calendar year 2016 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2016, the District's proportion was 89.20 percent, which is a decrease of 1.00 percent from its proportion measured as of December 31, 2015. The component unit's aggregate proportion was 10.80 percent at December 31, 2016, which is an increase of 1.00 percent from the proportion measured as of December 31, 2015.

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For the year ended June 30, 2017, the District recognized pension expense of \$147,858,181 and the component units recognized pension expense of \$21,360,190. At June 30, 2017, 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	\$ 125,445,351	\$ -
Contributions subsequent to the measurement date	11,377,400	-
Difference between expected and actual experience	24,528,510	(2,049,915)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(9,774,658)
Changes of assumptions or other inputs	<u>143,823,224</u>	<u>(60,974,717)</u>
<b>Total</b>	<b><u>\$ 305,174,485</u></b>	<b><u>\$ (72,799,290)</u></b>

At June 30, 2017, the District's component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (the table below does include charter schools closed during the year and as such will not agree to the charter school information included within Note 14):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 15,222,488	\$ -
Contributions subsequent to the measurement date	1,642,619	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,475,607	(3,755,300)
Difference between expected and actual experience	2,988,342	(244,449)
Changes of assumptions or other inputs	<u>17,405,779</u>	<u>(7,428,648)</u>
<b>Total</b>	<b><u>\$ 52,734,835</u></b>	<b><u>\$ (11,428,397)</u></b>

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There was \$11,377,400 reported as deferred outflows of resources related to pensions for the District and \$1,642,619 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 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>District</b>	
<b>Year ended:</b>	
2018	\$ 68,413,711
2019	68,413,711
2020	59,340,088
2021	24,830,285
Total	<u>\$ 220,997,795</u>

<b>Component units</b>	
<b>Year ended:</b>	
2018	\$ 12,614,344
2019	12,520,703
2020	10,789,936
2021	3,637,222
2022	101,614
Total	<u>\$ 39,663,819</u>

**Actuarial assumptions** - The total pension liability in the December 31, 2015 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
Discount rate	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

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Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

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Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the DPS Division, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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As of the November 18, 2016 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

\*In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

**Discount rate** - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the 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 of 7.25 percent 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, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (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>
<b>Changes for the year:</b>			
Service cost	85,988,000	-	85,988,000
Interest	283,862,000	-	283,862,000
Differences between expected and actual experience	(2,839,000)	-	(2,839,000)
Changes of assumptions or other inputs	205,645,000	-	205,645,000
Contributions - employer	-	17,071,000	(17,071,000)
Contributions - employee	-	54,852,000	(54,852,000)
Net investment income	-	218,415,000	(218,415,000)
Benefit payments, including refunds of employee contributions	(272,071,000)	(272,071,000)	-
Administrative expense	-	(2,754,000)	2,754,000
Other changes	-	3,135,000	(3,135,000)
<b>Net changes</b>	<b>300,585,000</b>	<b>18,648,000</b>	<b>281,937,000</b>
<b>Balances at 12/31/2016</b>	<b>\$ 4,221,449,000</b>	<b>\$ 3,125,977,000</b>	<b>\$ 1,095,472,000</b>

***Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate***

- The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Proportionate share of the net pension liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District	\$ 1,429,238,661	\$ 977,208,287	\$ 603,864,146
Component Units	172,969,339	118,263,713	73,080,854

***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).

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**Membership** - Benefit recipients and members of PERA consisted of the following as of December 31, 2016. These numbers include all recipients and members for the DPS Division, including those from the District's component units.

<b>Classification</b>	<b>Members</b>
Retirees and beneficiaries	6,941
Terminated employees entitled to benefits but not yet receiving benefits	1,374
Inactive members	9,545
Active members	
Vested general employees	6,890
Non-vested general employees	9,060
Total Actives	<u>15,950</u>
Total	<u><u>33,810</u></u>

**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).

**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 years ending 2017, 2016 and 2015, Program members contributed \$2,611,561, \$2,528,155 and \$2,125,881, respectively, for the Voluntary Investment Program.

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**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 2017, 2016 and 2015, the District's contributions to the DPS HCTF were \$6,725,338, \$6,389,748 and \$6,026,646, respectively, equal to their required contributions for each year.

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**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, 2016, the date of the latest actuarial valuation:

Number Retired	3,290
Number Disabled	<u>153</u>
Total	<u><u>3,443</u></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 \$3,181,488 for fiscal year ending June 30, 2017 based on the most recent actual valuation report dated July 1, 2016. The district's Board of Education determines the annual contribution through the budgeting process. The District's current annual contribution amount is budgeted at \$2,640,000, with total contribution of \$3,361,044, including \$721,044 in dividends received for the fiscal year ended June 30, 2017. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net plan obligation.

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**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	\$ 3,073,901
Interest on Amortization	<u>107,587</u>
Annual Required Contribution	3,181,488
Interest on Net OPEB Obligation	115,514
Adjustment to ARC	<u>(325,612)</u>
Annual OPEB Cost	2,971,390
Employer Contributions	<u>(3,361,044)</u>
Increase in Net OPEB Obligation	(389,654)
Net OPEB Obligation - June 30, 2016	<u>3,300,404</u>
Net OPEB Obligation - June 30, 2017	<u>\$ 2,910,750</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 2017, 2016, and 2015, 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, 2017	\$ 2,910,750	\$ 3,181,488	\$ 2,971,390	\$ 3,361,044	113.11%
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%

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**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		Unfunded AAL (UAAL)	Funded Ratio (a/b)
		(AAL) Projected Unit Credit (b)	(b-a)		
July 1, 2016	\$ 7,717,187	\$ 38,874,244	\$ 31,157,057		19.85%

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 (12.2 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 adjusted to 2006 Headcount-Weighted Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (b) life expectancy participants obtained from the RP-2014 adjusted to 2006 Headcount-Weighted Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (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 (DPSRHT). The District transferred postemployment health benefits to PERACare on January 1, 2010.

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## **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 92,000 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, 2017 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, 2017 is \$8,921,634 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 \$11,034,754 as of June 30, 2017.

<b>Fiscal Year <u>Ended</u></b>	<b>Beginning <u>Liability</u></b>	<b>Current Year Claims and Change <u>In Estimate</u></b>	<b>Claim <u>Payments</u></b>	<b>Ending <u>Liability</u></b>
June 30, 2016	\$10,856,466	\$6,794,170	\$6,623,066	\$11,027,570
June 30, 2017	11,027,570	7,070,015	7,062,831	11,034,754

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**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 \$2,936,816 for fiscal year 2017. RMSEL's special education services paid \$112,423 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.

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## **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 20, 2017 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, 2017, the District reported a deficit net position of \$1,357,144,789 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.

As of June 30, 2017 encumbrances for governmental funds were:

Fund	Encumbrances
General	\$ 19,093,835
Special Revenue - Grants	5,687,934
Special Revenue - Food Service	236,546
Building	95,658,311
Capital Reserve	37,480,498
Non-Major Funds	21,356
Total	<u>\$ 158,178,480</u>

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The District leases office facilities, educational facilities, warehouse, parking and office equipment under non-cancellable operating leases. Total expense for such facilities and equipment was \$4,437,484 for the fiscal year ended June 30, 2017. The future minimum operating lease obligations as of June 30, 2017 were as follows:

Year	Governmental Activities
2018	\$ 3,414,543
2019	2,155,287
2020	1,121,441
2021	1,108,872
2022	1,069,882
2023 - 2027	2,783,473
2028 - 2032	808,172
2033	180,153
<b>Total</b>	<b><u>\$ 12,641,823</u></b>

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**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 2017, fiscal year spending was \$1,060,059,535, and the 3% emergency reserve was \$31,801,786, which excludes multi-year obligations of \$134,759. 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 \$27,033,570 equal to 3% of budgeted general fund revenues.

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**14. COMPONENT UNITS**

The District has 30 component units consisting of two blended component units and 28 discretely presented component units.

Change in Reporting Entity

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

Blended Component Units

**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.

**Denver Public Schools Professional Compensation System for Teachers**

The Denver Public Schools Professional Compensation System (“ProComp”) was established following the approval of the 2005 Mill Levy Override as a groundbreaking compensation system that links teacher pay to the instructional mission of the District. 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. The financial information of ProComp is blended with that of the primary government, which is why ProComp 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. Programs administered by the foundation provide a financial benefit to the District in the form of grants, scholarships and special projects which support innovative classroom initiatives and enhance the educational opportunities of District students and staff. In addition, donations to the foundation support various educational programs within the District. Even though the foundation is a separate legal entity and the District is not financially accountable for the foundation, the foundation’s financial statements are included as part of the District’s financial reporting entity because of the nature and significance of the

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relationship between the primary government and the foundation. The foundation solicits donations and manages those funds for the benefit of the students and District.

Complete financial statements for this component unit may be obtained from 1860 Lincoln St, Denver, CO 80203.

### **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 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 27 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
- ACE Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
- 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
- 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 School, 1860 Lincoln Street, Denver CO 80295
- DSST Public Schools, 3401 Quebec St., Suite 7200, Denver, CO 80207
- Girls Athletic Leadership Schools, 750 Galapago Street, Denver CO 80204
- Highline Academy Schools, 2170 S. Dahlia Street, Denver, CO 80222
- 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
- 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
- Rocky Mountain Preparatory Schools, 7808 Cherry Creek South Drive, Denver, CO 80231
- Roots Elementary School, 3350 Hudson Street, Denver, CO 80207
- SOAR Charter School, 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 Preparatory Schools, 2409 Arapahoe Street, Denver, CO 80205
- Venture Prep High School, 2540 Holly Street, Denver, CO 80207
- Wyatt Academy, 3620 Franklin Street, Denver, CO 80205

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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.

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Change in Reporting Entity

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	\$ (10,342,649)
Less:	
Ending net position from charter schools presented in the prior report but not in this report:	
Pioneer Charter School	(2,035,524)
Add:	
Beginning net position for charter management organizations and new schools included in this report but not in the prior report: *	
DSST	43,365,304
University Prep Schools	<u>973,364</u>
Prior period adjustment, net	<u>46,374,192</u>
Beginning net position (deficit), restated	<u>\$ 36,031,543</u>

\* Colorado Senate Bill 16-187 allows a charter school network to meet the statutory requirement for charter school financial audits by completing a single network-wide audit that includes each of the charter schools in the network. DSST and University Prep Schools have both implemented this senate bill effective for the fiscal year ended June 30, 2017. Additionally, each has added new schools to their network. DSST Public School Foundation was formed in 2011 to provide philanthropic support to DSST schools but the Foundation had been inactive prior to fiscal year 2017. DSST also added 3 new schools at Henry Middle School, Conservatory Green High School and Byers High School. University Prep added the Steele Street School this year and submitted a combined audit report with Arapahoe Street School and a home office.

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Component Unit Net Position Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	ACE Community Challenge School	Cesar Chavez Academy Denver
<b>ASSETS</b>					
Assets:					
Cash and investments	\$ 11,494,789	\$ 518,026	\$ 405,210	\$ 469,418	\$ 1,818,047
Restricted cash	-	-	-	-	1,066,127
Receivables:					
Accounts	-	29,248	70,115	20,065	36,150
Grants	-	-	-	-	134,614
Other	455,017	-	-	-	-
Due from CMO	-	-	-	-	-
Prepaid items	-	40,559	2,094	25,971	3,953
Restricted investments	1,853,287	-	-	-	-
Inventory	-	-	-	-	-
Deposits	-	-	-	-	-
Capital assets, net	3,750	545,736	22,799	-	5,223,843
Total assets	<u>13,806,843</u>	<u>1,133,569</u>	<u>500,218</u>	<u>515,454</u>	<u>8,282,734</u>
<b>Deferred Outflows of Resources</b>					
Related to Pensions	<u>-</u>	<u>607,765</u>	<u>366,299</u>	<u>526,303</u>	<u>776,429</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	32,862	3,917	2,405	-	193
Due to CMO	-	-	-	-	-
Grants payable	6,028,744	-	-	-	-
Accrued interest	-	-	-	-	217,351
Accrued payroll	-	-	55,054	400	-
Compensated absences	-	-	-	-	-
Accrued liabilities	-	-	-	25,157	37,306
Deposits	-	-	-	-	-
Deferred revenue	-	31,762	-	-	-
Noncurrent liabilities:					
Due within one year	-	39,267	-	-	80,000
Due in more than one year	-	1,676,705	1,155,389	1,663,535	8,530,759
Total liabilities	<u>6,061,606</u>	<u>1,751,651</u>	<u>1,212,848</u>	<u>1,689,092</u>	<u>8,865,609</u>
<b>Deferred Inflows of Resources</b>					
Deferred Gain on Sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Permanent endowment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Related to Pensions	<u>-</u>	<u>82,670</u>	<u>126,685</u>	<u>107,289</u>	<u>513,308</u>
Total Deferred inflows of resources	<u>-</u>	<u>82,670</u>	<u>126,685</u>	<u>107,289</u>	<u>513,308</u>
<b>NET POSITION</b>					
Net investment in capital assets	<u>-</u>	<u>111,579</u>	<u>22,799</u>	<u>-</u>	<u>(1,081,157)</u>
Restricted for:					
Capital outlay	-	-	2,383	-	-
Emergencies	-	54,000	35,000	220,958	103,000
Debt Service	-	-	-	-	848,776
Donor-Designated purposes	4,822,285	-	-	45,138	-
Unrestricted (deficit)	2,922,952	(258,566)	(533,198)	(1,020,720)	(190,373)
Total net position	<u>\$ 7,745,237</u>	<u>\$ (92,987)</u>	<u>\$ (473,016)</u>	<u>\$ (754,624)</u>	<u>\$ (319,754)</u>

A: Charter expired June 30, 2016

B: Combined report for network of schools

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Colorado High School	Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Subtotal
\$ 1,384,949 13,035	\$ 65,344	\$ 155,404	\$ 1,615,975	\$ 1,119,517	\$ 40,531,659 156,199	\$ 59,578,338 1,235,361
24,886	-	66,757	184,686	5,331	1,514,974	1,952,212
-	225,398	-	-	-	-	360,012
-	-	-	-	-	9,665,453	10,120,470
-	-	-	-	-	-	-
-	1,304	900	53,712	41,309	221,532	391,334
-	-	-	-	-	-	1,853,287
-	-	-	-	-	-	-
61,453	-	-	-	-	-	61,453
3,140,933	18,143	2,033	90,434	152,600	954,004	10,154,275
<u>4,625,256</u>	<u>310,189</u>	<u>225,094</u>	<u>1,944,807</u>	<u>1,318,757</u>	<u>53,043,821</u>	<u>85,706,742</u>
 <u>699,843</u>	 <u>1,161,400</u>	 <u>390,823</u>	 <u>1,917,208</u>	 <u>1,690,530</u>	 <u>-</u>	 <u>8,136,600</u>
 116,059	 7,142	 32,156	 91,705	 20,569	 996,551	 1,303,559
-	-	-	-	-	-	-
-	-	-	-	-	-	6,028,744
8,752	-	-	-	-	-	226,103
158,862	63,742	39,864	343,632	116,352	2,810,927	3,588,833
31,060	-	-	-	-	-	31,060
-	920	-	-	-	-	63,383
-	-	-	-	-	-	-
-	7,203	-	75,400	297,479	-	411,844
 41,382	 -	 -	 -	 -	 -	 160,649
<u>3,589,042</u>	<u>1,555,046</u>	<u>1,223,061</u>	<u>4,593,696</u>	<u>3,074,827</u>	<u>-</u>	<u>27,062,060</u>
<u>3,945,157</u>	<u>1,634,053</u>	<u>1,295,081</u>	<u>5,104,433</u>	<u>3,509,227</u>	<u>3,807,478</u>	<u>38,876,235</u>
 -	 -	 -	 -	 -	 168,400	 168,400
-	-	-	-	-	156,199	156,199
<u>106,953</u>	<u>77,691</u>	<u>109,677</u>	<u>296,268</u>	<u>198,310</u>	<u>-</u>	<u>1,618,851</u>
<u>106,953</u>	<u>77,691</u>	<u>109,677</u>	<u>296,268</u>	<u>198,310</u>	<u>324,599</u>	<u>1,943,450</u>
 -	 18,143	 2,033	 90,434	 152,600	 954,004	 270,435
-	-	-	8,492	-	-	10,875
100,926	72,000	43,000	114,000	115,000	1,448,187	2,306,071
-	-	-	-	-	-	848,776
55,472	-	-	-	-	22,201,302	27,124,197
1,116,591	(330,298)	(833,874)	(1,751,612)	(965,850)	24,308,251	22,463,303
<u>\$ 1,272,989</u>	<u>\$ (240,155)</u>	<u>\$ (788,841)</u>	<u>\$ (1,538,686)</u>	<u>\$ (698,250)</u>	<u>\$ 48,911,744</u>	<u>\$ 53,023,657</u>
					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, 2017**

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Component Unit Net Position Information	Girls Athletic Leadership Schools	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver	Odyssey School of Denver
<b>ASSETS</b>					
Assets:					
Cash and investments	\$ 822,649	\$ 2,057,799	\$ 5,923,672	\$ 419,590	\$ 807,309
Restricted cash	-	935,722	-	963,045	-
Receivables:					
Accounts	101,966	1,903	-	86,174	929
Grants	-	-	820,294	-	31,122
Other	-	-	158,882	-	-
Due from CMO	-	-	-	-	-
Prepaid items	24,760	20,624	210,012	76,728	19,749
Restricted investments	-	-	-	-	-
Inventory	-	11,748	-	-	568
Deposits	-	-	-	-	-
Capital assets, net	35,889	6,188,487	378,258	11,152,315	112,951
Total assets	<u>985,264</u>	<u>9,216,283</u>	<u>7,491,118</u>	<u>12,697,852</u>	<u>972,628</u>
<b>Deferred Outflows of Resources</b>					
Related to Pensions	<u>1,899,089</u>	<u>2,603,260</u>	<u>6,858,228</u>	<u>834,077</u>	<u>591,747</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	29,150	15,539	461,748	50,550	24,512
Due to CMO	-	-	-	-	-
Grants payable	-	-	-	-	-
Accrued interest	-	-	-	28,453	-
Accrued payroll	113,557	-	-	79,194	-
Compensated absences	-	-	-	-	-
Accrued liabilities	-	4,770	381,323	-	238
Deposits	-	500	-	-	-
Deferred revenue	29,229	66,222	144,327	70,562	-
Noncurrent liabilities:					
Due within one year	-	125,000	-	120,000	-
Due in more than one year	<u>3,642,222</u>	<u>13,814,600</u>	<u>15,296,531</u>	<u>10,756,694</u>	<u>1,846,416</u>
Total liabilities	<u>3,814,158</u>	<u>14,026,631</u>	<u>16,283,929</u>	<u>11,105,453</u>	<u>1,871,166</u>
<b>Deferred Inflows of Resources</b>					
Deferred Gain on Sale	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Related to Pensions	<u>234,903</u>	<u>392,100</u>	<u>986,543</u>	<u>132,968</u>	<u>211,036</u>
Total Deferred inflows of resources	<u>234,903</u>	<u>392,100</u>	<u>986,543</u>	<u>132,968</u>	<u>211,036</u>
<b>NET POSITION</b>					
Net investment in capital assets	35,889	(735,791)	378,258	2,428,862	112,951
Restricted for:					
Capital outlay	-	-	89,674	-	-
Emergencies	110,000	243,000	615,599	68,000	67,000
Debt Service	-	-	-	-	-
Donor-designated purposes	-	-	-	-	-
Unrestricted (deficit)	(1,310,597)	(2,106,397)	(4,004,657)	(203,354)	(697,778)
Total net position	<u>\$ (1,164,708)</u>	<u>\$ (2,599,188)</u>	<u>\$ (2,921,126)</u>	<u>\$ 2,293,508</u>	<u>\$ (517,827)</u>

A: Charter expired June 30, 2016

B: Combined report for network of schools

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

Omar D. Blair Charter School	Pioneer Charter School	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Subtotal
\$ 1,391,044	\$ -	\$ 68,207	\$ 1,103,896	\$ 154,482	\$ 3,117,329	\$ 15,865,977
-	-	-	-	-	207,767	2,106,534
18,081	-	14,520	294,420	-	697,688	1,215,681
-	-	-	48,337	99,404	-	999,157
-	-	-	-	-	-	158,882
439,272	-	-	-	-	350,673	789,945
-	-	8,717	5,320	6,616	69,183	441,709
-	-	-	-	-	-	-
-	-	-	-	-	-	12,316
-	-	-	-	5,704	-	5,704
152,692	-	-	16,518	22,127	146,151	18,205,388
2,001,089	-	91,444	1,468,491	288,333	4,588,791	39,801,293
 1,654,280	 -	 906,262	 -	 870,610	 2,929,097	 19,146,650
 12,415	 -	 7,488	 200,621	 21,190	 134,573	 957,786
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	28,453
-	-	-	-	-	-	192,751
-	-	-	-	-	-	-
-	-	-	-	-	-	386,331
-	-	-	-	-	-	500
-	-	-	-	-	6,933	317,273
-	-	-	12,324	-	-	257,324
4,895,847	-	1,380,316	-	1,163,365	6,025,849	58,821,840
4,908,262	-	1,387,804	212,945	1,184,555	6,167,355	60,962,258
 357,867	 -	 89,023	 -	 85,827	 388,635	 2,878,902
 357,867	 -	 89,023	 -	 85,827	 388,635	 2,878,902
 152,692	 -	 -	 16,518	 22,127	 146,151	 2,557,657
 230,000	 -	 38,000	 62,349	 46,000	 207,767	 89,674
-	-	-	-	-	-	1,687,715
-	-	-	-	-	-	-
(1,993,452)	-	(517,121)	1,176,679	(179,566)	607,980	(9,228,263)
 <b>\$ (1,610,760)</b>	 <b>\$ -</b>	 <b>\$ (479,121)</b>	 <b>\$ 1,255,546</b>	 <b>\$ (111,439)</b>	 <b>\$ 961,898</b>	 <b>\$ (4,893,217)</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, 2017

Component Unit Net Position Information	ROOTS	SOAR Charter	Southwest	STRIVE	University
	Elementary School	School	Early College	Preparatory Schools	Preparatory Schools
<b>ASSETS</b>					
Assets:					
Cash and investments	\$ 308,171	\$ 798,187	\$ 755,491	\$ 7,284,814	\$ 2,181,282
Restricted cash	278,553	-	-	-	-
Receivables:					
Accounts	1,190	-	-	627,807	22,871
Grants	323,820	-	46,218	160,091	-
Other	-	-	-	-	-
Due from CMO	-	-	-	-	-
Prepaid items	813	8,745	99	263,693	52,708
Restricted investments	-	-	-	-	-
Inventory	-	-	-	70,941	39,507
Deposits	-	-	-	-	-
Capital assets, net	5,407,497	-	6,716	-	29,170
Total assets	<u>6,320,044</u>	<u>806,932</u>	<u>808,524</u>	<u>8,407,346</u>	<u>2,325,538</u>
<b>Deferred Outflows of Resources</b>					
Related to Pensions	<u>762,393</u>	<u>1,207,149</u>	<u>367,385</u>	<u>16,334,880</u>	<u>4,165,853</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	33,713	3,280	3,244	1,023,235	27,248
Due to CMO	-	-	-	-	-
Grants payable	-	-	-	-	-
Accrued interest	55,320	-	-	-	-
Accrued payroll	-	118,448	43,498	-	3,194
Compensated absences	-	-	-	-	-
Accrued liabilities	9,432	-	16,279	494,275	-
Deposits	-	-	-	-	-
Deferred revenue	-	-	-	104,250	-
Noncurrent liabilities:					
Due within one year	-	-	-	381,781	-
Due in more than one year	<u>6,880,741</u>	<u>3,824,428</u>	<u>973,876</u>	<u>36,927,125</u>	<u>6,447,369</u>
Total liabilities	<u>6,979,206</u>	<u>3,946,156</u>	<u>1,036,897</u>	<u>38,930,666</u>	<u>6,477,811</u>
<b>Deferred Inflows of Resources</b>					
Deferred Gain on Sale	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Related to Pensions	<u>74,896</u>	<u>1,810,191</u>	<u>414,731</u>	<u>2,381,599</u>	<u>415,821</u>
Total Deferred inflows of resources	<u>74,896</u>	<u>1,810,191</u>	<u>414,731</u>	<u>2,381,599</u>	<u>415,821</u>
<b>NET POSITION</b>					
Net investment in capital assets	(284,214)	-	6,716	-	29,170
Restricted for:					
Capital outlay	4,871	2,683	-	-	-
Emergencies	55,000	125,000	44,000	1,125,443	180,500
Debt Service	218,362	-	-	-	-
Donor-designated purposes	-	-	-	-	-
Unrestricted (deficit)	<u>34,316</u>	<u>(3,869,949)</u>	<u>(326,435)</u>	<u>(17,695,482)</u>	<u>(611,911)</u>
Total net position	<u>\$ 28,335</u>	<u>\$ (3,742,266)</u>	<u>\$ (275,719)</u>	<u>\$ (16,570,039)</u>	<u>\$ (402,241)</u>
				B	

A: Charter expired June 30, 2016

B: Combined report for network of schools

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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Venture Prep High School	Wyatt Academy	Total
\$ 478,654	\$ 1,352,366	\$ 88,603,280
-	-	3,620,448
4,854	37,885	3,862,500
-	179,061	2,068,359
-	-	10,279,352
-	-	789,945
12,845	-	1,171,946
-	-	1,853,287
2,110	-	124,874
-	-	67,157
34,540	1,755,590	35,593,176
<u>533,003</u>	<u>3,324,902</u>	<u>148,034,324</u>
 <u>664,475</u>	 <u>1,396,735</u>	 <u>52,182,120</u>
 2,189	 43,418	 3,397,672
-	-	-
-	-	6,028,744
-	7,031	316,907
86,296	174,121	4,207,141
-	-	31,060
-	70,934	1,040,634
-	-	500
-	-	833,367
-	96,294	896,048
<u>2,109,602</u>	<u>4,578,213</u>	<u>147,625,254</u>
<u>2,198,087</u>	<u>4,970,011</u>	<u>164,377,327</u>
 -	 -	 168,400
-	-	156,199
<u>315,101</u>	<u>715,865</u>	<u>10,625,957</u>
<u>315,101</u>	<u>715,865</u>	<u>10,950,556</u>
 34,540	 1,130,622	 3,744,926
4,655	-	112,758
65,655	136,000	5,725,384
-	-	1,067,138
-	-	27,124,197
(1,420,560)	(2,230,861)	(12,885,842)
<u>\$ (1,315,710)</u>	<u>\$ (964,239)</u>	<u>\$ 24,888,561</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, 2017

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Component Unit Activities Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	ACE Community Challenge School	Cesar Chavez Academy Denver
Expenses:					
Instruction	\$ -	\$ 552,986	\$ 609,116	\$ 419,098	\$ 1,419,195
Supporting services	-	1,166,460	841,827	1,280,941	1,066,483
Depreciation	-	-	-	-	-
Interest	-	29,250	-	-	-
Program services	8,092,638	-	-	-	-
Facilities	-	-	-	-	509,700
Technology	-	-	-	-	-
Fundraising	712,133	-	-	-	-
School administration	-	-	-	-	-
Management and general	558,980	-	-	-	-
Total expenses	<u>9,363,751</u>	<u>1,748,696</u>	<u>1,450,943</u>	<u>1,700,039</u>	<u>2,995,378</u>
Program revenues:					
Operating/capital grants and contributions	8,089,707	-	-	-	-
Total program revenues	<u>8,089,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(1,274,044)</u>	<u>(1,748,696)</u>	<u>(1,450,943)</u>	<u>(1,700,039)</u>	<u>(2,995,378)</u>
General revenues:					
Per pupil revenue	-	1,430,908	768,220	1,183,704	2,530,478
Capital construction funding	-	-	-	42,759	90,433
Property tax mill levy override	-	333,661	383,065	510,111	527,339
Investment earnings	222,149	-	-	113	1,179
Interest income	-	280	1,655	-	-
Unrestricted grants and contributions	1,209,688	-	-	-	-
At-risk supplemental aid	-	-	-	-	3,506
Other	-	-	26,469	901	34,592
Transfers	108,000	-	-	-	-
Total general revenues	<u>1,539,837</u>	<u>1,764,849</u>	<u>1,179,409</u>	<u>1,737,588</u>	<u>3,187,527</u>
Change in net position	<u>265,793</u>	<u>16,153</u>	<u>(271,534)</u>	<u>37,549</u>	<u>192,149</u>
Net position - beginning	<u>7,479,444</u>	<u>(109,140)</u>	<u>(201,482)</u>	<u>(792,173)</u>	<u>(511,903)</u>
Change in reporting entity	-	-	-	-	-
Net position - beginning, as restated	<u>7,479,444</u>	<u>(109,140)</u>	<u>(201,482)</u>	<u>(792,173)</u>	<u>(511,903)</u>
Net position - ending	<u>\$ 7,745,237</u>	<u>\$ (92,987)</u>	<u>\$ (473,016)</u>	<u>\$ (754,624)</u>	<u>\$ (319,754)</u>

A: Charter expired June 30, 2016

B: Combined report for network of schools

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

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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Colorado High School	Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Subtotal
\$ 1,184,194 1,647,976	\$ 1,550,960 1,222,197	\$ 849,944 609,929	\$ 3,709,307 2,217,059	\$ 2,443,388 1,159,838	\$ 27,105,152 22,281,804	\$ 39,843,340 33,494,514
-	-	-	-	-	-	-
63,961	-	-	-	-	-	93,211
-	-	-	-	-	-	8,092,638
-	-	-	-	-	-	509,700
-	-	-	-	-	-	-
-	-	-	-	-	-	712,133
-	-	-	-	-	-	-
-	-	-	-	-	-	558,980
<b>2,896,131</b>	<b>2,773,157</b>	<b>1,459,873</b>	<b>5,926,366</b>	<b>3,603,226</b>	<b>49,386,956</b>	<b>83,304,516</b>
-	-	-	-	-	-	8,089,707
-	-	-	-	-	-	8,089,707
<b>(2,896,131)</b>	<b>(2,773,157)</b>	<b>(1,459,873)</b>	<b>(5,926,366)</b>	<b>(3,603,226)</b>	<b>(49,386,956)</b>	<b>(75,214,809)</b>
2,141,578	1,726,229	919,916	4,795,496	2,744,240	36,679,419	54,920,188
-	25,058	-	-	-	-	158,250
1,074,816	314,601	435,428	792,034	457,144	7,022,007	11,850,206
-	37	-	-	-	-	223,478
14,233	-	9	1,327	-	80,075	97,579
-	272,733	-	-	-	-	1,482,421
-	3,124	-	-	-	-	6,630
18,274	11,830	32,763	-	101,583	4,486,981	4,713,393
-	-	-	-	-	-	108,000
<b>3,248,901</b>	<b>2,353,612</b>	<b>1,388,116</b>	<b>5,588,857</b>	<b>3,302,967</b>	<b>48,268,482</b>	<b>73,560,145</b>
<b>352,770</b>	<b>(419,545)</b>	<b>(71,757)</b>	<b>(337,509)</b>	<b>(300,259)</b>	<b>(1,118,474)</b>	<b>(1,654,664)</b>
<b>920,219</b>	<b>179,390</b>	<b>(717,084)</b>	<b>(1,201,177)</b>	<b>(397,991)</b>	<b>6,664,914</b>	<b>11,313,017</b>
-	-	-	-	-	43,365,304	43,365,304
<b>920,219</b>	<b>179,390</b>	<b>(717,084)</b>	<b>(1,201,177)</b>	<b>(397,991)</b>	<b>50,030,218</b>	<b>54,678,321</b>
<b>\$ 1,272,989</b>	<b>\$ (240,155)</b>	<b>\$ (788,841)</b>	<b>\$ (1,538,686)</b>	<b>\$ (698,250)</b>	<b>\$ 48,911,744</b>	<b>\$ 53,023,657</b>

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, 2017

---

Component Unit Activities Information	Girls Athletic Leadership Schools	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver	Odyssey School of Denver
Expenses:					
Instruction	\$ 2,448,463	\$ 5,156,902	\$ 9,887,125	\$ 1,240,656	\$ 1,407,534
Supporting services	1,426,973	2,475,439	10,378,197	973,273	871,267
Depreciation	-	-	-	-	-
Interest	-	571,450	-	455,234	-
Program services	-	-	-	-	-
Facilities	-	-	-	-	-
Technology	-	-	-	-	-
Fundraising	-	-	-	-	-
School administration	-	-	-	-	-
Management and general	-	-	-	-	-
Total expenses	<u>3,875,436</u>	<u>8,203,791</u>	<u>20,265,322</u>	<u>2,669,163</u>	<u>2,278,801</u>
Program revenues:					
Operating/capital grants and contributions	-	-	-	-	-
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(3,875,436)</u>	<u>(8,203,791)</u>	<u>(20,265,322)</u>	<u>(2,669,163)</u>	<u>(2,278,801)</u>
General revenues:					
Per pupil revenue	3,029,130	5,840,768	13,911,397	1,658,105	1,714,680
Capital construction funding	-	-	-	-	34,243
Property tax mill levy override	532,527	1,113,082	3,053,662	378,221	274,009
Investment earnings	-	-	1,513	-	3,512
Interest income	1,278	2,336	-	12,297	-
Unrestricted grants and contributions	-	-	1,840,288	-	145,871
At-risk supplemental aid	-	-	-	-	797
Other	-	870,209	397,966	-	872
Transfers	-	-	-	-	-
Total general revenues	<u>3,562,935</u>	<u>7,826,395</u>	<u>19,204,826</u>	<u>2,048,623</u>	<u>2,173,984</u>
Change in net position	<u>(312,501)</u>	<u>(377,396)</u>	<u>(1,060,496)</u>	<u>(620,540)</u>	<u>(104,817)</u>
Net position - beginning	<u>(852,207)</u>	<u>(2,221,792)</u>	<u>(1,860,630)</u>	<u>2,914,048</u>	<u>(413,010)</u>
Change in reporting entity	-	-	-	-	-
Net position - beginning, as restated	<u>(852,207)</u>	<u>(2,221,792)</u>	<u>(1,860,630)</u>	<u>2,914,048</u>	<u>(413,010)</u>
Net position - ending	<u>\$ (1,164,708)</u>	<u>\$ (2,599,188)</u>	<u>\$ (2,921,126)</u>	<u>\$ 2,293,508</u>	<u>\$ (517,827)</u>

A: Charter expired June 30, 2016

B: Combined report for network of schools

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

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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Omar D. Blair Charter School	Pioneer Charter School	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Subtotal
\$ 4,539,367	\$ -	\$ 920,586	\$ 1,224,789	\$ 854,286	\$ 8,029,934	\$ 35,709,642
-	-	647,397	698,237	920,008	2,037,470	20,428,261
10,491	-	-	-	-	-	10,491
-	-	-	-	-	-	1,026,684
-	-	-	-	-	-	-
982,651	-	-	-	-	-	982,651
343,046	-	-	-	-	-	343,046
-	-	-	-	-	-	-
1,933,415	-	-	-	-	-	1,933,415
-	-	-	-	-	-	-
<b>7,808,970</b>	<b>-</b>	<b>1,567,983</b>	<b>1,923,026</b>	<b>1,774,294</b>	<b>10,067,404</b>	<b>60,434,190</b>
<b>561,937</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>561,937</b>
<b>561,937</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>561,937</b>
<b>(7,247,033)</b>	<b>-</b>	<b>(1,567,983)</b>	<b>(1,923,026)</b>	<b>(1,774,294)</b>	<b>(10,067,404)</b>	<b>(59,872,253)</b>
5,937,736	-	375,290	1,568,942	944,125	5,271,714	40,251,887
-	-	-	-	33,597	-	67,840
1,167,005	-	387,175	688,224	435,460	1,333,541	9,362,906
-	-	170	260	-	3,567	9,022
-	-	-	-	-	-	15,911
-	-	54,000	5,459	174,843	2,253,978	4,474,439
-	-	-	94,363	1,399	-	96,559
155,448	-	389,494	22,813	818	1,631,483	3,469,103
-	-	-	-	-	-	-
<b>7,260,189</b>	<b>-</b>	<b>1,206,129</b>	<b>2,380,061</b>	<b>1,590,242</b>	<b>10,494,283</b>	<b>57,747,667</b>
<b>13,156</b>	<b>-</b>	<b>(361,854)</b>	<b>457,035</b>	<b>(184,052)</b>	<b>426,879</b>	<b>(2,124,586)</b>
<b>(1,623,916)</b>	<b>(2,035,524)</b>	<b>(117,267)</b>	<b>798,511</b>	<b>72,613</b>	<b>535,019</b>	<b>(4,804,155)</b>
-	2,035,524	-	-	-	-	2,035,524
<b>(1,623,916)</b>	<b>-</b>	<b>(117,267)</b>	<b>798,511</b>	<b>72,613</b>	<b>535,019</b>	<b>(2,768,631)</b>
<b>\$ (1,610,760)</b>	<b>\$ -</b>	<b>\$ (479,121)</b>	<b>\$ 1,255,546</b>	<b>\$ (111,439)</b>	<b>\$ 961,898</b>	<b>\$ (4,893,217)</b>

A

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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Component Unit Activities Information	ROOTS Elementary School	SOAR Charter School	Southwest Early College	STRIVE Preparatory Schools	University Preparatory Schools
Expenses:					
Instruction	\$ 923,108	\$ 2,546,309	\$ 593,728	\$ 19,692,394	\$ 3,694,268
Supporting services	1,389,427	1,251,400	744,988	22,797,514	2,198,586
Depreciation	-	-	-	-	-
Interest	-	-	-	3,750	-
Program services	-	-	-	-	-
Facilities	394,673	-	-	-	-
Technology	-	-	-	-	-
Fundraising	-	-	-	-	-
School administration	-	-	-	-	-
Management and general	-	-	-	-	-
Total expenses	<u>2,707,208</u>	<u>3,797,709</u>	<u>1,338,716</u>	<u>42,493,658</u>	<u>5,892,854</u>
Program revenues:					
Operating/capital grants and contributions	-	-	-	-	-
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(2,707,208)</u>	<u>(3,797,709)</u>	<u>(1,338,716)</u>	<u>(42,493,658)</u>	<u>(5,892,854)</u>
General revenues:					
Per pupil revenue	1,004,957	3,291,931	1,091,467	27,139,939	4,275,329
Capital construction funding	35,929	-	39,427	-	-
Property tax mill levy override	302,326	758,248	254,223	5,551,745	1,034,940
Investment earnings	688	1,807	47	52,787	-
Interest income	-	-	-	-	-
Unrestricted grants and contributions	1,040,848	-	1,000	2,873,591	-
At-risk supplemental aid	1,269	-	18,297	-	-
Other	-	47,310	835	559,334	34,939
Transfers	-	-	-	-	-
Total general revenues	<u>2,386,017</u>	<u>4,099,296</u>	<u>1,405,296</u>	<u>36,177,396</u>	<u>5,345,208</u>
Change in net position	<u>(321,191)</u>	<u>301,587</u>	<u>66,580</u>	<u>(6,316,262)</u>	<u>(547,646)</u>
Net position - beginning	<u>349,526</u>	<u>(4,043,853)</u>	<u>(342,299)</u>	<u>(10,253,777)</u>	<u>(827,959)</u>
Change in reporting entity	-	-	-	-	973,364
Net position - beginning, as restated	<u>349,526</u>	<u>(4,043,853)</u>	<u>(342,299)</u>	<u>(10,253,777)</u>	<u>145,405</u>
Net position - ending	<u>\$ 28,335</u>	<u>\$ (3,742,266)</u>	<u>\$ (275,719)</u>	<u>\$ (16,570,039)</u>	<u>\$ (402,241)</u>
					B

A: Charter expired June 30, 2016

B: Combined report for network of schools

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017

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Venture Prep High School	Wyatt Academy	Total
\$ 1,261,433	\$ 2,523,339	\$ 106,787,561
1,196,129	1,865,786	85,366,605
-	-	10,491
-	-	1,123,645
-	-	8,092,638
-	-	1,887,024
-	-	343,046
-	-	712,133
-	-	1,933,415
-	-	558,980
<u>2,457,562</u>	<u>4,389,125</u>	<u>206,815,538</u>
-	-	8,651,644
<u>(2,457,562)</u>	<u>(4,389,125)</u>	<u>(198,163,894)</u>
1,607,406	3,274,860	136,857,964
-	117,143	418,589
376,496	744,423	30,235,513
-	-	287,829
265	-	113,755
-	11,335	9,883,634
-	137,727	260,482
24,025	6,207	8,855,146
-	-	108,000
<u>2,008,192</u>	<u>4,291,695</u>	<u>187,020,912</u>
<u>(449,370)</u>	<u>(97,430)</u>	<u>(11,142,982)</u>
<u>(866,340)</u>	<u>(866,809)</u>	<u>(10,342,649)</u>
<u>-</u>	<u>-</u>	<u>46,374,192</u>
<u>(866,340)</u>	<u>(866,809)</u>	<u>36,031,543</u>
<u>\$ (1,315,710)</u>	<u>\$ (964,239)</u>	<u>\$ 24,888,561</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, 2017

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**15. SUBSEQUENT EVENTS**

On July 6, 2017, Denver Public Schools purchased approximately 10 acres of land for \$7,041,615. This land will be developed into a new elementary school in the Stapleton area and will hold approximately 800 to 850 students. There will be three Early Childhood Education classrooms as well as five classrooms per grade from kindergarten through fifth grade. The school is expected to be completed and open for the fall of 2018.

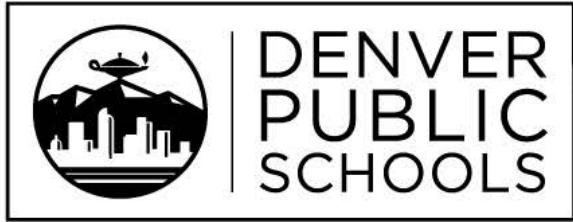
On October 17, 2017, Denver Public Schools purchased the land and building located at 11200 E 45<sup>th</sup> Avenue for \$11.1 million. This purchase will allow the District to provide a school for the growing population in the northeast quadrant of the District.



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## 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, 2017  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 87,036	\$ 94,542	\$ 94,542	\$ -
<b>Beginning funds available</b>				
REVENUES				
Taxes	497,447	556,969	559,686	2,717
State sources	346,597	332,365	334,509	2,144
Federal sources	1,000	1,000	1,051	51
Local sources	15,184	22,591	62,229	39,638
Total revenues	860,228	912,925	957,475	44,550
EXPENDITURES				
Employee salaries	493,498	498,777	502,962	(4,185)
Employee benefits	61,796	62,817	63,367	(550)
Charter school	131,602	145,165	135,854	9,311
Supplies and materials	41,316	49,124	54,323	(5,199)
Purchased services	46,524	46,799	101,723	(54,924)
Property	2,868	5,155	8,144	(2,989)
Debt service principal	18,780	18,780	19,963	(1,183)
Debt service interest	45,775	45,775	46,198	(423)
Other expenses	34,293	17,132	2,661	14,471
Appropriated reserves	58,545	75,612	-	75,612
Total expenditures	934,997	965,136	935,195	29,941
Excess (deficiency) of revenues over expenditures	(74,769)	(52,211)	22,280	74,491
OTHER FINANCING SOURCES (USES)				
Interfund transfers	5,509	4,875	3,194	(1,681)
Other sources	-	-	2,134	2,134
Total other financing sources (uses)	5,509	4,875	5,328	453
Total appropriation	929,488	960,261	929,867	30,394
Unappropriated reserves	\$ 17,776	\$ 47,208		\$ 47,208
Net change in funds available			27,608	
Ending funds available			\$ 122,150	

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, 2017**  
**Amount in 000's**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 18,391	\$ 30,382	\$ 19,882	\$ (10,500)
<b>REVENUES</b>				
State sources	18,352	19,726	19,317	(409)
Federal sources	80,887	83,569	77,059	(6,510)
Local sources	17,072	23,498	23,660	162
Total revenues	<u>116,311</u>	<u>126,793</u>	<u>120,036</u>	<u>(6,757)</u>
<b>EXPENDITURES</b>				
Employee salaries	57,814	51,195	61,336	(10,141)
Employee benefits	15,459	13,475	15,569	(2,094)
Charter school	8,481	9,141	-	9,141
Supplies and materials	7,009	5,489	6,546	(1,057)
Purchased services	20,381	34,965	28,866	6,099
Property	1,878	1,959	1,697	262
Other expenses	15,000	13,828	8,927	4,901
Appropriated reserves	1,894	17,528	-	17,528
Total expenditures	<u>127,916</u>	<u>147,580</u>	<u>122,941</u>	<u>24,639</u>
Excess (deficiency) of revenues over expenditures	<u>(11,605)</u>	<u>(20,787)</u>	<u>(2,905)</u>	<u>17,882</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(596)	38	97	59
Total other financing sources (uses)	<u>(596)</u>	<u>38</u>	<u>97</u>	<u>59</u>
Total appropriation	128,512	147,542	122,844	24,698
Unappropriated reserves	\$ 6,190	\$ 9,633	\$ (2,808)	\$ 9,633
Net change in funds available				
Ending funds available			\$ 17,074	

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, 2017  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	141	\$	141
Beginning funds available	\$ -	\$ 141	\$ -	\$ -
<b>REVENUES</b>				
State sources	330	330	720	390
Federal sources	36,440	37,940	36,403	(1,537)
Local sources	5,587	5,587	5,338	(249)
Total revenues	<u>42,357</u>	<u>43,857</u>	<u>42,461</u>	<u>(1,396)</u>
<b>EXPENDITURES</b>				
Employee salaries	16,563	16,563	17,485	(922)
Employee benefits	3,637	3,637	3,681	(44)
Supplies and materials	21,237	21,237	20,763	474
Purchased services	833	833	920	(87)
Property	103	103	186	(83)
Other expenses	77	1,577	25	1,552
Appropriated reserves	650	791	-	791
Total expenditures	<u>43,100</u>	<u>44,741</u>	<u>43,060</u>	<u>1,681</u>
Excess (deficiency) of revenues over expenditures	<u>(743)</u>	<u>(884)</u>	<u>(599)</u>	<u>285</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	743	743	743	-
Total other financing sources (uses)	<u>743</u>	<u>743</u>	<u>743</u>	<u>-</u>
Total appropriation	42,357	43,998	43,803	(195)
Unappropriated reserves	\$ -	\$ -	\$ -	\$ -
Net change in funds available			144	
Ending funds available			<u>\$ 285</u>	

**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, 2017**  
**Amount in 000's**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 19,043	\$ 18,345	\$ 18,345	\$ -
<b>REVENUES</b>				
Taxes	32,072	32,072	32,317	245
Local sources	712	712	70	(642)
Total revenues	<u>32,784</u>	<u>32,784</u>	<u>32,387</u>	<u>(397)</u>
<b>EXPENDITURES</b>				
Employee salaries	38,058	38,058	33,130	4,928
Employee benefits	6,448	6,448	5,638	810
Supplies and materials	1,202	1,202	-	1,202
Purchased services	240	240	127	113
Appropriated reserves	1,500	1,500	-	1,500
Total expenditures	<u>47,448</u>	<u>47,448</u>	<u>38,895</u>	<u>8,553</u>
Excess (deficiency) of revenues over expenditures	<u>(14,664)</u>	<u>(14,664)</u>	<u>(6,508)</u>	<u>8,156</u>
Total appropriation	47,448	47,448	38,895	8,553
Unappropriated reserves	<u>\$ 4,380</u>	<u>\$ 3,682</u>	<u>(6,508)</u>	<u>\$ 3,682</u>
Net change in funds available				
Ending funds available			<u>\$ 11,837</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

	2017	2016	2015
Total pension liability			
Service cost at end of year	\$ 85,988,000	\$ 82,079,000	\$ 76,564,000
Interest	283,862,000	281,752,000	274,862,000
Changes of benefit terms			-
Difference between expected and actual experience	(2,839,000)	45,767,000	(174,000)
Changes of assumptions or other inputs	205,645,000	(113,772,000)	-
Benefit payments, including refunds of active member contributions and disability premiums	(272,071,000)	(263,323,000)	(255,434,000)
Net change in total pension liability	<u>300,585,000</u>	<u>32,503,000</u>	<u>95,818,000</u>
Total pension liability - beginning	<u>3,920,864,000</u>	<u>3,888,361,000</u>	<u>3,792,543,000</u>
Total pension liability - ending (a)	<u>4,221,449,000</u>	<u>3,920,864,000</u>	<u>3,888,361,000</u>
Plan fiduciary net position			
Contributions - employer	17,071,000	8,494,000	18,478,000
Contributions - active member (includes purchased service)	54,852,000	53,558,000	49,409,000
Net investment income	218,415,000	49,172,000	182,823,000
Benefit payments (includes refunds and disability premiums)	(272,071,000)	(263,323,000)	(255,434,000)
Administrative expense	(2,754,000)	(2,599,000)	(2,377,000)
Other additions and deductions	3,135,000	(1,764,000)	(1,547,000)
Net change in plan fiduciary net position	<u>18,648,000</u>	<u>(156,462,000)</u>	<u>(8,648,000)</u>
Plan fiduciary net position - beginning	<u>3,107,329,000</u>	<u>3,263,791,000</u>	<u>3,272,439,000</u>
Plan fiduciary net position - ending (b)	<u>3,125,977,000</u>	<u>3,107,329,000</u>	<u>3,263,791,000</u>
Collective net pension liability - ending (a)-(b)	<u>\$ 1,095,472,000</u>	<u>\$ 813,535,000</u>	<u>\$ 624,570,000</u>
Plan fiduciary net position as a percentage of the total pension liability	74.05%	79.25%	83.94%
Covered-employee payroll	642,177,000	621,115,000	584,319,000
District's net pension liability as a percentage of covered-employee payroll	170.59%	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, 2017**

	2017	2016	2015
Statutorily required contribution	\$ 28,350,807	\$ 19,062,452	\$ 14,129,112
Contributions in relation to the statutorily required contribution	28,350,807	19,062,452	14,129,112
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 649,296,499	\$ 626,445,854	\$ 590,847,652
Contributions as a percentage of covered-employee payroll	4.37%	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	December 31, 2015	December 31, 2014
<b>Methods and assumptions used to determine contribution rates:</b>			
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Remaining amortization period	30 Years, Open	30 Years, Open	30 Years, Open
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Inflation	2.80% annually	2.80% annually	2.80% annually
Salary increases	3.90% - 10.10% Inclusive of wage inflation	3.90% - 10.85% Inclusive of wage inflation	3.90% - 10.10% Inclusive of wage inflation
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	2.00%	2.00%	2.00%
PERA benefit structure hired after 12/31/06	0.00%, as financed by the AIR	0.00%, as financed by the AIR	0.00%, as financed by the AIR
Investment rate of return	7.25%	7.50%	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, 2017

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**1. 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)			
July 1, 2016	\$ 7,717,187	\$ 38,874,244		\$ 31,157,057	19.85%
July 1, 2014	6,602,534	38,888,814		32,286,280	16.98%
July 1, 2012	6,352,302	39,562,664		33,210,362	16.06%

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 (12.2 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 adjusted to 2006 Headcount-Weighted Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (b) life expectancy participants obtained from the RP-2014 adjusted to 2006 Headcount-Weighted Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (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, 2017

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

2016 Changes in Plan Provisions Since 2015

- 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.

2016 Changes in Assumptions or Other Inputs Since 2015

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, for males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.



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## 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  
JUNE 30, 2017

	Pupil Activity Special Revenue Fund	Tuition Special Revenue Fund	Permanent Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents and investments	\$ -	\$ -	\$ 121,038	\$ 121,038
Other receivables	2,167	-	22	2,189
Due from other funds	3,565,487	9,541	9,932	3,584,960
Total assets	<u><u>3,567,654</u></u>	<u><u>9,541</u></u>	<u><u>130,992</u></u>	<u><u>3,708,187</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	62,369	9,541	-	71,910
Total liabilities	<u><u>62,369</u></u>	<u><u>9,541</u></u>	<u><u>-</u></u>	<u><u>71,910</u></u>
Fund balances:				
Nonspendable:				
Permanent fund	-	-	130,992	130,992
Committed to:				
Pupil Activities	3,505,285	-	-	3,505,285
Total fund balances	<u><u>3,505,285</u></u>	<u><u>-</u></u>	<u><u>130,992</u></u>	<u><u>3,636,277</u></u>
Total liabilities and fund balances	<u><u>\$ 3,567,654</u></u>	<u><u>\$ 9,541</u></u>	<u><u>\$ 130,992</u></u>	<u><u>\$ 3,708,187</u></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  
JUNE 30, 2017

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	Pupil Activity Special Revenue Fund	Tuition Special Revenue Fund	Permanent Fund	Total
<b>REVENUES</b>				
Charge for services	\$ 317,536	\$ 16,579,673	\$ -	\$ 16,897,209
Investment income	-	-	2,439	2,439
Other local sources	332,974	151,123	-	484,097
Total revenues	<u>650,510</u>	<u>16,730,796</u>	<u>2,439</u>	<u>17,383,745</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction	-	9,092,349	-	9,092,349
Special education	-	365,350	-	365,350
Other instruction	3,900,160	-	-	3,900,160
Total instruction	<u>3,900,160</u>	<u>9,457,699</u>	<u>-</u>	<u>13,357,859</u>
Support services:				
Pupil supporting services	-	312,716	-	312,716
Instructional support	1,234,762	2,078,173	-	3,312,935
School administration	-	625,169	-	625,169
Total support services	<u>1,234,762</u>	<u>3,016,058</u>	<u>-</u>	<u>4,250,820</u>
Community services	-	127,298	-	127,298
Capital outlay	16,582	-	-	16,582
Total expenditures	<u>5,151,504</u>	<u>12,601,055</u>	<u>-</u>	<u>17,752,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,500,994)</u>	<u>4,129,741</u>	<u>2,439</u>	<u>(368,814)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	4,837,680	-	-	4,837,680
Transfers out	-	(9,480,656)	-	(9,480,656)
Total other financing sources	<u>4,837,680</u>	<u>(9,480,656)</u>	<u>-</u>	<u>(4,642,976)</u>
Net change in fund balances	<u>336,686</u>	<u>(5,350,915)</u>	<u>2,439</u>	<u>(5,011,790)</u>
Fund balances - beginning	<u>3,168,599</u>	<u>5,350,915</u>	<u>128,553</u>	<u>8,648,067</u>
Fund balances - ending	<u>\$ 3,505,285</u>	<u>\$ -</u>	<u>\$ 130,992</u>	<u>\$ 3,636,277</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, 2017

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	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>ASSETS</b>				
Cash	\$ 2,964,365	5,415,335	5,535,976	\$ 2,843,724
<b>LIABILITIES</b>				
Due to student groups	\$ 2,964,365	5,415,335	5,535,976	\$ 2,843,724



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## 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, 2017  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 113,603	\$ 140,281	\$ 140,281	\$ -
Beginning funds available				
<b>REVENUES</b>				
Taxes	111,739	111,739	125,449	13,710
Local sources	400	400	1,208	808
Total revenues	<u>112,139</u>	<u>112,139</u>	<u>126,657</u>	<u>14,518</u>
<b>EXPENDITURES</b>				
Purchased services	65	65	-	65
Debt service principal	70,467	70,467	70,210	257
Debt service interest	58,575	58,575	66,161	(7,586)
Appropriated reserves	96,565	123,242	-	123,242
Total expenditures	<u>225,672</u>	<u>252,349</u>	<u>136,371</u>	<u>115,978</u>
Excess (deficiency) of revenues over expenditures	<u>(113,533)</u>	<u>(140,210)</u>	<u>(9,714)</u>	<u>130,496</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(70)	(70)	(422)	352
Total other financing sources (uses)	<u>(70)</u>	<u>(70)</u>	<u>(422)</u>	<u>352</u>
Total appropriation	225,742	252,419	136,793	115,626
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in funds available			(10,136)	
Ending funds available			<u>\$ 130,145</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, 2017**  
**Amount in 000's**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 49,211	\$ 87,492	\$ 87,492	\$ -
<b>REVENUES</b>				
Local sources	276	276	3,134	2,858
Total revenues	<u>276</u>	<u>276</u>	<u>3,134</u>	<u>2,858</u>
<b>EXPENDITURES</b>				
Employee salaries	7,580	7,580	7,383	197
Employee benefits	1,639	1,639	1,607	32
Supplies and materials	-	-	358	(358)
Purchased services	-	-	5,257	(5,257)
Property	40,269	140,269	143,191	(2,922)
Other expenses	-	-	271	(271)
Appropriated reserves	-	68,281	-	68,281
Total expenditures	<u>49,488</u>	<u>217,769</u>	<u>158,067</u>	<u>59,702</u>
Excess (deficiency) of revenues over expenditures	<u>(49,212)</u>	<u>(217,493)</u>	<u>(154,933)</u>	<u>62,560</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	-	-	(3,027)	(3,027)
Other sources	-	535,000	540,722	5,722
Total other financing sources (uses)	<u>-</u>	<u>535,000</u>	<u>537,695</u>	<u>2,695</u>
Total appropriation	<u>49,488</u>	<u>(317,231)</u>	<u>(379,628)</u>	<u>62,397</u>
Unappropriated reserves	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ 405,000</u>	<u>\$ 405,000</u>
Net change in funds available			382,762	
Ending funds available			<u>\$ 470,254</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, 2017  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 15,267	\$ 17,027	\$ 17,027	\$ -
Beginning funds available				
<b>REVENUES</b>				
Federal sources	-	-	3,526	3,526
Local sources	30,476	30,476	35,006	4,530
Total revenues	<u>30,476</u>	<u>30,476</u>	<u>38,532</u>	<u>8,056</u>
<b>EXPENDITURES</b>				
Supplies and materials	-	-	3,860	(3,860)
Purchased services	4,060	4,060	3,956	104
Property	10,963	10,963	16,014	(5,051)
Debt service principal	21,884	21,884	950	20,934
Debt service interest	-	-	3,846	(3,846)
Appropriated reserves	2,413	4,173	-	4,173
Total expenditures	<u>39,320</u>	<u>41,080</u>	<u>28,626</u>	<u>12,454</u>
Excess (deficiency) of revenues over expenditures	<u>(8,844)</u>	<u>(10,604)</u>	<u>9,906</u>	<u>20,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(6,424)	(6,424)	3,974	10,398
Other sources	-	-	53,062	53,062
Total other financing sources (uses)	<u>(6,424)</u>	<u>(6,424)</u>	<u>57,036</u>	<u>63,460</u>
Total appropriation	<u>45,744</u>	<u>47,504</u>	<u>(28,410)</u>	<u>75,914</u>
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,942</u>	<u>\$ -</u>
Net change in funds available				
Ending funds available			<u>\$ 83,969</u>	

**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, 2017**  
**Amount in 000's**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 7,620	\$ 7,620	\$ 8,654	\$ 1,034
<b>REVENUES</b>				
Local sources	2,172	2,172	3,592	1,420
Total revenues	<u>2,172</u>	<u>2,172</u>	<u>3,592</u>	<u>1,420</u>
<b>EXPENDITURES</b>				
Employee benefits	2,380	2,380	2,580	(200)
Other expenses	-	-	4	(4)
Appropriated reserves	7,412	7,412	-	7,412
Total expenditures	<u>9,792</u>	<u>9,792</u>	<u>2,584</u>	<u>7,208</u>
Excess (deficiency) of revenues over expenditures	(7,620)	(7,620)	1,008	8,628
Total appropriation	9,792	9,792	2,584	7,208
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>1,008</u>	<u>\$ -</u>
Net change in funds available			\$ 9,662	
Ending funds available			<u>\$ 9,662</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, 2017  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 2,178	\$ 3,169	\$ 3,169	\$ -
<b>REVENUES</b>				
Local sources	874	810	651	(159)
Total revenues	<u>874</u>	<u>810</u>	<u>651</u>	<u>(159)</u>
<b>EXPENDITURES</b>				
Employee salaries	2,217	2,217	2,754	(537)
Employee benefits	416	416	497	(81)
Supplies and materials	553	553	557	(4)
Purchased services	977	913	1,011	(98)
Property	28	28	25	3
Other expenses	1,700	1,700	309	1,391
Appropriated reserves	1,998	2,989	-	2,989
Total expenditures	<u>7,889</u>	<u>8,816</u>	<u>5,153</u>	<u>3,663</u>
Excess (deficiency) of revenues over expenditures	<u>(7,015)</u>	<u>(8,006)</u>	<u>(4,502)</u>	<u>3,504</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	4,838	4,838	4,838	-
Total other financing sources (uses)	<u>4,838</u>	<u>4,838</u>	<u>4,838</u>	<u>-</u>
Total appropriation	3,051	3,978	315	(3,663)
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in funds available			336	
Ending funds available			<u>\$ 3,505</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
PERMANENT FUND  
YEAR ENDED JUNE 30, 2017**  
**Amount in 000's**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 129	\$ 129	\$ 129	\$ -
<b>REVENUES</b>				
Local sources	-	-	2	2
Total revenues	-	-	2	2
<b>EXPENDITURES</b>				
Supplies and materials	129	129	-	129
Total expenditures	129	129	-	129
Excess (deficiency) of revenues over expenditures	(129)	(129)	2	131
Total appropriation	129	129	-	129
Unappropriated reserves	\$ -	\$ -	2	\$ -
Net change in funds available			\$ 131	
Ending funds available			\$ 131	

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, 2017  
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	\$ 5,000	\$ 5,351	\$ 5,351	\$ -
<b>REVENUES</b>				
Local sources	15,400	16,170	16,731	561
Total revenues	15,400	16,170	16,731	561
<b>EXPENDITURES</b>				
Employee salaries	7,789	9,103	8,628	475
Employee benefits	2,163	2,525	2,376	149
Supplies and materials	1,001	1,015	671	344
Purchased services	250	263	334	(71)
Property	140	140	88	52
Other expenses	2,441	1,532	504	1,028
Appropriated reserves	2,617	2,943	-	2,943
Total expenditures	16,401	17,521	12,601	4,920
Excess (deficiency) of revenues over expenditures	(1,001)	(1,351)	4,130	5,481
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(4,000)	(4,000)	(9,481)	(5,481)
Total other financing sources (uses)	(4,000)	(4,000)	(9,481)	(5,481)
Total appropriation	20,401	21,521	22,082	(561)
Unappropriated reserves	\$ -	\$ -		\$ -
Net change in funds available			(5,351)	
Ending funds available			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE  
WAREHOUSE FUND  
YEAR ENDED JUNE 30, 2017**  
**Amount in 000's**

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 22	\$ 22	\$ 1	\$ (21)
Beginning funds available				
<b>REVENUES</b>				
Local sources	902	902	642	(260)
Total revenues	<u>902</u>	<u>902</u>	<u>642</u>	<u>(260)</u>
<b>EXPENDITURES</b>				
Employee salaries	72	72	97	(25)
Employee benefits	19	19	26	(7)
Supplies and materials	629	629	185	444
Purchased services	204	204	418	(214)
Appropriated reserves	1	1	-	1
Total expenditures	<u>925</u>	<u>925</u>	<u>726</u>	<u>199</u>
Excess (deficiency) of revenues over expenditures	(23)	(23)	(84)	(61)
Interfund transfers	-	-	83	83
Total appropriation	925	925	643	(282)
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ -</u>
Net change in funds available				
Ending funds available			<u>\$ -</u>	



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## Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental		+ 93,644,133	809,265,921	780,975,771	= 121,934,282
10 General Fund		0	0	0	0
18 Risk Mgmt Sub-Fund of General Fund		898,348	17,681,303	18,364,557	215,594
19 Colorado Preschool Program Fund		<b>94,542,481</b>	<b>826,947,724</b>	<b>799,340,328</b>	<b>122,149,876</b>
<b>Sub- Total</b>					
11 Charter School Fund		76,023,986	210,395,435	202,556,275	83,863,146
20,26-29 Special Revenue Fund		23,696,243	39,637,009	51,495,886	11,837,366
06 Supplemental Cap Const. Tech, Main. Fund		0	0	0	0
21 Food Service Spec Revenue Fund		140,930	43,204,009	43,059,739	285,200
22 Govt Designated-Purpose Grants Fund		19,881,856	120,133,497	122,941,315	17,074,048
23 Pupil Activity/Special Revenue Fund		3,168,599	5,488,191	5,151,304	3,505,286
24 Full Day Kindergarten Mill Levy Override		0	0	0	0
25 Transportation Fund		0	0	0	0
31 Bond Redemption Fund		140,280,739	126,234,854	136,370,807	130,144,786
39 Certificate of Participation (COP) Debt Service Fund		0	0	0	0
41 Building Fund		87,492,007	540,829,753	158,067,625	470,254,135
42 Special Building Fund		0	0	0	0
43 Capital Reserve Capital Projects Fund		17,027,073	95,568,171	28,625,799	83,969,446
46 Supplemental Cap Const. Tech, Main Fund		0	0	0	0
<b>Totals</b>		<b>462,253,924</b>	<b>2,008,438,642</b>	<b>1,547,609,277</b>	<b>923,083,289</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		1,207	138,451	139,658	0
<b>Totals</b>		<b>1,207</b>	<b>138,451</b>	<b>139,658</b>	<b>0</b>
<b>Fiduciary</b>					
70 Other Trust and Agency Funds		0	0	0	0
72 Private Purpose Trust Fund		8,654,099	3,592,206	2,584,194	9,662,112
73 Agency Fund		0	0	0	0
74 Pupil Activity Agency Fund		2,964,365	5,415,335	5,335,976	2,847,724
79 GaSB 34 Permanent Fund		128,553	2,439	0	130,992
85 Foundations		7,479,444	9,629,544	9,363,751	7,745,237
<b>Totals</b>		<b>19,226,462</b>	<b>18,639,524</b>	<b>17,483,321</b>	<b>20,382,065</b>



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## STATISTICAL SECTION

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

STATISTICAL SECTION  
YEAR ENDED JUNE 30, 2017

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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.

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<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.	
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<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
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Property Tax Rates per \$1,000 of Assessed Valuation - Direct and All Overlapping Governments	167
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**SCHOOL DISTRICT NO. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (Unaudited)**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 148,648,229	\$ 104,965,907	\$ 118,645,799	\$ 130,564,763	\$ 135,651,903
Restricted	648,556,477	290,705,891	391,653,002	175,105,064	192,765,619
Unrestricted (deficit)	(2,154,349,495)	(1,652,698,513)	(1,702,868,865)	(961,343,671)	(977,859,419)
Total governmental activities net position (deficit)	<b>\$ (1,357,144,789)</b>	<b>\$ (1,257,026,715)</b>	<b>\$ (1,192,570,064)</b>	<b>\$ (655,673,844)</b>	<b>\$ (649,441,897)</b>
<b>Business-type activities*</b>					
Net investment in capital assets	-	-	-	643,501	463,179
Unrestricted (deficit)	-	-	-	(760,348)	(383,151)
Total business-type activities net position (deficit)	<b>-</b>	<b>-</b>	<b>-</b>	<b>(116,847)</b>	<b>80,028</b>
<b>Primary government</b>					
Net investment in capital assets	148,648,229	104,965,907	118,645,799	131,208,264	136,115,082
Restricted	648,556,477	290,705,891	391,653,002	175,105,064	192,765,619
Unrestricted (deficit)	(2,154,349,495)	(1,652,698,513)	(1,702,868,865)	(962,104,019)	(978,242,570)
Total primary government net position (deficit)	<b>\$ (1,357,144,789)</b>	<b>\$ (1,257,026,715)</b>	<b>\$ (1,192,570,064)</b>	<b>\$ (655,790,691)</b>	<b>\$ (649,361,869)</b>
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 145,041,564	\$ 158,129,481	\$ 155,415,742	\$ 156,461,727	\$ 156,815,186
Restricted	254,525,804	249,496,173	80,477,836	75,749,943	69,420,889
Unrestricted (deficit)	(1,051,331,251)	(1,008,068,262)	(871,873,175)	(894,565,007)	(880,304,592)
Total governmental activities net position (deficit)	<b>\$ (651,763,883)</b>	<b>\$ (600,442,608)</b>	<b>\$ (635,979,597)</b>	<b>\$ (662,353,337)</b>	<b>\$ (654,068,517)</b>
<b>Business-type activities</b>					
Net investment in capital assets	506,458	444,862	481,124	482,212	595,253
Unrestricted (deficit)	1,747,768	4,413,742	7,361,642	7,055,398	7,217,883
Total business-type activities net position (deficit)	<b>2,254,226</b>	<b>4,858,604</b>	<b>7,842,766</b>	<b>7,537,610</b>	<b>7,813,136</b>
<b>Primary government</b>					
Net investment in capital assets	145,548,022	158,574,343	155,896,866	156,943,939	157,410,439
Restricted	254,525,804	249,496,173	80,477,836	75,749,943	69,420,889
Unrestricted (deficit)	(1,049,583,483)	(1,003,654,520)	(864,511,533)	(887,509,609)	(873,086,709)
Total primary government net position (deficit)	<b>\$ (649,509,657)</b>	<b>\$ (595,584,004)</b>	<b>\$ (628,136,831)</b>	<b>\$ (654,815,727)</b>	<b>\$ (646,255,381)</b>

Source: School District annual financial reports for the respective years

\* From FY15 the District will no longer have business type activities - Food Services was classified as Special Revenue Fund

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



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

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Expenses:</b>					
Governmental activities:					
Instructional services	\$ 661,536,065	\$ 668,873,429	\$ 606,202,845	\$ 525,401,180	\$ 507,722,226
Supporting services:					
Pupil support	58,337,272	45,246,471	36,294,290	30,804,590	29,638,062
Instructional support	114,572,496	111,594,016	113,735,904	89,761,367	81,086,728
General administration	6,964,963	6,096,731	5,299,658	5,862,233	6,652,309
School administration	77,079,051	69,544,540	65,203,286	57,364,780	58,734,139
Business services	12,957,204	8,609,001	6,971,488	9,069,995	7,487,603
Operation and maintenance	91,074,789	79,314,548	74,977,465	68,752,560	69,409,493
Pupil transportation	25,164,705	26,012,440	22,571,539	22,069,496	22,182,306
Central services	176,620,151	134,964,286	126,422,167	139,191,526	74,998,203
Other support services	51,052,612	48,582,600	47,742,261	4,570,465	4,045,531
Community services	16,515,410	14,566,660	12,899,167	11,611,773	10,497,464
Education for adults	20,508,759	17,828,984	17,810,825	14,527,846	14,790,637
Food services	-	-	-	43,974	96,963
Interest on long-term debt	137,843,846	128,003,672	127,899,257	117,380,359	113,073,282
Total governmental activities expenses	1,449,627,323	1,359,037,378	1,264,030,152	1,096,412,144	1,000,414,946
Business-type activities:					
Food services	-	-	-	38,774,528	36,404,972
Total business-type activities expenses	-	-	-	38,774,528	36,404,972
Total primary government expenses	1,449,627,323	1,359,037,378	1,264,030,152	1,135,186,672	1,036,819,918
<b>Program revenues:</b>					
Governmental activities:					
Charges for services - Instructional	33,194,921	29,805,479	27,970,405	24,268,736	29,467,729
Charges for services - Other	30,514,695	27,398,922	25,712,014	22,309,227	12,389,843
Operating grants and contributions	214,428,461	212,702,661	221,919,647	170,631,292	163,451,886
Total governmental activities program revenues	278,138,077	269,907,062	275,602,066	217,209,255	205,309,458
Business-type activities:					
Food services	-	-	-	4,388,602	4,026,244
Operating grants and contributions	-	-	-	34,152,589	30,190,114
Total business-type activities program revenues	-	-	-	38,541,191	34,216,358
Total primary government program revenues	278,138,077	269,907,062	275,602,066	255,750,446	239,525,816
Net Expenses					
Governmental activities	(1,171,489,246)	(1,089,130,316)	(988,428,086)	(879,202,889)	(795,105,488)
Business-type activities	-	-	-	(233,337)	(2,188,614)
Total primary government net expense	(1,171,489,246)	(1,089,130,316)	(988,428,086)	(879,436,226)	(797,294,102)
<b>General revenues and other changes in net position:</b>					
Governmental activities:					
Property taxes	671,768,786	623,495,039	512,100,229	545,898,621	498,552,760
Specific ownership taxes	44,805,199	40,303,943	36,829,683	33,376,380	30,035,934
Payment in lieu of taxes	2,828,616	2,522,094	2,489,581	2,492,618	2,143,237
State equalization	296,486,570	294,025,391	331,479,392	282,036,930	257,727,049
Interest and investment income	5,922,616	1,958,554	2,481,057	7,214,663	5,904,892
Other	49,559,385	62,368,644	35,645,024	12,430,956	5,867,733
Transfers	-	-	-	-	-
Special items	-	-	-	-	-
Total governmental activities	1,071,371,172	1,024,673,665	921,024,966	883,450,168	800,231,605
Business-type activities:					
Interest and investment income	-	-	-	-	-
Other	-	-	-	36,462	14,416
Transfers	-	-	-	-	-
Total business-type activities	-	-	-	36,462	14,416
Total primary government	1,071,371,172	1,024,673,665	921,024,966	883,486,630	800,246,021
Change in net position					
Governmental activities	(100,118,074)	(64,456,651)	(67,403,120)	4,247,279	5,126,117
Business-type activities	-	-	-	(196,875)	(2,174,198)
Total primary government	\$ (100,118,074)	\$ (64,456,651)	\$ (67,403,120)	\$ 4,050,404	\$ 2,951,919

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. 1  
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

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

	2012	2011	2010	2009	2008
<b>Expenses:</b>					
Governmental activities:					
Instructional services	\$ 477,604,430	\$ 474,240,486	\$ 476,278,700	\$ 422,627,498	\$ 397,666,096
Supporting services:					
Pupil support	29,312,499	25,659,390	28,246,457	25,824,063	25,687,424
Instructional support	78,847,455	68,357,869	66,549,179	58,473,132	57,657,139
General administration	6,873,428	4,692,577	4,617,620	4,733,562	4,469,043
School administration	52,697,622	44,700,293	40,955,892	41,162,161	42,525,715
Business services	6,442,027	6,276,830	5,383,702	5,268,181	7,625,659
Operation and maintenance	76,815,166	71,715,439	71,085,264	73,688,352	68,357,795
Pupil transportation	22,288,795	20,027,703	21,719,386	21,204,172	23,103,680
Central services	69,071,079	59,338,961	48,963,934	48,720,535	39,546,533
Other support services	4,628,895	5,273,195	4,623,514	3,741,000	3,718,449
Community services	9,483,230	7,289,515	5,813,625	4,740,667	4,187,161
Education for adults	15,775,918	11,622,217	12,240,071	14,881,683	14,016,390
Food services	153,482	227,602	105,551	495,782	489,196
Interest on long-term debt	108,487,396	100,279,347	95,444,496	102,499,436	57,492,219
Total governmental activities expenses	958,481,422	899,701,424	882,027,393	828,060,224	746,542,499
Business-type activities:					
Food services	34,622,691	32,365,428	27,303,586	26,386,796	24,531,466
Total business-type activities expenses	34,622,691	32,365,428	27,303,586	26,386,796	24,531,466
Total primary government expenses	993,104,113	932,066,852	909,330,979	854,447,020	771,073,965
<b>Program revenues:</b>					
Governmental activities:					
Charges for services - Instructional	25,542,292	17,205,330	19,913,607	18,074,035	12,298,121
Charges for services - Other	15,989,891	10,770,817	12,490,488	14,659,811	11,692,362
Operating grants and contributions	178,115,194	232,977,735	148,622,734	120,326,610	126,252,998
Total governmental activities program revenues	219,647,377	260,953,882	181,026,829	153,060,456	150,243,481
Business-type activities:					
Food services	3,715,616	3,592,685	3,825,050	3,871,542	3,973,383
Operating grants and contributions	28,273,108	25,787,342	23,779,151	22,204,624	20,042,125
Total business-type activities program revenues	31,988,724	29,380,027	27,604,201	26,076,166	24,015,508
Total primary government program revenues	251,636,101	290,333,909	208,631,030	179,136,622	174,258,989
Net Expenses					
Governmental activities	(738,834,045)	(638,747,542)	(701,000,564)	(674,999,768)	(596,299,018)
Business-type activities	(2,633,967)	(2,985,402)	300,615	(310,630)	(515,958)
Total primary government net expense	(741,468,012)	(641,732,944)	(700,699,949)	(675,310,398)	(596,814,976)
<b>General revenues and other changes in net position:</b>					
Governmental activities:					
Property taxes	420,204,686	437,794,905	435,745,405	399,760,438	389,744,515
Specific ownership taxes	27,021,138	25,698,371	26,172,343	27,169,809	29,568,688
Payment in lieu of taxes	2,081,204	1,997,608	2,029,800	2,113,706	1,953,008
State equalization	234,783,298	201,316,796	234,172,686	225,756,709	208,706,454
Interest and investment income	2,486,539	7,476,851	6,649,012	(3,413,079)	7,661,878
Other	935,905	-	9,426,847	15,334,265	4,229,850
Transfers	-	-	-	(6,900)	-
Special items	-	-	-	-	(397,800,000)
Total governmental activities	687,512,770	674,284,531	714,196,092	666,714,948	244,064,393
Business-type activities:					
Interest and investment income	-	1,240	4,541	28,204	179,910
Other	29,589	-	-	6,900	-
Transfers	-	-	-	-	-
Total business-type activities	29,589	1,240	4,541	35,104	179,910
Total primary government	687,542,359	674,285,771	714,200,633	666,750,052	244,244,303
Change in net position					
Governmental activities	(51,321,275)	35,536,989	13,195,528	(8,284,820)	(352,234,625)
Business-type activities	(2,604,378)	(2,984,162)	305,156	(275,526)	(336,048)
Total primary government	\$ (53,925,653)	\$ 32,552,827	\$ 13,500,684	\$ (8,560,346)	\$ (352,570,673)

**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>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 761,736	\$ 704,168	\$ 824,309	\$ 73,575	\$ 866,501
Prepaid expenses	150,566	142,383	-	-	-
Restricted for:					
Emergency reserve	27,033,570	24,910,740	23,587,040	-	-
Preschool	-	-	-	-	-
Committed to:					
Emergency reserve	-	-	-	21,562,473	20,575,246
Assigned to:					
Special projects	15,923,740	17,397,322	15,920,181	12,483,461	10,737,052
Subsequent year expenditures	8,182,740	1,315,705	4,082,181	9,736,417	25,054,712
Unassigned	70,097,523	50,072,162	62,139,089	54,441,927	52,305,933
Total general fund	<u>122,149,875</u>	<u>94,542,480</u>	<u>106,552,800</u>	<u>98,297,853</u>	<u>109,539,444</u>
<b>All other governmental funds</b>					
Nonspendable:					
Permanent fund	130,992	128,553	128,806	127,586	123,986
Inventory	332,113	3,485,663	3,059,757	16	-
Prepaid expenses	1,531,060	509,302	-	-	-
Restricted for:					
Debt service	130,144,786	140,280,738	109,761,547	109,621,401	109,580,300
Capital projects	470,254,135	87,492,008	202,717,436	428,287,451	600,539,662
Performance-based teacher compensation	11,837,366	18,345,329	31,352,361	44,698,850	52,566,684
Higher education	9,595,895	10,572,551	10,047,631	11,180,577	9,809,638
Non-governmental grantor-designated purposes	1,492,383	6,111,724	9,859,915	9,584,310	9,136,215
State programs	-	-	-	-	1,664,931
Federal programs	5,876,870	8,548,506	4,198,266	-	5,714
Special revenue fund	-	-	-	-	-
Committed to:					
Capital projects	35,949,286	5,554,771	17,390,944	7,438,353	16,273,544
Pupil activities	3,505,285	3,168,599	-	-	-
Assigned to:					
Encumbrances	-	-	-	-	-
Debt service	46,598,000	10,963,000	6,964,000	-	-
Unassigned	(46,913)	(3,344,733)	(3,059,757)	-	-
Total all other governmental funds	<u>717,201,258</u>	<u>291,816,011</u>	<u>392,420,906</u>	<u>610,938,544</u>	<u>799,700,674</u>
Total fund balances	<u>\$ 839,351,133</u>	<u>\$ 386,358,491</u>	<u>\$ 498,973,706</u>	<u>\$ 709,236,397</u>	<u>\$ 909,240,118</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>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 847,557	\$ 759,089	\$ 712,880	\$ 611,668	\$ 796,503
Prepaid expenses	-	-	-	-	-
Restricted for:					
Emergency reserve	-	-	-	-	-
Preschool	-	-	2,451,582	2,001,187	228,043
Committed to:					
Emergency reserve	18,038,993	1,930,151	1,930,151	1,841,917	1,664,770
Assigned to:					
Special projects	11,752,585	11,276,833	-	-	-
Subsequent year expenditures	-	-	5,993,049	4,293,617	4,479,066
Unassigned	<u>71,030,433</u>	<u>102,547,665</u>	<u>52,164,268</u>	<u>19,877,018</u>	<u>27,715,334</u>
Total general fund	<u>101,669,568</u>	<u>116,513,738</u>	<u>63,251,930</u>	<u>28,625,407</u>	<u>34,883,716</u>
<b>All other governmental funds</b>					
Nonspendable:					
Permanent fund	122,225	121,222	121,358	120,368	43,478
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Debt service	72,084,732	66,657,069	66,032,136	61,482,392	53,468,381
Capital projects	92,538,729	187,110,425	223,844,534	68,518,779	15,554,003
Performance-based teacher compensation	-	-	-	-	-
Higher education	-	-	-	-	-
Non-governmental grantor-designated purposes	-	-	-	-	-
State programs	-	-	-	-	-
Federal programs	-	-	-	-	-
Special revenue fund	77,786,870	82,091,071	85,517,878	84,644,134	81,354,742
Committed to:					
Capital projects	20,816,392	13,429,620	12,977,929	12,320,849	13,389,583
Pupil activities	-	-	-	-	-
Assigned to:					
Encumbrances	-	-	75,828,070	69,226,124	8,278,095
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>263,348,948</u>	<u>349,409,407</u>	<u>464,321,905</u>	<u>296,312,646</u>	<u>172,088,282</u>
Total fund balances	<u>\$ 365,018,516</u>	<u>\$ 465,923,145</u>	<u>\$ 527,573,835</u>	<u>\$ 324,938,053</u>	<u>\$ 206,971,998</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)**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>					
Taxes	\$ 717,451,368	\$ 662,087,462	\$ 549,453,629	\$ 549,095,824	\$ 527,488,569
Intergovernmental:					
State sources	354,546,283	352,543,848	386,841,732	321,083,838	292,811,118
Federal sources	118,038,010	128,143,943	135,266,941	91,110,827	94,585,766
Charges for services	70,136,444	63,538,071	58,485,884	46,577,962	41,857,571
Investment income	5,697,617	1,703,554	2,191,056	6,646,572	5,346,754
Other local sources	72,195,800	45,033,043	46,432,436	56,121,534	42,198,314
Total revenue	<u>1,338,065,522</u>	<u>1,253,049,921</u>	<u>1,178,671,678</u>	<u>1,070,636,557</u>	<u>1,004,288,092</u>
<b>Expenditures:</b>					
Current:					
Instructional services	533,413,133	580,342,703	545,258,244	524,717,767	474,740,668
Supporting services:					
Pupil support	58,337,272	45,246,471	36,294,290	30,750,759	29,191,916
Instructional support	114,572,496	111,594,016	113,735,903	89,657,359	80,726,483
General administration	6,964,963	6,096,731	5,299,657	5,855,666	6,621,029
School administration	77,079,051	69,544,540	65,203,286	57,265,795	58,420,495
Business services	12,817,546	8,581,051	6,700,984	8,511,434	7,049,603
Operation and maintenance	91,074,789	79,314,548	74,977,466	77,295,764	75,907,378
Pupil transportation	25,164,705	26,012,440	22,571,539	21,759,520	20,626,032
Central services	104,428,614	67,066,399	72,231,405	76,726,379	64,742,988
Other support services	49,799,171	48,582,600	47,742,261	4,570,465	4,045,531
Total support services	<u>540,238,607</u>	<u>462,038,796</u>	<u>444,756,791</u>	<u>372,393,141</u>	<u>347,331,455</u>
Community services	16,515,410	14,366,660	12,899,168	11,600,514	10,465,425
Education for adults	20,508,759	17,828,984	17,810,826	14,504,741	14,775,707
Capital outlay	161,734,202	132,056,762	207,594,348	209,752,895	88,411,292
Debt service:					
Principal	90,105,000	62,663,175	57,125,000	52,638,533	424,254,920
Interest and fiscal charges	118,391,994	106,825,938	284,599,941	115,257,640	243,687,187
Total debt service	<u>208,496,994</u>	<u>169,489,113</u>	<u>341,724,941</u>	<u>167,896,173</u>	<u>667,942,107</u>
Debt issuance costs	-	-	-	-	7,419,384
Total expenditures	<u>1,480,907,105</u>	<u>1,376,123,018</u>	<u>1,570,044,318</u>	<u>1,300,865,231</u>	<u>1,611,086,038</u>
Deficiency of revenues under expenditures	(142,841,583)	(123,073,097)	(391,372,640)	(230,228,674)	(606,797,946)
<b>Other financing sources (uses):</b>					
Transfers in	23,172,970	16,052,982	26,513,288	7,384,908	25,776,235
Transfers out	(23,256,436)	(16,052,982)	(26,513,288)	(7,384,908)	(25,776,235)
Proceeds from capital leases	2,271,141	-	-	-	-
Issuance of certificates of participation	46,175,000	9,680,591	-	-	-
Issuance of bonds	466,675,000	-	-	25,347,008	1,075,390,000
Premium on issuance of debt	80,796,550	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Proceeds from refunding bonds		143,280,000	149,170,000	-	67,220,000
Premium on refunding bonds		26,500,712	24,225,792	-	78,030,437
Face Amount of COPs	-	-	-	-	-
Debt service Principal - Current Refunding		-	-	-	-
Payment to Bond Escrow Agent	-	(169,003,421)	-	-	(66,816,759)
Total other financing sources	<u>595,834,225</u>	<u>10,457,882</u>	<u>173,395,792</u>	<u>25,347,008</u>	<u>1,153,823,678</u>
Special Items	-	-	-	-	-
Change in fund balances	\$ 452,992,642	\$ (112,615,215)	\$ (217,976,848)	\$ (204,881,666)	\$ 547,025,732
Debt service as a percentage of noncapital expenditures	15.89%	13.71%	25.08%	15.39%	43.87%

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)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>					
Taxes	\$ 451,643,564	\$ 463,701,678	\$ 462,643,068	\$ 423,911,267	\$ 417,248,845
Intergovernmental:					
State sources	270,460,213	236,070,398	265,791,329	260,199,560	239,161,536
Federal sources	114,213,045	136,925,043	100,774,555	68,120,464	76,218,495
Charges for services	23,430,483	27,976,147	32,404,095	25,424,643	16,030,824
Investment income	2,010,633	7,476,771	6,649,012	(3,413,079)	7,661,878
Other local sources	54,343,359	49,898,805	29,777,554	35,269,745	33,721,938
Total revenue	<u>916,101,297</u>	<u>922,048,842</u>	<u>898,039,614</u>	<u>809,512,600</u>	<u>790,043,516</u>
<b>Expenditures:</b>					
Current:					
Instructional services	445,586,238	450,508,108	453,686,991	409,265,755	387,178,009
Supporting services:					
Pupil support	28,952,897	25,115,010	27,172,134	25,923,928	26,114,755
Instructional support	78,919,561	67,909,790	65,629,241	58,571,811	57,793,209
General administration	6,888,188	4,632,034	4,533,937	4,735,766	4,502,612
School administration	52,621,612	44,306,838	40,502,543	40,227,803	41,931,790
Business services	5,715,778	5,863,130	5,229,648	5,239,973	7,233,550
Operation and maintenance	78,203,626	74,239,981	63,519,295	72,884,805	67,930,237
Pupil transportation	20,319,139	17,786,788	18,695,511	18,426,871	20,203,228
Central services	57,892,081	48,503,467	44,225,123	44,156,298	36,431,317
Other support services	4,628,895	5,273,195	4,623,514	3,741,000	3,718,449
Total support services	<u>334,141,777</u>	<u>293,630,233</u>	<u>274,130,944</u>	<u>273,908,255</u>	<u>265,859,147</u>
Community services	9,491,061	7,259,244	5,813,625	4,740,667	4,187,161
Education for adults	15,908,260	11,716,004	13,447,021	14,881,683	14,016,390
Capital outlay	78,774,655	127,088,070	102,422,277	23,273,190	5,495,299
Debt service:					
Principal	30,492,391	27,070,024	25,512,731	24,078,809	111,526,792
Interest and fiscal charges	102,268,418	133,286,320	90,790,335	97,086,037	61,452,258
Total debt service	<u>132,760,809</u>	<u>160,356,344</u>	<u>116,303,065</u>	<u>121,164,846</u>	<u>172,979,050</u>
Debt issuance costs	760,824	6,791,796	2,370,180	784,744	17,590,452
Total expenditures	<u>1,017,423,624</u>	<u>1,057,349,799</u>	<u>968,174,103</u>	<u>848,019,140</u>	<u>867,305,508</u>
Deficiency of revenues under expenditures	(101,322,327)	(135,300,957)	(70,134,489)	(38,506,540)	(77,261,992)
<b>Other financing sources (uses):</b>					
Transfers in	29,807,290	57,609,285	53,296,908	53,125,379	51,483,476
Transfers out	(29,807,290)	(57,609,285)	(53,296,908)	(49,383,259)	(51,082,816)
Proceeds from capital leases	-	-	-	-	750,000,000
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	129,870,000	85,390,000	68,020,000	-	-
Premium on refunding bonds	16,171,251	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	(145,623,553)	(99,667,264)	(47,890,570)	-	-
Total other financing sources	<u>417,698</u>	<u>73,650,267</u>	<u>274,720,493</u>	<u>156,472,594</u>	<u>436,443,558</u>
Special Items	-	-	-	-	(397,800,000)
Change in fund balances	\$ (100,904,629)	\$ (61,650,690)	\$ 204,586,004	\$ 117,966,054	\$ (38,618,434)
Debt service as a percentage of noncapital expenditures	14.14%	17.24%	13.43%	14.69%	20.07%

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)**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Expenditures</b>					
Instructional services	\$ 437,905,667	\$ 466,866,692	\$ 435,036,390	\$ 418,723,429	\$ 364,156,448
Supporting services:					
Pupil support	49,753,091	37,126,952	29,300,812	25,685,836	23,591,382
Instructional support	79,952,672	70,635,195	64,420,077	50,236,006	42,541,541
General administration	6,525,345	5,642,389	4,891,160	5,465,573	6,068,298
School administration	73,368,180	68,299,902	63,290,849	54,895,533	55,494,061
Business services	12,152,815	7,571,069	5,970,739	7,718,542	6,560,065
Operation and maintenance	77,568,148	71,563,249	57,100,385	56,461,321	51,263,651
Pupil transportation	25,102,779	25,724,818	21,942,671	20,913,687	19,627,160
Central services	89,188,409	53,956,802	54,801,151	54,075,641	45,444,542
Other support services	1,131,085	1,036,037	914,267	705,984	719,810
Total support services	<u>414,742,524</u>	<u>341,556,413</u>	<u>302,632,111</u>	<u>276,158,123</u>	<u>251,310,510</u>
Community services	13,587,690	11,021,566	8,555,867	7,790,165	6,651,925
Education for adults	1,750,462	2,256,856	629,177	1,173,530	823,417
Capital outlay	2,092,671	1,467,271	1,270,899	528,674	195,172
Debt service:					
Principal payments	18,945,000	14,730,000	13,360,000	9,305,000	401,540,000
Interest and fiscal charges	46,170,414	46,114,624	45,878,257	48,629,712	188,137,089
Issuance costs of debt	-	-	-	-	3,633,148
Total expenditures	<u>935,194,428</u>	<u>884,013,422</u>	<u>807,362,701</u>	<u>762,308,633</u>	<u>1,216,447,709</u>
<b>Other financing uses:</b>					
Transfers out	9,775,503	9,926,794	19,727,702	7,067,866	22,505,189
Debt service principal - current refunding	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Total other financing uses	<u>9,775,503</u>	<u>9,926,794</u>	<u>19,727,702</u>	<u>7,067,866</u>	<u>22,505,189</u>
Total expenditures and other financing uses	<u><u>\$ 944,969,931</u></u>	<u><u>\$ 893,940,216</u></u>	<u><u>\$ 827,090,403</u></u>	<u><u>\$ 769,376,499</u></u>	<u><u>\$ 1,238,952,898</u></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)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Expenditures</b>					
Instructional services	\$ 326,490,335	\$ 333,728,437	\$ 334,898,507	\$ 328,394,419	\$ 326,964,441
Supporting services:					
Pupil support	23,623,681	21,399,605	23,068,864	22,523,347	20,681,987
Instructional support	37,443,813	27,893,132	29,519,723	28,463,467	26,196,402
General administration	6,270,835	4,444,726	4,257,703	4,097,106	4,114,368
School administration	50,610,332	39,082,284	35,329,814	35,434,160	37,471,491
Business services	5,249,788	4,933,010	4,021,517	4,089,026	4,143,169
Operation and maintenance	50,770,339	44,906,919	45,369,628	46,564,264	48,315,698
Pupil transportation	19,006,911	16,751,083	17,802,979	17,397,151	18,773,302
Central services	37,757,510	34,067,358	36,593,294	33,411,995	33,613,741
Other support services	757,315	697,865	681,194	674,673	500,834
Total support services	<u>231,490,524</u>	<u>194,175,982</u>	<u>196,644,716</u>	<u>192,655,189</u>	<u>193,810,992</u>
Community services	5,641,526	4,250,529	312,027	389,602	130,453
Education for adults	622,852	1,556,938	-	-	-
Capital outlay	1,847,261	1,036,732	172,107	454,071	367,976
Debt service:					
Principal payments	3,985,000	2,635,000	2,635,000	335,000	89,324,877
Interest and fiscal charges	52,412,285	82,181,236	82,181,236	65,397,537	30,161,462
Issuance costs of debt	-	6,023,749	-	-	17,590,452
Total expenditures	<u>622,489,783</u>	<u>625,588,603</u>	<u>580,094,547</u>	<u>587,625,818</u>	<u>658,350,653</u>
<b>Other financing uses:</b>					
Transfers out	28,240,127	57,399,265	52,727,380	48,600,719	49,935,469
Debt service principal - current refunding	-	750,000,000	-	-	-
Payment to refunded debt	-	-	-	-	313,957,102
Total other financing uses	<u>28,240,127</u>	<u>807,399,265</u>	<u>52,727,380</u>	<u>48,600,719</u>	<u>363,892,571</u>
Total expenditures and other financing uses	<u>\$ 650,729,910</u>	<u>\$ 1,432,987,868</u>	<u>\$ 632,821,927</u>	<u>\$ 636,226,537</u>	<u>\$ 1,022,243,224</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)

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>					
Property taxes	\$ 559,685,741	\$ 495,515,584	\$ 408,845,811	\$ 409,088,016	\$ 390,026,018
Intergovernmental:					
State sources	334,508,875	330,071,454	367,131,089	307,706,457	279,032,257
Federal sources	1,051,459	1,021,504	1,017,755	922,508	7,573,147
Charges for services	40,640,410	36,843,509	33,656,565	28,913,976	23,888,965
Investment income	1,243,941	876,883	725,088	659,844	695,884
Other local sources	20,344,239	8,669,688	8,708,951	5,899,120	7,923,953
Total revenue	<u>957,474,665</u>	<u>872,998,622</u>	<u>820,085,259</u>	<u>753,189,921</u>	<u>709,140,224</u>
<b>Other financing sources:</b>					
Transfers in	12,969,063	8,931,274	6,785,586	67,042	3,631,681
Face amount of refunding COPs	-	-	-	-	-
Bond proceeds	-	-	-	-	536,855,000
Capital lease proceeds	-	-	-	-	-
Total other financing sources	<u>12,969,063</u>	<u>8,931,274</u>	<u>6,785,586</u>	<u>67,042</u>	<u>540,486,681</u>
Total revenue and other financing sources	<u>\$ 970,443,728</u>	<u>\$ 881,929,896</u>	<u>\$ 826,870,845</u>	<u>\$ 753,256,963</u>	<u>\$ 1,249,626,905</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)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>					
Property taxes	\$ 343,058,887	\$ 389,289,312	\$ 391,889,529	\$ 362,086,491	\$ 361,921,378
Intergovernmental:					
State sources	256,289,344	222,522,302	255,305,800	248,153,540	227,827,943
Federal sources	7,863,578	28,261,677	3,274,570	912,634	853,961
Charges for services	6,127,453	13,427,191	9,797,158	4,775,692	5,954,728
Investment income	708,770	772,199	727,864	1,144,649	3,857,555
Other local sources	20,270,542	15,165,361	6,356,725	8,685,562	7,946,254
Total revenue	<u>634,318,574</u>	<u>669,438,042</u>	<u>667,351,645</u>	<u>625,758,568</u>	<u>608,361,819</u>
<b>Other financing sources:</b>					
Transfers in	1,567,163	13,043,507	96,805	4,209,660	1,147,347
Face amount of refunding COPs	-	792,280,000	-	-	750,000,000
Bond proceeds	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources	<u>1,567,163</u>	<u>805,323,507</u>	<u>96,805</u>	<u>4,209,660</u>	<u>751,147,347</u>
Total revenue and other financing sources	<u>\$ 635,885,737</u>	<u>\$ 1,474,761,549</u>	<u>\$ 667,448,451</u>	<u>\$ 629,968,228</u>	<u>\$ 1,359,509,166</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>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Vacant property	\$ 186,774	\$ 219,528	\$ 181,758	\$ 212,668	\$ 193,826
Residential property	6,059,029	5,919,659	4,567,603	4,469,706	4,345,018
Commercial property	6,521,348	6,445,053	4,909,533	4,886,510	4,567,479
Industrial property	143,930	150,606	122,425	124,503	120,329
Agricultural property	138	79	69	69	55
Oil and Gas property	-	-	-	-	-
Personal property	827,331	825,798	765,486	741,538	722,513
State assessed property	920,535	824,187	838,378	829,207	808,218
Total taxable assessed value	14,659,085	14,384,910	11,385,252	11,264,201	10,757,438
Total direct tax rate	81.547	78.127	83.054	83.090	84.071
Estimated actual taxable value	\$ 105,772,919	\$ 100,203,607	\$ 80,891,083	\$ 79,581,379	\$ 76,697,449
Assessed value as a percentage of estimated actual value	13.9%	14.4%	14.1%	14.2%	14.0%

Source: December 31, 2016 - 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, 2015 and 2017). 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).

In November 2012, Denver voters removed the Taxpayer Bill of Rights (TABOR) limits on property tax, and as result mill levies assessed after 2012 will not be subject to TABOR limits.

Taxable assessed values are reported net of tax-exempt property.

**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>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Vacant property	\$ 194,051	\$ 218,132	\$ 231,563	\$ 210,633	\$ 198,284
Residential property	4,325,747	4,598,108	4,545,672	4,510,588	4,394,658
Commercial property	4,655,265	5,426,538	5,452,125	4,383,397	4,372,532
Industrial property	147,433	142,372	144,380	125,108	130,130
Agricultural property	120	44	44	56	113
Oil and Gas property	-	63	4,020	3,286	1,279
Personal property	726,354	739,224	813,037	792,393	779,600
State assessed property	<u>888,485</u>	<u>835,603</u>	<u>821,502</u>	<u>837,783</u>	<u>784,031</u>
Total taxable assessed value	10,937,455	11,960,084	12,012,343	10,863,244	10,660,627
Total direct tax rate	71.307	66.591	65.139	66.783	66.897
Estimated actual taxable value	\$ 77,142,543	\$ 83,151,295	\$ 82,844,303	\$ 78,563,808	\$ 76,813,114
Assessed value as a percentage of estimated actual value	14.2%	14.4%	14.5%	13.8%	13.9%

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

DISTRICT NET ASSESSED VALUATION AND MILLS  
LAST TEN TAX YEARS  
(Unaudited)

Levy / Collection Year	Assessed Valuation	Tax Increment Valuation	Net Assessed Value	Percent Change
2017	\$ 13,221,694,094	\$ 239,158,803	\$ 13,460,852,897	1.78%
2016	10,517,386,669	2,704,307,425	13,221,694,094	20.45%
2015	10,454,481,228	62,905,441	10,517,386,669	0.60%
2014	10,007,267,892	447,213,336	10,454,481,228	4.28%
2013*	10,200,816,964	(193,549,072)	10,007,267,892	-1.93%
2012	11,165,147,081	(964,330,117)	10,200,816,964	-9.45%
2011	11,270,854,510	(105,707,429)	11,165,147,081	-0.95%
2010	10,186,126,917	1,084,727,593	11,270,854,510	9.62%
2009	10,025,025,839	161,101,078	10,186,126,917	1.58%
2008	8,561,432,054	1,463,593,785	10,025,025,839	14.60%

Levy / Collection Year	General Fund Mills	Debt Service Mills	Mill Levy Override	Abatement Mills	Total Mill Levy
2017	25.541	9.383	14.948	0.524	50.396
2016	25.541	10.250	10.976	0.630	47.397
2015	25.541	10.519	12.466	0.773	49.299
2014	25.541	10.446	12.431	0.881	49.299
2013*	25.541	10.913	12.714	1.320	50.488
2012	25.541	7.958	7.584	1.182	42.265
2011	25.541	6.800	6.884	0.747	39.972
2010	25.541	6.350	6.847	0.524	39.262
2009	26.729	6.193	6.285	0.450	39.657
2008	26.748	5.599	6.329	0.534	39.210

For Fiscal Year Ended June 30, 2017

Taxing Entity	Mill Levy
City and County of Denver	30.531
Urban Drainage and Flood Control	0.620
<b>Overlapping Mill Levy</b>	<b>31.151</b>
School District #1	50.396
<b>Total Mill Levy</b>	<b>81.547</b>

Source: Certification of Levy for Current Year

\* Of the increase in mills from 2012 to 2013, 7.609 mills are due to voter approved 2012 ballot initiatives  
Source: The taxing entity mill levy is from the City and County of Denver Assessor's Office

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)

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Tax <u>Year</u>	Bond			Denver County	Firemen Pension	Police and	Improvement and	<u>Total</u>
	General <u>Fund</u>	Redemption <u>Fund</u>	<u>Total</u>			Services <u>Districts</u>	Services <u>Districts</u>	
2016	41.013	9.383	50.396	19.709	2.949	8.493	81.547	
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	

Source: December 31, 2016 - 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 COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR (Unaudited)

Taxpayer	2016			2007		
	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	\$ 252,378	1	1.75%	\$ 170,858	2	1.60%
Brookfield Properties	192,537	2	1.34%	-	-	-
CenturyLink, Inc.	141,253	3	0.98%	197,929	1	1.86%
Beacon Capital Partners	130,493	4	0.91%	-	-	-
Invesco Realty Advisers Inc.	126,558	5	0.88%	-	-	-
Franklin Street Properties	118,949	6	0.83%	-	-	-
Taubman Centers Inc.	105,713	7	0.73%	-	-	-
Kroenke Sports Enterprises	100,042	8	0.70%	-	-	-
Columbia-Healthone, LLC	99,519	9	0.69%	-	-	-
UBS Realty Investors	99,189	10	0.69%	-	-	-
Callahan Capital Partners	-	-	-	96,501	4	0.91%
Republic Plaza Properties	-	-	-	71,893	7	0.67%
Frontier Airlines	-	-	-	72,018	6	0.68%
United Airlines, Inc.	-	-	-	103,997	3	0.98%
LBA Realty Fund II Co. IV	-	-	-	69,152	8	0.65%
Transwestern Broadreach	-	-	-	66,155	10	0.62%
Crescent Real Estate Equities				67,390	9	0.63%
Temple Hoyne Buell Foundation				75,206	5	0.70%
Totals	<u>\$ 1,366,631</u>		<u>9.50%</u>	<u>\$ 991,099</u>		<u>9.30%</u>

Source: December 31, 2016 - 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>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	Percent of Levy <u>Collected</u>	Delinquent Taxes <u>Collected</u> (Taxes <u>Refunded</u> )	Total Taxes <u>Collected</u>	Percent of Total Tax Collections to Current Tax Levy
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 <sup>**</sup>	626,668,635	621,313,860	99.15	160,185	621,474,045	99.17
2017 <sup>*</sup>	678,373,143	670,271,438	98.81	(737,329)	669,534,109	98.70

Source: District financial records for the respective years.

\* Property taxes are levied on a calendar year basis. Tax collections for 2017 represent collections for January through September 2017.

\*\* Current Tax Collections for 2016 have been updated with the full calendar year figures.

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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS (Unaudited)

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Assessed value (prior year)	\$ 14,659,085,700	\$ 14,384,909,283	\$ 11,385,251,250	\$ 11,264,201,810	\$ 10,757,438,400
Actual value (prior year)	105,772,919,056	100,203,607,405	80,891,082,600	79,581,379,500	76,697,448,800
Debt limit is greater of:					
20% of assessed value	2,931,817,140	2,876,981,857	2,277,050,250	2,252,840,362	2,151,487,680
or 6% of actual value*	6,346,375,143	6,012,216,444	4,853,464,956	4,774,882,770	4,601,846,928
Debt limit	6,346,375,143	6,012,216,444	4,853,464,956	4,774,882,770	4,601,846,928
Amount of debt applicable to debt limits	1,718,072,000	1,321,607,000	1,364,745,175	1,408,510,175	1,430,390,175
Less: amount reserved for long-term debt	<u>(130,144,786)</u>	<u>(140,280,738)</u>	<u>(109,761,547)</u>	<u>(105,629,590)</u>	<u>(102,079,673)</u>
Net chargeable to bond limit	<u>1,587,927,214</u>	<u>1,181,326,262</u>	<u>1,254,983,628</u>	<u>1,302,880,585</u>	<u>1,328,310,502</u>
Legal debt margin	\$ 4,758,447,929	\$ 4,830,890,182	\$ 3,598,481,328	\$ 3,472,002,185	\$ 3,273,536,426
Total net debt applicable to the limit as a percentage of debt limit	25.02%	19.65%	25.86%	27.29%	28.86%

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 YEARS (Unaudited)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Assessed value (prior year)	\$ 10,937,453,830	\$ 11,960,083,760	\$ 12,012,342,720	\$ 10,863,244,130	\$ 10,660,627,490
Actual value (prior year)	77,142,545,500	83,151,295,000	82,844,303,500	78,563,808,200	76,813,114,100
Debt limit is greater of:					
20% of assessed value	2,187,490,766	2,392,016,752	2,402,468,544	2,172,648,826	2,132,125,498
or 6% of actual value*	4,628,552,730	4,989,077,700	4,970,658,210	4,713,828,492	4,608,786,846
Debt limit	4,628,552,730	4,989,077,700	4,970,658,210	4,713,828,492	4,608,786,846
Amount of debt applicable to debt limits	1,002,395,175	1,032,125,175	1,027,365,175	768,396,601	633,326,046
Less: amount reserved for long-term debt	<u>(72,084,732)</u>	<u>(66,657,069)</u>	<u>(66,657,070)</u>	<u>(61,482,392)</u>	<u>(53,468,381)</u>
Net chargeable to bond limit	<u>1,002,395,175</u>	<u>978,012,133</u>	<u>974,285,929</u>	<u>730,069,560</u>	<u>610,058,741</u>
Legal debt margin	<u>\$ 3,698,242,287</u>	<u>\$ 4,011,065,567</u>	<u>\$ 3,996,372,281</u>	<u>\$ 3,983,758,932</u>	<u>\$ 3,998,728,105</u>
Total net debt applicable to the limit as a percentage of debt limit	21.66%	19.60%	19.60%	15.49%	13.24%

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

RATIOS OF OUTSTANDING DEBT BY TYPE AND NET GENERAL BOND DEBT  
LAST TEN FISCAL YEARS (Unaudited)

Year	District Population*	Assessed Property Valuation*	General Bonded Debt	Certificates of Participation	Capital Leases	Gross Debt Primary Government
2017	693,060	\$ 14,659,085,700	\$ 1,889,552,488	\$ 1,077,242,045	\$ 1,253,441	\$ 2,968,047,974
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

Source: School District Financials

Source: \* December 31, 2016 - 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 BY TYPE AND NET GENERAL BOND DEBT  
LAST TEN FISCAL YEARS (Unaudited)**

Year	Less Debt Service Funds Available	Net General Bonded Debt	Net General Bonded Debt to Assessed Value	Total Debt Per Capita	Net General Bonded Debt Per Capita	Personal Income (expressed in millions)	Percentage of Personal Income to O/S Debt
2017	\$ 130,144,786	\$ 1,759,407,702	12.00%	\$ 4,283	\$ 2,539	n/a	** n/a
2016	140,280,738	1,292,991,830	8.99%	3,630	1,894	46,617,000	5.32%
2015	109,761,547	1,372,703,419	12.06%	3,814	2,068	41,743,000	6.07%
2014	109,621,401	1,403,797,465	12.46%	3,965	2,161	36,999,000	6.96%
2013	109,580,300	1,396,856,608	12.99%	3,737	2,202	35,271,000	6.64%
2012	72,084,732	946,029,962	8.65%	2,805	1,526	33,811,000	5.14%
2011	66,657,070	1,003,212,132	8.39%	2,980	1,672	30,515,000	5.86%
2010	66,657,070	974,285,929	8.11%	2,964	1,596	31,512,000	5.74%
2009	61,482,392	730,069,559	6.72%	2,601	1,219	31,308,000	4.97%
2008	53,468,381	610,058,741	5.72%	2,406	1,030	30,949,000	4.60%

Source: School District Financials

Source: \* December 31, 2016 - 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

DIRECT AND OVERLAPPING DEBT (Unaudited)

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<u>Taxing Body</u>	Total Debt <u>Outstanding</u>	Outstanding <u>As of</u>	Percent <u>Overlapping</u>	Share <u>of Debt</u>
<b>Overlapping Debt</b>				
City and County of Denver	<u>2,736,332,000</u>	12/31/16	100%	<u>2,736,332,000</u>
School District No. 1 Denver	<u>2,968,047,974</u>	06/30/17	100%*	<u>2,968,047,974</u>
	<u>\$ 5,704,379,974</u>			<u>\$ 5,704,379,974</u>

Source: City and County of Denver 2016 CAFR - December 31, 2016

Source: School District Financials - June 30, 2016

\*As per City and County of Denver 2016 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)**

<b>Year Ended June 30,</b>	<b>Population</b>	<b>Total Personal Income</b>	<b>Median Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2017	693,060	N/A*	N/A*	35.1	92,331	3.0%
2016	682,545	46,617	68,299	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%

Source: December 31, 2016 - 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	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,924	1	3.0%	9,298	2	2.6%
City and County of Denver	10,781	2	2.5%	11,602	1	3.3%
State of Colorado Central Payroll	9,588	3	2.2%	9,183	3	2.6%
Denver Health & Hospital Authority	6,541	4	1.5%	3,982	8	1.1%
United Airlines, Inc.	5,777	5	1.3%	5,455	6	1.5%
CHC Payroll Agent, Inc. (HCA Health One)	4,196	6	1.0%	3,199	9	0.9%
University of Denver	3,866	7	0.9%			
U.S.D.A. National Finance Center	3,852	8	0.9%	8,833	4	2.5%
Defense Civilian Pay System	3,323	9	0.8%			
University of Colorado Central	3,317	10	0.8%	6,060	5	1.7%
Frontier Airlines Inc.				4,171	7	1.2%
King Soopers				2,509	10	0.1%
Total	<u><u>64,165</u></u>		<u><u>14.9%</u></u>	<u><u>64,292</u></u>		<u><u>17.5%</u></u>

Source: December 31, 2016 - City and County of Denver CAFR  
(The most current information available)

Based on 2016 and 2007 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)

	2017	2016	2015	2014	2013
Number of schools participating in:					
Lunch - regular schedule	196	190	178	170	167
Breakfast program	196	187	176	164	163
Student lunches served:					
Free	5,790,913	6,039,463	6,321,861	6,545,540	6,157,279
Reduced	766,864	710,818	740,182	560,806	498,219
Fully paid	1,308,708	1,262,199	1,229,486	1,104,247	1,009,743
Total	7,866,485	8,012,480	8,291,529	8,210,593	7,665,241
Adult lunches served	21,142	25,558	40,205	47,833	50,983
Student breakfasts served:					
Free	4,181,279	4,360,853	4,598,757	3,915,825	3,200,617
Reduced	613,974	555,004	564,425	365,988	282,440
Fully paid	1,226,889	1,143,377	1,080,075	826,957	614,875
Total	6,022,142	6,059,234	6,243,257	5,108,770	4,097,932
Number of serving days:					
Regular schedule	173.5	173.5	172.5	172.5	171
Average daily participation:					
Student lunch	45,340	46,181	48,067	47,598	44,826
Adult lunch	122	147	233	277	298
Student breakfast	34,710	34,924	36,193	29,616	23,965
October 1 pupil count	92,754	91,860	90,591	87,398	84,424
Percentage of students daily eating school lunch	48.88%	50.27%	53.06%	54.46%	53.10%
October 1 count of benefits					
Students on free lunch	53,734	55,505	55,755	56,945	55,415
Students on reduced lunch	8,469	7,430	7,382	6,032	5,512
Percentage of students on:					
Free lunch	57.93%	60.42%	61.55%	65.16%	65.64%
Reduced lunch	9.13%	8.09%	8.15%	6.90%	6.53%
Total	67.06%	68.51%	69.69%	72.06%	72.17%

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Number of schools participating in:					
Lunch - regular schedule	154	136	135	134	139
Breakfast program	146	121	123	130	126
Student lunches served:					
Free	6,247,801	5,873,222	5,652,843	5,457,415	4,875,615
Reduced	531,509	584,553	660,953	621,699	572,848
Fully paid	<u>1,097,105</u>	<u>1,127,243</u>	<u>1,037,510</u>	<u>1,081,385</u>	<u>1,048,951</u>
Total	<u>7,876,415</u>	<u>7,585,018</u>	<u>7,351,306</u>	<u>7,160,499</u>	<u>6,497,414</u>
Adult lunches served	52,596	67,645	62,513	69,207	66,637
Student breakfasts served:					
Free	2,660,621	2,074,211	2,140,213	2,058,576	1,839,276
Reduced	228,977	197,429	229,883	216,230	207,167
Fully paid	<u>527,877</u>	<u>390,855</u>	<u>374,485</u>	<u>398,992</u>	<u>411,300</u>
Total	<u>3,417,475</u>	<u>2,662,495</u>	<u>2,744,581</u>	<u>2,673,798</u>	<u>2,457,743</u>
Number of serving days:					
Regular schedule	171	170	170	172	172
Average daily participation:					
Student lunch	46,061	44,618	43,243	41,631	37,776
Adult lunch	308	398	368	402	387
Student breakfast	19,985	15,662	16,145	15,545	14,289
October 1 pupil count	81,870	79,423	78,352	75,269	73,873
Percentage of students daily eating school lunch	56.26%	56.18%	55.19%	55.31%	51.14%
October 1 count of benefits					
Students on free lunch	53,994	48,545	46,287	40,976	40,956
Students on reduced lunch	5,369	5,520	6,514	5,653	5,806
Percentage of students on:					
Free lunch	65.95%	61.12%	59.08%	54.44%	55.44%
Reduced lunch	6.56%	6.95%	8.31%	7.51%	7.86%
Total	<u>72.51%</u>	<u>68.07%</u>	<u>67.39%</u>	<u>61.95%</u>	<u>63.30%</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>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Instruction	6,686	6,948	7,495	6,911	4,893
Pupil support	849	792	533	448	386
Instructional support	1,355	1,361	1,133	803	812
General administration	39	40	37	36	26
School administration	833	827	756	37	699
Business services	122	118	131	108	114
Operation & maintenance	1,073	964	917	1,011	722
Pupil transportation	527	523	544	579	190
Central services	628	619	589	602	384
Community services	315	246	205	283	121
Education for adults	422	240	130	20	77
Food services	790	675	676	581	156
	<b>13,639</b>	<b>13,353</b>	<b>13,146</b>	<b>11,419</b>	<b>8,579</b>

<b>Degree Held</b>	<b>2017</b>
Bachelor's	3,730
Master's	4,421
Doctoral / Master's plus	224
Other	713

<b>All Funds</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Instruction	5,277	6,694	5,117	4,178	4,043
Pupil support	422	498	539	383	353
Instructional support	786	1,089	743	556	548
General administration	28	26	29	31	33
School administration	705	612	576	556	549
Business services	124	97	81	73	73
Operation & maintenance	717	720	704	673	629
Pupil transportation	190	194	197	195	193
Central services	362	314	353	293	241
Community services	100	139	147	146	25
Education for adults	141	62	56	33	60
Food services	145	146	75	57	147
	<b>8,997</b>	<b>10,590</b>	<b>8,616</b>	<b>7,174</b>	<b>6,894</b>

Source: School District financial reports for the respective years

Full-time equivalent employees are the number of budgeted employees for the respective years

As of June 30, 2017 the degree held data is for 12,678 actual FTE's (10,037 of whom are full-time and 2,641 of whom are part-time) and reflect degree's disclosed for the respective year

**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><u>2017*</u></b>	<b><u>2016*</u></b>	<b><u>2015*</u></b>	<b><u>2014*</u></b>	<b><u>2013</u></b>
<b>Elementary &amp; K-8 Schools:**</b>	111	121	120	136	82
Total Square Feet	7,848,747	6,694,908	6,694,908	6,694,908	5,651,281
Total Capacity (Students)	73,200	67,050	67,050	67,050	42,226
Enrollment	46,002	46,388	48,153	46,658	44,391
<b>Middle Schools:**</b>	13	29	29	15	15
Total Square Feet	1,647,064	1,955,193	1,955,193	1,955,193	2,114,045
Total Capacity (Students)	12,425	14,825	14,825	14,825	14,364
Enrollment	10,185	9,921	9,146	9,738	9,551
<b>High Schools:**</b>	43	35	27	38	12
Total Square Feet	5,660,945	4,843,312	4,824,362	4,824,362	3,793,938
Total Capacity (Students)	44,425	39,050	39,050	39,050	21,385
Enrollment	17,082	16,679	16,053	15,822	15,608
<b>Alternative Schools:***</b>	14	18	18	13	4
Total Square Feet	-	-	-	-	263,581
Total Capacity (Students)	-	-	-	-	1,006
Enrollment	1,884	1,727	1,774	1,613	1,597
<b>Charter Schools:***</b>	54	60	51	43	18
Total Square Feet	-	-	-	-	11,414
Total Capacity (Students)	-	-	-	-	-
Enrollment	17,178	16,714	15,024	13,567	11,567

	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Elementary &amp; K-8 Schools:**</b>	82	82	82	82	82
Total Square Feet	5,596,588	5,401,362	5,345,466	5,345,466	5,345,466
Total Capacity (Students)	42,226	42,226	49,369	49,369	49,369
Enrollment	39,673	40,119	39,541	36,368	36,269
<b>Middle Schools:**</b>	14	14	14	14	14
Total Square Feet	2,114,543	2,026,369	2,026,374	2,026,374	2,026,374
Total Capacity (Students)	14,364	14,364	15,696	15,696	15,696
Enrollment	8,613	8,610	8,853	8,916	9,020
<b>High Schools:**</b>	12	12	12	12	12
Total Square Feet	3,774,707	3,522,950	3,332,506	3,539,700	3,539,699
Total Capacity (Students)	21,385	21,385	22,901	22,901	22,901
Enrollment	13,492	13,636	13,780	13,839	13,865
<b>Alternative Schools:***</b>	5	6	6	4	4
Total Square Feet	263,581	253,399	46,205	253,399	253,399
Total Capacity (Students)	1,006	1,006	1,550	1,550	1,550
Enrollment	923	861	1,381	1,278	1,293
<b>Charter Schools:***</b>	18	19	16	9	9
Total Square Feet	11,414	53,517	-	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	5,391	5,349	5,160	2,766	2,585

\* The District has 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 - In 2017 changed presentation by counting multi grade sites as single sites within their respective grade categories and we are now counting eight middle schools as high schools since their program changed to grades 6-12.

\*\*\*Program Count

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

Single Audit Report

Year Ended June 30, 2017

**School District No. 1 in the  
City and County of Denver and State of Colorado  
Year Ended June 30, 2017**

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**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, 2017, 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 17, 2017, 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 (the ProComp fund), a blended component unit and presented as a major fund. Our report also includes a reference to other auditors who audited the financial statements of all component units, except for KIPP Colorado Schools and STRIVE Preparatory Schools, that are included as remaining aggregate discretely presented component units. All component units included as remaining aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Rocky Mountain Preparatory, KIPP Colorado Schools and STRIVE Preparatory Schools. 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.

***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 of the financial statements, 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  
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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 deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 that we consider to be significant deficiencies 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 responses to the 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 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 17, 2017.

### ***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 17, 2017

## **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 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, 2017. 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.

The District's basic financial statements include the operations of STRIVE Preparatory Schools, presented as a discretely presented component unit, which received \$876,200 in federal awards, which are not included in the District's schedule of federal expenditures of federal awards for the year ended June 30, 2017. Our audit, described below, did not include the operations of STRIVE, as that audit was performed separately in accordance with Uniform Guidance.

#### ***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.

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

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.

***Opinion on Each Major Federal Program***

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 major federal programs for the year ended June 30, 2017.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal program is not modified with respect to this matter.

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

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

Board of Education  
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City and County of Denver and State of Colorado

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies over compliance that we consider to be material weakness. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003, which we consider to be a significant deficiency.

The District's response to the internal control over compliance 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 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 17, 2017

**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, 2017**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
<b>Department of Agriculture</b>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	Colorado Department of Education	4553	10.553	\$ 9,948,754
National School Lunch Program	Colorado Department of Education	4555	10.555	21,853,298
Donated Commodities	Colorado Department of Education	None	10.555	2,746,482
Summer Food Service Program for Children	Colorado Department of Education	4559	10.559	675,744
<i>Child Nutrition Cluster Subtotal</i>				<u><u>35,224,278</u></u>
Child and Adult Care Food Program	Colorado Department of Education	4558	10.558	31,784
Fresh Fruit and Vegetable Program	Colorado Department of Education	4582	10.582	<u>1,178,032</u>
<b>Total Department of Agriculture</b>				<u><u>36,434,094</u></u>
<b>Department of Defense</b>				
JROTC Career Academy			12.000	<u>670,537</u>
<b>Total Department of Defense</b>				<u><u>670,537</u></u>
<b>Department of Justice</b>				
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Department of Public Safety	7738	16.738	<u>59,417</u>
<b>Total Department of Justice</b>				<u><u>59,417</u></u>
<b>Department of Labor</b>				
<i>WIA/WIOA Cluster</i>				
WIA/WIOA Youth Activities	City and County of Denver	7259 (Award No. AA253431455A8)	17.259	<u>280,914</u>
<i>WIA/WIOA Cluster Subtotal</i>				<u><u>280,914</u></u>
YouthBuild			17.274	1,015,043
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	Front Range Community College	7282	17.282	<u>30,022</u>
<b>Total Department of Labor</b>				<u><u>1,325,979</u></u>
<b>National Science Foundation</b>				
Computer and Information Science and Engineering	University of Colorado	7070	47.070	<u>4,227</u>
<b>Total National Science Foundation</b>				<u><u>4,227</u></u>
<b>Department of Education</b>				
<i>Federal Student Financial Aid Cluster</i>				
Federal Supplemental Educational Opportunity Grants			84.007	90,000
Federal Pell Grant Program			84.063	<u>1,280,666</u>
<i>Federal Student Financial Aid Cluster Subtotal</i>				<u><u>1,370,666</u></u>
Title I Grants to Local Educational Agencies	Colorado Department of Education	4010, 5010, 7010	84.010	31,710,047
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	Colorado Department of Education	4027	84.027	16,131,345
Special Education Preschool Grants	Colorado Department of Education	4173	84.173	<u>356,290</u>
<i>Special Education Cluster Subtotal</i>				<u><u>16,487,635</u></u>
Career and Technical Education - Basic Grants to States	Colorado Community College System	4048	84.048	1,171,343
Indian Education Grants to Local Educational Agencies			84.060	169,019

*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, 2017**

<b>Federal Grantor/Program or Cluster Title</b>	<b>Pass-through Grantor</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>Department of Education (continued)</b>				
Education for Homeless Children and Youth	Colorado Department of Education	5196	84.196	34,971
Fund for the Improvement of Education			84.215	564,945
Charter Schools	Colorado Department of Education	5282	84.282	2,007,340
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287	1,732,059
Gaining Early Awareness and Readiness for Undergraduate Programs			84.334	740,773
Teacher Quality Partnership Grants			84.336	423,380
English Language Acquisition State Grants	Colorado Department of Education	4365 & 7365	84.365	1,752,735
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Colorado Department of Education	4367	84.367	3,934,496
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)			84.374	7,812,538
School Improvement Grant	Colorado Department of Education	7377	84.377	1,647,522
Teacher Quality Partnership Grant Program Recovery Act			84.405	146,234
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)			84.411	466,873
Race to the Top - Early Learning Challenge	Colorado Department of Education	5412	84.412	78,313
<b>Total Department of Education</b>				<b><u>72,250,889</u></b>
<b>Department of Health and Human Services</b>				
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	Denver Health and Hospital Authority	7243	93.243	30,573
Teenage Pregnancy Prevention Program	Colorado Youth Matter	7297	93.297	101,177
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families (TANF)	Colorado Department of Human Services	8558	93.558	794,051
<i>TANF Cluster Subtotal</i>				<b><u>794,051</u></b>
Refugee and Entrant Assistance State Administered Programs	Colorado Department of Human Services	7566	93.566	344,227
Refugee and Entrant Assistance Targeted Assistance Grants	Colorado Department of Human Services	7584	93.584	99,352
Head Start	City and County of Denver	8600 (Award No. 08CH01119-02 08CH01119-03 08CH01119-04)	93.600	1,740,023
Block Grants for Prevention and Treatment of Substance Abuse	Colorado Department of Human Services	7959	93.959	73,838
				<b><u>3,183,241</u></b>

*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, 2017**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Pass-through Grantor</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<b>Department of Education (continued)</b>				
Education for Homeless Children and Youth	Colorado Department of Education	5196	84.196	34,971
Fund for the Improvement of Education				564,945
Charter Schools	Colorado Department of Education	5282	84.282	2,007,340
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287	1,732,059
Gaining Early Awareness and Readiness for Undergraduate Programs				740,773
Teacher Quality Partnership Grants				423,380
English Language Acquisition State Grants	Colorado Department of Education	4365 & 7365	84.365	1,752,735
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Colorado Department of Education	4367	84.367	3,934,496
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)				7,812,538
School Improvement Grant	Colorado Department of Education	7377	84.377	1,647,522
Teacher Quality Partnership Grant Program Recovery Act				146,234
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)				466,873
Race to the Top - Early Learning Challenge	Colorado Department of Education	5412	84.412	78,313
<b>Total Department of Education</b>				<b><u>72,250,889</u></b>
<b>Department of Health and Human Services</b>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Denver Health and Hospital Authority	7243	93.243	30,573
Teenage Pregnancy Prevention Program	Colorado Youth Matter	7297	93.297	101,177
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families (TANF)	Colorado Department of Human Services	8558	93.558	<u>794,051</u>
<i>TANF Cluster Subtotal</i>				<u><u>794,051</u></u>
Refugee and Entrant Assistance State Administered Programs	Colorado Department of Human Services	7566	93.566	344,227
Refugee and Entrant Assistance Targeted Assistance Grants				99,352
Head Start				1,740,023
Block Grants for Prevention and Treatment of Substance Abuse	Colorado Department of Human Services	7959	93.959	<u>73,838</u>
				<u><u>3,183,241</u></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, 2017**

<b>Federal Grantor/Program or Cluster Title</b>	<b>Pass-through Grantor</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
Corporation for National and Community Service				
AmeriCorps	Colorado Governor's Commission on Community Service	7006	94.006	347,377
<b>Total Corporation for National and Community Service</b>				<b><u>347,377</u></b>
<b>Total Federal Expenditures</b>				<b><u>\$ 114,275,761</u></b>

**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, 2017**

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.

The District's basic financial statements include the operations of the STRIVE Preparatory Schools, a discretely presented component unit, which received \$876,200 in federal awards which are not included in the District's schedule of expenditures of federal awards for the year ended June 30, 2017.

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. The District utilizes the indirect cost rate established for it by the Colorado Department of Education, therefore it has not used the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. Certain grant programs have not been assigned Catalog of Federal Domestic Assistance (CFDA) numbers by the federal government, or the numbers are not obtainable. These programs are identified in the Schedule by the federal agency number followed by three zeros (for example, 12.000)
4. During the year ended June 30, 2017, the District did not pass through any federal funds to subrecipients.
5. For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
6. 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 \$2,746,482 for the year ended June 30, 2017.

**School District No. 1 in the  
City and County of Denver and State of Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2017**

**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

6. The audit disclosed findings required to be reported by  
2 CFR 200.516(a)?       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, 2017**

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
84.367	Supporting Effective Instruction State Grants
84.374	Teacher and School Leader Incentive Grants

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  
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**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2017**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
2017-001	<p><b>Finding:</b> Student Activity Fund Reconciliations</p> <p><b>Criteria or Specific Requirement:</b> The District maintained approximately 158 Student Activity Funds accounts for fiscal year 2017. 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 Office at year-end. After multiple requests to responsible departments to provide and correct information, it was noted that thirteen reconciliations were completed on or after the request date, seven year-end reconciliations were not completed and two reconciliations provided did not reconcile to zero.</p> <p><b>Effect:</b> This delay resulted 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 the exact amount of the difference 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, although 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> 2016-001</p> <p><b>Recommendation:</b> We recommend that the District re-evaluate and strengthen its current process over this area and closely monitor the performance of reconciliations received until the online system for collection of student activity and fees is implemented. In addition, we also recommend that the District continue to expand outreach to schools regarding this issue 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, 2017**

<b>Reference Number</b>	<b>Finding</b>
2017-002	<p><b>Finding:</b> Grants Special Revenue Fund - Revenue Recognition</p> <p><b>Criteria or Specific Requirement:</b> The Grants Special Revenue Fund accounts for grants received by the District from a variety of funding sources included federal, state, local and private awards. In addition, the fund accounts for transactions related to the District's Emily Griffith Technical College. Internal controls over financial reporting should be in place to ensure that financial statements are fairly presented in accordance with general accepted accounting principles (GAAP).</p> <p><b>Condition:</b> During our testing of accounts receivable and unearned revenue reported within the Grants Special Revenue Fund, we identified that accounts receivable and unearned revenue were overstated at year end. This resulted in three recorded audit adjustments which reduced fund balance by a net effect of approximately \$423,000. In addition, there was an additional \$342,000 of proposed audit adjustments which the District chose not to record.</p> <p><b>Effect:</b> The net effect of audit adjustments proposed and recorded was \$765,000 to properly state accounts receivable and unearned revenue as of June 30, 2017.</p> <p><b>Cause:</b> During the year the District fully implemented its Grant Billing Module which allowed all grants to be tracked based on annual award year, rather than based on the grant as a whole, which allowed the District a greater level of detail to analyze.</p> <p><b>Identification as a repeat finding:</b> Not Applicable</p> <p><b>Recommendation:</b> Through the use of the Grant Billing Module, we recommend that the District perform a detailed review over all awards to determine if the receivable or unearned revenue balance is proper to be included or if an entry is needed to correct. In addition, we recommend that the District implement a process to review the reasonableness of the amount recorded against subsequent receipts and expenditures to help ensure the accuracy of the ending balance.</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, 2017**

**Section III – Federal Awards Findings**

<b>Reference Number</b>	<b>Finding</b>
2017-003	<p><b>Finding: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)</b></p> <p><b>Child Nutrition Cluster</b> 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, Award Year 2017</p> <p><b>Criteria:</b> Per 7 CFR 245.6a, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals by November 15th of each school year. The verification sample size is based on the total number of approved applications on file on October 1st and is the lesser of 3 percent or 3000 of the approved applications on file as of October 1, selected from "error-prone applications" as defined with 7 CFR 245.6a. Households with eligible children directly certified for free meals under the demonstration projects are not subject to the verification requirements.</p> <p><b>Condition:</b> Students who were eligible for free or reduced price meals as a result of direct certification were incorrectly included in verification selections and their status was incorrectly changed to paid after family did not return verification documents. This error was identified by the District in June 2017; however, not corrected while the applicants were still in school and refunds were not issued for households affected. Additionally, the District did not select the required percentage of 3 percent of approved applications on file as of October 1, 2016. (See context below)</p> <p><b>Questioned Costs:</b> \$0. We determined questioned costs based on review of student status and school reimbursement requests.</p> <p><b>Context:</b> We tested 25 verifications out of a population of 601 for testing, noting that the District incorrectly changed the status of three direct certification applicants to paid. Upon further investigation, twenty-eight applicants had an incorrectly changed status. In addition, the District had 20,200 approved applications as of October 1, 2016, of which 3% would be 606, however only 601 were selected for verification by the District. A non-statistical sampling methodology was used to select the sample.</p> <p><b>Effect:</b> By not having the appropriate controls in place regarding the above requirements, benefits were denied to eligible applicants, the error was not identified until the end of fiscal year 2017 and the minimum required number of verifications were not completed.</p> <p><b>Cause:</b> Controls over verification were not sufficiently operating during the year primarily due to a transition of responsibilities to a new employee with insufficient oversight. In addition, there was a reliance on the District's system (WINSNAP) to calculate the minimum number of items for verification, with no manual recalculation or confirmation.</p> <p><b>Identification as a repeat finding:</b> Not Applicable</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, 2017**

<b>Reference Number</b>	<b>Finding</b>
	<p><b>Recommendation:</b> We recommend the District conduct adequate training to all employees involved in the verification process, which should include a review by management to ensure households exempt from verification requirements are excluded. Additionally, we recommend the District establish monitoring procedures to ensure that not only the correct number of approved applications are selected for verification, but also that the entire verification process is monitored to ensure compliance and that objectives are met.</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**  
**Status of Prior Year Audit Findings**  
**Year Ended June 30, 2017**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2016-001	<i>Student Activity Fund Reconciliations</i> - 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.	Partially Implemented. See finding 2017-001. See auditee document for planned corrective actions and summary schedule of prior audit findings.
2016-002	CFDA No. 17.274 - YouthBuild: <i>Allowable Costs/Activities</i> - 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.	Implemented
2016-003	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.	Implemented
2016-004	CFDA No. 84.010 Title I Grants to Local Education Agencies <i>Special Test and Provisions - Schoolwide Programs</i> - We recommend the District make completion and submission of the optional appendix mandatory for all schools.	Implemented



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## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings Year Ended June 30, 2017**

### **2016-001**

**Finding:** Student Activity Fund Reconciliations – 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. The monthly reconciliations were not submitted timely to the Controller's at year end. The individual school's holding the Student Activity Fund were not performing reconciliations as required and currently the District's Controllers Office had no available repercussions against schools when they do not perform or submit monthly reconciliations.

**Status:** Partially Implemented

**Corrective Action:** The District is implementing an online bill pay system which will allow for the collection of student activity fees which will result in improvements to the accounting and banking processes. The banking process will be consolidated to one district account and the accounting for the Student Activity Funds will reside in the District's ERP system, Lawson. This will automate the reconciliation process. The District has identified a small collection of schools, approximately 15 schools that refer to as Phase I, which will early implement into the new process by January of 2018. Phase II will include the remaining 143 schools with an implementation date of June 30, 2018.

**Identification as a repeat finding:** Not applicable.

**Person Responsible for Implementing:** Stephen Clawson, Controller

**Implementation Date:** January 1, 2018



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## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings Year Ended June 30, 2017**

### **2016-002**

**Finding:** Allowable Costs/Activities – Certain salary and wages charged to YouthBuild were not supported by timely time and effort reporting. Although the certifications were ultimately received, they were not completed in a timely manner.

**Status:** Implemented

**Corrective Action:** The District started a new semi-annual Time and Effort Certification process and procedure in FY 2016-2017 to strengthen controls, increase efficiency and improve the process for timely follow up. Semi-annual Time and Effort Certifications are reviewed and approved by a supervisory officials with direct knowledge of effort for all employees that are paid with federal monies or are part of a federal required match. Updated escalation procedures are now in place to ensure timely completion.

**Identification as a repeat finding:** Not applicable.

**Person Responsible for Implementing:** Jeremiah Johnson, Director of Grants Administration

**Implementation Date:** March 1, 2017



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## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings Year Ended June 30, 2017**

### **2016-003**

**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:** \$0

**Status:** Implemented.

**Corrective Action:** The Federal Government allowed an extension of adoption of new procurement policies as it relates to the Uniform Grant Guidance until July 1, 2018. However, as a District, Denver Public Schools decided to update existing policies to be in compliance with the new standards as of July 1, 2017. As such, it didn't make sense to change all policies for fiscal year 2017 and then make another large shift for fiscal year 2018. For the Fiscal Year starting 2017-2018 all buyers are required to check debarment on all new contract awards, renewals and any PO greater than \$25,000. Debarment language was also added to the Bids/Request for Proposals and award and renewal letters.

**Identification as a repeat finding:** 2014-007, 2015-003

**Person Responsible for Implementing:** Ryan Harter, Executive Director of Strategic Sourcing

**Implementation Date:** July 1, 2017



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## **School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings Year Ended June 30, 2017**

### **2016-004**

**Finding:** Special Tests and Provisions - BKD recommended the District make completion and submission of the optional appendix mandatory for all schools.

**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 new control procedures for all applicable schools. During fiscal year 2016-2017 the District updated its procedures to provide improved communication and training to applicable schools; collaborated closely with the district department that leads district UIP collection process; and implemented a more robust process for monitoring, tracking and collecting forms from applicable schools.

**Identification as a repeat finding:** 2010-008, 2011-008, 2012-004, 2013-004, 2014-005, 2015-005

**Person Responsible for Implementing:** Jeremiah Johnson, Director Grants Administration

**Implementation Date:** July 1, 2016



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## **School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2017**

**2017-001**

**Finding:** Student Activity Fund Reconciliations

**Corrective Action:** The District is implementing an online bill pay system which will allow for the collection of student activity fees which will result in improvements to the accounting and banking processes. The banking process will be consolidated to one district account and the accounting for the Student Activity Funds will reside in the District's ERP system, Lawson. This will automate the reconciliation process. The District has identified a small collection of schools, approximately 15 schools that refer to as Phase I, which will early implement into the new process by January of 2018. Phase II will include the remaining 143 schools with an implementation date of June 30, 2018.

**Person Responsible for Implementing:** Stephen Clawson, Controller

**Implementation Date:** January 1, 2018



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## **School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2017**

**2017-002**

**Finding:** Grants Special Revenue Fund- Revenue Recognition

**Corrective Action:** The District agrees with the finding. During the prior Fiscal Year 2016-17, the process to ensure all grants went through the system billing process was implemented, and as such the finding is only related to certain grants with start dates prior to July 1, 2017. In the current Fiscal Year 2017-18, the Office of the Controller is implementing reconciliation procedures at a contract level to ensure revenue recognition procedures are done within the system and any long outstanding balances are adjusted accordingly. There will also be additional training provided for District personnel to ensure they understand the accrual process at year end.

**Person Responsible for Implementing:** Samantha Gallagher, Director of Technical Accounting and Treasury

**Implementation Date:** June 30, 2018



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## **School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2017**

**2017-003**

**Finding:** Verification of Free and Reduced Price Applications (NSLP)

**Corrective Action:** The District agrees with the finding. Subsequent to the 2016 verification of free and reduced price applications, the District re-hired the former Denver Public Schools Meals Supervisor, who oversaw the department from 2010 to 2015. In July 2017, the new meals supervisor and director attended CDE training for 'Free and Reduced Price Meal and Verification Training' and 'Direct Certification.' Additionally, the meals supervisor and director participated in other CDE training related to verification. Further, the Meals Application department has documented and implemented a monitoring control procedure to ensure the correct number of approved applications are selected for verification and properly verified. The updated procedures will also ensure that employees involved in the meal application process are properly trained and have adequate oversight

**Person Responsible for Implementing:** Theresa Hafner, Executive Director, Food and Nutrition Services

**Implementation Date:** July 1, 2017



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