

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, **2015**



DENVER
PUBLIC
SCHOOLS

Discover a World
of Opportunity™



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

Prepared by the Office of the Controller





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IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

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INTRODUCTORY SECTION

November 19, 2015

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 (the “CAFR”) for the fiscal year ended June 30, 2015, 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, 2015 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 the MD&A 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 2013 Government Finance Officers Association (GFOA) Certificate of Achievement, and the 2013 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 supports Denver Public Schools' mission of *Every Child Succeeds*. Denver Public Schools ("DPS") serve more than 90,000 students in more than 180 schools in the City and County of Denver and is the largest district in Colorado. Nearly 70% of students qualify for free/reduced priced lunch and more than 75% are ethnic minorities. DPS is a fast growing urban district with growth of 16,000 students since 2007. We project that the district will continue to grow as population growth, strong residential development and improved school offerings draw students to DPS. In the last six years, DPS has also had the highest rate of student progress of major districts in the state by increasing the graduation rate by nearly 25% and cutting the dropout rate by 40%. However, 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 FY2015-16 Adopted Budget is intended to provide the financial resources necessary to enable educators to achieve the academic goals of the Denver Plan: Great Schools in Every Neighborhood, School Readiness, Foundation for Success, Ready for College and Career, and Support for the Whole Child.

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

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

ECONOMIC CONDITION AND OUTLOOK

The reduction in state funding over the past six years creates one of the largest obstacles for the District to provide financial resources necessary for educators to achieve the Denver Plan's academic goals. The total K-12 funding in Colorado for FY2015-16 is \$855 million below the full funding level as intended in the state constitution funding formulas, or \$92 million below full funding for DPS. This is due to the economic recession and legislative reductions to K-12 funding. The District is able to limit the impact of these reductions on our classrooms by using one time reserves built up over the last decade and by tightly managing costs elsewhere. As a result of economic growth, the outlook for K-12 finances has improved. Per Pupil Revenue in FY2015-16 is expected to grow \$278 over the Per Pupil Revenue for FY2014-15 from \$7,355 to \$7,633. The Student Success Act (HB14-1292) provided additional funding to K-12 education this year. Despite this increase, the Per Pupil Revenue for FY2015-16 is still lower than levels in FY2009-10, and far below the amounts the funding formulas prescribe. DPS manages the funding gaps and improves the educational offerings for our students through prudent fiscal management, the support of local voters through mill levy overrides (operating funding) and general obligation bonds (capital funding), and state, federal and private grants received. We continue to manage fund balances to help ensure that we can address future uncertainties without major interruptions to core educational services.

In November 2000, Colorado voters approved a constitutional amendment (commonly known as “Amendment 23”) that sets minimum levels of increase in the statewide base per pupil funding amount and the total state funding for categorical programs. Amendment 23 stipulates that the General Assembly must adjust the base each year by the rate of inflation increase plus one-percent for the ten-year period beginning FY 2001-02, and by at least the rate of inflation thereafter. As a result of the passage of Amendment 23, school formula funding has increased each year for the District by approximately the rate of inflation plus one-percent plus enrollment growth. Over the last seven years, the District’s enrollment has increased by 22% and is expected to continue to increase in the near future.

Public school finance in Colorado continues to be hindered by the economic downturn and potential impacts TABOR could have on State revenues. Currently, annual funding for K-12 education is \$855 million below what would be considered fully funded. Colorado has a very complex public school funding formula that was developed in 1994 called the Public School Finance Act. School districts in Colorado are funded on a per pupil basis that is different for each of the 178 school districts. The state calculates each district’s per pupil revenue (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 32% of public school funding in the state. Over the past few years, assessed valuation 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 is forced to make a choice between fully funding K-12 education or continuing to fund other vital public services such as Corrections, Healthcare/Medicaid, Higher Education, and Human Services. Beginning in FY2010-11, the state introduced the “Negative Factor” to reduce school funding to a level that it could afford.

In total, the Negative Factor when applied in FY2015-16 will reduce DPS’ annual available revenue by \$92 million. While PPR in Denver is expected to increase from \$7,355 to \$7,633, the Negative Factor will leave DPS at a significant shortfall as compared to a fully funded level. Despite these complications, DPS has maintained Fund Balance in its General Fund of \$107 million as of June 30, 2015 due to prudent financial planning. To offset funding cuts, DPS has been using these one-time funds to keep cuts out of the classroom. Beginning General Fund Fund Balance increased by \$8.5 million in FY2014-15 due to the incorporation of the Risk Management Fund into the General Fund and spend on fund balance was minimal. The District currently forecasts \$11 million use of fund balance in FY2015-16.

State statute allows school districts to levy general fund taxes at a general or special Override Election Mill Levy at a rate greater than that allowed by law. The maximum amount of the revenue increase may not exceed 25% of the District’s formula funding. In 1988, 1998, 2003, 2005 and 2012, the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003, Override Election mill levies are fixed dollar amounts of \$12.1 million, \$17 million, and \$20 million respectively. The 2005 Override Election mill levy, initially set at \$25 million, is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 Override Election mill levy amount for the 2015 collection year was approximately \$31 million and is directed toward the ProComp program described below. The 2012 Override Election mill levy is fixed at 4.860 mills. This will generate \$65 million for the 2015 property tax collection year. In future years, the mill rate of 4.860 will remain fixed regardless of changes to assessed valuation.

MAJOR INITIATIVES

Capital Improvement Plan

At an election held on November 6, 2012, district voters approved the issuance of General Obligation Bonds to acquire, construct and improve capital assets. This will improve the teaching and learning environment by: maintaining, repairing and renovating existing school buildings; addressing critical health, safety and security concerns in district school buildings; improving environmental sustainability; providing technology for 21st century learning; constructing additions and making improvements to existing schools; constructing new buildings to reduce overcrowding; and accommodating the expansion of early childhood education and full-day kindergarten (collectively, the ‘Projects’).

The District has made significant progress of renovations of existing schools and construction of new schools including:

Northfield High School at Paul Sandoval Campus – Northfield High School opened August 2015 with its first freshman class, growing by one grade per year after that. During Phase I of the campus, there will be an estimated 325 students per grade. Upon completion of the Paul Sandoval campus in 2018, Northfield High School may grow to a maximum campus capacity of 600 students per grade, subject to enrollment demand. The school will serve its boundary plus 35% choice-in enrollment ensuring diversity as it serves students throughout the Northeast Denver region.

Joe Shoemaker School – The construction for Joe Shoemaker School helps address overcrowding of the existing elementary and early childhood education (ECE) building located in the southeast region of the District. The school will accommodate 550 students (three classes per grade) and allow for future ECE expansion. The school will have over 78,000 square feet and offers an outdoor educational classroom located around classroom pods. The school opened for the 2015-2016 school year.

Florence Crittenton High School Renovation – Florence Crittenton High School is the largest and most complete provider of services for pregnant and parenting teens in the state of Colorado. The campus has a new high school building with academic offerings including a Certified Nursing Assistant program, an expanded early childhood education center and the first school-based center in Colorado to offer both obstetrics and pediatrics. The renovation includes a media center, kitchen, gym, café and the Denver Health Clinic. This expansion and renovation will improve the learning environment for high school students and will expand their services to students through three years old.

Lowry Elementary School – The construction of Lowry Elementary Schools helps address enrollment growth and overcrowding of East Denver neighborhood elementary schools. The schools will add six new elementary classrooms and two new early childhood education classrooms.

The District continues to assess the capital and related maintenance needs to serve its growing student population and has committed fund balance in the Capital Reserve fund for such needs.

Intergovernmental Efforts

Senior management meets with representatives of the City and County of Denver, the Denver Urban Renewal Authority and/or developers throughout the City to discuss future school sites on a continuous basis.

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 satisfactory 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 to be 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, Trustee expenses, and the rental or leasing of equipment and supplies as needed by the Trust. 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 from the Denver Public Schools, 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 Trust is responsible for monitoring how the District spends the monies derived from the Trust and ensuring that they are spent only for ProComp related expenses and spent in a manner consistent 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

Management 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 (however, not to provide assurance on the 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 except the general fund and capital funds which are on the non-GAAP budgetary basis, which is modified accrual, adjusted for encumbrances and salary accruals. . For financial statement presentation purposes, the modified accrual basis of accounting is followed for all governmental funds and similar fiduciary fund types. The management's discussion and analysis and the notes to financial statements expand upon this and other accounting policies. The financial statements are prepared in accordance with the Standards of the Governmental Accounting Standards Board. All of the District's funds are presented in this report and have been audited by the District's independent auditors, BKD, LLP. The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant and be in accordance with generally accepted auditing standards. The auditor's role is to conduct an independent audit and render to outside parties an opinion on the fair presentation of the financial statements. Budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is maintained at the total fund level for each individual 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 to become aligned with other schools districts in the state.

Financial Policies

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

Long-term Financial Planning

The District continually develops and refines forward-looking financial projections as part of its budgetary process and considers it to be a critical component to successfully managing the finances of the District. This is especially true in the current economic environment as the District will continue to face funding challenges related to the declines in state support. As a result, it is paramount that the District reviews its projected financial position to ensure that appropriate 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. In addition to meeting the requirements set forth in state law, the audit also meets the requirements of the federal Single Audit Act Amendment of 1996 and related Office of Management and Budget Circular A-133. The independent auditor's report is included in the financial section of this report.

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, 2014. This was the thirtieth 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, 2014 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, 2014. This was the sixteenth 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 2014 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.

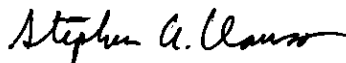
Acknowledgement

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, 2014

Executive Director/CEO

Association of School Business Officials International



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

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

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



Mark C. Pepera, MBA, RSBO, SFO
President

John D. Musso, CAE, RSBA
Executive Director

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

DISTRICT OFFICIALS

BOARD OF EDUCATION

Happy Haynes	President
Anne Rowe	Vice President
Rosemary Rodriguez	Secretary
Michael Johnson	Treasurer
Arturo Jimenez	Member
Barbara O'Brian	Member
Landri Taylor	Member

SUPERINTENDENT

Tom Boasberg

CHIED OPERATING OFFICER

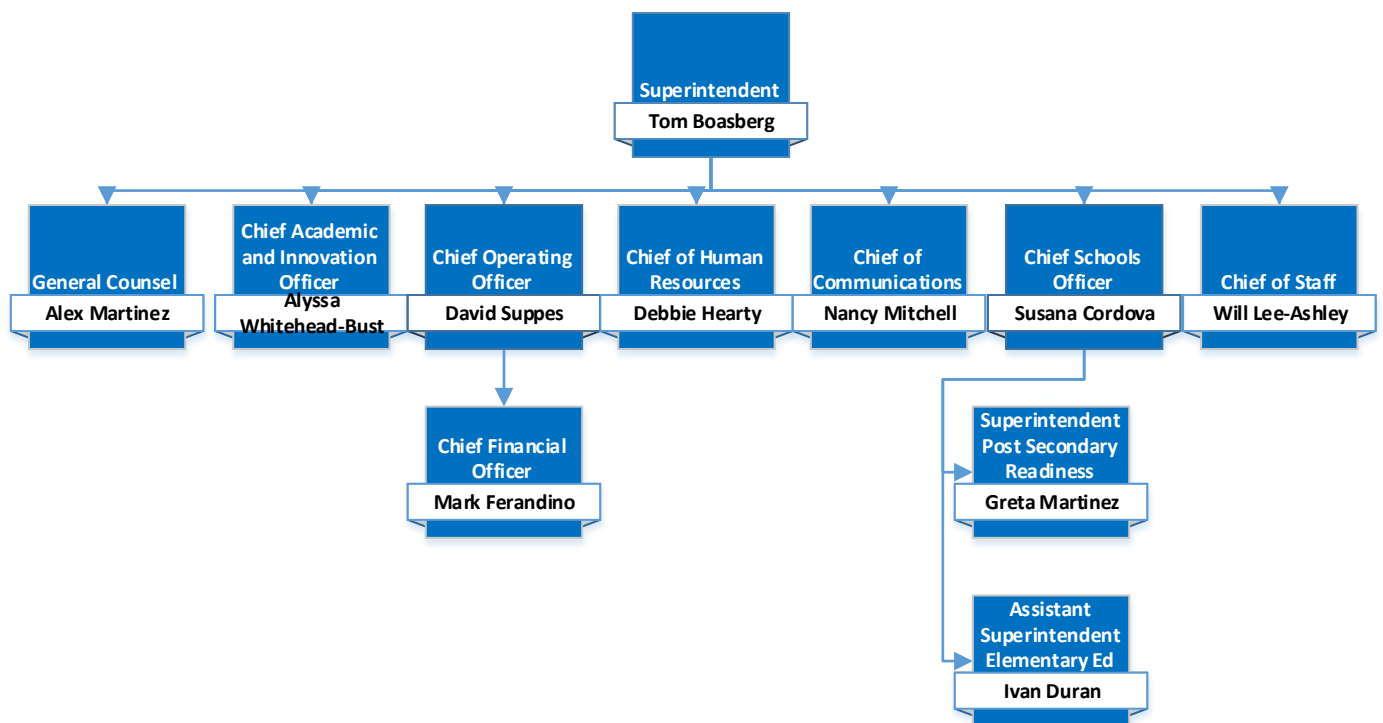
David Suppes

CHIEF FINANCIAL OFFICER

Mark Ferrandino

CONTROLLER

Stephen A. Clawson, CPA





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FINANCIAL SECTION

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, 2015, 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 within the KIPP Colorado Schools and the charter schools operated and managed by STRIVE Preparatory Schools, we did not audit the financial statements of the aggregate discretely present component units, which represent 86.59% of total assets and 74.81% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2015. 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 within the KIPP Colorado Schools and the charter schools operated and managed by STRIVE Preparatory Schools, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Academy 360, Colorado High School, the charter schools within the KIPP Colorado Schools and the charter schools operated and managed by STRIVE Preparatory Schools, all of which were audited under *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2015, 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, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the beginning net position of the aggregate discretely presented component units have been restated for a change in reporting entity. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary, postemployment benefits other than pensions, and pension information, listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other

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

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the combining fund statements – nonmajor funds, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 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 19, 2015



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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, 2015

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 this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. 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 seven of this report.

Financial Highlights

On the Statement of Net Position, as of June 30, 2015, the District's net position for governmental activities is a deficit net position of \$1.19 billion. The deficit net position is primarily the result of three factors. The first is the result of the District executing Certificates of Participation to fund the District's pension plan known as Denver Public Schools Retirement System (DPSRS) prior to its merger as a separate division within the state's Public Employees Retirement Association (PERA). In July of 1997, the District executed \$384.2 million in Certificates of Participation with the net proceeds contributed to DPSRS. In April of 2008, the District issued \$750 million in Certificates of Participation to refund existing certificates and to fund an additional \$397.8 million contribution to DPSRS in anticipation of the merger with PERA. As a result of these contributions, the District's PERA division is 83.9% funded compared to the PERA School division of 64.2% as of December 31, 2014. Second, for the fiscal year ended June 30, 2015 the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of the implementation, a net pension liability is created to represent the actuarially determined present value of future pension benefit payments. The District has no legal obligation to fund any shortfall nor does it have any liability to affect funding, benefits, or annual required contribution decisions made by PERA. The change in accounting principle restated the beginning net position by a decrease of \$469 million dollars for the fiscal year ended June 30, 2015. Third, in order to fund the District's capital program, the voters of Denver authorized General Obligation bonds in November 1998, 2003, 2008 and 2012 of \$305 million, \$310.8 million, \$454 million, and \$466 million respectively. The proceeds of these bonds were used to fund necessary capital and maintenance of the District's facilities, some of which were not capitalized.

Long-term liabilities increased to \$3,120.4 million from \$2,595.1 million in FY 2014 primarily due to the implementation of GASB Statement No. 68.

On the statement of activities, general revenues accounted for \$921 million or 77% of total revenues, and program revenues were \$275.6 million or 23% of the total revenues of the primary government. The total revenues increased from \$1,139.1 to \$1,196.6, or 5% when compared to prior year primarily due to increased property taxes and state equalization driven by increased student count.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information on how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree sick leave payable).

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

Governmental activities: Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities. Starting in fiscal year 2015, the food service program is reported as a special revenue fund, in previous years this fund was reported as an enterprise fund.

The government-wide financial statements include not only the District itself (the primary government), but also legally-separate entities such as the Denver Public Schools Foundation and charter schools which are component units of the District. Financial information for these component units is reported separately from the financial information presented for the primary government. The Denver School Facilities Leasing Corporation has been included as a blended component unit.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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, grants special revenue, food service special revenue, ProComp special revenue, bond redemption (debt service), capital projects building and capital reserve, all of which are considered to be major funds. Data for the other three governmental funds (pupil activity, tuition special revenue and permanent) is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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. In previous years the District used an internal service fund for its risk management activities and enterprise fund for food service activities. These funds are now accounted for in the general and food service special revenue funds, respectively. See Note 14 for more details regarding the fund changes.

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

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

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

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

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These are followed by budgetary comparison schedules for the District's building and capital reserve fund. The budgetary comparison schedules for the remaining funds follow. The combining statements for the internal service funds and the schedule of changes in the collective net pension liability are provided next.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Financial Analysis of the District

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased from \$950 million in 2014 to \$1.1 billion in 2015. The increase is primarily a result of capital spending from the District's general obligation bonds and certificates of participation. The District's capital assets will continue to increase as planned projects are completed in the Capital Reserve and Building Fund. Combined, these funds have available fund balance of \$227.1 million.

Current and other assets decreased from \$920.8 million to \$714.7 million primarily due to receipt of proceeds from General Obligation Bonds, Capital Leases and Certificates as described in the Capital Improvement Plan in the Letter of Transmittal.

The following table provides a summary of the District's net position as of June 30, 2015 and 2014, respectively (in millions):

	<u>June 30, 2015</u>	<u>June 30, 2014*</u>		
	Governmental activities	Governmental activities	Business-type activities	Total
Current and other assets	\$ 714.7	\$ 920.8	\$ 0.1	\$ 920.9
Capital assets, net	1,104.1	949.4	0.6	950.0
Total assets	1,818.8	1,870.2	0.7	1,870.9
Deferred outflow of resources	276.6	226.9	-	226.9
Long-term liabilities	3,055.9	2,595.1	-	2,595.1
Other liabilities	228.5	157.7	0.8	158.5
Total liabilities	3,284.4	2,752.8	0.8	2,753.6
Deferred Inflow of resources	\$ 3.6	\$ -	\$ -	\$ -
Net position:				
Net investment in capital assets	118.6	130.6	0.6	131.2
Restricted	391.7	175.0	-	175.0
Unrestricted	(1,702.9)	(961.3)	(0.7)	(962.0)
Total net position	\$ (1,192.6)	\$ (655.7)	\$ (0.1)	\$ (655.8)

*The June 30, 2014 summarized statement has not been restated to reflect the impact of the change in accounting principle implementation of GASB Statement No. 68

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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

The following table provides a summary of the District's activities for the fiscal years ended June 30, 2015 and 2014, respectively (in millions):

	June 30, 2015	June 30, 2014		
	Governmental activities	Governmental activities	Business-type activities	Total
REVENUES				
Program revenues				
Charges for services	\$ 53.7	\$ 46.6	\$ 4.4	\$ 51.0
Operating grants and contributions	221.9	170.6	34.1	204.7
General revenues				
Taxes	551.4	581.8	-	581.8
State equalization	331.5	282.0	-	282.0
Investment income	2.5	7.2	-	7.2
Other	35.6	12.4	-	12.4
Total revenues	<u>1,196.6</u>	<u>1,100.6</u>	<u>38.5</u>	<u>1,139.1</u>
EXPENSES				
Instruction	606.2	525.4	-	525.4
Support services	529.9	453.6	38.8	492.4
Interest on long-term debt	127.9	117.4	-	117.4
Total expenses	<u>1,264.0</u>	<u>1,096.4</u>	<u>38.8</u>	<u>1,135.2</u>
Change in net position	<u>(67.4)</u>	<u>4.2</u>	<u>(0.3)</u>	<u>3.9</u>
Net position - beginning	(655.8)	(649.4)	0.1	(649.3)
Change in Accounting Principle	(469.4)	(15.4)	-	(15.4)
Prior Period adjustment	-	4.9	-	4.9
Net position - beginning as restated	<u>(1,125.2)</u>	<u>(659.9)</u>	<u>0.1</u>	<u>(659.8)</u>
Net position - ending	<u>\$ (1,192.6)</u>	<u>\$ (655.7)</u>	<u>\$ (0.2)</u>	<u>\$(655.9)</u>

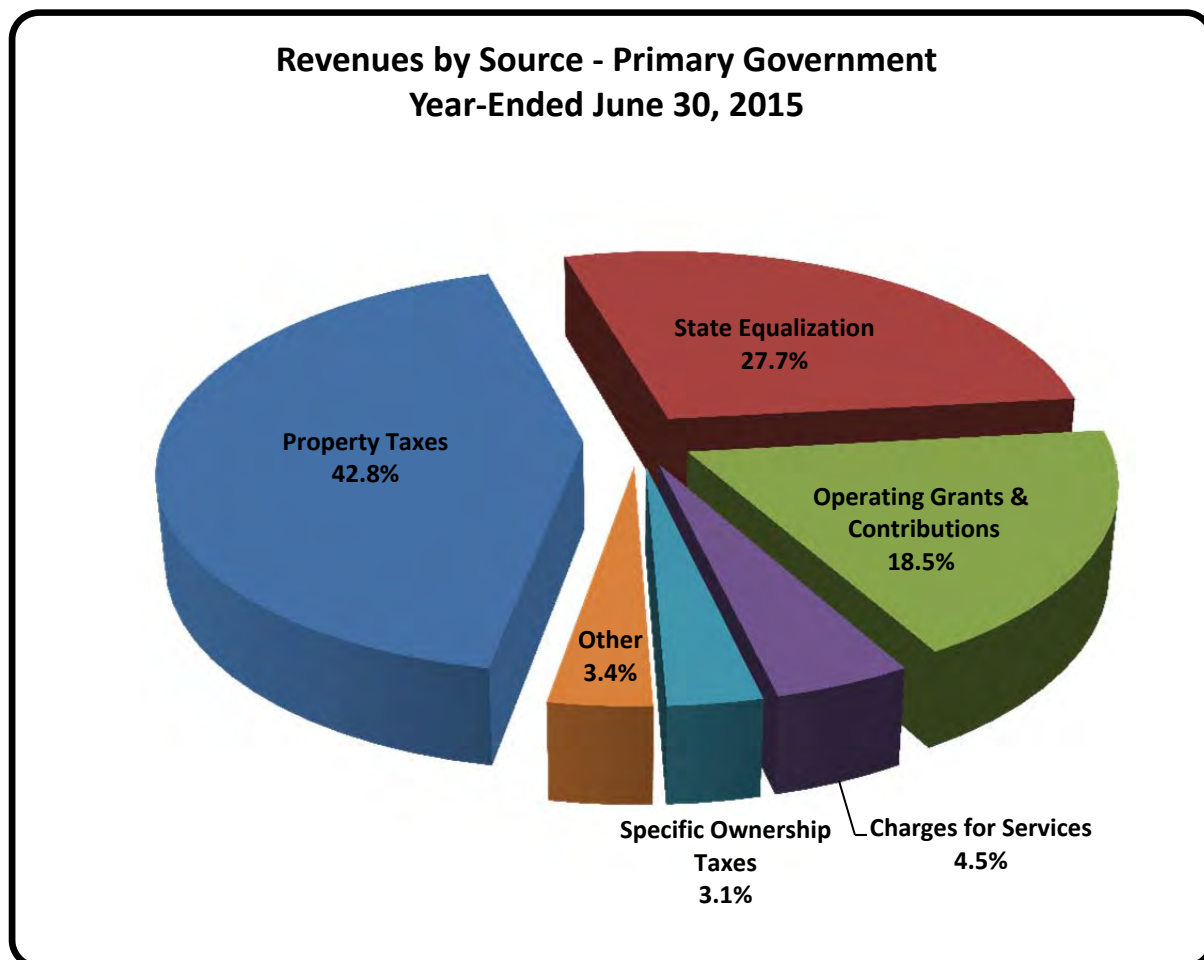
SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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 2015 was \$616.7 million based on a funded pupil count of 83,825 and per pupil total program funding of \$7,357, compared to total program funding of \$564.8 million, funded pupil count of 80,526 and per pupil total program funding of \$7,014 in fiscal year FY 2014. Of the \$616.7 million adjusted program, \$331.5 million was funded through state share and the remainder through a combination of local property and specific ownership taxes compared to \$282.0 million funded through state share in FY 2014.

The District generated \$512.1 million in property tax revenues in fiscal year 2015 compared to \$515.7 million in fiscal year 2014. 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 2015 were \$1,264.0 million compared to \$1,135.2 million in fiscal year 2014.

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, 2015

Financial Analysis of the District's Funds

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

Governmental funds

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

Fund balance of all governmental funds decreased by \$217.9 million. This decrease is primarily due to decreases of \$186.9 million in building fund balance, \$25.6 million in capital reserve fund and \$13.3 million in ProComp special revenue fund balance. The decreases in these fund balances are a result of planned capital spending and planned spending of ProComp fund balance.

General Fund

The general fund is the primary operating fund of the District. Fund balance of the general fund at June 30, 2015 was \$106.5 million, compared to \$106.7 million as of June 30, 2014.

Other major governmental funds

The grant special revenue fund balance increased \$1.7 million due to additional state grant funding during the year. Fund balance of the ProComp special revenue fund decreased by \$13.3 million due to planned increases in program spending. The bond redemption fund increased \$4.1 million due to timing of upcoming debt service payments.

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 funds, which are included with the governmental activities for the government-wide financial statements.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with state law on a GAAP basis except for the general, capital reserve, and building funds, which are budgeted on the budgetary basis and adjusts for salary accruals and encumbrances. The most significant budgeted fund is the general fund.

The difference between the general fund original and final budget for expenditures was an overall increase of \$13.2 million and primarily attributable to an increase in funded students relative to the prior year resulting in staffing increases and related expenses to support enrollment growth.

The major difference between the District's final budget and actual expenditures relates to approximately \$44.9 million of 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, 2015

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets for its governmental activities as of June 30, 2015, amounted to \$1,104.1 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 spend 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, 2015 and 2014, respectively, net of accumulated depreciation, were as follows (in millions):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
	<u>Governmental activities</u>	<u>Governmental activities</u>	<u>Business- type activities</u>	<u>Total</u>
Land	\$ 70.0	\$ 69.2	\$ -	\$ 69.2
Buildings and improvements	829.6	650.8	-	650.8
Construction in progress	149.6	192.6	-	192.6
Equipment	54.9	36.8	0.6	37.4
Capital leases	-	-	-	-
Total	<u>\$ 1,104.1</u>	<u>\$ 949.4</u>	<u>\$ 0.6</u>	<u>\$ 950.0</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements. The risk management fund was a business-type fund in fiscal year 2014. This fund merged into the general fund for fiscal year 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Long-Term Debt

At June 30, 2015 and 2014, respectively, the District's long-term debt consisted of the following (in millions):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
	<u>Governmental activities</u>	<u>Governmental activities</u>	<u>Business- type activities</u>	<u>Total</u>
Certificates of participation	\$ 1,049.3	\$ 1,062.1	\$ -	\$ 1,062.1
General obligation bonds	1,482.5	1,513.4	-	1,513.4
Compensated absences	17.1	16.4	-	16.4
OPEB Net Obligation	3.4	3.1	-	3.1
Net Pension Liability	568.2	-	-	-
Total	<u>\$ 3,120.5</u>	<u>\$ 2,595.0</u>	<u>\$ -</u>	<u>\$ 2,595.0</u>

Additional information on the District's long-term debt can be found in Note 6 to the basic financial statements. As discussed in Note 8, the net pension liability was recorded as a result of a new accounting standard, GASB 68, what was effective as of July 1, 2014.

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 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 THE STATE OF COLORADO

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 172,416,751	\$ 38,247,387
Investments	36,773,253	-
Receivables:		
Taxes	18,702,836	-
Intergovernmental	44,302,635	-
Interest	729,386	-
External parties	37,389	-
Other	77,897,640	4,869,000
Inventory	3,884,066	138,783
Prepaid expenses	-	275,196
Held by fiscal agent	5,596,152	3,004,383
Restricted cash and cash equivalents	85,421,838	1,980,726
Restricted investments	268,884,324	1,874,999
Capital assets:		
Land and construction in progress	219,595,909	4,380,385
Buildings, improvements, and equipment, net of accumulated depreciation	884,552,077	11,035,437
Total assets	<u>1,818,794,256</u>	<u>65,806,296</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	232,765,734	-
Difference between projected and actual earnings on pension plan	40,338,539	3,747,524
Contributions subsequent to measurement date on pension plan	3,478,456	734,796
Change in proportionate share on pension plan	-	4,783,664
Total deferred outflows of resources	<u>276,582,729</u>	<u>9,265,984</u>
LIABILITIES		
Accounts and interest payable	79,526,118	10,960,057
Accrued payroll and benefits	62,252,287	2,879,471
Accrued claims	10,856,466	-
Unearned revenue	11,288,492	322,272
Long-term liabilities		
Due within one year	64,578,161	322,043
Due in more than one year	3,055,870,278	67,866,288
Total liabilities	<u>3,284,371,802</u>	<u>82,350,131</u>
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience on pension plan	127,064	11,790
Change in proportionate share on pension plan	3,448,183	1,712,359
Total deferred inflows of resources	<u>3,575,247</u>	<u>1,724,149</u>
NET POSITION		
Net investment in capital assets	118,645,799	705,597
Restricted for:		
Debt service	109,761,547	-
Performance-based teacher compensation	31,352,361	-
Higher education	10,047,631	-
Non-governmental grantor-designated purposes	9,859,915	-
Federal programs	4,198,266	-
Permanent fund	128,806	-
Capital projects	202,717,436	917,942
Donor-designated purposes	-	4,816,747
Emergency reserve	23,587,040	3,693,493
Unrestricted (deficit)	(1,702,868,865)	(19,135,779)
Total net position (deficit)	<u>\$ (1,192,570,064)</u>	<u>\$ (9,002,000)</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 ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Instruction:				
Regular	\$ 524,157,578	\$ 27,199,203	\$ 97,041,819	\$ (399,916,556)
Special education	70,416,082	-	21,306,725	(49,109,357)
Vocational	287,446	-	1,524,847	1,237,401
Other	11,341,739	771,202	2,751,506	(7,819,031)
Total instruction	606,202,845	27,970,405	122,624,897	(455,607,543)
Support services:				
Pupil support	36,294,290	1,873,485	6,684,254	(27,736,551)
Instructional support	113,735,903	5,459,140	19,477,221	(88,799,542)
General administration	5,299,657	356,531	1,272,040	(3,671,086)
School administration	65,203,286	3,488,832	12,447,521	(49,266,933)
Business services	6,971,488	-	(382,266)	(7,353,754)
Operations and maintenance	74,977,466	4,990,851	17,806,448	(52,180,167)
Pupil transportation	22,571,539	-	4,788,836	(17,782,703)
Central services	126,422,166	8,558,998	30,536,950	(87,326,218)
Other support services	47,742,261	277,968	991,740	(46,472,553)
Community services	12,899,168	706,209	2,519,625	(9,673,334)
Education for adults	17,810,826	-	3,152,381	(14,658,445)
Interest on long-term debt	127,899,257	-	-	(127,899,257)
Total support services	657,827,307	25,712,014	99,294,750	(532,820,543)
Total governmental activities	1,264,030,152	53,682,419	221,919,647	(988,428,086)
Total primary government	\$ 1,264,030,152	\$ 53,682,419	\$ 221,919,647	\$ (988,428,086)
Component units				
Charter schools	\$ 124,862,031	\$ -	\$ 345,504	\$ (124,516,527)
DPS Foundation	15,365,110	-	14,323,794	(1,041,316)
Total component units	\$ 140,227,141	\$ -	\$ 14,669,298	\$ (125,557,843)

	Primary Government Governmental Activities	Component Units
Net (expense) revenue	\$ (988,428,086)	\$ (125,557,843)
General revenues:		
Property taxes	512,100,229	13,598,470
Specific ownership taxes	36,829,683	-
Payment in lieu of taxes	2,489,581	-
State equalization	331,479,392	105,629,700
Interest and investment income	2,481,057	76,001
Other	35,645,024	4,564,469
Total general revenues	921,024,966	123,868,640
Changes in net position	(67,403,120)	(1,689,203)
Net position (deficit) - beginning, as previously stated	(655,790,691)	31,793,132
Change in reporting entity	-	303,519
Change in accounting principle	(469,376,253)	(39,409,448)
Net position (deficit) - beginning, as restated	(1,125,166,944)	(7,312,797)
Net position (deficit) - ending	\$ (1,192,570,064)	\$ (9,002,000)

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
JUNE 30, 2015

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
ASSETS				
Assets:				
Cash and cash equivalents	\$ 165,992,793	\$ 2,793,545	\$ 139,018	\$ 3,374,339
Investments	-	-	-	36,769,271
Receivables:				
Taxes receivable	14,450,789	-	-	952,064
Intergovernmental	564,361	42,719,942	1,018,332	-
Interest receivable	208	-	-	15,130
Other	1,687,125	7,353,505	3,835,179	-
Due from other funds	10,899,102	-	-	-
Inventory	824,309	-	3,059,757	-
Cash with fiscal agents	5,596,152	-	-	-
Restricted cash and cash equivalents	63,876	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 200,078,715</u>	<u>\$ 52,866,992</u>	<u>\$ 8,052,286</u>	<u>\$ 41,110,804</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 36,367,544	\$ 6,039,290	\$ 303,643	\$ 2,755
Accrued payroll and benefits	50,730,323	6,095,144	543,280	4,202,465
Due to other funds	-	15,463,659	7,205,363	5,263,103
Unearned revenue	2,965,088	8,323,404	-	-
Total liabilities	<u>90,062,955</u>	<u>35,921,497</u>	<u>8,052,286</u>	<u>9,468,324</u>
Deferred inflows of resources:				
Property taxes	3,462,960	-	-	290,119
Unavailable revenues - long-term receivables	-	-	-	-
Total deferred inflows of resources	<u>3,462,960</u>	<u>-</u>	<u>-</u>	<u>290,119</u>
Fund balances:				
Nonspendable:				
Inventory	824,309	-	3,059,757	-
Permanent fund	-	-	-	-
Restricted for:				
Higher education	-	10,047,631	-	-
Non-governmental grantor-designated purposes	-	2,699,598	-	-
Federal programs	-	4,198,266	-	-
Performance-based teacher compensation	-	-	-	31,352,361
Debt service	-	-	-	-
Capital projects	-	-	-	-
Emergency reserve	23,587,040	-	-	-
Committed to:				
Capital projects	-	-	-	-
Assigned to:				
Subsequent year expenditure	4,082,181	-	-	-
Special projects	15,920,181	-	-	-
Debt service	-	-	-	-
Unassigned	62,139,089	-	(3,059,757)	-
Total fund balances	<u>106,552,800</u>	<u>16,945,495</u>	<u>-</u>	<u>31,352,361</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 200,078,715</u>	<u>\$ 52,866,992</u>	<u>\$ 8,052,286</u>	<u>\$ 41,110,804</u>

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

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 117,056	\$ 172,416,751
Investments	-	-	-	3,982	36,773,253
Receivables:					
Taxes receivable	3,299,983	-	-	-	18,702,836
Intergovernmental	-	-	-	-	44,302,635
Interest receivable	54,870	658,871	307	-	729,386
Other	-	8,583	65,007,328	-	77,891,720
Due from other funds	-	-	19,033,356	7,875,914	37,808,372
Inventory	-	-	-	-	3,884,066
Cash with fiscal agents	-	-	-	-	5,596,152
Restricted cash and cash equivalents	-	77,047,581	8,310,381	-	85,421,838
Restricted investments	107,413,981	161,470,343	-	-	268,884,324
Total assets	<u>\$ 110,768,834</u>	<u>\$ 239,185,378</u>	<u>\$ 92,351,372</u>	<u>\$ 7,996,952</u>	<u>\$ 752,411,333</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 26,693,372	\$ 3,613,539	\$ 26,754	\$ 73,046,897
Accrued payroll and benefits	-	-	-	681,075	62,252,287
Due to other funds	30,009	9,774,571	-	-	37,736,705
Unearned revenue	-	-	-	-	11,288,492
Total liabilities	<u>30,009</u>	<u>36,467,942</u>	<u>3,613,539</u>	<u>707,829</u>	<u>184,324,381</u>
Deferred inflows of resources:					
Property taxes	977,278	-	-	-	4,730,357
Unavailable revenues - long-term receivables	-	-	64,382,889	-	64,382,889
Total deferred inflows of resources	<u>977,278</u>	<u>-</u>	<u>64,382,889</u>	<u>-</u>	<u>69,113,246</u>
Fund balances:					
Nonspendable:					
Inventory	-	-	-	-	3,884,066
Permanent fund	-	-	-	128,806	128,806
Restricted for:					
Higher education	-	-	-	-	10,047,631
Non-governmental grantor-designated purposes	-	-	-	7,160,317	9,859,915
Federal programs	-	-	-	-	4,198,266
Performance-based teacher compensation	-	-	-	-	31,352,361
Debt service	109,761,547	-	-	-	109,761,547
Capital projects	-	202,717,436	-	-	202,717,436
Emergency reserve	-	-	-	-	23,587,040
Committed to:					
Capital projects	-	-	17,390,944	-	17,390,944
Assigned to:					
Subsequent year expenditure	-	-	-	-	4,082,181
Special projects	-	-	-	-	15,920,181
Debt service	-	-	6,964,000	-	6,964,000
Unassigned	-	-	-	-	59,079,332
Total fund balances	<u>109,761,547</u>	<u>202,717,436</u>	<u>24,354,944</u>	<u>7,289,123</u>	<u>498,973,706</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 110,768,834</u>	<u>\$ 239,185,378</u>	<u>\$ 92,351,372</u>	<u>\$ 7,996,952</u>	<u>\$ 752,411,333</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
JUNE 30, 2015

Total fund balances for governmental funds	\$ 498,973,706
Add:	
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.	69,113,246
Total capital assets \$1,713,427,571 less internal service funds \$45,574.	1,713,381,997
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and are related to loss on refundings.	232,765,734
Deferred activity related to pension actuarial assumptions are not recorded and included in governmental funds.	36,763,292
Pension contributions subsequent to the plans measurement date are not included in the long-term liability and are deferred.	3,478,456
Less:	
Total accumulated depreciation \$609,279,585 less internal service funds \$39,243.	(609,240,342)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(2,548,938,221)
Accrued interest payable not included in the funds.	(6,479,221)
OPEB are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(3,355,758)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net position of internal service funds is included in the governmental activities statement of net position.	(22,027)
Accrued claims liability is not reported in governmental funds, but are included as a government-wide liability	(10,856,466)
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.	(568,154,460)
Net position (deficit) of governmental activities	<u>\$ (1,192,570,064)</u>

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

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
REVENUES				
Taxes	\$ 408,845,811	\$ -	\$ -	\$ 31,161,242
Intergovernmental:				
Revenue from state sources	367,131,089	19,009,393	701,250	-
Revenue from federal sources	1,017,755	92,220,580	35,567,104	-
Charge for services	33,656,565	6,557,025	4,556,265	-
Investment income	725,088	-	-	7,211
Other local sources	8,708,951	29,627,465	4,382	-
Total revenues	<u>820,085,259</u>	<u>147,414,463</u>	<u>40,829,001</u>	<u>31,168,453</u>
EXPENDITURES				
Current:				
Instruction:				
Regular instruction	369,080,657	36,818,385	21,014	42,909,494
Special education	58,084,966	11,940,834	-	-
Vocational education	138,755	148,691	-	-
Other instruction	7,732,012	664,474	-	-
Total instruction	<u>435,036,390</u>	<u>49,572,384</u>	<u>21,014</u>	<u>42,909,494</u>
Support services:				
Pupil supporting services	29,300,812	6,938,354	-	-
Instructional support	64,420,077	47,913,957	-	-
General administration	4,891,160	264,147	-	85,881
School administration	63,290,849	1,824,259	-	-
Business services	5,970,739	345,444	-	-
Operations and maintenance	57,100,385	72,220	-	-
Pupil transportation	21,942,671	309,425	-	-
Central services	54,801,151	10,800,529	-	1,519,567
Other support services	914,267	5,701,693	41,126,301	-
Total support services	<u>302,632,111</u>	<u>74,170,028</u>	<u>41,126,301</u>	<u>1,605,448</u>
Community services	8,555,867	4,302,564	-	-
Education for adults	629,177	17,181,649	-	-
Capital outlay	1,270,899	1,020,059	19,274	-
Debt service:				
Principal payments	13,360,000	-	-	-
Interest and fiscal charges	45,878,257	-	-	-
Total debt service	<u>59,238,257</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>807,362,701</u>	<u>146,246,684</u>	<u>41,166,589</u>	<u>44,514,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,722,558</u>	<u>1,167,779</u>	<u>(337,588)</u>	<u>(13,346,489)</u>
OTHER FINANCING SOURCES (USES)				
Transfers-in	6,785,586	555,290	1,097,936	-
Transfers-out	(19,727,702)	(16,147)	-	-
Refunding bonds	-	-	-	-
Premium on bonds	-	-	-	-
Total other financing sources (uses)	<u>(12,942,116)</u>	<u>539,143</u>	<u>1,097,936</u>	<u>-</u>
Net change in fund balances	<u>(219,558)</u>	<u>1,706,922</u>	<u>760,348</u>	<u>(13,346,489)</u>
Fund balance - beginning	<u>106,772,358</u>	<u>15,238,573</u>	<u>(760,348)</u>	<u>44,698,850</u>
Fund balance - ending	<u>106,552,800</u>	<u>16,945,495</u>	<u>\$ -</u>	<u>\$ 31,352,361</u>

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

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 109,446,576	\$ -	\$ -	\$ -	\$ 549,453,629
Intergovernmental:					
Revenue from state sources	-	-	-	-	386,841,732
Revenue from federal sources	-	-	6,461,502	-	135,266,941
Charge for services	-	-	453,817	13,262,212	58,485,884
Investment income	524,503	895,434	36,292	2,528	2,191,056
Other local sources	-	19,692	7,699,388	372,558	46,432,436
Total revenues	<u>109,971,079</u>	<u>915,126</u>	<u>14,650,999</u>	<u>13,637,298</u>	<u>1,178,671,678</u>
EXPENDITURES					
Current:					
Instruction:					
Regular instruction	-	9,206,536	-	5,176,891	463,212,977
Special education	-	26,159	-	364,123	70,416,082
Vocational education	-	-	-	-	287,446
Other instruction	-	-	-	2,945,253	11,341,739
Total instruction	<u>-</u>	<u>9,232,695</u>	<u>-</u>	<u>8,486,267</u>	<u>545,258,244</u>
Support services:					
Pupil supporting services	-	-	-	55,124	36,294,290
Instructional support	-	320,980	-	1,080,889	113,735,903
General administration	-	58,469	-	-	5,299,657
School administration	-	80,629	1,268	6,281	65,203,286
Business services	-	254,009	130,792	-	6,700,984
Operations and maintenance	-	4,690,363	13,114,498	-	74,977,466
Pupil transportation	-	-	319,443	-	22,571,539
Central services	-	2,526,403	2,583,755	-	72,231,405
Other support services	-	-	-	-	47,742,261
Total support services	<u>-</u>	<u>7,930,853</u>	<u>16,149,756</u>	<u>1,142,294</u>	<u>444,756,791</u>
Community services	-	-	-	40,737	12,899,168
Education for adults	-	-	-	-	17,810,826
Capital outlay	-	170,729,294	34,543,584	11,238	207,594,348
Debt service:					
Principal payments	43,765,000	-	-	-	57,125,000
Interest and fiscal charges	235,368,337	-	3,353,347	-	284,599,941
Total debt service	<u>279,133,337</u>	<u>-</u>	<u>3,353,347</u>	<u>-</u>	<u>341,724,941</u>
Total expenditures	<u>279,133,337</u>	<u>187,892,842</u>	<u>54,046,687</u>	<u>9,680,536</u>	<u>1,570,044,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,162,258)</u>	<u>(186,977,716)</u>	<u>(39,395,688)</u>	<u>3,956,762</u>	<u>(391,372,640)</u>
OTHER FINANCING SOURCES (USES)					
Transfers-in	-	-	13,728,153	4,346,323	26,513,288
Transfers-out	(101,577)	-	-	(6,667,862)	(26,513,288)
Refunding bonds	149,170,000	-	-	-	149,170,000
Premium on bonds	24,225,792	-	-	-	24,225,792
Total other financing sources (uses)	<u>173,294,215</u>	<u>-</u>	<u>13,728,153</u>	<u>(2,321,539)</u>	<u>173,395,792</u>
Net change in fund balances	<u>4,131,957</u>	<u>(186,977,716)</u>	<u>(25,667,535)</u>	<u>1,635,223</u>	<u>(217,976,848)</u>
Fund balance - beginning	<u>105,629,590</u>	<u>389,695,152</u>	<u>50,022,479</u>	<u>5,653,900</u>	<u>716,950,554</u>
Fund balance - ending	<u>\$ 109,761,547</u>	<u>\$ 202,717,436</u>	<u>\$ 24,354,944</u>	<u>\$ 7,289,123</u>	<u>\$ 498,973,706</u>



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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
JUNE 30, 2015

Net change in fund balance - governmental funds	\$ (217,976,848)
Add:	
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.	212,386,043
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.	206,295,050
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	11,968,253
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.	7,572,279
Decrease in interest payable related to long-term liabilities.	1,105,074
Less:	
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.	(51,554,249)
Loss on disposal of capital assets.	(6,697,483)
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.	(731,528)
Issuance of debt - The issuance of debt provides current financial resources to the governmental funds, but has no effect on the change in net position of the governmental activities.	(173,395,792)
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.	(1,104,664)
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.	5,875,561
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.	(200,214)
Accrued claims	(2,143,242)
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.	(264,901)
Pension Expense	(58,536,459)
Change in net position of governmental activities	<u>\$ (67,403,120)</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, 2015

	Warehouse Fund
	<u> </u>
ASSETS	
Current assets:	
Receivables	\$ 5,920
Total current assets	<u> 5,920</u>
Capital assets:	
Equipment	45,574
Less accumulated depreciation	<u>(39,243)</u>
Total capital assets	<u> 6,331</u>
Total assets	<u>\$ 12,251</u>
LIABILITIES	
Current liabilities:	
Due to other funds	<u> 34,278</u>
Total current liabilities	<u> 34,278</u>
NET POSITION	
Net investment in capital assets	6,331
Unrestricted (deficit)	<u>(28,358)</u>
Total net position (deficit)	<u><u> \$ (22,027)</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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2015

	Warehouse Fund
OPERATING REVENUES	
Billings to funds	\$ 636,563
Other revenue	70,290
Total operating revenues	<u>706,853</u>
OPERATING EXPENSES	
Cost of goods:	
Purchased	437,879
Salaries and employee benefits	226,969
Purchased property services	476
Other purchased services	130,722
Supplies	108,633
Other	2,388
Total operating expenses	<u>907,067</u>
Operating income (loss)	(200,214)
Total net position - beginning	<u>178,187</u>
Total net position - ending	<u><u>\$ (22,027)</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, 2015

	Warehouse Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 634,991
Payments to suppliers	(677,710)
Payments to employees	(241,110)
Payments from (to) other funds	215,927
Other receipts (payments)	67,902
Net cash provided (used) by operating activities	<u>-</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (200,214)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	(1,572)
Due from other funds	181,649
Accrued payroll	(14,141)
Due to other funds	34,278
Net cash provided (used) by operating activities	<u>\$ -</u>

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

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 7,942,992	\$ 2,538,075
Total assets	<u>7,942,992</u>	<u>2,538,075</u>
LIABILITIES		
Accounts payable	4,971	-
Due to other funds	37,389	-
Due to student groups	-	2,538,075
Total liabilities	<u>42,360</u>	<u>2,538,075</u>
Net position held in trust for other post employment benefits and other purposes	<u>\$ 7,900,632</u>	<u>\$ -</u>

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

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 2,040,000
Interest income	494,586
Total additions	<u>2,534,586</u>
DEDUCTIONS	
Medical and life insurance for retirees	2,355,704
Student scholarships	11,861
Supplies	10,468
Total deductions	<u>2,378,033</u>
CHANGE IN NET POSITION HELD FOR:	
Change in net position	156,553
Net position - beginning	<u>7,744,079</u>
Net position - ending	<u><u>\$ 7,900,632</u></u>

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, 2015

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 15 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 the 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 to a significant extent 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 service 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, 2015

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 – The special revenue 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.

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Food service special revenue fund – The food services fund was previously classified as an enterprise fund. This fund accounts for the revenue and expenses related to providing breakfast, lunches and snacks to district students and employees. Revenue sources for this fund include federal and state grants and private sources.

ProComp special revenue fund – This special revenue fund is used to account for the proceeds of voter-approved taxes from the 2005 mill levy override. Its 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 – The building fund (capital projects 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 – The capital reserve fund (capital projects 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 for which use is restricted to a particular purpose and include the pupil activity fund and the permanent government fund.

Pupil activity fund – The pupil activity special revenue fund accounts for the revenue and expenditures of sponsoring athletic events at district middle and high schools.

Tuition special revenue fund – The tuition special revenue 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 – the internal service 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, an Other Post Employment Benefit (OPEB) trust and an agency fund. The private-purpose trust funds of the District account for student and employee scholarships. The Retiree Life Insurance Trust accounts for the District's OPEB. 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.

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Proprietary (enterprise and internal service) funds distinguish *operating* revenues and expenses from *non-operating* items. 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 enterprise fund and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

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

1. Late in April but no later than June 1, the Superintendent presents to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and projected revenue.
2. A public hearing is conducted at the administration building to obtain taxpayer comments.
3. A balanced budget and appropriation resolution must be adopted by June 30. The District cannot expend monies in excess of the amount appropriated for an individual fund unless an amended or supplemental budget is approved by resolution. In addition, any further change in legally allowable transfers between funds requires approval by Board resolution.
4. The district's Board of Education or management can modify the budget by line item within the total fund's appropriation.
5. Mill levies must be certified to the City and County of Denver by December 15.
6. Formal budgetary integration is employed as a management control device during the year for all funds.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are recorded as expenditures and changes in accrued payroll are excluded for budgetary purposes in the General Fund, Building Fund, and Capital Reserve Fund. Revenues are on the modified accrual basis. Budgetary comparisons in this report for the General Fund, Building Fund and Capital Reserve Fund are presented on the non-GAAP budget basis.
8. Total appropriations are as amended.
9. At the end of a year, unencumbered appropriations lapse encumbered appropriations are carried forward to the subsequent year's budget automatically.

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Use of Estimates

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

Deposits and Investments

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

Investments are reported at fair value.

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.

General fund inventory consists of transportation and building maintenance parts and fuel. Special revenue fund - food services fund 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.

The cost of inventory items is recorded as expenditures or expenses when consumed. Donated government commodities are recorded as inventory at the estimated fair market value at the time of donation.

Expendable supplies issued to schools or other locations are not included in inventory.

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, 2015, represent reimbursements and adjustments due but not transferred as of that date.

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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 revenue, expenditures and changes in fund balance. 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 2014-2015 was Wells Fargo Bank, N.A., third party.

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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 refundings of the district's certificates of participation and bond obligations and items relating to the District's pension obligations and deferred inflows of resources relating to pension obligations. Additionally, the governmental fund financial statements include deferred inflows of resources for property taxes receivable and long-term receivables that have not met modified accrual revenue recognition criteria.

Net Position

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

Fund Balances

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

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

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balance policy and as part of the policy delegated the authority to the Superintendent to assign amounts to be used for specific purposes.

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

It is the District's policy to use restricted amounts first, then committed, then assigned, and then unassigned, as they are needed.

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2. CASH AND INVESTMENTS

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

The table below identifies the investment types that are authorized by the District's investment policy (or 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.

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

Investments Authorized by Debt Agreements

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

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:

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Type of Security	Fair Value	Maturity		
		30 days or Less	12 Months or Less	13 to 24 Months
U.S. Agency Obligations	\$ 54,577,627	\$ -	\$ 22,046,221	\$ 32,531,406
US Treasury Note	106,892,716	-	-	106,892,716
External Investment Pools	332,533,584	332,533,584	-	-
Hedge Funds - Limited Partnership	7,768,293	-	7,768,293	-
Mutual Funds - Equity	13,023,863	-	13,023,863	-
Mutual Funds - Fixed Income	15,977,013	-	15,977,013	-
Money Market Funds	14,235,981	14,235,981	-	-
Stocks	3,982	-	3,982	-
Repurchase Agreements	12,235,000	-	12,235,000	-
Forward delivery agreements				
U.S. Treasury Obligations	12,374,255	-	12,374,255	-
Guaranteed Investment Contracts	6,950,086	6,950,086	-	-
Total	<u>\$ 576,572,400</u>	<u>\$ 353,719,651</u>	<u>\$ 83,428,627</u>	<u>\$ 139,424,122</u>

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	\$3,000,985
Investments	576,572,400
	<u>\$579,573,385</u>

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

Cash and cash equivalents	\$172,416,751
Investments	36,773,253
Restricted Cash and Cash Equivalents	85,421,838
Held by fiscal agent	5,596,152
Restricted investments	268,884,324

Cash and investment per the fiduciary statements of net position:

Private purpose trust	7,942,992
Agency	2,538,075
	<u>\$579,573,385</u>

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

The district invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably 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.

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 \$8,762,832 and related carrying amount of \$3,000,985.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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.

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Foreign Currency Rate Risk

Foreign currency rate risk is the risk that changes in monetary exchange rates will adversely affect the fair value of an investment or a deposit in terms of U. S. dollars. The District has no formal policy relating to foreign currency risk, nor are any deposits or investments exposed to foreign currency risk. The ProComp Trust's international stock investments are in the form of international mutual funds and therefore the amount by currency denomination cannot be determined; the hedge equity investments are limited partnerships with minimal foreign investments.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSROs). State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in Rule 2a-7, as amended, as long as such rule does not increase the remaining maturities beyond a maximum of three years. The District's investment policy requires money market funds and local government investment pools to have a rating of AAAm 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.

As of June 30, 2015, 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, 2015</u>
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Heritage Money Market Fund	AAAm
Morgan Stanley Smith Barney	Western Asset Institutional Liquid Reserves	Not rated
UBS Paine Webber	UBS Select Prime Money Market Institutional Fund Shares	AAAm
MetLife	Liquidity Account	Not rated
Morgan Stanley Smith Barney	Morgan Stanley Liquid market Institutional	AAAM

The ProComp Trust's mutual funds are not rated.

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

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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 \$5,596,152 in the State of Colorado Treasury ("T-Pool") as required by the Colorado Workers' Compensation act for self-insurance security. The pool is not rated.

The District's investment policy requires that repurchase agreements and flexible repurchase agreements be 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.

Concentration of Credit Risk

The District places limits on the amount it may invest in any one issuer of repurchase agreements, corporate and municipal bonds, commercial paper, and certificates of deposit. The District's investments contained concentrations in Federal National Mortgage Association (FNMA) of \$30,897,311 and Federal Home Loan Bank (FHLB) of \$25,621,868 comprising 5.36% and 4.44% of total investments respectively as of June 30, 2015. The District's collateral securities of repurchase agreements contained concentration in Federal Security (FNMA) of \$4,805,327 and US Treasury Obligations of \$7,430,000 as of June 30, 2015. 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 \$407,864,255 in 2015. In 1988, 1998, 2003, 2005 and 2012 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 override election mill levies are fixed dollar 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 2015 collection year was approximately \$30.1 million. The 2012 override election mill levy is fixed at 4.860 mills. This will generate \$50.8 million for the 2015 property tax collection year. In future years the mill rate of 4.860 will remain fixed regardless of changes to assessed valuation.

Deferred inflow of resources in the general fund and ProComp special revenue fund included \$3,462,960 and \$290,119 of property taxes at June 30, 2015. In addition, property taxes levied for the bond redemption fund totaled \$110,632,390 in 2015 and accounted for the entire deferred inflow of resources of \$977,278 at June 30, 2015. 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 \$7,119,984 in the governmental activities, \$5,632,855 in the general fund and \$1,487,130 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.

In accordance with the Funding Agreement, the district has performed work and is eligible for reimbursement with respect to one elementary school and two K-8 schools upon completion.

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Reimbursement to the district is in accordance with the Redevelop Plan and Funding Agreement. The following table summarizes the projects and outstanding reimbursable amounts as of June 30, 2015. The remaining balances are reflected as accounts receivable and deferred inflow of resources in the Capital Reserve Fund.

Project	Expended	Received	Receivable at June 30, 2015
Lowry Elementary	\$ 2,599,176	\$ 1,000,000	\$ 1,599,176
Westerly Creek	3,500,000	1,000,000	2,500,000
Isabella Bird	21,154,150	-	21,154,150
Conservatory Green	24,384,028	-	24,384,028
Northfield Infrastructure	7,362,925	-	7,362,925
Athletic Fields at Stapleton	632,610	-	632,610
	<u>\$ 59,632,889</u>	<u>\$ 2,000,000</u>	<u>\$ 57,632,889</u>

In May 2011, the District sold 4050 East 14th Avenue, Denver, CO to National Jewish Health for \$9 million. National Jewish Health has made yearly installments to DPS and the amount that remains is outlined below.

<u>Beginning Balance</u>	<u>Received</u>	<u>Receivable at June 30, 2015</u>
\$ 7,250,000	\$ 500,000	\$ 6,750,000

Refer to Note 6 for information on related Series 2013C Certificates of Participation.

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4. INTERFUND BALANCES AND TRANSFERS

Balances of interfund receivables, payables and transfers at June 30, 2015 are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 10,899,102	\$ -	\$ 6,785,586	\$ 19,727,702
Special revenue grants fund	-	15,463,659	555,290	16,147
Special revenue food services fund	-	7,205,363	1,097,936	-
ProComp special revenue fund	-	5,263,103	-	-
Bond redemption fund	-	30,009	-	101,577
Building fund	-	9,774,571	-	-
Capital reserve fund	19,033,356	-	13,728,153	-
Non-major funds:				
Pupil activity fund	2,198,622	-	4,346,323	-
Permanent fund	7,768	-	-	-
Special revenue tuition fund	5,669,524	-	-	6,667,862
Internal service fund	-	34,278	-	-
Fiduciary fund	-	37,389	-	-
	<u>\$ 37,808,372</u>	<u>\$ 37,808,372</u>	<u>\$ 26,513,288</u>	<u>\$ 26,513,288</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. In 2015, the assets in the Enterprise funds were transferred into the governmental-type assets (GTA) and are reflected in the equipment beginning balance (see Note 14 for additional information).

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 their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. 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. Improvements are depreciated over the remaining useful lives of the related capital assets.

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	\$	23,923,641
Special education		3,210,679
Vocational		13,106
Other		517,136
Supporting services		
Pupil support		1,654,868
Instructional support		5,185,882
General administration		241,642
School administration		2,972,998
Business services		317,871
Operation & maintenance		3,416,257
Pupil transportation		1,029,168
Central services		5,493,906
Other support services		2,176,848
Community Services		588,148
Education for adults		812,099
Total depreciation	\$	51,554,249

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A summary of changes in governmental and business-type capital assets is as follows:

	Land	Buildings and Improvements	Equipment	Construction In- Progress	Capital Leases	Total
Governmental-type assets:						
Balance July 1, 2014	\$ 69,172,083	\$ 1,100,511,979	\$ 149,304,637	\$ 192,638,111	\$ 1,164,059	\$ 1,512,790,869
Additions	2,248,125	2,810,597	3,551,926	203,775,395	-	212,386,043
Transfers	-	215,137,785	26,402,537	(241,540,322)	-	-
Less – Retirements	(1,409,800)	(3,005,200)	(1,317,740)	(5,287,683)	(728,918)	(11,749,341)
Balance June 30, 2015	70,010,408	1,315,455,161	177,941,360	149,585,501	435,141	1,713,427,571
Less – Accumulated						
Depreciation	-	485,888,680	122,955,764	-	435,141	609,279,585
Ending net assets	<u>\$ 70,010,408</u>	<u>\$ 829,566,481</u>	<u>\$ 54,985,596</u>	<u>\$ 149,585,501</u>	<u>\$ -</u>	<u>\$ 1,104,147,986</u>
Accumulated depreciation – July 1, 2014		\$ 449,796,204	\$ 111,816,931		\$ 1,164,059	\$ 562,777,194
Increases		39,097,676	12,456,573		-	51,554,249
Decreases		(3,005,200)	(1,317,740)		(728,918)	(5,051,858)
Accumulated depreciation – June 30, 2015		<u>\$ 485,888,680</u>	<u>\$ 122,955,764</u>		<u>\$ 435,141</u>	<u>\$ 609,279,585</u>
Business-Type assets:						
Balance July 1, 2014			\$ 2,887,246			
Transfer to GTA			(2,887,246)			
Balance June 30, 2015			<u>\$ -</u>			
Accumulated depreciation - July 1, 2014			\$ 2,243,745			
Transfer to GTA			(2,243,745)			
Accumulated depreciation - June 30, 2015			<u>\$ -</u>			

Net investment in capital assets is estimated by comparing the total building fund expenditures and capital outlay since 1991. The percent of capitalized assets is 70.65% as of June 30, 2015. The related outstanding debt is then calculated as follows:

Depreciated capital assets	\$ 1,104,147,986
Outstanding bonds payable	1,482,464,966
Less fund balance restricted for capital	<u>(202,717,436)</u>
Adjusted bonds payable	1,279,747,530
Percent of capitalized assets	70.65%
Bonds payable related to capital assets	<u>\$ 904,141,630</u>
Related Debt:	
Bonds payable	\$ 904,141,630
Certificates of participation	<u>81,360,557</u>
Total related debt	985,502,187
Net investment in capital assets	<u>\$ 118,645,799</u>

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6. LONG-TERM LIABILITIES

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

	Balance June 30, 2014	Additions	Accretion of Capital Interest	Refunded/ Reductions	Balance June 30, 2015	Due Within One Year
Bonds Payable	\$ 1,408,510,175	\$ 149,170,000	\$ -	\$ (192,935,000)	\$1,364,745,175	\$ 47,933,175
Premiums	104,908,691	24,225,792	-	(11,414,692)	117,719,791	-
Total bonds payable	1,513,418,866	173,395,792	-	(204,349,692)	1,482,464,966	47,933,175
Certificates of participation	1,055,052,189	-	1,104,664	(13,360,050)	1,042,796,803	14,556,806
Premuims	7,096,983	-	-	(553,561)	6,543,422	-
Total certificates of participation	1,062,149,172	-	1,104,664	(13,913,611)	1,049,340,225	14,556,806
Other long-term liabilities:						
Compensated absences	16,401,502	10,226,222	-	(9,494,694)	17,133,030	2,088,180
Net OPEB obligation	3,090,857	264,901	-	-	3,355,758	-
Net Pension Liability	-	584,988,586	-	(16,834,126)	568,154,460	-
Total other long-term liabilities	19,492,359	595,479,709	-	(26,328,820)	588,643,248	2,088,180
Total long-term liabilities	\$ 2,595,060,397	\$ 768,875,501	\$ 1,104,664	\$ (244,592,123)	\$3,120,448,439	\$ 64,578,161

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Long-term liabilities at June 30, 2015 are comprised of the following:

Bonds:

2001 GO Qualified Zone Academy Bonds, interest rates of 0.75% to 1.10% payable semiannually through 2015, principal of \$7,998,175 due in September and December 2015.	7,998,175
2005A GO Refunding Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2023, principal due in annual installments of \$13,895,000 to \$26,735,000 December 2018 through December 2023.	129,510,000
2009B GO Qualified School Construction Bonds, interest rate of 1.39% payable semiannually through 2024, principal due in annual installments of \$1,560,000 to \$1,762,000 and transferred to a sinking fund for principal at maturity in December 2024.	24,022,000
2009C GO Taxable Build America New Money bonds, interest rate of 5.664% payable semiannually through 2033, principal due in annual installments of \$6,000,000 to \$50,275,000 December 2024 through December 2033.	250,000,000
2009F GO Tax-Exempt Refunding Bonds, varying interest rates of 2.50% to 5.00% payable semiannually through 2023, principal due in annual installments of \$1,785,000 to \$3,090,000 through December 2023.	21,350,000
2009G GO Tax-Exempt Refunding Bonds, interest rates of 2.50% to 5.00% payable semiannually through 2018, principal due in annual installments of \$9,180,000 to \$16,750,000 through December 2018.	41,970,000
2010A GO Qualified School Construction Bonds, interest rate of 4.73% payable semiannually through September 2027, principal due in annual installments of \$1,365,000 to \$2,400,000 and transferred to a sinking fund for principal at maturity in September 2027.	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
2010C GO Tax-Exempt Refunding Bonds, varying interest rates of 2.50% to 5.00% payable semiannually through 2023, principal due in annual installments of \$16,850,000 to \$17,350,000 December 2019 to December 2023.	85,390,000
2012A GO Refunding Bonds, varying interest rates of 3.00% to 5.00% payable semiannually through 2028, principal due in installments of \$16,175,000 to \$21,210,000 between December 2017 and December 2028.	113,855,000
2012B GO Tax-Exempt Bonds, varying interest rates of 3.00% to 5.00% payable semiannually through 2032, principal due in installments of \$8,715,000 to \$42,055,000 through December 2032.	409,805,000
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

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2012D GO Taxable Refunding Bonds, varying interest rates of 0.719% to 3.154% payable semiannually through 2028, principal due in installments of \$380,000 to \$19,120,000 between December 2015 and December 2028.	63,470,000
2014A GO Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2034, principal due in installments of \$640,000 to \$1,680,000 December 2015 through December 2034.	21,400,000
2014B GO Refunding Bonds, varying interest rates of 2.00% to 5.00% payable semiannually through 2029, principal due in installments of \$1,990,000 to \$21,440,000 between December 2015 and December 2029.	149,170,000
Premiums	117,719,791
Total bonds payable	1,482,464,966

Certificates of Participation:

1997 taxable, varying interest rates of 7.27% to 7.32% payable semiannually through 2017, principal due in annual installments of \$917,470 to \$2,717,461 through December 2017.	6,193,563
2011B taxable, interest rates of 6.22% and 7.017% payable semiannually through 2037, principal due in annual installments of \$4,290,000 to \$38,685,000 December 2017 through December 2037.	396,235,000
2013A, interest rates of 1.95% and 12.0% payable semiannually through 2032, principal due in annual installments of \$935,000 to \$4,650,000 December 2018 through December 2032.	35,195,000
2013B taxable, interest rates of 0.776% and 4.242% payable semiannually through 2037, principal due in annual installments of \$5,185,000 to \$39,020,000 through December 2037.	529,310,000
2013C, interest rates of 3.25% and 5.00% payable semiannually through 2033, principal due in annual installments of \$950,000 to \$4,965,000 December 2016 through December 2033.	58,740,000
Cumulative accretion of interest on capital appreciation certificates	17,123,240
Premiums	6,543,422
Total certificates of participation	1,049,340,225

Other long-term liabilities:

Compensated absences payable	17,133,030
Net OPEB obligation	3,355,758
Net Pension Liability	568,154,460
Total other long-term liabilities	588,643,248
Total long-term liabilities	\$ 3,120,448,439

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On November 3, 1998, November 4, 2003, November 4, 2008 and November 6, 2012 the registered voters of Denver authorized the School District to issue \$305 million, \$310.8 million, \$454 million, and \$466 million respectively, of general obligation bonds. As of June 30, 2015, substantially all previously authorized bonds had been issued.

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

On January 31, 2013 as authorized by Board resolution, the District entered into Lease Purchase Financing Series 2013 for a principal amount of \$35.2 million. These funds along with funding from the 2012 general obligation bonds were used to purchase and refurbish the District's downtown campus located at 1860 Lincoln. The building houses the central administrative functions of the District, the Emily Griffith Technical College (EGTC) and High School (EGHS) programs, and the new 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.

Annual requirements to maturity are as follows:

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>		<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	47,933,175	60,078,401	14,556,805	49,192,940
2017	66,755,000	58,575,097	19,113,000	49,109,477
2018	51,770,000	56,823,771	21,336,998	49,983,871
2019	53,180,000	54,924,515	24,700,000	51,717,671
2020	55,360,000	52,530,391	27,730,000	50,771,159
2021-2025	336,222,000	220,726,231	169,120,000	233,900,562
2026-2030	420,540,000	104,591,076	234,210,000	184,879,896
2031-2035	316,985,000	34,432,513	313,090,000	106,508,421
2036-2038	<u>16,000,000</u>	<u>301,840</u>	<u>218,940,000</u>	<u>18,959,887</u>
Total	<u>\$1,364,745,175</u>	<u>\$642,983,835</u>	<u>\$1,042,796,803</u>	<u>\$795,023,884</u>

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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, without limitation as to rate or amount, on all of the taxable property in the District, sufficient to pay the principal of and interest on the Bonds when due. The Certificate of Participation are secured by schools and administrative properties owned and operated by the District.

All bond obligations will be paid from the bond redemption fund. The 2013A and 2013C Certificates of Participation are to be paid from the capital projects fund - 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 capital projects building fund balance of \$207,662,167 is from the issuance of Series 2009A, 2009C, 2010A, 2012B, 2012C and 2014A general obligation bonds and related interest earnings. At June 30, 2015, the District had capital expenditure purchase commitments outstanding of \$78,082,649.

Defeasance of Certificates of Participation

In prior years, the District defeased certain certificates of participation by placing the proceeds of the new certificates in an irrevocable trust to provide for all future payments on the old obligations. Accordingly, the trust account assets and the liability for the defeased obligations are not included in the District's financial statements. At June 30, 2015, \$15,368,447 of outstanding certificates of participation are considered defeased.

Defeasance of General Obligation Bonds

On December 3, 2014, the District advance refunded the District's series 2009A general obligation bonds with an average interest rate of 5.161%, the proceeds from the issuance of series 2014B general obligation bonds dated December 3, 2014, with an average interest rate of 4.722%. The defeased bonds are not considered a liability of the District since sufficient funds of \$172,654,770 were deposited with an escrow agent in previous years and invested in Federal securities for the purpose of paying the principal and interest when due. Total debt service on the 2014B refunding bonds will be \$226,083,719 through December 2029 for a decrease of \$17,057,543 from the debt service on the 2009A bonds of \$243,414,263 through December 2029; however, the District will experience an economic gain (difference between the present values of the debt service payments on the old and new debt) of **\$10,019,356**.

In prior year's the District advance refunded a portion of the District's Series 2004A and 2004C 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, 2015, \$149,170,000 of refunded 2009A bonds are considered defeased.

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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, \$7,664,063 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. These expenditures are recognized in the fund where incurred, a majority of which are incurred by the general fund. The estimated cost for fiscal year 2015 is \$2,088,180 based on recent history and is reported in the Due within one year category on the statement of Net Position.

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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 \$163,600,000 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, 2014			June 30, 2015
Balance	Borrowed	Repayment	Balance
<u>\$0</u>	<u>\$163,600,000</u>	<u>\$163,600,000</u>	<u>\$0</u>

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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 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 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve 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 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
Employer Contribution Rate	13.75%	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	(16.89%)	(15.97%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24- 51-411	3.50%	4.00%
Total Employer Contribution Rate to the DPS Division	3.14%	1.36%

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 \$12,268,871 and \$1,764,423, respectively, for the year ended June 30, 2015.

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

At June 30, 2015 the district reported a liability of \$568,154,460 for its proportionate share of the net pension liability and the component units reported an aggregate liability of \$52,783,619. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The district's proportion of the net pension liability was based on the district's contributions to the DPS Division for the calendar year 2014 relative to the total contributions of participating employers to the DPS Division. The sum of the aggregate net pension liability will not agree to the amount reported in require supplemental information due to the exclusion of the charter management organization for KIPP Colorado Schools and STRIVE Preparatory Schools in the reporting entity.

At December 31, 2014, the district's proportion was 90.97 percent, which is a decrease of 0.83 percent from its proportion measured as of December 31, 2013. The component units aggregate proportion was 9.03 percent at December 31, 2014, which is an increase of 0.83 percent from the proportion measured as of December 31, 2013.

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For the year ended June 30, 2015, the district recognized pension expense of \$70,805,331 and the component units recognized pension expense of \$7,821,377. At June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	(\$127,064)
Net difference between projected and actual earnings on pension plan investments	40,338,539	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(3,448,183)
Contributions subsequent to the measurement date	3,478,456	N/A
Total	\$43,816,995	(\$3,575,247)

At June 30, 2015, the district's component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	(\$11,790)
Net difference between projected and actual earnings on pension plan investments	3,747,524	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,783,664	(1,712,359)
Contributions subsequent to the measurement date	734,796	-
Total	\$9,265,984	(\$1,724,149)

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\$3,478,456 reported as deferred outflows of resources related to pensions for the district and \$734,796 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 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District	
Year ended:	
2016	9,206,196
2017	9,206,196
2018	9,206,196
2019	9,206,196
2020	(61,492)

Component units	
Year ended:	
2016	1,688,605
2017	1,688,605
2018	1,688,605
2019	1,688,605
2020	52,619

Actuarial assumptions The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

The actuarial assumptions used in the December 31, 2013 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.

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

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

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

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

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2013	\$3,792,543,000	\$3,272,439,000	\$520,104,000
Changes for the year:			
Service cost	76,564,000	-	76,564,000
Interest	274,862,000	-	274,862,000
Differences between expected and actual experience	(174,000)	-	(174,000)
Contributions – employer	-	18,478,000	(18,478,000)
Contributions – employee	-	49,409,000	(49,409,000)
Net investment income		182,823,000	(182,823,000)
Benefit payments, including refunds of employee contributions	(255,434,000)	(255,434,000)	-
Administrative expense	-	(2,377,000)	2,377,000
Other changes	-	(1,547,000)	1,547,000
Net changes	95,818,000	(8,648,000)	104,466,000
Balances at 12/31/2014	\$3,888,361,000	\$3,263,791,000	\$624,570,000

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate share of the net pension liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District	967,883,875	568,154,460	233,058,220
Component Units	89,919,938	52,783,619	21,651,958

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.

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Membership. Benefit recipients and members of PERA consisted of the following as of December 31, 2014. These numbers include all recipients and members for the DPS Division, including those from the district's component units.

<u>Classification</u>	<u>Members</u>
Retirees and beneficiaries	6,698
Terminated employees entitled to benefits but not yet receiving benefits	850
Inactive members	6,787
Active members	
Vested general employees	6,090
Non-vested general employees	9,324
Total Actives	15,414
Total	29,749

Payables to the pension plan

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, section 1402 of the C.R.S., as amended. In addition the district does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings. For the year ended 2015, Program members contributed \$2,125,881 for the Voluntary Investment Program.

Other Post-Employment Benefits

Denver Public Schools Health Care Trust Fund

Plan Description – The district contributes to the Denver Public Schools Health Care Trust Fund ("DPS HCTF") a cost-sharing multiple-employer healthcare trust administered by PERA. The DPS HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the DPS HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly

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available comprehensive annual financial report that includes financial statements and required supplementary information for the DPS HCTF. That report can be obtained at 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 2015, 2014 and 2013, the District's contributions to the DPS HCTF were \$6,026,646, \$6,221,305 and \$4,908,524, 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, 2014, the date of the latest actuarial valuation:

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

Denver Public Schools Retiree Life Insurance Trust (DPSRLIT)

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

Contributions- The Annual Required Contribution (ARC) was \$2,977,219 for fiscal year ending June 30, 2015 based on the most recent actual valuation report dated July 1, 2014. The district's Board of Education determines the annual contribution through the budgeting process. The district's current annual contribution amount is budgeted at \$2,210,000, with total contribution of \$2,545,119, including \$335,119 in dividends received for the fiscal year ended June 30, 2015. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net pension obligation.

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:

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Amortization of Unfunded Actuarial Accrued Liability	\$ 2,876,540
Interest on Amortization	100,679
Annual Required Contribution	2,977,219
Interest on Net OPEB Obligation	108,180
Adjustment to ARC	(275,379)
Annual OPEB Cost	2,810,020
Employer Contributions	(2,545,119)
Increase in Net OPEB Obligation	264,901
Net OPEB Obligation - June 30, 2014	3,090,857
Net OPEB Obligation - June 30, 2015	<u>\$ 3,355,758</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 2015, 2014, and 2013 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, 2015	\$ 3,355,758	\$2,977,219	\$ 2,810,020	\$ 2,545,119	90.57%
June 30, 2014	3,090,857	3,062,430	2,926,591	2,346,870	80.19%
June 30, 2013	2,511,136	3,062,430	2,914,617	3,135,950	107.59%

Funded Status and Funding Progress – OPEB

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

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

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

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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 (DPSRHBT). The district transferred postemployment health benefits to PERACare on January 1, 2010. The district retained a residual amount of cash to pay premium subsidies billed to the District by PERA. As of June 30, 2015, the amount was \$7,528.

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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 90,000 students, employs approximately 15,000 people to accomplish these functions, and provides these services in over 190 facilities located throughout the City and County of Denver. Exposures to loss include damage to and theft of property, tort claims, errors and omissions on the part of district employees or Board members, on the job injuries, and automobile liability claims.

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

The district retains a certain level of all liability losses. For the year ended June 30, 2015 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, 2015 is \$8,755,667 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 \$10,856,466 as of June 30, 2015.

	Beginning Liability	Current Year Claims and Change In Estimate	Claim Payments	Ending Liability
June 30, 2014	\$6,245,479	\$8,695,763	\$6,228,018	\$8,713,224
June 30, 2015	\$8,713,225	\$8,536,968	\$6,393,727	\$10,856,466

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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 services (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 \$2,805,967 for fiscal year 2015. RMSEL purchased special education services from the district for \$193,421 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 30, 2015 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.

The district has several computer and copier lease agreements which contain a provision whereby the leases shall terminate if the Board of Education does not appropriate funds for lease payments in any succeeding year. There are no contingent rental payments, escalation clauses or other restrictions. The computer leases contain a provision whereby the title of the property will transfer at the end of the lease if the lease is not terminated, however the value of the computers is below the district's capitalization threshold. The copiers are an operating lease and title will not be transferred to the district. The current leases are primarily obligations of the general fund; however several other funds pay for copiers that they are using.

For the year ended June 30, 2015, the district reported a deficit net position of \$1,192,570,064 in the government-wide statements. This deficit can be attributed to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requiring the recognition of a long-term liability for pensions. Also, liabilities related to the district's execution of Certificates of Participation and General Obligation bonds to fund retirement and necessary capital and maintenance projects of the district's facilities.

For the year ended June 30, 2015, the district incurred expenses in excess of appropriations in the ProComp special revenue fund, Building fund and Tuition special revenue fund by \$707,976, \$12,982,483 and \$4,870,599, respectively, which may be a violation of state statute. The district also reported a deficit net position in the Warehouse internal service fund of \$22,027, which may be a violation of state statute. The district believes standard operations will help reduce the deficit in the Warehouse internal service fund.

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As of June 30, 2015, encumbrances for governmental and proprietary funds were:

	<u>Encumbrances</u>
General	\$22,927,221
Special Revenue	12,520,036
ProComp Special Revenue	2,563
Special Revenue Food Service	394,377
Building	73,137,919
Capital Reserve	11,439,499
Non-major Funds	<u>71,090</u>
Total	<u><u>\$120,492,705</u></u>

The district leases office facilities, educational facilities, warehouse and parking under non-cancellable operating leases. Total expense for such facilities was \$3,826,435 for the fiscal year ended June 30, 2015. The future minimum operating lease obligations as of June 30, 2015 were as follows:

<u>Year</u>	<u>Governmental Activities</u>
2016	\$ 2,896,730
2017	2,958,195
2018	3,036,405
2019	1,973,880
2020	1,129,816
2021 - 2025	5,085,007
2026 - After	<u>1,989,795</u>
Total Minimum Lease Payments	<u><u>\$ 19,069,828</u></u>

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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 2015, fiscal year spending was \$926,869,087, and the 3% emergency reserve was \$28,001,073, which includes multi-year obligations of \$195,000. 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 \$23,587,040 equal to 3% of budgeted general fund revenues.

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14. RECLASSIFICATION OF FUNDS AND IMPLEMENTATION OF NEW ACCOUNTING STANDARD

RECLASSIFICATION

The District previously reported the activity of the Food Service Fund in a proprietary fund. Beginning in fiscal year 2014-2015, the District has determined that such activity is more appropriately reported in a special revenue fund. Accordingly, the newly established special revenue fund reports a reclassified beginning balance of \$(760,348), which is equal to the net current assets and current liabilities previously reported in the proprietary fund. All remaining assets and liabilities, including net position of \$(116,847), previously reported in the proprietary fund are not recognized at the fund level under modified accrual, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2014.

Food services special revenue fund	
Proprietary Net Position June 30, 2014	\$ (116,847)
Capital assets	(2,887,246)
Accumulated depreciation	<u>2,243,745</u>
Beginning fund balance July 1, 2014	\$ (760,348)

The District previously reported the activity of the Risk Management Fund in an internal service fund. Beginning in fiscal year 2014-2015, the District has opted to begin reporting the risk management fund in the general fund. Accordingly, the general fund reports a reclassified beginning balance of \$106,772,358 which is equal to the addition of the net current assets and current liabilities previously reported in the internal service fund. All remaining assets and liabilities, including net position of \$(238,719), previously reported in the internal service fund are not recognized at the fund level under modified accrual, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2014.

General fund	
Ending fund balance June 30, 2014	\$ 98,297,853
Ending risk management net position June 30, 2014	(238,719)
Accrued liabilities	<u>8,713,224</u>
Effect on beginning balance July 1, 2014	\$ 106,772,358

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The District previously reported the activity of the Special revenue fund as one major governmental fund. Beginning in fiscal year 2014-2015, such activity has been segregated to more appropriately report special revenue from grants in the major governmental fund and tuition revenue in a non-major governmental fund. Accordingly, the special revenue fund reports a reclassified beginning balance of \$15,238,573 which is equal to the subtraction of the ending balance of the tuition special revenue fund of \$5,168,654. The Tuition special revenue fund has been reclassified to a non-major special revenue fund and the beginning balance is reflected there.

Special revenue fund		
Ending fund balance June 30, 2014	\$	20,407,227
Less ending tuition special revenue fund balance June 30, 2014		<u>(5,168,654)</u>
Beginning fund balance July 1, 2014	\$	15,238,573
Total Non-Major Governmental		
Ending fund balance June 30, 2014	\$	485,246
Add ending tuition special revenue fund balance June 30, 2014		<u>5,168,654</u>
Beginning fund balance July 1, 2014	\$	5,653,900

IMPLEMENTATION OF NEW ACCOUNTING STANDARD

The district implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 (Statement No. 68), which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The district provides its employees with pension benefits through the state's single-employer defined benefit retirement program, PERA. Statement No. 68 requires employers participating in single-employer plans, such as PERA, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The implementation of GASB 68 resulted in a restatement of net position of \$469,376,253 for the district and \$39,409,448 for the component units as of July 1, 2014, respectively. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

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15. COMPONENT UNITS

The District has 48 component units consisting of one blended component unit and 47 discretely presented component units.

Change in Reporting Entity

The component unit combining financial statements reflect changes in reporting entity of \$303,519. The changes in reporting entity include the addition of new charter schools (footnoted as A in the combining statements).

Blended Component Unit

Denver School Facilities Leasing Corporation

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

Discretely Presented Component Units

Denver Public Schools Foundation

In 1984 the Denver Public Schools Foundation (the “Foundation”) was incorporated as a widely based not for profit charitable organization whose educational purposes are to support the mission, goals and objectives of the district. Separately issued financial statements are available from the foundation at 1860 Lincoln Street, 9th Floor, 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 for new schools; however, they have their own separate governing boards.

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Separately issued financial statements for the District's 46 charter schools are available from the individual charter schools at the addresses noted below:

- Academy 360, 12505 Elmendorf Pl, Denver, CO 80239
- Academy of Urban Learning, 2417 W. 29th Ave., Denver, CO 80211
- Cesar Chavez Academy Denver, 3752 Tennyson St., Denver, CO 80212
- Colorado High School, 1175 Osage Street, Suite #100, Denver, CO 80204
- Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
- Denver Language School, 451 Newport St., Denver, CO 80220
- Denver Justice High School, 300 E. 9th Ave, Denver, CO 80203
- Downtown Denver Expeditionary Schools, 1860 Lincoln St, Denver CO 80295
- Denver School of Science and Technology Byers, 150 S. Pearl St., Denver, CO 80209
- Denver School of Science and Technology Cole High School, 3240 Humboldt St., Denver, CO 80205
- Denver School of Science and Technology Cole Middle School, 1350 E. 33rd Ave, Denver, CO 80205
- Denver School of Science and Technology Conservatory Green MS, 8499 E. Stoll Place, Denver, CO 80238
- Denver School of Science and Technology College View, 3111 W. Dartmouth Ave., Denver CO 80236
- Denver School of Science and Technology Green Valley Ranch MS, 4800 Telluride Street Building 3, Denver, CO 80249
- Denver School of Science and Technology Green Valley Ranch High School, 4800 Telluride Street Building 2, Denver, CO 80249
- Denver School of Science and Technology Stapleton Middle School, 2000 Valentia Street, Denver, CO 80238
- Denver School of Science and Technology Stapleton High School, 2000 Valentia Street, Denver, CO 80238
- Girls Athletic Leadership Schools High School, 750 Galapago St., Denver CO 80204
- Girls Athletic Leadership Schools Middle School, 750 Galapago St., Denver CO 80204
- Highline Academy Southeast, 2170 S. Dahlia St., Denver, CO 80222
- Highline Academy Northeast, 19451 East Maxwell Place, Denver CO 80249
- KIPP Denver Collegiate High School, 451 S. Tejon Street, Denver, CO 80223
- KIPP Montbello College Prep, 5290 Kittredge St. Denver, CO 80239
- KIPP Sunshine Peak Academy, 375 S. Tejon St. Denver, CO 80223
- Monarch Montessori, 4895 Peoria Street, Denver, CO 80239
- Odyssey School, 6550 E. 21st Ave., Denver, CO 80207
- Omar D. Blair Charter School, 4905 Cathay Street, Denver, CO 80249
- Pioneer Charter School, 3230 E. 38th Avenue, Denver, CO 80205
- Ridge View Academy, 28101 East Quincy Avenue, Watkins, CO 80137
- Rocky Mountain Preparatory, 7808 Cherry Creek South Dr., Denver, CO 80231
- Sims-Fayola International Academy, 6850 Argonne St., Denver, CO 80249
- SOAR @ GVR, 4800 Telluride St. #4, Denver, CO 80249
- Southwest Early College, 3001 South Federal Boulevard, Box 114, Denver, CO 80236
- STRIVE Prep Ruby Hill, 2626 W. Evans Ave, Denver, CO 80219

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- STRIVE Prep Excel Academy, 2960 N. Speer Boulevard, Building 1913, Denver, CO 80211
- STRIVE Prep Federal, 1825 S Federal Blvd, Denver, CO 80219
- STRIVE Prep GVR, 4800 Telluride Street, Building 5, Denver, CO 80249
- STRIVE Prep Sunnyside, 4735 Pecos Street, Denver, CO 80211
- STRIVE Prep Lake, 1820 Lowell Boulevard, Garden Level, Denver, CO 80204
- STRIVE Prep Montbello, 11200 E. 45th Ave., Denver, CO 80239
- STRIVE Prep SMART Academy, 3201 W. Arizona Avenue, Denver, CO 80219
- STRIVE Prep Westwood, 3201 W. Arizona Avenue, Denver, CO 80219
- University Prep Charter School, 2409 Arapahoe St., Denver, CO 80205
- Venture Prep Charter School Middle School, 2540 Holly St., Denver, CO 80207
- Venture Prep Charter School High School, 2540 Holly St., Denver, CO 80207
- Wyatt Edison, 3620 Franklin Street, Denver, CO 80205

Pension Plan

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

Future Change in Reporting Entity

SIMS-Fayola International Academy

During fiscal year 2015, the Board of Directors of SIMS-Fayola International Academy voted to cease operations and surrender the school's charter with the district effective June 30, 2015.

Pioneer Charter School

During fiscal year 2015, the Board of Directors of Pioneer Charter School decided not to seek renewal of its charter contract with the district and will expire on June 30, 2016.

Venture Prep Charter Middle School

During fiscal year 2014, Venture Prep Charter Middle School entered into a Memorandum of Understanding with the district to phase out its operations by June 30, 2015. The school has ceased operations as of June 30, 2015.



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Component Unit Net Position Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	Cesar Chavez Academy Denver	Colorado High School	Community Challenge School	Denver Language School
ASSETS							
Assets:							
Cash and investments	\$ 12,069,341	\$ 184,503	\$ 339,053	\$ 1,298,436	\$ 829,219	\$ 630,499	\$ 1,240,424
Deposit held by Denver Public Schools	-	24,485	28,102	101,361	58,723	38,943	91,610
Restricted cash	-	-	-	985,461	-	19,981	-
Receivables:							
Accounts	-	13,416	55,734	6,776	91,085	22,425	33,375
Intergovernmental	-	-	-	-	-	-	-
Grants	-	134,177	-	25,103	-	30,057	-
Other	871,083	-	-	-	-	-	-
Due from CMO	-	-	-	-	-	-	-
Prepaid expenses	-	2,760	-	1,527	22,466	12,398	3,552
Restricted investments	1,874,999	-	-	-	-	-	-
Bond issuance costs, net	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Deposits	-	9,500	-	-	500	-	-
Capital assets, net	5,000	155,648	44,625	5,417,939	48,429	-	47,728
Total assets	<u>14,820,423</u>	<u>524,489</u>	<u>467,514</u>	<u>7,836,603</u>	<u>1,050,422</u>	<u>754,303</u>	<u>1,416,689</u>
DEFERRED OUTFLOWS OF RESOURCES							
Related to Pensions	-	95,652	65,644	130,978	64,710	265,681	222,715
Total deferred outflows of resources	<u>-</u>	<u>95,652</u>	<u>65,644</u>	<u>130,978</u>	<u>64,710</u>	<u>265,681</u>	<u>222,715</u>
LIABILITIES							
Liabilities:							
Accounts payable	36,398	184,384	-	11,026	1,455	-	8,697
Due to CMO	-	-	-	-	-	-	-
Grants payable	8,003,916	-	-	-	-	-	-
Accrued interest	-	-	-	222,969	-	-	-
Accrued payroll	-	-	59,692	-	86,960	9,432	207,942
Compensated absences	-	-	-	-	-	-	-
Accrued liabilities	-	1,103	-	37,893	-	5,209	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	-	50,646	-	-	-	-	25,622
Noncurrent liabilities:							
Due within one year	-	-	-	70,000	-	-	-
Due in more than one year	-	520,522	808,695	8,073,947	783,947	1,254,000	2,076,703
Total liabilities	<u>8,040,314</u>	<u>756,655</u>	<u>868,387</u>	<u>8,415,835</u>	<u>872,362</u>	<u>1,268,641</u>	<u>2,318,964</u>
DEFERRED INFLOWS OF RESOURCES							
Related to Pensions	-	117	11,847	74,929	5,997	281	466
Total deferred inflows of resources	<u>-</u>	<u>117</u>	<u>11,847</u>	<u>74,929</u>	<u>5,997</u>	<u>281</u>	<u>466</u>
NET POSITION							
Net investment in capital assets	-	-	44,625	(1,032,061)	-	-	47,728
Restricted for:							
Capital outlay	-	-	-	762,492	-	-	-
Emergencies	-	32,000	34,000	123,000	66,200	58,924	126,000
Donor-designated purposes	4,801,754	-	-	-	-	-	-
Unrestricted (deficit)	1,978,355	(168,631)	(425,701)	(376,614)	170,573	(307,862)	(853,754)
Total net position (deficit)	<u>\$ 6,780,109</u>	<u>\$ (136,631)</u>	<u>\$ (347,076)</u>	<u>\$ (523,183)</u>	<u>\$ 236,773</u>	<u>\$ (248,938)</u>	<u>\$ (680,026)</u>

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Denver School of Science and Technology									
Byers Middle School	Cole High School	Cole Middle School	College View	Conservatory Green	Green Valley Ranch High School	Green Valley Ranch Middle School	Stapleton High School	Stapleton Middle School	Subtotal
\$ 1,041,584	\$ -	\$ 565,921	\$ 349,453	\$ -	\$ 693,727	\$ 1,008,340	\$ 717,550	\$ 913,333	\$ 21,881,383
56,494	28,137	84,583	86,050	29,771	101,489	86,187	119,047	94,987	1,029,969
11,000	10,000	7,800	5,500	6,500	9,000	8,200	6,000	3,500	1,072,942
186,722	274,213	107,514	134,337	191,965	136,537	191,830	12,828	32,414	1,491,171
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	189,337
-	-	-	-	-	-	-	-	-	871,083
-	-	-	-	-	-	-	-	-	-
-	-	-	1,290	-	4,554	4,554	1,924	1,924	56,949
-	-	-	-	-	-	-	-	-	1,874,999
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	10,000
81,468	33,813	201,000	66,128	24,495	36,208	38,960	11,693	11,692	6,224,826
1,377,268	346,163	966,818	642,758	252,731	981,515	1,338,071	869,042	1,057,850	34,702,659
-	-	-	-	-	-	-	-	-	845,380
-	-	-	-	-	-	-	-	-	845,380
77,528	189,725	13,607	11,403	119,065	21,199	11,378	7,581	20,297	713,743
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	8,003,916
-	-	-	-	-	-	-	-	-	222,969
159,658	83,381	213,172	131,693	71,885	266,743	230,891	232,695	199,524	1,953,668
-	-	-	-	-	-	-	-	-	-
-	1,107	-	223,679	516	205	122,015	-	-	391,727
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	76,268
-	-	-	-	-	-	-	-	-	70,000
-	-	-	-	-	-	-	-	-	13,517,814
237,186	274,213	226,779	366,775	191,466	288,147	364,284	240,276	219,821	24,950,105
-	-	-	-	-	-	-	-	-	93,637
-	-	-	-	-	-	-	-	-	93,637
81,468	33,813	201,000	66,128	24,495	36,208	38,960	11,693	11,692	(434,251)
-	-	-	-	-	-	-	-	-	762,492
67,494	38,137	92,383	91,550	36,271	110,489	94,387	125,047	98,487	1,194,369
-	-	-	-	-	-	-	6,484	-	4,808,238
991,120	-	446,656	118,305	499	546,671	840,440	485,542	727,850	4,173,449
\$ 1,140,082	\$ 71,950	\$ 740,039	\$ 275,983	\$ 61,265	\$ 693,368	\$ 973,787	\$ 628,766	\$ 838,029	\$ 10,504,297
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YEAR ENDED JUNE 30, 2015**

Component Unit Net Position Information	Downtown Denver Expeditionary School	Girls Athletic Leadership School High School	Girls Athletic Leadership School Middle School	Highline Academy Southeast	Highline Academy Northeast	Justice High School	KIPP Denver Collegiate High School	KIPP Montbello College Prep
ASSETS								
Assets:								
Cash and investments	\$ 363,580	\$ 179,688	\$ 283,207	\$ 996,638	\$ 12,315	\$ 163,833	\$ 448,410	\$ 807,412
Deposit held by Denver Public Schools	37,549	9,745	37,578	110,733	21,381	27,100	75,637	86,631
Restricted cash	-	-	-	907,784	-	-	-	-
Receivables:								
Accounts	36,116	7,198	54,020	30,031	394	79,191	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Grants	-	-	-	17,145	-	-	20,983	60,424
Other	-	-	-	-	-	-	1,542	-
Due from CMO	-	-	-	-	17,513	-	-	-
Prepaid expenses	2,221	-	-	16,834	-	-	246	1,490
Restricted investments	-	-	-	-	-	-	-	-
Bond issuance costs, net	-	-	-	-	-	-	-	-
Inventory	3,008	-	500	-	3,453	-	-	-
Deposits	-	-	-	4,985	-	-	-	-
Capital assets, net:	102,106	6,462	10,505	6,513,018	12,659	2,578	-	20,800
Total assets	<u>544,580</u>	<u>203,093</u>	<u>385,810</u>	<u>8,597,168</u>	<u>67,715</u>	<u>272,702</u>	<u>546,818</u>	<u>976,757</u>
DEFERRED OUTFLOWS OF RESOURCES								
Related to Pensions	265,486	217,820	183,789	270,162	535,920	59,500	154,027	347,393
Total deferred outflows of resources	<u>265,486</u>	<u>217,820</u>	<u>183,789</u>	<u>270,162</u>	<u>535,920</u>	<u>59,500</u>	<u>154,027</u>	<u>347,393</u>
LIABILITIES								
Liabilities:								
Accounts payable	3,529	61,747	8,597	6,265	19,768	47,290	131,604	36,313
Due to CMO	-	-	-	17,513	-	-	-	-
Grants payable	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued payroll	84,316	-	-	-	-	80,422	-	-
Compensated absences	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	7,862	3,870	-	75,622	57,609
Due to other governments	-	-	-	-	-	-	-	-
Deferred revenue	10,926	-	36,610	4,566	-	-	-	-
Noncurrent liabilities:								
Due within one year	-	-	-	110,000	-	-	-	-
Due in more than one year	984,113	290,397	1,153,134	10,317,767	699,963	712,219	1,845,354	1,487,548
Total liabilities	<u>1,082,884</u>	<u>352,144</u>	<u>1,198,341</u>	<u>10,463,973</u>	<u>723,601</u>	<u>839,931</u>	<u>2,052,580</u>	<u>1,581,470</u>
DEFERRED INFLOWS OF RESOURCES								
Related to Pensions	177	65	258	525	157	10,890	4,893	333
Total deferred inflows of resources	<u>177</u>	<u>65</u>	<u>258</u>	<u>525</u>	<u>157</u>	<u>10,890</u>	<u>4,893</u>	<u>333</u>
NET POSITION								
Net investment in capital assets	102,106	6,462	10,505	(664,198)	12,659	2,578	-	20,800
Restricted for:								
Capital outlay	-	-	-	-	-	-	11,028	-
Emergencies	48,712	13,000	54,000	129,000	21,000	32,000	103,947	111,723
Donor-designated purposes	-	-	-	-	-	-	1,500	-
Unrestricted (deficit)	(423,813)	49,242	(693,505)	(1,061,970)	(153,782)	(553,197)	(1,473,103)	(390,176)
Total net position (deficit)	<u>\$ (272,995)</u>	<u>\$ 68,704</u>	<u>\$ (629,000)</u>	<u>\$ (1,597,168)</u>	<u>\$ (120,123)</u>	<u>\$ (518,619)</u>	<u>\$ (1,356,628)</u>	<u>\$ (257,653)</u>
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KIPP Sunshine Peak Academy	Monarch Montessori	Odyssey Charter School	Omar D. Blair Elementary	Pioneer Charter	Ridge View Academy	Rocky Mountain Prep	Sims-Fayola International Academy Denver	Subtotal
\$ 945,219	\$ 14,379	\$ 584,036	\$ 332,082	\$ 2,167,456	\$ 813,836	\$ 873,489	\$ 80,871	\$ 9,066,451
84,231	50,067	45,833	158,656	85,193	55,452	68,965	-	954,751
-	-	-	-	-	-	-	-	907,784
-	117,543	-	-	27,522	201,927	65,837	3,011	622,790
-	-	-	-	-	-	-	-	-
338,641	-	29,624	-	-	75,581	-	50,982	593,380
-	-	-	-	-	-	-	-	1,542
-	-	-	402,717	-	-	-	-	420,230
-	1,343	22,819	-	13,395	25,763	44,189	-	128,300
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	24,990	-	31,951
-	-	-	-	-	-	-	-	4,985
512,661	-	111,240	94,661	76,400	32,960	48,171	-	7,544,221
1,880,752	183,332	793,552	988,116	2,369,966	1,205,519	1,125,641	134,864	20,276,385
148,989	331,815	93,529	258,758	268,956	-	543,071	292,291	3,971,506
148,989	331,815	93,529	258,758	268,956	-	543,071	292,291	3,971,506
52,747	844	2,204	7,967	16,105	205,837	54,021	124,129	778,967
-	-	-	-	-	-	-	-	17,513
-	-	-	-	-	-	-	-	-
-	96,821	-	-	157,231	-	-	83,768	502,558
-	-	-	-	-	-	-	-	-
49,494	-	1,038	1,564	-	-	-	21,139	218,198
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	125,000	-	177,102
23,364	-	-	-	-	19,921	-	-	153,285
1,761,897	1,077,312	1,130,997	2,628,018	2,367,285	-	1,712,357	1,004,292	29,172,653
1,887,502	1,174,977	1,134,239	2,637,549	2,540,621	225,758	1,891,378	1,233,328	31,020,276
72,035	241	38,026	111,581	531	-	384	225	240,321
72,035	241	38,026	111,581	531	-	384	225	240,321
489,297	-	111,240	94,661	76,400	32,960	48,171	-	343,641
-	-	-	-	144,422	-	-	-	155,450
106,692	58,400	56,000	160,000	123,000	55,452	85,400	54,000	1,212,326
7,009	-	-	-	-	-	-	-	8,509
(532,794)	(718,471)	(452,424)	(1,756,917)	(246,052)	891,349	(356,621)	(860,398)	(8,732,632)
\$ 70,204	\$ (660,071)	\$ (285,184)	\$ (1,502,256)	\$ 97,770	\$ 979,761	\$ (223,050)	\$ (806,398)	\$ (7,012,706)

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Component Unit Net Position Information

	SOAR @ GVR	Southwest Early College	STRIVE Prep Excel Academy	STRIVE Prep Federal	STRIVE Prep GVR	STRIVE Prep Sunnyside	STRIVE Prep Lake
ASSETS							
Assets:							
Cash and investments	\$ 528,407	\$ 503,722	\$ 337,324	\$ 1,216,776	\$ 476,229	\$ 314,781	\$ 387,988
Deposit held by Denver Public Schools	87,241	58,299	54,181	84,520	71,245	66,350	74,600
Restricted cash	-	-	-	-	-	-	-
Receivables:							
Accounts	11,469	-	8,367	8,367	8,367	8,367	8,367
Intergovernmental	-	-	-	-	-	-	-
Grants	-	21,828	4,800	25,440	34,624	101,365	6,592
Other	-	-	-	-	-	-	-
Due from CMO	-	-	-	-	-	-	-
Prepaid expenses	28,132	480	4,850	3,358	3,358	3,358	3,355
Restricted investments	-	-	-	-	-	-	-
Bond issuance costs, net	-	-	-	-	-	-	-
Inventory	-	-	9,448	2,219	1,873	15,484	5,379
Deposits	-	-	-	-	-	-	-
Capital assets, net:	-	20,146	-	-	-	-	-
Total assets	<u>655,249</u>	<u>604,475</u>	<u>418,970</u>	<u>1,340,680</u>	<u>595,696</u>	<u>509,705</u>	<u>486,281</u>
DEFERRED OUTFLOWS OF RESOURCES							
Related to Pensions	311,945	70,571	360,129	156,412	385,806	141,294	153,989
Total deferred outflows of resources	<u>311,945</u>	<u>70,571</u>	<u>360,129</u>	<u>156,412</u>	<u>385,806</u>	<u>141,294</u>	<u>153,989</u>
LIABILITIES							
Liabilities:							
Accounts payable	69,121	641	34,456	25,519	13,070	31,723	11,517
Due to CMO	-	-	-	-	-	-	-
Grants payable	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued payroll	116,881	56,054	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	-
Accrued liabilities	-	23,845	1,510	530	100	3,185	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Noncurrent liabilities:							
Due within one year	-	-	-	-	-	-	-
Due in more than one year	4,011,881	905,200	1,134,055	1,761,935	1,355,779	1,668,527	1,809,769
Total liabilities	<u>4,197,883</u>	<u>985,740</u>	<u>1,170,021</u>	<u>1,787,984</u>	<u>1,368,949</u>	<u>1,703,435</u>	<u>1,821,286</u>
DEFERRED INFLOWS OF RESOURCES							
Related to Pensions	816,034	53,770	254	395	304	16,108	95,253
Total deferred inflows of resources	<u>816,034</u>	<u>53,770</u>	<u>254</u>	<u>395</u>	<u>304</u>	<u>16,108</u>	<u>95,253</u>
NET POSITION							
Net investment in capital assets	-	20,146	-	-	-	-	-
Restricted for:							
Capital outlay	-	-	-	-	-	-	-
Emergencies	117,000	70,000	74,000	96,000	91,000	89,000	89,000
Donor-designated purposes	-	-	-	-	-	-	-
Unrestricted (deficit)	(4,163,723)	(454,610)	(465,176)	(387,287)	(478,751)	(1,157,544)	(1,365,269)
Total net position (deficit)	<u>\$ (4,046,723)</u>	<u>\$ (364,464)</u>	<u>\$ (391,176)</u>	<u>\$ (291,287)</u>	<u>\$ (387,751)</u>	<u>\$ (1,068,544)</u>	<u>\$ (1,276,269)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

STRIVE Prep Montbello	STRIVE Prep Ruby Hill	STRIVE Prep SMART Academy	STRIVE Prep Westwood	University Prep	Venture Prep High School	Venture Prep Middle School	Wyatt-Edison	Total
\$ 348,976	\$ 90,792	\$ 450,373	\$ 770,709	\$ 100,033	\$ 554,240	\$ -	\$ 1,219,203	\$ 38,247,387
69,371	28,819	93,035	75,861	57,622	54,409	7,798	121,327	2,989,398
-	-	-	-	-	-	-	-	1,980,726
8,367	8,367	8,367	8,367	24,375	47,265	20,299	-	2,292,672
-	-	-	-	-	-	-	-	-
2,405	25,311	11,156	9,023	31,219	-	-	226,993	1,283,473
-	-	-	-	-	-	-	-	872,625
-	-	-	-	-	-	-	-	420,230
3,358	3,358	6,776	3,358	7,064	12,400	-	6,742	275,196
-	-	-	-	-	-	-	-	1,874,999
-	-	-	-	-	-	-	-	-
6,607	8,245	25,614	4,157	24,661	3,145	-	-	138,783
-	-	-	-	-	-	-	-	14,985
-	-	-	-	23,565	51,518	-	1,551,546	15,415,822
439,084	164,892	595,321	871,475	268,539	722,977	28,097	3,125,811	65,806,296
432,138	643,607	592,105	149,629	336,610	389,613	39,454	285,796	9,265,984
432,138	643,607	592,105	149,629	336,610	389,613	39,454	285,796	9,265,984
20,373	24,626	80,605	28,310	2,214	3,375	6,036	130,151	1,974,447
-	-	-	-	-	-	-	-	17,513
-	-	-	-	-	-	-	-	8,003,916
-	-	-	-	-	-	-	9,304	232,273
-	-	-	-	-	555	-	249,755	2,879,471
-	-	-	-	-	-	-	-	-
-	70	1,750	700	-	-	-	90,293	731,908
-	-	-	-	-	-	-	-	-
-	-	-	-	68,902	-	-	-	322,272
-	-	-	-	-	-	-	98,758	322,043
1,356,993	856,264	1,657,505	1,774,934	1,454,407	1,466,161	484,298	3,478,113	67,866,288
1,377,366	880,960	1,739,860	1,803,944	1,525,523	1,470,091	490,334	4,056,374	82,350,131
304	192	372	19,631	326	329	386,303	616	1,724,149
304	192	372	19,631	326	329	386,303	616	1,724,149
-	-	-	-	-	51,518	-	724,543	705,597
-	-	-	-	-	-	-	-	917,942
87,000	43,000	118,000	101,000	80,000	65,000	7,798	159,000	3,693,493
-	-	-	-	-	-	-	-	4,816,747
(593,448)	(115,653)	(670,806)	(903,471)	(1,000,700)	(474,348)	(816,884)	(1,528,926)	(19,135,779)
\$ (506,448)	\$ (72,653)	\$ (552,806)	\$ (802,471)	\$ (920,700)	\$ (357,830)	\$ (809,086)	\$ (645,383)	\$ (9,002,000)
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**SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

Component Unit Activities Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	Cesar Chavez Academy Denver	Colorado High School	Community Challenge School	Denver Language School
Expenses:							
Instruction	\$ -	\$ 493,244	\$ 498,120	\$ 1,363,659	\$ 929,812	\$ 462,173	\$ 2,211,802
Supporting services	-	439,008	719,008	1,588,166	713,123	1,376,639	1,610,102
Debt Service	-	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Program services	14,102,665	-	-	-	-	-	-
Facilities	-	-	-	520,938	-	-	-
Technology	-	-	-	-	-	-	-
Fundraising	666,547	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-
Management and general	595,898	-	-	-	-	-	-
Total expenses	15,365,110	932,252	1,217,128	3,472,763	1,642,935	1,838,812	3,821,904
Program revenues:							
Charges for services	-	-	-	-	-	-	-
Operating/capital grants and contributions	14,323,794	-	-	-	-	-	-
Total program revenues	14,323,794	-	-	-	-	-	-
Net program expense	(1,041,316)	(932,252)	(1,217,128)	(3,472,763)	(1,642,935)	(1,838,812)	(3,821,904)
General revenues:							
Per pupil revenue	-	782,863	831,670	3,315,796	1,384,626	1,066,488	3,530,170
Capital construction funding	-	-	-	74,590	-	24,378	-
Property tax mill levy override	-	120,964	293,314	405,314	723,345	339,551	392,417
Investment earnings	57,050	-	-	-	-	2,042	-
Interest Income	-	196	296	230	1,215	-	1,465
Unrestricted grants and contributions	904,425	-	-	-	-	-	-
At-Risk Supplemental Aid	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Special Item	-	-	-	-	-	-	-
Other	70,000	99	1,656	364	11,523	2,232	-
Total general revenues	1,031,475	904,122	1,126,936	3,796,294	2,120,709	1,434,691	3,924,052
Change in net position	(9,841)	(28,130)	(90,192)	323,531	477,774	(404,121)	102,148
Net position - beginning	6,789,950	260,349	414,267	631,438	403,727	1,143,783	842,616
Change in Reporting Entity	-	-	-	-	-	-	-
Change in Accounting Principle	-	(368,850)	(671,151)	(1,478,152)	(644,728)	(988,600)	(1,624,790)
Net position (deficit) - beginning, as restated	6,789,950	(108,501)	(256,884)	(846,714)	(241,001)	155,183	(782,174)
Net position (deficit) - ending	\$ 6,780,109	\$ (136,631)	\$ (347,076)	\$ (523,183)	\$ 236,773	\$ (248,938)	\$ (680,026)

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

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

Denver School of Science and Technology									
Byers Middle School	Cole High School	Cole Middle School	College View	Conservatory Green	Green Valley Ranch High School	Green Valley Ranch Middle School	Stapleton High School	Stapleton Middle School	Subtotal
\$ 1,391,085	\$ 421,276	\$ 1,790,137	\$ 1,865,499	\$ 562,052	\$ 2,123,115	\$ 1,676,790	\$ 2,487,621	\$ 1,844,481	\$ 20,120,866
1,081,644	803,838	1,494,860	1,676,015	706,142	1,971,414	1,809,028	1,552,453	1,623,561	19,165,001
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	14,102,665
-	-	-	-	-	-	-	-	-	520,938
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	666,547
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	595,898
2,472,729	1,225,114	3,284,997	3,541,514	1,268,194	4,094,529	3,485,818	4,040,074	3,468,042	55,171,915
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	14,323,794
-	-	-	-	-	-	-	-	-	14,323,794
(2,472,729)	(1,225,114)	(3,284,997)	(3,541,514)	(1,268,194)	(4,094,529)	(3,485,818)	(4,040,074)	(3,468,042)	(40,848,121)
2,074,313	1,042,713	3,042,098	3,186,176	1,110,322	3,625,244	3,268,588	3,780,516	3,383,341	35,424,924
-	-	-	-	-	-	-	-	-	98,968
215,194	120,548	311,017	329,675	116,107	427,437	343,160	425,132	339,907	4,903,082
-	-	-	-	-	-	-	-	-	59,092
36	-	94	77	-	110	101	125	112	4,057
-	-	-	-	-	-	-	-	-	904,425
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
508	-	1,373	874	-	1,333	1,320	4,270	84	95,636
2,290,051	1,163,261	3,354,582	3,516,802	1,226,429	4,054,124	3,613,169	4,210,043	3,723,444	41,490,184
(182,678)	(61,853)	69,585	(24,712)	(41,765)	(40,405)	127,351	169,969	255,402	642,063
1,322,760	-	670,454	300,695	-	733,773	846,436	458,797	582,627	15,401,672
-	133,803	-	-	103,030	-	-	-	-	236,833
-	-	-	-	-	-	-	-	-	(5,776,271)
1,322,760	133,803	670,454	300,695	103,030	733,773	846,436	458,797	582,627	9,862,234
\$ 1,140,082	\$ 71,950	\$ 740,039	\$ 275,983	\$ 61,265	\$ 693,368	\$ 973,787	\$ 628,766	\$ 838,029	\$ 10,504,297
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SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Component Unit Activities Information	Downtown Denver Expeditionary School	Girls Athletic Leadership School High School	Girls Athletic Leadership School Middle School	Highline Academy Southeast	Highline Academy Northeast	Justice High School	KIPP Denver Collegiate High School	KIPP Montbello College Prep
Expenses:								
Instruction	\$ 1,316,227	\$ 530,448	\$ 967,127	\$ 2,359,003	\$ 1,033,285	\$ 673,821	\$ 1,960,265	\$ 1,897,205
Supporting services	480,810	(189,957)	889,353	1,427,318	127,550	513,198	1,457,820	1,668,480
Debt Service	-	-	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Interest	-	-	-	585,194	-	-	-	-
Program services	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-	-
Total expenses	<u>1,797,037</u>	<u>340,491</u>	<u>1,856,480</u>	<u>4,371,515</u>	<u>1,160,835</u>	<u>1,187,019</u>	<u>3,418,085</u>	<u>3,565,685</u>
Program revenues:								
Charges for services	-	-	-	-	-	-	-	-
Operating/capital grants and contributions	-	-	-	-	-	-	-	-
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(1,797,037)</u>	<u>(340,491)</u>	<u>(1,856,480)</u>	<u>(4,371,515)</u>	<u>(1,160,835)</u>	<u>(1,187,019)</u>	<u>(3,418,085)</u>	<u>(3,565,685)</u>
General revenues:								
Per pupil revenue	1,736,461	358,044	1,596,961	3,572,220	532,226	830,573	2,715,034	3,083,738
Capital construction funding	-	-	-	-	-	-	-	-
Property tax mill levy override	229,156	41,109	164,985	384,429	105,734	217,904	313,493	313,626
Investment earnings	-	-	-	-	-	-	83	-
Interest Income	-	-	477	1,602	141	303	-	69
Unrestricted grants and contributions	-	-	-	-	-	-	249,432	23,307
At-Risk Supplemental Aid	-	-	-	-	-	-	-	-
Donations	-	-	-	-	153,850	-	-	-
Special Item	-	-	-	-	-	-	-	-
Other	26,886	10,042	-	191,732	248,761	6,098	-	171,420
Total general revenues	<u>1,992,503</u>	<u>409,195</u>	<u>1,762,423</u>	<u>4,149,983</u>	<u>1,040,712</u>	<u>1,054,878</u>	<u>3,278,042</u>	<u>3,592,160</u>
Change in net position	195,466	68,704	(94,057)	(221,532)	(120,123)	(132,141)	(140,043)	26,475
Net position - beginning	137,363	-	294,740	475,533	-	205,895	289,794	663,642
Change in Reporting Entity	-	-	-	-	-	-	-	-
Change in Accounting Principle	(605,824)	-	(829,683)	(1,851,169)	-	(592,373)	(1,506,379)	(947,770)
Net position (deficit) - beginning, as restated	(468,461)	-	(534,943)	(1,375,636)	-	(386,478)	(1,216,585)	(284,128)
Net position (deficit) - ending	<u>\$ (272,995)</u>	<u>\$ 68,704</u>	<u>\$ (629,000)</u>	<u>\$ (1,597,168)</u>	<u>\$ (120,123)</u>	<u>\$ (518,619)</u>	<u>\$ (1,356,628)</u>	<u>\$ (257,653)</u>
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**SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

KIPP Sunshine Peak Academy	Monarch Montessori	Odyssey Charter School	Omar D. Blair Elementary	Pioneer Charter	Ridge View Academy	Rocky Mountain Prep	Sims-Fayola International Academy Denver	Subtotal
\$ 1,707,660	\$ 1,000,762	\$ 1,186,483	\$ 3,628,339	\$ 2,167,967	\$ 1,347,654	\$ 1,901,272	\$ 1,022,585	\$ 24,700,103
1,548,469	1,004,975	686,926	-	1,574,267	733,647	1,212,353	1,007,234	14,142,443
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,376	-	-	-	-	24,376
4,119	-	-	-	-	-	-	-	589,313
-	-	-	-	-	-	-	-	-
-	-	-	841,497	-	-	-	102,108	943,605
-	-	-	240,286	-	-	-	-	240,286
-	-	-	-	-	-	-	-	-
-	-	-	1,844,286	-	-	-	-	1,844,286
-	-	-	-	-	-	-	-	-
3,260,248	2,005,737	1,873,409	6,578,784	3,742,234	2,081,301	3,113,625	2,131,927	42,484,412
-	-	-	-	-	-	-	-	-
-	-	-	345,504	-	-	-	-	345,504
-	-	-	345,504	-	-	-	-	345,504
(3,260,248)	(2,005,737)	(1,873,409)	(6,233,280)	(3,742,234)	(2,081,301)	(3,113,625)	(2,131,927)	(42,138,908)
2,794,934	1,612,173	1,648,129	5,666,803	3,222,010	1,551,924	2,412,838	1,492,349	34,826,417
-	-	-	-	37,007	-	-	34,197	71,204
298,596	222,916	176,657	635,000	409,288	401,754	321,261	161,212	4,397,120
1,972	-	-	-	2,534	349	-	-	4,938
-	-	1,553	-	-	-	1,930	50	6,125
46,181	-	-	-	5,142	128,683	-	96,418	549,163
98,940	-	-	-	103,286	84,486	-	-	286,712
-	-	-	-	-	-	-	-	153,850
-	-	-	-	-	-	-	-	-
2,753	-	20,000	127,474	-	-	111,670	114,553	1,031,389
3,243,376	1,835,089	1,846,339	6,429,277	3,779,267	2,167,196	2,847,699	1,898,779	41,326,918
(16,872)	(170,648)	(27,070)	195,997	37,033	85,895	(265,926)	(233,148)	(811,990)
1,610,041	87,485	709,159	575,245	1,892,908	893,866	947,254	(17,073)	8,765,852
-	-	-	-	-	-	-	-	-
(1,522,965)	(576,908)	(967,273)	(2,273,498)	(1,832,171)	-	(904,378)	(556,177)	(14,966,568)
87,076	(489,423)	(258,114)	(1,698,253)	60,737	893,866	42,876	(573,250)	(6,200,716)
\$ 70,204	\$ (660,071)	\$ (285,184)	\$ (1,502,256)	\$ 97,770	\$ 979,761	\$ (223,050)	\$ (806,398)	\$ (7,012,706)

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Component Unit Activities Information

	SOAR @ GVR	Southwest Early College	STRIVE Prep Excel Academy	STRIVE Prep Federal	STRIVE Prep GVR	STRIVE Prep Sunnyside	STRIVE Prep Lake
Expenses:							
Instruction	\$ 2,687,341	\$ 872,960	\$ 1,547,461	\$ 1,699,253	\$ 1,506,976	\$ 1,536,219	\$ 1,638,600
Supporting services	1,394,923	1,255,003	822,224	1,133,053	1,308,797	1,448,096	1,362,830
Debt Service	-	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Interest	-	-	-	67,261	-	-	-
Program services	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-
Total expenses	<u>4,082,264</u>	<u>2,127,963</u>	<u>2,369,685</u>	<u>2,899,567</u>	<u>2,815,773</u>	<u>2,984,315</u>	<u>3,001,430</u>
Program revenues:							
Charges for services	-	-	-	-	-	-	-
Operating/capital grants and contributions	-	-	-	-	-	-	-
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(4,082,264)</u>	<u>(2,127,963)</u>	<u>(2,369,685)</u>	<u>(2,899,567)</u>	<u>(2,815,773)</u>	<u>(2,984,315)</u>	<u>(3,001,430)</u>
General revenues:							
Per pupil revenue	3,196,220	1,927,722	1,781,296	2,720,801	2,615,384	2,546,984	2,551,842
Capital construction funding	-	44,524	-	-	-	-	-
Property tax mill levy override	521,851	226,100	206,228	280,654	272,010	262,358	263,288
Investment earnings	-	122	31	102	55	78	86
Interest Income	-	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	264,054	44,654	28,860	58,469	51,299
At-Risk Supplemental Aid	-	270	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Special Item	-	-	-	-	-	-	-
Other	81,723	14,813	175,769	(648,046)	9,188	11,258	16,128
Total general revenues	<u>3,799,794</u>	<u>2,213,551</u>	<u>2,427,378</u>	<u>2,398,165</u>	<u>2,925,497</u>	<u>2,879,147</u>	<u>2,882,643</u>
Change in net position	(282,470)	85,588	57,693	(501,402)	109,724	(105,168)	(118,787)
Net position - beginning	483,061	355,600	167,865	1,632,003	277,612	413,948	432,910
Change in Reporting Entity	-	-	-	-	-	-	-
Change in Accounting Principle	(4,247,314)	(805,652)	(616,734)	(1,421,888)	(775,087)	(1,377,324)	(1,590,392)
Net position (deficit) - beginning, as restated	(3,764,253)	(450,052)	(448,869)	210,115	(497,475)	(963,376)	(1,157,482)
Net position (deficit) - ending	<u>\$ (4,046,723)</u>	<u>\$ (364,464)</u>	<u>\$ (391,176)</u>	<u>\$ (291,287)</u>	<u>\$ (387,751)</u>	<u>\$ (1,068,544)</u>	<u>\$ (1,276,269)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

STRIVE Prep Montbello	STRIVE Prep Ruby Hill	STRIVE Prep SMART Academy	STRIVE Prep Westwood	University Prep	Venture Prep High School	Venture Prep Middle School	Wyatt-Edison	Total
\$ 1,528,497	\$ 821,941	\$ 1,965,976	\$ 1,604,956	\$ 1,634,826	\$ 1,527,650	\$ 189,112	\$ 2,683,386	\$ 68,266,123
1,366,704	727,062	2,041,099	1,494,867	1,009,741	1,126,727	264,799	2,302,474	52,365,843
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	24,376
-	-	-	-	-	-	-	-	656,574
-	-	-	-	-	-	-	-	14,102,665
-	-	-	-	-	-	-	-	1,464,543
-	-	-	-	-	-	-	-	240,286
-	-	-	-	-	-	-	-	666,547
-	-	-	-	-	-	-	-	1,844,286
-	-	-	-	-	-	-	-	595,898
2,895,201	1,549,003	4,007,075	3,099,823	2,644,567	2,654,377	453,911	4,985,860	140,227,141
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	14,669,298
-	-	-	-	-	-	-	-	14,669,298
(2,895,201)	(1,549,003)	(4,007,075)	(3,099,823)	(2,644,567)	(2,654,377)	(453,911)	(4,985,860)	(125,557,843)
2,546,469	955,938	3,336,960	2,840,693	2,000,535	2,118,212	271,673	3,967,630	105,629,700
-	-	-	-	-	-	-	93,957	308,653
262,806	221,280	388,973	294,301	290,839	246,314	28,304	532,962	13,598,470
54	-	78	91	53	-	-	149	64,929
-	-	-	-	-	780	110	-	11,072
25,125	101,500	53,073	89,138	-	-	-	11,054	2,180,814
-	-	-	-	-	-	-	140,964	427,946
-	-	-	-	-	-	-	-	153,850
-	-	-	-	-	-	-	-	-
10,731	130,946	8,367	9,925	178,794	43,016	16,925	306,644	1,493,206
2,845,185	1,409,664	3,787,451	3,234,148	2,470,221	2,408,322	317,012	5,053,360	123,868,640
(50,016)	(139,339)	(219,624)	134,325	(174,346)	(246,055)	(136,899)	67,500	(1,689,203)
263,770	-	474,776	531,121	204,652	752,498	192,085	1,443,707	31,793,132
-	66,686	-	-	-	-	-	-	303,519
(720,202)	-	(807,958)	(1,467,917)	(951,006)	(864,273)	(864,272)	(2,156,590)	(39,409,448)
(456,432)	66,686	(333,182)	(936,796)	(746,354)	(111,775)	(672,187)	(712,883)	(7,312,797)
\$ (506,448)	\$ (72,653)	\$ (552,806)	\$ (802,471)	\$ (920,700)	\$ (357,830)	\$ (809,086)	\$ (645,383)	\$ (9,002,000)
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, 2015

16. SUBSEQUENT EVENTS

On October 5, 2015, Denver Public Schools issued \$8.93 million of Certificates of Participation (the Certificates), Series 2015. The proceeds from issuance were used to finance the acquisition and renovation of a parking garage and the land on which it's located, that was leased by the district in prior years, and to pay the costs of issuing the Certificates. The parking garage is located at 1855 Lincoln Street, Denver, Colorado. The district purchased the site and improvements on August 5, 2015, for a purchase price of \$8,675,000.



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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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 138,287,442	\$ 143,025,200	\$ 141,150,694	\$ (1,874,506)
REVENUES				
Taxes:				
Property taxes	376,914,372	363,305,759	372,704,372	9,398,613
Interest on Delinquent Taxes	-	-	(688,245)	(688,245)
Specific ownership taxes	27,350,640	27,350,640	36,829,684	9,479,044
State support:				
State equalization	317,021,976	341,636,831	331,433,138	(10,203,693)
State Categorical	34,765,054	35,403,000	35,697,951	294,951
Federal sources	3,200,004	3,200,004	1,017,755	(2,182,249)
Charge for Services	-	-	33,656,565	33,656,565
Investment income	-	-	725,088	725,088
Other local sources	13,644,763	25,540,338	8,708,951	(16,831,387)
Total Revenues	<u>\$ 772,896,809</u>	<u>\$ 796,436,572</u>	<u>\$ 820,085,259</u>	<u>\$ 23,648,687</u>

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

(Continued)

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

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
Instruction:				
Regular instruction	\$ 422,204,839	\$ 430,160,137	\$ 367,941,701	\$ 62,218,436
Special education	50,295,111	51,079,175	57,959,820	(6,880,645)
Vocational education	-	142,604	(111,684)	254,288
Other instruction	8,570,437	5,917,206	7,601,321	(1,684,115)
Support services:				
Pupil supporting services	23,172,932	24,184,109	29,340,156	(5,156,047)
Instructional support	55,362,025	58,677,805	67,290,193	(8,612,388)
General administration	5,121,087	5,018,004	4,879,189	138,815
School administration	47,895,139	53,273,938	63,373,142	(10,099,204)
Business services	7,177,000	6,959,472	6,002,779	956,693
Operations and maintenance	52,462,042	52,476,770	60,377,010	(7,900,240)
Pupil transportation	20,681,883	20,606,920	22,342,719	(1,735,799)
Central services	35,014,149	35,797,137	56,276,911	(20,479,774)
Other support services	751,602	816,271	914,267	(97,996)
Community services	7,811,275	7,789,979	8,476,179	(686,200)
Education for adults	948,008	534,142	629,176	(95,034)
Capital outlay	6,059,232	5,323,859	1,270,899	4,052,960
Debt service:				
Principal payments	13,360,050	13,360,050	13,360,000	50
Interest and fiscal charges	45,873,000	45,873,000	46,014,157	(141,157)
Appropriated reserves	46,973,509	44,973,850	-	44,973,850
Total expenditures	849,733,320	862,964,428	813,937,935	49,026,493
Excess (deficiency) of revenues over expenditures	(76,836,511)	(66,527,856)	6,147,324	72,675,180
OTHER FINANCING SOURCES (USES)				
Transfers-in	11,433,124	11,433,124	6,785,586	(4,647,538)
Transfers-out	(20,211,221)	(20,211,221)	(19,727,702)	483,519
Total other financing sources (uses)	(8,778,097)	(8,778,097)	(12,942,116)	(4,164,019)
Net change in fund balance	(85,614,608)	(75,305,953)	(6,794,792)	68,511,161
Fund balance - ending	\$ 52,672,834	\$ 67,719,247	\$ 134,355,902	\$ 66,636,655

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 15,367,720	\$ 15,197,346	\$ 15,238,573	\$ 41,227
REVENUES				
Intergovernmental:				
Other state	9,173,448	19,696,149	12,765,726	(6,930,423)
Vocational Education Revenue	5,623,832	6,243,667	6,243,667	-
Federal Sources	93,689,784	98,945,449	92,220,580	(6,724,869)
Charge for Services - Tuition	4,550,622	5,246,097	6,557,025	1,310,928
Other local sources	15,956,802	20,844,977	29,627,465	8,782,488
Total revenues	128,994,488	150,976,339	147,414,463	(3,561,876)
EXPENDITURES				
Instruction:				
Regular instruction	28,890,040	34,122,703	36,818,385	(2,695,682)
Special education	13,429,542	13,429,542	11,940,834	1,488,708
Vocational education	-	156,468	148,691	7,777
Other instruction	464,624	617,549	664,474	(46,925)
Support services:				
Pupil supporting services	6,415,994	8,025,378	6,938,354	1,087,024
Instructional support	41,682,356	48,241,175	47,913,957	327,218
General administration	252,890	258,390	264,147	(5,757)
School administration	789,238	1,002,374	1,824,259	(821,885)
Business services	534,977	541,195	345,444	195,751
Operations and maintenance	578,301	578,301	72,220	506,081
Pupil transportation	591,416	516,032	309,425	206,607
Central services	6,622,545	8,168,762	10,800,529	(2,631,767)
Other support services	4,513,270	4,741,084	5,701,693	(960,609)
Community services	3,696,829	4,564,751	4,302,564	262,187
Education for adults	13,351,815	15,030,815	17,181,649	(2,150,834)
Capital outlay	213,000	411,588	1,020,059	(608,471)
Appropriated reserves	17,450,308	21,070,822	-	21,070,822
Total expenditures	139,477,145	161,476,929	146,246,684	15,230,245
Excess (deficiency) of revenues over expenditures	(10,482,657)	(10,500,590)	1,167,779	11,668,369
OTHER FINANCING SOURCES (USES)				
Transfers-in	350,000	350,000	555,290	205,290
Transfers-out	(337,954)	(337,954)	(16,147)	321,807
Total other financing sources (uses)	12,046	12,046	539,143	527,097
Net change in fund balance	(10,470,611)	(10,488,544)	1,706,922	12,195,466
Fund balance - ending	\$ 4,897,109	\$ 4,708,802	\$ 16,945,495	\$ 12,236,693

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
PROCOMP SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 41,947,841	\$ 44,698,850	\$ 44,698,850	\$ -
REVENUES				
Property taxes	30,461,905	30,461,905	31,219,103	757,198
Interest on Delinquent Taxes	-	-	(57,861)	(57,861)
Other local sources	-	-	-	-
Investment income	2,139,340	2,139,340	7,211	(2,132,129)
Total revenues	32,601,245	32,601,245	31,168,453	(1,432,792)
EXPENDITURES				
Regular instruction	41,070,557	42,070,557	42,909,494	(838,937)
General administration	213,314	213,314	85,881	127,433
Central services	1,523,095	1,523,095	1,519,567	3,528
Total expenditures	42,806,966	43,806,966	44,514,942	(707,976)
Deficiency of revenues under expenditures	(10,205,721)	(11,205,721)	(13,346,489)	(2,140,768)
Net change in fund balance	(10,205,721)	(11,205,721)	(13,346,489)	(2,140,768)
Fund balance - ending	\$ 31,742,120	\$ 33,493,129	\$ 31,352,361	\$ (2,140,768)

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

	<u>2015</u>
Total pension liability	
Service cost at end of year	\$ 76,564,000
Interest	274,862,000
Changes of benefit terms	-
Difference between expected and actual experience	(174,000)
Changes of assumptions or other inputs	-
Benefit payments, including refunds of active member contributions and disability premiums	(255,434,000)
Net change in total pension liability	<u>95,818,000</u>
Total pension liability - beginning	<u>3,792,543,000</u>
Total pension liability - ending (a)	<u>3,888,361,000</u>
Plan fiduciary net position	
Contributions - employer	18,478,000
Contributions - active member (includes purchased service)	49,409,000
Net investment income	182,823,000
Benefit payments (includes refunds and disability premiums)	(255,434,000)
Administrative expense	(2,377,000)
Other additions and deductions	<u>(1,547,000)</u>
Net change in plan fiduciary net position	<u>(8,648,000)</u>
Plan fiduciary net position - beginning	<u>3,272,439,000</u>
Plan fiduciary net position - ending (b)	<u>3,263,791,000</u>
Collective net pension liability - ending (a)-(b)	<u><u>\$ 624,570,000</u></u>
Plan fiduciary net position as a percentage of the total pension liability	83.94%
Covered-employee payroll	584,319,000
District's net pension liability as a percentage of covered-employee payroll	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, 2015

	2015
Statutorily required contribution	14,129,112
Contributions in relation to the statutorily required contribution	14,129,112
Contribution deficiency (excess)	-
Covered-employee payroll	590,847,652
Contributions as a percentage of covered-employee payroll	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, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll
Remaining amortization period	30 Years, Open
Asset valuation method	4-year smoothed market
Inflation	2.8% annually
Salary increases	3.9% - 10.10% Inclusive of wage inflation
Investment rate of return	7.50%

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, 2015

1. BUDGET BASIS OF ACCOUNTING

General Fund

The budgetary comparison schedule for the general fund was prepared on the prescribed budget basis of accounting for the District. For the general fund, this basis differs from generally accepted accounting principles (GAAP) because of the inclusion of encumbrances and commitments with reported expenditures and the exclusion of salaries earned but unpaid.

A reconciliation of fund balance reported in accordance with GAAP and fund balance reported on the budgetary basis for the general fund is as follows:

	General Fund
GAAP Basis	\$ 106,552,800
Add:	
Accrued Payroll and Benefits	50,730,323
Less	
Encumbrances	22,927,221
Non-GAAP Budget Basis	<u>\$ 134,355,902</u>

The special revenue and ProComp special revenue funds are budgeted on a GAAP basis; therefore, the fund balances are the same.

Colorado statutes require that budgets be legally adopted for all funds. Budgets for general, capital reserve, and building funds have been prepared on the budget basis of accounting. All other funds are budgeted on a GAAP basis.

Refer to the general fund budgetary highlights section of the management's discussion and analysis on page 23 for information regarding significant variances between original and final budget.

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

NOTES TO OTHER REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

2. OPEB

The funded status of the plan is as follows:

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

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

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



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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, 2015

	Pupil Activity Fund	Tuition Special Revenue Fund	Permanent Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 117,056	\$ 117,056
Investments	-	-	3,982	3,982
Due from other funds	2,198,622	5,669,524	7,768	7,875,914
Total assets	<u>2,198,622</u>	<u>5,669,524</u>	<u>128,806</u>	<u>7,996,952</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 20,976	\$ 5,778	-	\$ 26,754
Accrued salaries and benefits	-	681,075	-	681,075
Total liabilities	<u>20,976</u>	<u>686,853</u>	<u>-</u>	<u>707,829</u>
Fund balances:				
Nonspendable:				
Permanent fund	-	-	128,806	128,806
Restricted for:				
Non-governmental grantor-designated purposes	2,177,646	4,982,671	-	7,160,317
Total fund balances	<u>2,177,646</u>	<u>4,982,671</u>	<u>128,806</u>	<u>7,289,123</u>
Total liabilities and fund balances	<u>\$ 2,198,622</u>	<u>\$ 5,669,524</u>	<u>\$ 128,806</u>	<u>\$ 7,996,952</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, 2015

	Pupil Activity Fund	Tuition Special Revenue Fund	Permanent Fund	Total
REVENUES				
Charge for services	\$ 180,511	\$ 13,081,701	\$ -	\$ 13,262,212
Investment income	-	-	2,528	2,528
Other local sources	249,643	122,915	-	372,558
Total revenues	430,154	13,204,616	2,528	13,637,298
EXPENDITURES				
Instruction:				
Regular instruction	-	5,175,583	1,308	5,176,891
Special education	-	364,123	-	364,123
Other	2,945,253	-	-	2,945,253
Total instruction	2,945,253	5,539,706	1,308	8,486,267
Support services:				
Pupil supporting services	-	55,124	-	55,124
Instructional support	-	1,080,889	-	1,080,889
School administration	-	6,281	-	6,281
Business services	-	-	-	-
Total support services	-	1,142,294	-	1,142,294
Community services	-	40,737	-	40,737
Capital outlay	11,238	-	-	11,238
Total expenditures	2,956,491	6,722,737	1,308	9,680,536
Excess (deficiency) of revenues over (under) expenditures	(2,526,337)	6,481,879	1,220	3,956,762
OTHER FINANCING SOURCES				
Transfers-in	4,346,323	-	-	4,346,323
Transfers-out	-	(6,667,862)	-	(6,667,862)
Total other financing sources	4,346,323	(6,667,862)	-	(2,321,539)
Net change in fund balances	1,819,986	(185,983)	1,220	1,635,223
Fund balances - beginning	357,660	5,168,654	127,586	5,653,900
Fund balances - ending	\$ 2,177,646	\$ 4,982,671	\$ 128,806	\$ 7,289,123

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, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash	\$ 2,245,467	\$ 5,828,584	\$ 5,535,976	\$ 2,538,075
LIABILITIES				
Due to student groups	\$ 2,245,467	\$ 5,828,584	\$ 5,535,976	\$ 2,538,075



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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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 105,373,626	\$ 105,629,590	\$ 105,629,590	\$ -
REVENUES				
Property Taxes	109,207,700	109,207,700	109,623,995	416,295
Interest on Delinquent Taxes	-	-	(177,419)	(177,419)
Investment income	221,163	221,163	524,503	303,340
Total revenues	109,428,863	109,428,863	109,971,079	542,216
EXPENDITURES				
Purchased services	65,000	65,000	-	65,000
Debt service:				
Principal payments	43,765,000	43,765,000	43,765,000	-
Interest and fiscal charges	62,470,652	62,470,652	235,368,337	(172,897,685)
Total expenditures	106,300,652	106,300,652	279,133,337	(172,832,685)
Excess (deficiency) of revenues over expenditures	3,128,211	3,128,211	(169,162,258)	(172,290,469)
OTHER FINANCING SOURCES (USES)				
Transfers-out	(60,000)	(60,000)	(101,577)	(41,577)
Proceeds from refunding bonds	-	-	149,170,000	149,170,000
Premium on refunding bonds	-	-	24,225,792	24,225,792
Total other financing sources (uses)	(60,000)	(60,000)	173,294,215	173,354,215
Net change in fund balance	3,068,211	3,068,211	4,131,957	1,063,746
Fund balance - ending	\$ 108,441,837	\$ 108,697,801	\$ 109,761,547	\$ 1,063,746

The notes to other 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
BUILDING FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 391,839,833	\$ 389,695,151	\$ 314,647,422	\$ (75,047,729)
REVENUES				
Investment Income	500,000	500,000	895,434	395,434
Other local sources	-	-	19,692	19,692
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>915,126</u>	<u>415,126</u>
EXPENDITURES				
Special education	-	-	45,343	(45,343)
Support services:				
Instructional support	5,300,240	5,300,240	109,922	5,190,318
School administration	95,454	95,454	80,629	14,825
Operations and maintenance	152,009,047	170,677,297	16,931,974	153,745,323
Central services	1,198,407	1,198,407	2,776,590	(1,578,183)
Business Services	98,880	98,880	254,009	(155,129)
Capital outlay	575,000	575,000	170,729,294	(170,154,294)
Total expenditures	<u>159,277,028</u>	<u>177,945,278</u>	<u>190,927,761</u>	<u>(12,982,483)</u>
Excess (deficiency) of revenues over expenditures	<u>(158,777,028)</u>	<u>(177,445,278)</u>	<u>(190,012,635)</u>	<u>(12,567,357)</u>
Net change in fund balance	<u>(158,777,028)</u>	<u>(177,445,278)</u>	<u>(190,012,635)</u>	<u>(12,567,357)</u>
Fund balance - ending	<u>\$ 233,062,805</u>	<u>\$ 212,249,873</u>	<u>\$ 124,634,787</u>	<u>\$ (87,615,086)</u>

The notes to other 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
CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 69,853,919	\$ 51,973,000	\$ 30,934,809	\$ (21,038,191)
REVENUES				
Federal sources	-	-	6,461,502	6,461,502
Investment income	-	-	36,292	36,292
Other local sources	15,694,594	26,996,919	8,153,205	(18,843,714)
Total revenues	15,694,594	26,996,919	14,650,999	(12,345,920)
EXPENDITURES				
Regular instruction	46,055,252	1,434,485	11,203,518	(9,769,033)
Business services	158,273	158,273	161,850	(3,577)
Operations and maintenance	16,320,670	16,144,245	17,841,928	(1,697,683)
School Administration	-	-	1,268	(1,268)
Pupil transportation	343,975	343,975	1,718,520	(1,374,545)
Central services	2,945,424	2,945,424	2,744,751	200,673
Capital outlay	3,416,178	3,416,178	9,628,962	(6,212,784)
Debt service:				
Principal payments	241,000	241,000	-	241,000
Interest and fiscal charges	-	-	3,353,347	(3,353,347)
Appropriated reserves	21,455,736	57,473,815	-	57,473,815
Total expenditures	90,936,508	82,157,395	46,654,144	35,503,251
Excess (deficiency) of revenues over expenditures	(75,241,914)	(55,160,476)	(32,003,145)	23,157,331
OTHER FINANCING SOURCES (USES)				
Transfer-in	6,377,000	6,377,000	13,728,153	7,351,153
Total other financing sources (uses)	6,377,000	6,377,000	13,728,153	7,351,153
Net change in fund balance	(68,864,914)	(48,783,476)	(18,274,992)	30,508,484
Fund balance - ending	\$ 989,005	\$ 3,189,524	\$ 12,659,817	\$ 9,470,293

The notes to other 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 SERVICE FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ -	\$ -	\$ (760,348)	\$ (760,348)
REVENUES				
Federal sources	36,846,025	36,846,025	35,567,104	(1,278,921)
Other State	80,000	80,000	197,290	117,290
Other Local Sources	3,402,500	3,402,500	5,064,607	1,662,107
Sale Of Used Equip & Supplies	5,000	5,000	-	(5,000)
Total revenues	40,333,525	40,333,525	40,829,001	495,476
EXPENDITURES				
Regular Instruction	-	-	21,014	(21,014)
Operations and maintenance	17,750	17,750	(292,610)	310,360
Education for adults	40,067,550	40,067,550	41,418,911	(1,351,361)
Capital outlay	200,000	200,000	19,274	180,726
Appropriated reserves	48,225	48,225	-	48,225
Total expenditures	40,333,525	40,333,525	41,166,589	(833,064)
Excess (Deficiency) of revenues over (under) expenditures	-	-	(337,588)	(337,588)
OTHER FINANCING SOURCES (USES)				
Transfers-in	-	-	1,097,936	1,097,936
Total other financing sources (uses)	-	-	1,097,936	1,097,936
Net change in fund balance	-	-	760,348	760,348
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

The notes to other 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
PRIVATE PURPOSE TRUST FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	\$ -	\$ 7,744,000	\$ 7,744,079	\$ 79
REVENUES				
Other Revenue	4,000,000	2,641,018	2,534,586	(106,432)
Total revenues	4,000,000	2,641,018	2,534,586	(106,432)
EXPENDITURES				
Central services	-	8,105,532	10,468	8,095,064
Instructional support	-	2,220,000	-	2,220,000
Regular instruction	4,000,000	-	2,367,565	(2,367,565)
Total expenditures	4,000,000	10,325,532	2,378,033	7,947,499
Change in net position	-	(7,684,514)	156,553	7,841,067
Net position - ending	\$ -	\$ 59,486	\$ 7,900,632	\$ 7,841,146

The notes to other 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
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ 300,000	\$ 358,000	\$ 357,660	\$ (340)
REVENUES				
Other local sources	711,536	711,536	430,154	(281,382)
Total revenues	711,536	711,536	430,154	(281,382)
EXPENDITURES				
Other instruction	2,903,808	3,118,358	2,945,253	173,105
Capital outlay	4,500	4,500	11,238	(6,738)
Total expenditures	2,908,308	3,122,858	2,956,491	166,367
Excess (deficiency) of revenues over expenditures	(2,196,772)	(2,411,322)	(2,526,337)	(115,015)
OTHER FINANCING SOURCES (USES)				
Transfer-in	2,111,322	2,111,322	4,346,323	2,235,001
Total other financing sources (uses)	2,111,322	2,111,322	4,346,323	2,235,001
Net change in fund balance	(85,450)	(300,000)	1,819,986	2,119,986
Fund balance - ending	\$ 214,550	\$ 58,000	\$ 2,177,646	\$ 2,119,646

The notes to other 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
PERMANENT FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ -	\$ 127,507	\$ 127,586	\$ 79
REVENUES				
Investment income	-	3,521	2,528	(993)
Other local sources	123,984	-	-	-
Total revenues	123,984	3,521	2,528	(993)
EXPENDITURES				
Regular instruction	123,984	-	1,308	(1,308)
Pupil supporting services	-	131,028	-	131,028
Total expenditures	123,984	131,028	1,308	129,720
Net change in fund balance	-	(127,507)	1,220	128,727
Fund balance - ending	\$ -	\$ -	\$ 128,806	\$ 128,806

The notes to other 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
TUITION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	\$ -	\$ 5,168,654	\$ 5,168,654	\$ -
REVENUES				
Charge for Services - Tuition	8,520,000	8,520,000	13,081,701	4,561,701
Other local sources	-	-	122,915	122,915
Total revenues	8,520,000	8,520,000	13,204,616	4,684,616
EXPENDITURES				
Instruction:				
Regular instruction	6,177,432	6,113,463	5,179,407	934,056
Special education	365,078	367,949	364,123	3,826
Support services:				
Pupil supporting services	51,027	51,027	55,124	(4,097)
Instructional support	1,383,968	1,383,968	1,080,889	303,079
School administration	-	-	6,281	(6,281)
Business services	-	-	(3,824)	3,824
Community services	112,433	112,433	40,737	71,696
Appropriated reserves	430,062	491,160	-	491,160
Total expenditures	8,520,000	8,520,000	6,722,737	1,797,263
Excess (deficiency) of revenues over expenditures	-	-	6,481,879	6,481,879
OTHER FINANCING SOURCES (USES)				
Transfers-out	-	-	(6,667,862)	(6,667,862)
Total other financing sources (uses)	-	-	(6,667,862)	(6,667,862)
Net change in fund balance	-	-	(185,983)	(185,983)
Fund balance - ending	\$ -	\$ 5,168,654	\$ 4,982,671	\$ (185,983)

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
WAREHOUSE FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	\$ 67,874	\$ 178,000	\$ 178,187	\$ 187
REVENUES				
Billings to funds	-	-	636,563	636,563
Other Revenue	1,011,398	1,011,398	70,290	(941,108)
Total operating revenues	<u>1,011,398</u>	<u>1,011,398</u>	<u>706,853</u>	<u>(304,545)</u>
EXPENSES				
Cost of goods sold				
Salaries and employee benefits	84,898	84,898	226,969	(142,071)
Purchased professional & technical services	5,000	5,000	-	5,000
Purchased property services	11,000	11,000	476	10,524
Other purchased services	186,500	186,500	130,722	55,778
Supplies	124,000	124,000	108,633	15,367
Purchased	500,000	500,000	437,879	62,121
Other Expenses	100,000	100,000	2,388	97,612
Total operating expenses	<u>1,011,398</u>	<u>1,011,398</u>	<u>907,067</u>	<u>104,331</u>
Change in net position	<u>-</u>	<u>-</u>	<u>(200,214)</u>	<u>(200,214)</u>
Net position - ending	<u>\$ 67,874</u>	<u>\$ 178,000</u>	<u>\$ (22,027)</u>	<u>\$ (200,027)</u>

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

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

NOTES TO OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

1. BUDGET BASIS OF ACCOUNTING

Building and Capital Reserve Funds

The budgetary comparison schedule for the building and capital reserve funds was prepared on the prescribed budget basis of accounting for the District. For these funds, this basis differs from generally accepted accounting principles (GAAP) because of the inclusion of encumbrances and commitments with reported expenditures and the exclusion of salaries earned but unpaid.

A reconciliation of fund balances reported on the basis of GAAP and fund balances reported on the budget basis is as follows:

	Building Fund	Capital Reserve Fund
GAAP Basis	202,717,436	24,354,944
Add:		
Accrued Payroll and Benefits	-	-
Less		
Encumbrances	(73,137,919)	(11,439,499)
Non-GAAP Budget Basis	<u>129,579,517</u>	<u>12,915,445</u>

Fund balances for the pupil activity fund, bond redemption fund, private purpose trust fund, permanent fund, and proprietary funds are the same on a GAAP and budget basis.

Colorado statutes require that fixed budgets be legally adopted for all funds. For budgeting and appropriation purposes, transfers are reported as revenue and expenditures. The original budget for each of these funds was equal to the prior year final budget. As better information became available, the budgets were adjusted.



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Colorado Department of Education

Auditors Integrity Report

District: 0880 - DENVER COUNTY 1

Fiscal Year 2014-15

Colorado School District/BOCES

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		+		-	=
10	General Fund	104,318,857	683,872,034	684,473,102	103,717,789
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	2,330,870	18,131,462	17,627,320	2,835,012
Sub- Total		106,649,727	702,003,496	702,100,422	106,552,801
11	Charter School Fund	24,096,500	144,677,999	140,411,629	28,362,870
20,26-29	Special Revenue Fund	49,867,505	37,705,206	51,237,680	36,335,032
21	Food Service Spec Revenue Fund	-760,350	41,926,936	41,166,586	0
22	Govt Designated-Purpose Grants Fund	15,238,573	147,953,607	146,246,685	16,945,495
23	Pupil Activity Special Revenue Fund	357,661	4,776,477	2,956,491	2,177,646
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	105,629,589	283,265,293	279,133,337	109,761,545
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	389,695,152	915,126	187,892,842	202,717,436
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	50,022,480	28,379,153	54,046,689	24,354,944
Totals		740,796,837	1,391,603,293	1,605,192,362	527,207,768
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	178,187	706,853	907,067	-22,027
Totals		178,187	706,853	907,067	-22,027
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	7,744,079	2,534,586	2,378,033	7,900,632
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	2,245,467	5,828,584	5,535,976	2,538,075
79	GASB 34:Permanent Fund	127,586	2,528	1,309	128,806
85	Foundations	6,789,950	15,355,269	15,365,110	6,780,109
Totals		16,907,082	23,720,968	23,280,428	17,347,622
FINAL					

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

STATISTICAL SECTION

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

STATISTICAL SECTION
YEAR ENDED JUNE 30, 2014

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.

Contents **Page**

Financial Trends

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

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Revenue Capacity

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Debt Capacity

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

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Direct and Overlapping Debt	166

Demographic and Economic Information

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

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

POSITION BY COMPONENT
LAST TEN FISCAL YEARS (Unaudited)

	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 118,645,799	\$ 130,564,763	\$ 135,651,903	\$ 145,041,564	\$ 158,129,481
Restricted	391,653,002	175,105,064	192,765,619	254,525,804	249,496,173
Unrestricted (deficit)	(1,702,868,865)	(961,343,671)	(977,859,419)	(1,051,331,251)	(1,008,068,262)
Total governmental activities net position (deficit)	<u>\$ (1,192,570,064)</u>	<u>\$ (655,673,844)</u>	<u>\$ (649,441,897)</u>	<u>\$ (651,763,883)</u>	<u>\$ (600,442,608)</u>
Business-type activities*					
Net investment in capital assets	\$ -	\$ 643,501	\$ 463,179	\$ 506,458	\$ 444,862
Unrestricted (deficit)	-	(760,348)	(383,151)	1,747,768	4,413,742
Total business-type activities net position (deficit)	<u>\$ -</u>	<u>\$ (116,847)</u>	<u>\$ 80,028</u>	<u>\$ 2,254,226</u>	<u>\$ 4,858,604</u>
Primary government					
Net investment in capital assets	\$ 118,645,799	\$ 131,208,264	\$ 136,115,082	\$ 145,548,022	\$ 158,574,343
Restricted	391,653,002	175,105,064	192,765,619	254,525,804	249,496,173
Unrestricted (deficit)	(1,702,868,865)	(962,104,019)	(978,242,570)	(1,049,583,483)	(1,003,654,520)
Total primary government net position (deficit)	<u>\$ (1,192,570,064)</u>	<u>\$ (655,790,691)</u>	<u>\$ (649,361,869)</u>	<u>\$ (649,509,657)</u>	<u>\$ (595,584,004)</u>
	2010	2009	2008	2007	2006
Governmental activities					
Net investment in capital assets	\$ 155,415,742	\$ 156,461,727	\$ 156,815,186	\$ 173,129,371	\$ 173,526,159
Restricted	80,477,836	75,749,943	69,420,889	61,730,781	65,855,743
Unrestricted (deficit)	(871,873,175)	(894,565,007)	(880,304,592)	(536,694,044)	(580,519,084)
Total governmental activities net position (deficit)	<u>\$ (635,979,597)</u>	<u>\$ (662,353,337)</u>	<u>\$ (654,068,517)</u>	<u>\$ (301,833,892)</u>	<u>\$ (341,137,182)</u>
Business-type activities					
Net investment in capital assets	\$ 481,124	\$ 482,212	\$ 595,253	\$ 679,532	\$ 439,918
Unrestricted (deficit)	7,361,642	7,055,398	7,217,883	7,469,652	8,936,165
Total business-type activities net position (deficit)	<u>\$ 7,842,766</u>	<u>\$ 7,537,610</u>	<u>\$ 7,813,136</u>	<u>\$ 8,149,184</u>	<u>\$ 9,376,083</u>
Primary government					
Net investment in capital assets	\$ 155,896,866	\$ 156,943,939	\$ 157,410,439	\$ 173,808,903	\$ 173,966,077
Restricted	80,477,836	75,749,943	69,420,889	61,730,781	65,855,743
Unrestricted (deficit)	(864,511,533)	(887,509,609)	(873,086,709)	(529,224,392)	(571,582,919)
Total primary government net position (deficit)	<u>\$ (628,136,831)</u>	<u>\$ (654,815,727)</u>	<u>\$ (646,255,381)</u>	<u>\$ (293,684,708)</u>	<u>\$ (331,761,099)</u>

Source: School District annual financial reports for the respective years

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

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



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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)

	2015	2014	2013	2012
Expenses:				
Government activities:				
Instructional services	\$ 606,202,845	\$ 525,401,180	\$ 507,722,226	\$ 477,604,430
Supporting services:				
Pupil support	36,294,290	30,804,590	29,638,062	29,312,499
Instructional support	113,735,903	89,761,367	81,086,728	78,847,455
General administration	5,299,657	5,862,233	6,652,309	6,873,428
School administration	65,203,286	57,364,780	58,734,139	52,697,622
Business services	6,971,488	9,069,995	7,487,603	6,442,027
Operation and maintenance	74,977,466	68,752,560	69,409,493	76,815,166
Pupil transportation	22,571,539	22,069,496	22,182,306	22,288,795
Central services	126,422,166	139,191,526	74,998,203	69,071,079
Other support services	47,742,261	4,570,465	4,045,531	4,628,895
Community services	12,899,168	11,611,773	10,497,464	9,483,230
Education for adults	17,810,826	14,527,846	14,790,637	15,775,918
Food services	-	43,974	96,963	153,482
Interest on long-term debt	127,899,257	117,380,359	113,073,282	108,487,396
Total governmental activities expenses	<u>1,264,030,152</u>	<u>1,096,412,144</u>	<u>1,000,414,946</u>	<u>958,481,422</u>
Business-type activities:				
Food services	-	38,774,528	36,404,972	34,622,691
Total business-type activities expenses	<u>-</u>	<u>38,774,528</u>	<u>36,404,972</u>	<u>34,622,691</u>
Total primary government expenses	<u>1,264,030,152</u>	<u>1,135,186,672</u>	<u>1,036,819,918</u>	<u>993,104,113</u>
Program revenues:				
Government activities:				
Charges for services - Instructional	27,970,405	24,268,736	29,467,729	25,542,292
Charges for services - Other	25,712,014	22,309,227	12,389,843	15,989,891
Operating grants and contributions	221,919,647	170,631,292	163,451,886	178,115,194
Total governmental activities program revenues	<u>275,602,066</u>	<u>217,209,255</u>	<u>205,309,458</u>	<u>219,647,377</u>
Business-type activities:				
Food services	-	4,388,602	4,026,244	3,715,616
Operating grants and contributions	-	34,152,589	30,190,114	28,273,108
Total business-type activities program revenues	<u>-</u>	<u>38,541,191</u>	<u>34,216,358</u>	<u>31,988,724</u>
Total primary government program revenues	<u>275,602,066</u>	<u>255,750,446</u>	<u>239,525,816</u>	<u>251,636,101</u>
Net Expenses				
Government activities	(988,428,086)	(879,202,889)	(795,105,488)	(738,834,045)
Business-type activities	-	(233,337)	(2,188,614)	(2,633,967)
Total primary government net expense	<u>(988,428,086)</u>	<u>(879,436,226)</u>	<u>(797,294,102)</u>	<u>(741,468,012)</u>
General revenues and other changes in net position:				
Government activities:				
Property taxes	512,100,229	545,898,621	498,552,760	420,204,686
Specific ownership taxes	36,829,683	33,376,380	30,035,934	27,021,138
Payment in lieu of taxes	2,489,581	2,492,618	2,143,237	2,081,204
State equalization	331,479,392	282,036,930	257,727,049	234,783,298
Interest and investment income	2,481,057	7,214,663	5,904,892	2,486,539
Other	35,645,024	12,430,956	5,867,733	935,905
Transfers	-	-	-	-
Special items	-	-	-	-
Total governmental activities	<u>921,024,966</u>	<u>883,450,168</u>	<u>800,231,605</u>	<u>687,512,770</u>
Business-type activities:				
Interest and investment income	-	-	-	-
Other	-	36,462	14,416	29,589
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>36,462</u>	<u>14,416</u>	<u>29,589</u>
Total primary government	<u>921,024,966</u>	<u>883,486,630</u>	<u>800,246,021</u>	<u>687,542,359</u>
Change in net position				
Governmental activities	(67,403,120)	4,247,279	5,126,117	(51,321,275)
Business-type activities	-	(196,875)	(2,174,198)	(2,604,378)
Total primary government	<u>\$ (67,403,120)</u>	<u>\$ 4,050,404</u>	<u>\$ 2,951,919</u>	<u>\$ (53,925,653)</u>

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.
In FY15 we no longer have business type activities - Food Services moved to Special Revenue Fund

	2011	2010	2009	2008	2007	2006
\$	474,240,486	\$ 476,278,700	\$ 422,627,498	\$ 397,666,096	\$ 381,864,932	\$ 371,166,191
	25,659,390	28,246,457	25,824,063	25,687,424	24,203,198	26,557,633
	68,357,869	66,549,179	58,473,132	57,657,139	51,530,878	49,672,365
	4,692,577	4,617,620	4,733,562	4,469,043	3,899,230	3,732,940
	44,700,293	40,955,892	41,162,161	42,525,715	37,986,274	37,835,304
	6,276,830	5,383,702	5,268,181	7,625,659	4,805,738	7,651,665
	71,715,439	71,085,264	73,688,352	68,357,795	83,837,328	105,354,973
	20,027,703	21,719,386	21,204,172	23,103,680	21,934,799	22,387,623
	59,338,961	48,963,934	48,720,535	39,546,533	37,158,630	35,764,332
	5,273,195	4,623,514	3,741,000	3,718,449	3,988,945	7,757,463
	7,289,515	5,813,625	4,740,667	4,187,161	2,976,324	2,582,231
	11,622,217	12,240,071	14,881,683	14,016,390	13,065,090	13,125,670
	227,602	105,551	495,782	489,196	472,309	416,656
	100,279,347	95,444,496	102,499,436	57,492,219	59,186,288	60,969,279
	<u>899,701,424</u>	<u>882,027,393</u>	<u>828,060,224</u>	<u>746,542,499</u>	<u>726,909,963</u>	<u>744,974,325</u>
	<u>32,365,428</u>	<u>27,303,586</u>	<u>26,386,796</u>	<u>24,531,466</u>	<u>23,801,447</u>	<u>21,909,939</u>
	<u>32,365,428</u>	<u>27,303,586</u>	<u>26,386,796</u>	<u>24,531,466</u>	<u>23,801,447</u>	<u>21,909,939</u>
	<u>932,066,852</u>	<u>909,330,979</u>	<u>854,447,020</u>	<u>771,073,965</u>	<u>750,711,410</u>	<u>766,884,264</u>
	17,205,330	19,913,607	18,074,035	12,298,121	11,675,557	9,446,817
	10,770,817	12,490,488	14,659,811	11,692,362	6,148,497	7,793,876
	<u>232,977,735</u>	<u>148,622,734</u>	<u>120,326,610</u>	<u>126,252,998</u>	<u>131,592,570</u>	<u>105,016,637</u>
	<u>260,953,882</u>	<u>181,026,829</u>	<u>153,060,456</u>	<u>150,243,481</u>	<u>149,416,624</u>	<u>122,257,330</u>
	3,592,685	3,825,050	3,871,542	3,973,383	3,856,110	3,986,679
	<u>25,787,342</u>	<u>23,779,151</u>	<u>22,204,624</u>	<u>20,042,125</u>	<u>18,184,582</u>	<u>17,147,755</u>
	<u>29,380,027</u>	<u>27,604,201</u>	<u>26,076,166</u>	<u>24,015,508</u>	<u>22,040,692</u>	<u>21,134,434</u>
	<u>290,333,909</u>	<u>208,631,030</u>	<u>179,136,622</u>	<u>174,258,989</u>	<u>171,457,316</u>	<u>143,391,764</u>
	(638,747,542)	(701,000,564)	(674,999,768)	(596,299,018)	(577,493,339)	(622,716,995)
	<u>(2,985,402)</u>	<u>300,615</u>	<u>(310,630)</u>	<u>(515,958)</u>	<u>(1,760,755)</u>	<u>(775,505)</u>
	<u>(641,732,944)</u>	<u>(700,699,949)</u>	<u>(675,310,398)</u>	<u>(596,814,976)</u>	<u>(579,254,094)</u>	<u>(623,492,500)</u>
	437,794,905	435,745,405	399,760,438	389,744,515	341,943,644	346,282,500
	25,698,371	26,172,343	27,169,809	29,568,688	29,482,711	28,590,025
	1,997,608	2,029,800	2,113,706	1,953,008	278,280	67,052
	201,316,796	234,172,686	225,756,709	208,706,454	224,424,366	212,479,580
	7,476,851	6,649,012	(3,413,079)	7,661,878	10,129,977	8,896,046
	-	9,426,847	15,334,265	4,229,850	10,792,728	7,748,492
	-	-	(6,900)	-	(255,077)	-
	-	-	-	(397,800,000)	-	-
	<u>674,284,531</u>	<u>714,196,092</u>	<u>666,714,948</u>	<u>244,064,393</u>	<u>616,796,629</u>	<u>604,063,695</u>
	1,240	4,541	28,204	179,910	278,779	150,596
	-	-	6,900	-	255,077	-
	<u>1,240</u>	<u>4,541</u>	<u>35,104</u>	<u>179,910</u>	<u>533,856</u>	<u>150,596</u>
	<u>674,285,771</u>	<u>714,200,633</u>	<u>666,750,052</u>	<u>244,244,303</u>	<u>617,330,485</u>	<u>604,214,291</u>
	35,536,989	13,195,528	(8,284,820)	(352,234,625)	39,303,290	(18,653,300)
	<u>(2,984,162)</u>	<u>305,156</u>	<u>(275,526)</u>	<u>(336,048)</u>	<u>(1,226,899)</u>	<u>(624,909)</u>
\$	<u>32,552,827</u>	<u>\$ 13,500,684</u>	<u>\$ (8,560,346)</u>	<u>\$ (352,570,673)</u>	<u>\$ 38,076,391</u>	<u>\$ (19,278,209)</u>

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

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

	2015	2014	2013	2012
General Fund				
Nonspendable:				
Inventory	824,309	73,575	866,501	847,557
Restricted for:				
Emergency reserve	23,587,040	-	-	-
Preschool	-	-	-	-
Committed to:				
Emergency reserve	-	21,562,473	20,575,246	18,038,993
Assigned to:				
Special projects	15,920,181	12,483,461	10,737,052	11,752,585
Subsequent year expenditure	4,082,181	9,736,417	25,054,712	-
Unassigned	62,139,089	54,441,927	52,305,933	71,030,433
Total general fund	106,552,800	98,297,853	109,539,444	101,669,568
All other governmental funds				
Nonspendable:				
Permanent fund	128,806	127,586	123,986	122,225
Inventory	3,059,757	16	-	-
Restricted for:				
Debt service	109,761,547	109,621,401	109,580,300	72,084,732
Capital projects	202,717,436	428,287,451	600,539,662	92,538,729
Performance-based teacher compensation	31,352,361	44,698,850	52,566,684	-
Higher education	10,047,631	11,180,577	9,809,638	-
Non-governmental grantor-designated purposes	9,859,915	9,584,310	9,136,215	-
State programs	-	-	1,664,931	-
Federal programs	4,198,266	-	5,714	-
Special revenue fund	-	-	-	77,786,870
Committed to:				
Capital projects	17,390,944	7,438,353	16,273,544	20,816,392
Assigned to:				
Encumbrances	-	-	-	-
Debt service	6,964,000	-	-	-
Unassigned	(3,059,757)	-	-	-
Total all other governmental funds	392,420,906	610,938,544	799,700,674	263,348,948
Total fund balances	\$ 498,973,706	\$ 709,236,397	\$ 909,240,118	\$ 365,018,516

2011	2010	2009	2008	2007	2006
759,089	712,880	611,668	796,503	663,619	854,013
-	-	-	-	-	-
-	2,451,582	2,001,187	228,043	-	-
1,930,151	1,930,151	1,841,917	1,664,770	1,898,467	1,898,467
11,276,833	-	-	-	-	-
-	5,993,049	4,293,617	4,479,066	4,434,970	5,838,094
102,547,665	52,164,268	19,877,018	27,715,334	88,420,718	76,418,795
116,513,738	63,251,930	28,625,407	34,883,716	95,417,774	85,009,369
121,222	121,358	120,368	43,478	40,482	38,130
-	-	-	-	-	-
66,657,069	66,032,136	61,482,392	53,468,381	49,788,511	54,350,384
187,110,425	223,844,534	68,518,779	15,554,003	24,972,789	48,578,748
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
82,091,071	85,517,878	84,644,134	81,354,742	55,551,161	29,320,861
13,429,620	12,977,929	12,320,849	13,389,583	11,303,109	11,592,161
-	75,828,070	69,226,124	8,278,095	8,516,606	33,767,732
-	-	-	-	-	-
-	-	-	-	-	-
349,409,407	464,321,905	296,312,646	172,088,282	150,172,658	177,648,016
\$ 465,923,145	\$ 527,573,835	\$ 324,938,053	\$ 206,971,998	\$ 245,590,432	\$ 262,657,385

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)

	2015	2014	2013	2012	2011
Revenues:					
Taxes	\$ 549,453,629	\$ 549,095,824	\$ 527,488,569	\$ 451,643,564	\$ 463,701,678
Intergovernmental:					
State sources	386,841,732	321,083,838	292,811,118	270,460,213	236,070,398
Federal sources	135,266,941	91,110,827	94,585,766	114,213,045	136,925,043
Charges for services	58,485,884	46,577,962	41,857,571	23,430,483	27,976,147
Investment income	2,191,056	6,646,572	5,346,754	2,010,633	7,476,771
Other local sources	46,432,436	56,121,534	42,198,314	54,343,359	49,898,805
Total revenue	<u>1,178,671,678</u>	<u>1,070,636,557</u>	<u>1,004,288,092</u>	<u>916,101,297</u>	<u>922,048,842</u>
Expenditures:					
Current:					
Instructional services	545,258,244	524,717,767	474,740,668	445,586,238	450,508,108
Supporting services:					
Pupil support	36,294,290	30,750,759	29,191,916	28,952,897	25,115,010
Instructional support	113,735,903	89,657,359	80,726,483	78,919,561	67,909,790
General administration	5,299,657	5,855,666	6,621,029	6,888,188	4,632,034
School administration	65,203,286	57,265,795	58,420,495	52,621,612	44,306,838
Business services	6,700,984	8,511,434	7,049,603	5,715,778	5,863,130
Operation and maintenance	74,977,466	77,295,764	75,907,378	78,203,626	74,239,981
Pupil transportation	22,571,539	21,759,520	20,626,032	20,319,139	17,786,788
Central services	72,231,405	76,726,379	64,742,988	57,892,081	48,503,467
Other support services	47,742,261	4,570,465	4,045,531	4,628,895	5,273,195
Total support services	<u>444,756,791</u>	<u>372,393,141</u>	<u>347,331,455</u>	<u>334,141,777</u>	<u>293,630,233</u>
Community services	12,899,168	11,600,514	10,465,425	9,491,061	7,259,244
Education for adults	17,810,826	14,504,741	14,775,707	15,908,260	11,716,004
Capital outlay	207,594,348	209,752,895	88,411,292	78,774,655	127,088,070
Debt service:					
Principal	57,125,000	52,638,533	424,254,920	30,492,391	27,070,024
Interest and fiscal charges	284,599,941	115,257,640	243,687,187	102,268,418	133,286,320
Total debt service	<u>341,724,941</u>	<u>167,896,173</u>	<u>667,942,107</u>	<u>132,760,809</u>	<u>160,356,344</u>
Debt issuance costs	-	-	7,419,384	760,824	6,791,796
Total expenditures	<u>1,570,044,318</u>	<u>1,300,865,231</u>	<u>1,611,086,038</u>	<u>1,017,423,624</u>	<u>1,057,349,799</u>
Deficiency of revenues under expenditures	(391,372,640)	(230,228,674)	(606,797,946)	(101,322,327)	(135,300,957)
Other financing sources (uses):					
Transfers - in	26,513,288	7,384,908	25,776,235	29,807,290	57,609,285
Transfers - out	(26,513,288)	(7,384,908)	(25,776,235)	(29,807,290)	(57,609,285)
Proceeds from capital leases	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Issuance of bonds	-	25,347,008	1,075,390,000	-	30,805,000
Premium on issuance of debt	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Proceeds from refunding bonds	149,170,000	-	67,220,000	129,870,000	85,390,000
Premium on refunding bonds	24,225,792	-	78,030,437	16,171,251	14,842,531
Face Amount of COPs	-	-	-	-	792,280,000
Debt service Principal - Current Refunding	-	-	-	-	(750,000,000)
Payment to Bond Escrow Agent	-	-	(66,816,759)	(145,623,553)	(99,667,264)
Total other financing sources	<u>173,395,792</u>	<u>25,347,008</u>	<u>1,153,823,678</u>	<u>417,698</u>	<u>73,650,267</u>
Special Items	-	-	-	-	-
Change in fund balances	<u>\$ (217,976,848)</u>	<u>\$ (204,881,666)</u>	<u>\$ 547,025,732</u>	<u>\$ (100,904,629)</u>	<u>\$ (61,650,690)</u>
Debt service as a percentage of noncapital expenditures	25.08%	15.39%	43.87%	14.14%	17.24%

Source: School District annual financial reports for the respective years

2010	2009	2008	2007	2006
\$ 462,643,068	\$ 423,911,267	\$ 417,248,845	\$ 373,754,814	\$ 374,860,994
265,791,329	260,199,560	239,161,536	253,829,964	239,755,811
100,774,555	68,120,464	76,218,495	72,500,062	66,480,760
32,404,095	25,424,643	16,030,824	10,385,097	10,216,769
6,649,012	(3,413,079)	7,661,878	10,129,977	8,896,046
29,777,554	35,269,745	33,721,938	28,576,631	26,099,114
898,039,614	809,512,600	790,043,516	749,176,545	726,309,494
453,686,991	409,265,755	387,178,009	366,977,923	357,388,885
27,172,134	25,923,928	26,114,755	24,150,531	26,416,691
65,629,241	58,571,811	57,793,209	51,358,900	49,431,994
4,533,937	4,735,766	4,502,612	3,871,916	3,696,353
40,502,543	40,227,803	41,931,790	36,639,655	36,449,151
5,229,648	5,239,973	7,233,550	4,348,624	4,907,646
63,519,295	72,884,805	67,930,237	82,687,109	104,310,018
18,695,511	18,426,871	20,203,228	18,619,149	18,202,008
44,225,123	44,156,298	36,431,317	33,037,859	32,026,925
4,623,514	3,741,000	3,718,449	3,988,945	7,757,463
274,130,944	273,908,255	265,859,147	258,702,688	283,198,249
5,813,625	4,740,667	4,187,161	2,976,324	2,582,231
13,447,021	14,881,683	14,016,390	13,065,090	13,125,670
102,422,277	23,273,190	5,495,299	27,065,637	61,463,183
25,512,731	24,078,809	111,526,792	44,069,976	44,254,446
90,790,335	97,086,037	61,452,258	53,379,963	54,286,741
116,303,065	121,164,846	172,979,050	97,449,939	98,541,187
2,370,180	784,744	17,590,452	-	884,075
968,174,103	848,019,140	867,305,508	766,237,601	817,183,480
(70,134,489)	(38,506,540)	(77,261,992)	(17,061,056)	(90,873,986)
53,296,908	53,125,379	51,483,476	51,064,125	45,561,192
(53,296,908)	(49,383,259)	(51,082,816)	(51,319,202)	(45,341,292)
-	-	750,000,000	249,180	-
-	-	-	-	-
274,022,000	151,593,831	-	-	130,290,000
-	-	-	-	21,460,437
-	1,136,643	(313,957,102)	-	(150,866,339)
68,020,000	-	-	-	-
7,034,063	-	-	-	-
-	-	-	-	-
(26,465,000)	-	-	-	-
(47,890,570)	-	-	-	-
274,720,493	156,472,594	436,443,558	(5,897)	1,103,998
-	-	(397,800,000)	-	-
\$ 204,586,004	\$ 117,966,054	\$ (38,618,434)	\$ (17,066,953)	\$ (89,769,988)
13.43%	14.69%	20.07%	13.18%	13.04%

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)

	2015	2014	2013	2012	2011
Expenditures					
Instructional services	\$ 435,036,390	\$ 418,723,429	\$ 364,156,448	\$ 326,490,335	\$ 333,728,437
Supporting services:					
Pupil support	29,300,812	25,685,836	23,591,382	23,623,681	21,399,605
Instructional support	64,420,077	50,236,006	42,541,541	37,443,813	27,893,132
General administration	4,891,160	5,465,573	6,068,298	6,270,835	4,444,726
School administration	63,290,849	54,895,533	55,494,061	50,610,332	39,082,284
Business services	5,970,739	7,718,542	6,560,065	5,249,788	4,933,010
Operation and maintenance	57,100,385	56,461,321	51,263,651	50,770,339	44,906,919
Pupil transportation	21,942,671	20,913,687	19,627,160	19,006,911	16,751,083
Central services	54,801,151	54,075,641	45,444,542	37,757,510	34,067,358
Other support services	914,267	705,984	719,810	757,315	697,865
Total support services	302,632,111	276,158,123	251,310,510	231,490,524	194,175,982
Community services	8,555,867	7,790,165	6,651,925	5,641,526	4,250,529
Education for adults	629,177	1,173,530	823,417	622,852	1,556,938
Capital outlay	1,270,899	528,674	195,172	1,847,261	1,036,732
Debt service:					
Principal payments	13,360,000	9,305,000	401,540,000	3,985,000	2,635,000
Interest and fiscal charges	45,878,257	48,629,712	188,137,089	52,412,285	82,181,236
Issuance costs of debt	-	-	3,633,148	-	6,023,749
Total expenditures	807,362,701	762,308,633	1,216,447,709	622,489,783	625,588,603
Other financing uses:					
Transfers - out	19,727,702	7,067,866	22,505,189	28,240,127	57,399,265
Debt service principal - current refunding	-	-	-	-	750,000,000
Payment to refunded debt	-	-	-	-	-
Total other financing uses	19,727,702	7,067,866	22,505,189	28,240,127	807,399,265
Total expenditures and other financing uses	<u>\$ 827,090,403</u>	<u>\$ 769,376,499</u>	<u>\$ 1,238,952,898</u>	<u>\$ 650,729,910</u>	<u>\$ 1,432,987,868</u>
	2010	2009	2008	2007	2006
Expenditures					
Instructional services	\$ 334,898,507	\$ 328,394,419	\$ 326,964,441	\$ 308,016,937	\$ 300,321,073
Supporting services:					
Pupil support	23,068,864	22,523,347	20,681,987	17,233,674	22,065,938
Instructional support	29,519,723	28,463,467	26,196,402	23,365,552	22,992,657
General administration	4,257,703	4,097,106	4,114,368	3,663,578	3,471,600
School administration	35,329,814	35,434,160	37,471,491	34,551,884	34,624,478
Business services	4,021,517	4,089,026	4,143,169	3,646,158	5,446,822
Operation and maintenance	45,369,628	46,564,264	48,315,698	46,390,165	48,254,304
Pupil transportation	17,802,979	17,397,151	18,773,302	17,205,514	17,085,080
Central services	36,593,294	33,411,995	33,613,741	30,412,125	25,806,952
Other support services	681,194	674,673	500,834	900,736	5,079,475
Total support services	196,644,716	192,655,189	193,810,992	177,369,386	184,827,306
Community services	312,027	389,602	130,453	103,777	105,348
Capital outlay	172,107	454,071	367,976	242,771	842,493
Debt service:					
Principal	2,635,000	335,000	89,324,877	21,682,762	20,132,817
Interest and fiscal charges	82,181,236	65,397,537	30,161,462	21,215,810	21,896,963
Issuance costs of debt	-	-	17,590,452	-	-
Total expenditures	580,094,547	587,625,818	658,350,653	528,631,443	528,126,000
Other financing uses:					
Transfers - out	52,727,380	48,600,719	49,935,469	49,447,961	43,891,689
Payment to refunded debt	-	-	313,957,102	-	-
Total other financing uses	52,727,380	48,600,719	363,892,571	49,447,961	43,891,689
Total expenditures and other financing uses	<u>\$ 632,821,927</u>	<u>\$ 636,226,537</u>	<u>\$ 1,022,243,224</u>	<u>\$ 578,079,404</u>	<u>\$ 572,017,689</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)

	2015	2014	2013	2012	2011
Revenues:					
Property taxes	\$ 408,845,811	\$ 409,088,016	\$ 390,026,018	\$ 343,058,887	\$ 389,289,312
Intergovernmental:					
State sources	367,131,089	307,706,457	279,032,257	256,289,344	222,522,302
Federal sources	1,017,755	922,508	7,573,147	7,863,578	28,261,677
Charges for services	33,656,565	28,913,976	23,888,965	6,127,453	13,427,191
Investment income	725,088	659,844	695,884	708,770	772,199
Other local sources	8,708,951	5,899,120	7,923,953	20,270,542	15,165,361
Total revenue	<u>820,085,259</u>	<u>753,189,921</u>	<u>709,140,224</u>	<u>634,318,574</u>	<u>669,438,042</u>
Other financing sources:					
Transfers in	6,785,586	67,042	3,631,681	1,567,163	13,043,507
Face amount of refunding COPs	-	-	-	-	792,280,000
Bond proceeds	-	-	536,855,000	-	-
Total other financing sources	<u>6,785,586</u>	<u>67,042</u>	<u>540,486,681</u>	<u>1,567,163</u>	<u>805,323,507</u>
Total revenue and other financing sources	<u>\$ 826,870,845</u>	<u>\$ 753,256,963</u>	<u>\$ 1,249,626,905</u>	<u>\$ 635,885,737</u>	<u>\$ 1,474,761,549</u>
	2010	2009	2008	2007	2006
Revenues:					
Property taxes	\$ 391,889,529	\$ 362,086,491	\$ 361,921,378	\$ 325,958,252	\$ 326,677,250
Intergovernmental:					
State sources	255,305,800	248,153,540	227,827,943	243,942,772	231,296,626
Federal sources	3,274,570	912,634	853,961	746,727	758,733
Charges for services	9,797,158	4,775,692	5,954,728	1,011,407	890,625
Investment income	727,864	1,144,649	3,857,555	5,525,117	4,343,383
Other local sources	6,356,725	8,685,562	7,946,254	9,937,370	10,411,982
Total revenue	<u>667,351,645</u>	<u>625,758,568</u>	<u>608,361,819</u>	<u>587,121,645</u>	<u>574,378,599</u>
Other financing sources:					
Transfers in	96,805	4,209,660	1,147,347	1,366,164	1,099,855
Issuance of certificates of participation	-	-	750,000,000	-	-
Total other financing sources	<u>96,805</u>	<u>4,209,660</u>	<u>751,147,347</u>	<u>1,366,164</u>	<u>1,099,855</u>
Total revenue and other financing sources	<u>\$ 667,448,451</u>	<u>\$ 629,968,228</u>	<u>\$ 1,359,509,166</u>	<u>\$ 588,487,809</u>	<u>\$ 575,478,454</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

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX YEARS (Unaudited)
(amounts expressed in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Vacant property	\$ 181,758	\$ 212,668	\$ 193,826	\$ 194,051	\$ 218,132
Residential property	4,567,603	4,469,706	4,345,018	4,325,747	4,598,108
Commercial property	4,909,533	4,886,510	4,567,479	4,655,265	5,426,538
Industrial property	122,425	124,503	120,329	147,433	142,372
Agricultural property	69	69	55	120	44
Oil and Gas property	-	-	-	-	63
Personal property	765,486	741,538	722,513	726,354	739,224
State assessed property	<u>838,378</u>	<u>829,207</u>	<u>808,218</u>	<u>888,485</u>	<u>835,603</u>
Total taxable assessed value	\$ 11,385,252	\$ 11,264,201	\$ 10,757,438	\$ 10,937,455	\$ 11,960,084
Total direct tax rate	83.054	83.090	84.071	71.307	66.591
Estimated actual taxable value	\$ 80,891,083	\$ 79,581,379	\$ 76,697,449	\$ 77,142,543	\$ 83,151,295
Assessed value as a percentage of estimated actual value	14.1%	14.2%	14.0%	14.2%	14.4%

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Vacant property	\$ 231,563	\$ 210,633	\$ 198,284	\$ 172,889	\$ 185,080
Residential property	4,545,672	4,510,588	4,394,658	3,933,051	3,840,654
Commercial property	5,452,125	4,383,397	4,372,532	3,340,741	3,304,533
Industrial property	144,380	125,108	130,130	120,660	122,717
Agricultural property	44	56	113	49	288
Oil and Gas property	4,020	3,286	1,279	1,043	929
Personal property	813,037	792,393	779,600	715,287	728,843
State assessed property	<u>821,502</u>	<u>837,783</u>	<u>784,031</u>	<u>750,830</u>	<u>760,124</u>
Total taxable assessed value	\$ 12,012,343	\$ 10,863,244	\$ 10,660,627	\$ 9,034,550	\$ 8,943,168
Total direct tax rate	65.139	66.783	66.897	66.948	66.202
Estimated actual taxable value	\$ 82,844,303	\$ 78,563,808	\$ 76,813,114	\$ 66,999,158	\$ 65,842,159
Assessed value as a percentage of estimated actual value	14.50%	13.80%	13.90%	13.49%	13.58%

Source: December 31, 2014 - 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 (2003, 2005, 2007, etc). If home sales have been very active, and home prices have been increasing then the property value and assessment for many types and styles of homes typically will increase during these reappraisals. Property tax is determined by the mill levy, which is set in December of each year by the taxing authorities in Denver (the school district, city council, special districts, etc).

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

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

Tax <u>Year</u>	General <u>Fund</u>	Bond Redemption <u>Fund</u>	<u>Total</u>	Denver <u>County</u>	Police and Firemens <u>Pension</u>	Improvement and Services <u>Districts</u>	<u>Total</u>
2014	38.780	10.519	49.299	21.589	3.438	8.728	83.054
2013	38.853	10.446	49.299	21.618	3.447	8.726	83.090
2012	39.575	10.913	50.488	21.312	3.480	8.791	84.071
2011	34.307	7.958	42.265	17.385	3.331	8.326	71.307
2010	33.172	6.800	39.972	16.035	2.889	7.695	66.591
2009	32.912	6.350	39.262	13.447	2.760	9.670	65.139
2008	33.464	6.193	39.657	13.969	3.007	10.150	66.783
2007	33.611	5.599	39.210	14.739	2.952	9.996	66.897
2006	34.734	5.599	40.333	17.756	3.247	5.612	66.948
2005	34.761	5.599	40.360	17.287	3.120	5.435	66.202

Source: December 31, 2014 - City and County of Denver CAFR
(The most current information available)

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

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value(1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)
Public Service Company - Xcel Energy	\$ 238,892	1	2.10%	\$ 170,816	2	1.91%
CenturyLink, Inc.	160,625	2	1.41%	173,030	1	1.93%
Brookfield Properties	157,806	3	1.39%	-	-	-
Beacon Capital Partners	140,874	4	1.24%	-	-	-
Columbia-Healthone, LLC	93,118	5	0.82%	59,295	8	0.66%
UBS Realty Investors	82,268	6	0.72%			
Taubman Centers Inc.	82,225	7	0.72%	54,893	-	0.64%
Callahan Capital Partners	75,956	8	0.67%	-	-	-
LBA Realty Fund	73,287	9	0.64%	-	-	-
Frontier Airlines	61,653	10	0.54%	-	-	-
United Continental Holdings	-	-	-	118,853	3	1.33%
Equity Office Properties	-	-	-	98,008	4	1.10%
Republic Plaza Properties	-	-	-	65,156	5	0.73%
Crescent Real Estate Equities	-	-	-	63,553	6	0.71%
Temple Hoyne Buell Foundation	-	-	-	59,586	7	0.67%
AT&T	-	-	-	51,817	9	0.58%
Prologis Trust	-	-	-	44,820	10	0.50%
Totals	<u>\$ 1,166,704</u>		<u>10.25%</u>	<u>\$ 959,827</u>		<u>10.76%</u>

Source: December 31, 2014 - City and County of Denver CAFR
(The most current information available)

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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS (Unaudited)

Calendar <u>Year</u>	Total <u>Tax Levy</u>	Current Tax <u>Collections</u>	Percent of Levy <u>Collected</u>	Delinquent Taxes Collected (Taxes <u>Refunded</u>)	Total Taxes <u>Collected</u>	Percent of Total Tax Collections to Current <u>Tax Levy</u>
2006	344,822,808	340,753,622	98.82	1,350,385	342,104,008	99.21
2007	345,308,239	342,933,216	99.31	(652,788)	342,280,428	99.12
2008	393,081,263	390,185,835	99.26	(982,194)	389,203,641	99.01
2009	403,951,235	397,020,805	98.28	(2,126,458)	394,894,347	97.76
2010	442,516,290	436,223,046	98.58	2,755,674	438,978,721	99.20
2011	446,293,259	440,916,593	98.80	(4,907,177)	436,009,416	97.70
2012	431,137,524	422,713,147	98.05	(1,432,860)	421,280,287	97.71
2013	505,246,942	502,946,005	99.54	(809,506)	502,136,499	99.38
2014	515,395,470	511,059,056	99.16	460,277	511,519,333	99.25
2015*	518,496,645	510,600,817	98.48	(1,131,376)	509,469,441	98.26

Source: District financial records for the respective years.

* Property taxes are levied on a calendar year basis. Tax collections for 2014 represent collections for January through September 2014.

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (Unaudited)

	2015	2014	2013	2012	2011
Assessed value (prior year)	\$ 11,385,251,250	\$ 11,264,201,810	\$ 10,757,438,400	\$ 10,937,453,830	\$ 11,960,083,760
Actual value (prior year)	80,891,082,600	79,581,379,500	76,697,448,800	77,142,545,500	83,151,295,000
Debt limit is greater of:					
20% of assessed value	2,277,050,250	2,252,840,362	2,151,487,680	2,187,490,766	2,392,016,752
or 6% of actual value*	4,853,464,956	4,774,882,770	4,601,846,928	4,628,552,730	4,989,077,700
Debt limit	4,853,464,956	4,774,882,770	4,601,846,928	4,628,552,730	4,989,077,700
Amount of debt applicable to debt limits	1,364,745,175	1,408,510,175	1,430,390,175	1,002,395,175	1,032,125,175
Less: amount reserved for long-term debt	(109,761,547)	(105,629,590)	(102,079,673)	(72,084,732)	(66,657,069)
Net chargeable to bond limit	<u>1,254,983,628</u>	<u>1,302,880,585</u>	<u>1,328,310,502</u>	<u>1,002,395,175</u>	<u>978,012,133</u>
Legal debt margin	<u>\$ 3,598,481,328</u>	<u>\$ 3,472,002,185</u>	<u>\$ 3,273,536,426</u>	<u>\$ 3,698,242,287</u>	<u>\$ 4,011,065,567</u>
Total net debt applicable to the limit as a percentage of debt limit	25.86%	27.29%	28.86%	21.66%	19.60%

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.

2010	2009	2008	2007	2006
\$12,012,342,720	\$ 10,863,244,130	\$ 10,660,627,490	\$ 8,561,431,954	\$ 8,543,677,100
82,844,303,500	78,563,808,200	76,813,114,100	66,999,157,200	65,842,157,200
2,402,468,544	2,172,648,826	2,132,125,498	1,712,286,391	1,708,735,420
4,970,658,210	4,713,828,492	4,608,786,846	4,019,949,432	3,950,529,432
4,970,658,210	4,713,828,492	4,608,786,846	4,019,949,432	3,950,529,432
1,027,365,175	768,396,601	633,326,046	654,111,046	667,682,009
(66,657,070)	(61,482,392)	(53,468,381)	(49,788,511)	(54,350,384)
<u>974,285,929</u>	<u>730,069,560</u>	<u>610,058,741</u>	<u>635,443,643</u>	<u>592,483,125</u>
<u>\$ 3,996,372,281</u>	<u>\$ 3,983,758,932</u>	<u>\$ 3,998,728,105</u>	<u>\$ 3,384,505,789</u>	<u>\$ 3,358,046,307</u>
19.60%	15.49%	13.24%	15.81%	15.00%

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

RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS (Unaudited)

Year	District Population*	Assessed Valuation*	Bonded Debt	Certificates of Participation	Capital Leases	Gross Debt Primary Government
2015	663,862	\$ 11,385,251,250	\$ 1,482,464,966	\$ 1,049,340,225	\$ 568,154,460	\$ 3,099,959,651
2014	649,495	\$ 11,264,201,810	\$ 1,513,418,866	\$ 1,062,149,172	\$ -	\$ 2,575,568,038
2013	634,265	10,757,438,400	1,506,436,908	863,946,953	53,534	2,370,437,395 **
2012	619,968	10,937,453,830	1,018,114,694	720,556,945	298,454	1,738,970,093
2011	600,158	11,960,083,760	1,069,869,202	718,033,565	530,845	1,788,433,612
2010	610,345	12,012,342,720	1,040,942,999	767,096,484	755,869	1,808,795,352
2009	598,707	10,863,244,130	791,551,951	764,606,178	973,599	1,557,131,728
2008	592,052	10,660,627,490	663,527,122	760,965,869	20,765	1,424,513,756
2007	582,474	8,561,431,954	685,232,154	418,275,005	2,667,556	1,106,174,715
2006	579,744	8,543,677,100	706,970,901	434,489,416	3,088,353	1,144,548,670

Source: School District Financials

Source: * December 31, 2014 - City and County of Denver CAFR
(The most current information available)

** Amount entered was negative in previous year. Should be positive.

*** 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.

Less Debt Service Funds Available	Net Debt	Bonded Debt to Assessed Value	Total Debt Per Capita	Personal Income (expressed in thousands)	Percentage of Personal Income to O/S Debt
\$ -	\$ 3,099,959,651	13.02%	4,670	n/a ***	n/a
109,621,401	\$ 2,465,946,637	13.44%	3,965	\$ 36,999	6.96%
109,580,300	2,260,857,095	14.00 **	3,737	\$ 35,721	6.64%
72,084,732	1,666,885,361	9.31	2,805	\$ 33,811	5.14%
66,657,070	1,721,776,542	8.95	2,980	\$ 30,515	5.86%
66,657,070	1,742,138,282	8.67	2,964	\$ 31,512	5.74%
61,482,392	1,495,649,336	7.29	2,601	\$ 31,308	4.97%
53,468,381	1,371,045,375	6.22	2,406	\$ 30,949	4.60%
49,788,511	1,056,386,204	8.00	1,899	\$ 28,902	3.83%
54,350,384	1,090,198,286	8.27	1,974	\$ 26,622	4.30%

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

DIRECT AND OVERLAPPING DEBT
(Unaudited)

<u>Taxing Body</u>	<u>Total Debt Outstanding</u>	<u>Outstanding As of</u>	<u>Percent Overlapping</u>	<u>Share of Debt</u>
Overlapping Debt				
City and County of Denver	2,390,419,000	12/31/14	100%	2,390,419,000
School District No. 1 Denver	<u>3,099,959,651</u>	06/30/15	100%*	<u>3,099,959,651</u>
	<u>\$ 5,490,378,651</u>			<u>\$ 5,490,378,651</u>

Source: City and County of Denver 2014 CAFR - December 31, 2014

Source: School District Financials - June 30, 2015.

*As per City and County of Denver 2014 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)

Year Ended June 30,	Population	Total Personal Income	Median Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2015	663,862	n/a *	n/a *	34.7	90,150	4.3%
2014	649,495	36,999	\$ 56,967	34.5	87,398	7.0%
2013	634,265	35,721	\$ 56,318	34.3	84,424	8.2%
2012	619,968	33,811	\$ 54,537	34.2	81,870	9.2%
2011	600,158	30,515	\$ 50,845	36.1	79,423	10.0%
2010	610,345	31,512	\$ 51,630	35.9	78,352	9.0%
2009	598,707	31,308	\$ 52,788	35.6	75,269	5.3%
2008	592,052	30,949	\$ 53,908	35.4	73,873	4.2%
2007	582,474	28,902	\$ 50,193	35.1	73,399	4.8%
2006	579,744	26,622	\$ 45,920	35.0	73,018	5.8%

Source: December 31, 2014 - 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	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,482	1	3.1%	9,555	2	2.7%
City and County of Denver	10,281	2	2.5%	9,878	1	2.8%
State of Colorado Central Payroll	9,195	3	2.2%	8,900	3	2.5%
U.S.D.A. National Finance Center	7,187	4	1.8%	5,772	6	1.6%
Denver Health & Hospital Authority	5,523	5	1.4%	3,492	9	1.0%
United Airlines, Inc.	5,070	6	1.2%	6,150	5	1.7%
CHC Payroll Agent, Inc. (HCA Health One)	4,226	7	1.0%	3,212	10	0.9%
University of Denver	3,759	8	0.9%			
Frontier Airlines Inc.	3,642	9	0.9%	3,512	8	1.0%
University of Colorado Central	3,448	10	0.8%	6,165	4	1.7%
Accounting Service Center (U.S. Postal Service)				3,715	7	1.0%
Total	<u>64,813</u>		<u>15.8%</u>	<u>60,351</u>		<u>16.9%</u>

Source: December 31, 2014 - City and County of Denver CAFR
(The most current information available)

Based on 2014 and 2005 Principal Employers.



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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)

	Year Ending June 30, 2015				
	2015	2014	2013	2012	2011
Number of schools participating in:					
Lunch - regular schedule	178	170	167	154	136
Breakfast program	176	164	163	146	121
Student lunches served:					
Free	6,321,861	6,545,540	6,157,279	6,247,801	5,873,222
Reduced	740,182	560,806	498,219	531,509	584,553
Fully paid	1,229,486	1,104,247	1,009,743	1,097,105	1,127,243
Total	8,291,529	8,210,593	7,665,241	7,876,415	7,585,018
Adult lunches served	40,205	47,833	50,983	52,596	67,645
Student breakfasts served:					
Free	4,598,757	3,915,825	3,200,617	2,660,621	2,074,211
Reduced	564,425	365,988	282,440	228,977	197,429
Fully paid	1,080,075	826,957	614,875	527,877	390,855
Total	6,243,257	5,108,770	4,097,932	3,417,475	2,662,495
Number of serving days:					
Regular schedule	172.5	172.5	171	171	170
Average daily participation:					
Student lunch	48,067	47,598	44,826	46,061	44,618
Adult lunch	233	277	298	308	398
Student breakfast	36,193	29,616	23,965	19,985	15,662
October 1 pupil count	90,591	87,398	84,424	81,870	79,423
Percentage of students daily eating school lunch	53.06%	54.46%	53.10%	56.26%	56.18%
October 1 count of benefits					
Students on free lunch	55,755	56,945	55,415	53,994	48,545
Student on reduced lunch	7,382	6,032	5,512	5,369	5,520
Percentage of students on:					
Free lunch	61.55%	65.16%	65.64%	65.95%	61.12%
Reduced lunch	8.15%	6.90%	6.53%	6.56%	6.95%
Total	69.69%	72.06%	72.17%	72.51%	68.07%

Source: School District Planning Department

2010	2009	2008	2007	2006
135	134	139	139	135
123	130	126	126	118
5,652,843	5,457,415	4,875,615	4,846,309	4,881,002
660,953	621,699	572,848	542,660	513,434
1,037,510	1,081,385	1,048,951	1,091,840	1,012,984
7,351,306	7,160,499	6,497,414	6,480,809	6,407,420
62,513	69,207	66,637	79,649	74,080
2,140,213	2,058,576	1,839,276	1,656,573	1,631,785
229,883	216,230	207,167	170,783	112,988
374,485	398,992	411,300	358,356	153,102
2,744,581	2,673,798	2,457,743	2,185,712	1,897,875
170	172	172	173	173
43,243	41,631	37,776	37,461	37,037
368	402	387	460	428
16,145	15,545	14,289	12,634	10,970
78,352	75,269	73,873	73,399	73,018
55.19%	55.31%	51.14%	51.04%	50.72%
46,287	40,976	40,956	40,828	41,221
6,514	5,653	5,806	5,357	5,026
59.08%	54.44%	55.44%	55.62%	56.45%
8.31%	7.51%	7.86%	7.30%	6.88%
67.39%	61.95%	63.30%	62.92%	63.34%

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>All Funds</u>					
Instruction	7,495	6,911	4,893	5,277	6,694
Pupil support	533	448	386	422	498
Instructional support	1,133	803	812	786	1,089
General administration	37	36	26	28	26
School administration	756	37	699	705	612
Business services	131	108	114	124	97
Operation & maintenance	917	1,011	722	717	720
Pupil transportation	544	579	190	190	194
Central services	589	602	384	362	314
Community services	205	283	121	100	139
Education for adults	130	20	77	141	62
Food services	<u>676</u>	<u>581</u>	<u>156</u>	<u>145</u>	<u>146</u>
	13,146	11,419	8,579	8,997	10,590

Source: School District financial reports for the respective years

2010	2009	2008	2007	2006
5,117	4,178	4,043	3,899	3,935
539	383	353	362	364
743	556	548	541	544
29	31	33	26	23
576	556	549	550	546
81	73	73	72	91
704	673	629	640	694
197	195	193	192	191
353	293	241	216	217
147	146	25	23	15
56	33	60	60	69
<u>75</u>	<u>57</u>	<u>147</u>	<u>145</u>	<u>147</u>
8,616	7,174	6,894	6,726	6,837

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.										
	<u>2015*</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Elementary & K-8 Schools:**	120	136	82	82	82	82	82	82	82	82
Total Square Feet	6,694,908	6,694,908	5,651,281	5,596,588	5,401,362	5,345,466	5,345,466	5,345,466	5,345,466	5,345,466
Total Capacity (Students)	67,050	67,050	42,226	42,226	42,226	49,369	49,369	49,369	49,369	49,369
Enrollment	48,153	46,658	44,391	39,673	40,119	39,541	36,368	36,269	36,233	36,879
Middle Schools:**	29	15	15	14	14	14	14	14	14	14
Total Square Feet	1,955,193	1,955,193	2,114,045	2,114,543	2,026,369	2,026,374	2,026,374	2,026,374	2,026,374	2,026,374
Total Capacity (Students)	14,825	14,825	14,364	14,364	14,364	15,696	15,696	15,696	15,696	15,696
Enrollment	9,146	9,738	9,551	8,613	8,610	8,853	8,916	9,020	9,814	10,291
High Schools:**	27	38	12	12	12	12	12	12	12	12
Total Square Feet	4,824,362	4,824,362	3,793,938	3,774,707	3,522,950	3,332,506	3,539,700	3,539,699	3,539,700	3,539,700
Total Capacity (Students)	39,050	39,050	21,385	21,385	21,385	22,901	22,901	22,901	22,901	22,901
Enrollment	16,053	15,822	15,608	13,492	13,636	13,780	13,839	13,865	14,493	13,593
Alternative Schools:***	18	13	4	5	6	6	4	4	5	5
Enrollment	1,774	1,613	1,597	923	861	1,381	1,278	1,293	1,344	1,319
Charter Schools:***	51	43	18	18	19	16	9	9	9	8
Enrollment	15,024	13,567	11,567	5,391	5,349	5,160	2,766	2,585	1,970	1,707

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

** Building Count.

***Program Count

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

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

Enrollment is as of October 1 of prior year.										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary & K-8 Schools:										
Total Square Feet	6,728,628	7,170,868	5,651,281	5,596,588	5,347,845	5,345,466	5,345,466	5,345,466	5,345,466	5,345,466
Total Capacity (Students)	66,750	71,125	42,226	42,226	42,226	49,369	49,369	49,369	49,369	49,369
Enrollment	47,064	44,377	36,855	39,673	40,119	39,541	36,368	36,269	36,233	36,879
Middle Schools:										
Total Square Feet	1,990,368	2,308,608	2,114,045	2,114,543	2,026,369	2,026,374	2,026,374	2,026,374	2,026,374	2,026,374
Total Capacity (Students)	15,375	18,000	14,364	14,364	14,364	15,696	15,696	15,696	15,696	15,696
Enrollment	9,146	8,539	7,727	8,613	8,610	8,853	8,916	9,020	9,814	10,291
High Schools:										
Total Square Feet	4,147,149	3,528,676	3,518,943	3,499,712	3,269,551	3,286,301	3,286,301	3,286,301	3,286,301	3,286,301
Total Capacity (Students)	29,950	23,775	20,379	20,379	20,379	21,351	21,351	21,351	21,351	21,351
Enrollment	15,710	13,615	13,107	13,492	13,636	13,780	13,839	13,865	14,493	13,593
Alternative Schools:										
Total Square Feet	45,940	45,940	263,581	263,581	253,399	46,205	253,399	253,399	253,399	253,399
Total Capacity (Students)	550	778	1,006	1,006	1,006	1,550	1,550	1,550	1,550	1,550
Enrollment	1,921	1,613	871	923	861	1,381	1,278	1,293	1,344	1,319
Charter Schools:										
Total Square Feet	134,591	161,714	11,414	11,414	53,517	-	-	-	-	-
Total Capacity (Students)	1,775	2,125	-	-	-	-	-	-	-	-
Enrollment	13,595	7,719	5,334	5,391	5,349	5,160	2,766	2,585	1,970	1,707
Multi Grade Campus:										
Total Square Feet	427,785	258,656								
Total Capacity (Students)	6,525	2,525								
Enrollment	2,714	625								

**School District No. 1 in the
City and County of Denver and State of Colorado**
Single Audit Report
Year Ended June 30, 2015

**School District No. 1 in the
City and County of Denver and State of Colorado
Year Ended June 30, 2015**

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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, 2015, 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 19, 2015, which contained an emphasis of matter paragraph regarding a change in accounting principle and 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 and the discretely presented component units except for the charter schools within KIPP Colorado Schools and the charter schools operated and managed by STRIVE Preparatory Schools. Of the discretely presented component units, only the financial statements of Academy 360, Colorado High School and the charter schools within KIPP Colorado Schools and the charter schools operated and managed by STRIVE Preparatory Schools were audited in accordance with *Governmental Auditing Standards*. This report does not include the result of 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, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency in internal control.

Compliance and Other Matters

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

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response 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 19, 2015.

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 19, 2015

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 the compliance of School District No. 1 in the City and County of Denver and State of Colorado (the District) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants 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 program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

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

CFDA #	Program	Compliance Requirement	Type of Opinion	Finding Number
84.010	Title I Grants to Local Educational Agencies	Activities Allowed and Allowable Costs	Qualified	2015-002
10.553, 10.555 and 10.559	Child Nutrition Cluster	Procurement, Suspension and Debarment	Qualified	2015-003

Qualified Opinion on Title I Grants to Local Education Agencies, Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on, Title I Grants to Local Education Agencies and Child Nutrition Cluster for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures also disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-004 and 2015-005. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133, 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-004, 2015-005 and 2015-006 to be significant deficiencies.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
November 19, 2015

**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, 2015

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass- through Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Agriculture				
Child Nutrition Cluster				
School Breakfast Program	Colorado Department of Education	4553	10.553	\$ 10,035,444
National School Lunch Program	Colorado Department of Education	4555	10.555	22,130,490
Summer Food Service Program for Children	Colorado Department of Education	4559	10.559	693,695
Donated Commodities	Colorado Department of Public Health and Environment	None	10.555	1,573,033
Child Nutrition Cluster Subtotal				<u>34,432,662</u>
Nutrition Equipment Assistance	Colorado Department of Education	5579	10.579	<u>11,771</u>
Farm to School Implementation		4575	10.575	35,355
Fresh Fruit and Vegetable Program	Colorado Department of Public Health Health and Environment	4582	10.582	<u>1,134,442</u>
Total Department of Agriculture				<u>35,614,230</u>
Department of Defense				
JROTC Career Academy		9001	12.001	<u>652,631</u>
Total Department of Defense				<u>652,631</u>
Department of Labor				
WIA/WIOA Youth Activities	City and County of Denver	7259	17.259	<u>117,836</u>
WIA Cluster Subtotal				<u>117,836</u>
Youthbuild		7274	17.274	1,589,812
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	Front Range Community College	7282	17.282	<u>61,647</u>
Total Department of Labor				<u>1,769,295</u>
National Science Foundation				
Computer and Information Science and Engineering	University of Colorado	7070	47.070	47,800
Education and Human Resources	Denver Museum of Nature and Science	7076	47.076	<u>35,859</u>
Total National Science Foundation				<u>83,659</u>

**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, 2015

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass- through Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Education				
Federal Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grants		5007	84.007	100,000
Federal Pell Grant Program		5063	84.063	1,255,187
Federal Student Financial Aid Cluster Subtotal				<u>1,355,187</u>
		4010,		
Title I Grants to Local Educational Agencies	Colorado Department of Education	5010, 7010	84.010	32,181,166
Migrant Education State Grant Program	Colorado Department of Education	4011	84.011	57,513
Special Education Cluster (IDEA)				
Special Education Grants to States (IDEA, Part B)	Colorado Department of Education	4027	84.027	15,946,198
Special Education Preschool Grants (IDEA Preschool)	Colorado Department of Education	4173	84.173	455,860
Special Education Cluster (IDEA) Subtotal				<u>16,402,058</u>
Career and Technical Education				
Basic Grants to States	Colorado Community College	4048	84.048	1,023,555
Indian Education Grants to Local Educational Agencies		4060	84.060	151,608
Rehabilitation Services Vocational Rehabilitation Grants to States		5126	84.126	787,959
Education for Homeless Children and Youth	Colorado Department of Education	5196	84.196	37,799
Fund for the Improvement of Education		5215	84.215	515,701
Charter Schools	Colorado Department of Education	5282	84.282	3,164,237
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287	2,295,919

**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, 2015

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass- through Identifying Number	Federal CFDA Number	Federal Expenditures
Gaining Early Awareness and Readiness for Undergraduate Programs		5334	84.334	694,728
Teacher Quality Partnership Grants		4336	84.336	163,586
Early Reading First		5359	84.359	359
High School Graduation Initiative	Colorado Department of Education	5360	84.360	92,723
School Leadership		5363	84.363	6,768
English Language Acquisition State Grants	Colorado Department of Education	4365	84.365	1,861,554
Improving Teacher Quality State Grants	Colorado Department of Education	4367	84.367	4,601,149
Teacher Incentive Fund		5374	84.374	<u>7,048,815</u>
School Improvement Grants Cluster				
School Improvement Grant	Colorado Department of Education	7377	84.377	<u>3,078,970</u>
School Improvement Grants Cluster Subtotal				<u>3,078,970</u>
State Fiscal Stabilization Fund (SFSF) Investing in Innovation (i3) Fund, Recovery Act		4396	84.396B	8,955,345
Teacher Quality Partnerships, Recovery Act		5405	84.405	1,395,019
Investing in Innovation (i3) Fund	Jobs for the Future	4411	84.411	528,801
Race to the Top - Early Childhood Readiness Assessment	Colorado Department of Education	5412	84.412	31,840
Race to the Top Phase 3	Colorado Department of Education	4413	84.413	<u>1,002,707</u>
Total Department of Education				<u>87,435,066</u>

**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, 2015

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Entity Pass- through Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Health and Human Services				
TANF Cluster				
Temporary Assistance for Needy Families (TANF)	State of Colorado	8558	93.558	466,367
TANF Cluster Subtotal				466,367
Refugee and Entrant Assistance State Administered Programs	State of Colorado	7566	93.566	407,895
Refugee and Entrant Assistance State Administered Programs	State of Colorado	7584	93.584	8,565
Head Start	City and County of Denver	8600	93.600	1,755,539
				<u>2,638,366</u>
Corporation for National and Community Service				
Americorps	Colorado Governor's Commission on Community Service	7006	94.006	485,536
Social Innovation Fund	Mile High United Way	7019	94.019	1,220
Total Corporation for National and Community Service				<u>486,756</u>
Total Federal Expenditures				<u><u>\$ 128,680,003</u></u>

**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, 2015**

1. The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes and lapse at fiscal year-end. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies.
2. 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). The District recognized noncash awards of \$1,573,033 for the year ended June 30, 2015.

**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, 2015

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of auditor’s report issued:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No
Significant deficiency(ies) identified? ☒ Yes ☐ None Reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major programs:

Material weakness(es) identified? ☒ Yes ☐ No
Significant deficiency(ies) identified? ☒ Yes ☐ None Reported

5. Types of auditor’s report issued on compliance for major programs:

☒ Unmodified ☒ Qualified ☐ Adverse ☐ Disclaimer

Unmodified: 84.027, 84.173 Special Education Cluster (IDEA), 84.367 Improving
Teacher Quality State Grants, 84.396B State Fiscal Stabilization Fund (SFSF) –
Investing in Innovation (i3) Fund, Recovery Act

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

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015**

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☒ Yes ☐ No

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster (IDEA)
84.367	Improving Teacher Quality State Grants
84.396B	State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act

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

9. Auditee qualified as low-risk auditee? ☐ Yes ☒ No

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015**

Section II – Financial Statement Findings

Reference Number	Finding
2015-001	<p>Finding: Accounts Payable</p> <p>Criteria or Specific Requirement: Internal controls over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP).</p> <p>Condition: The following conditions were noted:</p> <ul style="list-style-type: none">• During the search for unrecorded liabilities, we noted improperly accrued invoices of approximately \$5.9 million. An audit adjustment of \$5.2 million was proposed and made by the District and the remaining \$700 thousand the District passed on recording. Additionally, the District identified an additional \$400 thousand of improperly accrued invoices, which the District also passed on recording.• During detailed accounts payable testing, we noted improperly accrued invoices of approximately \$620 thousand that resulted in a proposed audit adjustments which the District passed on recording. <p>Effect: Approximately \$6.5 million in adjustments were proposed to properly state accounts payable as of June 30, 2015.</p> <p>Cause: Accounts payable technicians incorrectly identified invoices as fiscal year 2016 expenses rather than properly accruing these invoices in fiscal year 2015.</p> <p>Recommendation: We recommend that internal controls over accounts payable be strengthened to include a more thorough review of invoices received after the fiscal year through the beginning of the audit. In addition, we recommend that accounts payable technicians receive training on the proper coding to help ensure invoices are recorded to the proper fiscal year.</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, 2015

Reference Number	Finding
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Views of Responsible Officials and Planned Corrective Actions:

Response: The District concurs with the recommendations. During fiscal year 2015, the District completed a review of the year-end process for recording accounts payable, and based on the results, updated year-end procedures to help ensure accounts payable are properly recorded at year-end. The updated procedures included a detailed review by the Accounts Payable team of all invoices paid through the end of August for proper accruals and continuing reviews by Office of the Controller staff for payments after the cutoff date. There were several large construction payments made in late August and early September that were for fiscal year 2015 that were not identified through this process. Therefore, we will review existing processes and improve the training of staff, monitoring procedures and identification of invoices for accrual.

Person(s) responsible for implementing: Kathleen Rinkel, Executive Director of Finance.

Anticipated completion date: June 30, 2016.

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015**

Reference Number	Finding
2015-002	<p>Finding: Allowable Costs/Activities</p> <p>CFDA No. 84.010 - Title I Grants to Local Educational Agencies</p> <p>Passed through the Colorado Department of Education</p> <p>Criteria: According to OMB Circular A-87, when employees work solely on a single federal award or cost objective, charges for salaries and wages shall be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications should be prepared at least semi-annually and signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation that contain the following attributes:</p> <ul style="list-style-type: none"> • reflects an after-the-fact distribution of the actual activity of each employee • accounts for the total activity for which each employee is compensated • be prepared at least monthly and coincide with one or more pay periods • be signed by the employee <p>Condition: Certain salary and wages charged to Title I were not supported by time and effort reporting.</p> <p>Questioned Costs: Title I - \$20,804.</p> <p>Context: We tested 60 payroll and nonpayroll transactions for the grant identified above. Of the total 120 transactions tested, we noted the following issues, with exceptions totaling \$20,804.</p> <p>Title I Grants to Local Educational Agencies</p> <ol style="list-style-type: none"> 1. Time and effort certification was not completed for two employees. 2. Two instances in which a difference between validated and reported percentages was not resolved by management. 3. The time and effort certification program reports on a real-time basis. Therefore, active employees who did in fact certify their time will not be included on the report if the report is run subsequent to employee's departure. This affected one employee within the sample. <p>Effect: Salary and wage costs were not fully supported by documentation in accordance with OMB Circular A-87.</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, 2015**

Reference Number	Finding
	<p>Cause: The District's process to identify employees that require a periodic time and effort certification was not effective for the entire year ended June 30, 2015. In addition, the District's process to ensure that all required time and effort certifications are completed does not allow for timely recognition of uncompleted certifications.</p> <p>Recommendation: During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, we recommend the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.</p> <p>Views of responsible officials and planned corrective actions:</p> <p><i>Response:</i> The District concurs with the recommendations. During fiscal year 2015, the District completed a comprehensive review of the District's procedures and controls which identified technical and procedural deficiencies including communication and training to end users; revision of language in monthly email notifications; revision of system descriptions to improve understandability; updating system queries to ensure all transactions are captured; validation process on system data, and escalation procedures for any non-responses or exceptions to employee validations. Due to the significance of the changes and resource constraints, not all identified corrections were completed during the year. The District is continuing to address the deficiencies and expects to have all changes fully implemented during fiscal year 2016.</p> <p><i>Person(s) responsible for implementing:</i> Kate Kotaska, Executive Director of Budget.</p> <p><i>Implementation date:</i> June 30, 2016.</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, 2015**

Reference Number	Finding
2015-003	<p>Finding: Procurement and Suspension and Debarment</p> <p>Child Nutrition Cluster CFDA No. 10.553 - School Breakfast Program (SBP) CFDA No. 10.555 - National School Lunch Program (NSLP) CFDA No. 10.559 - Summer Food Service Program for Children (SFSP)</p> <p>Passed through the Colorado Department of Education</p> <p>Criteria: Per 2 CFR 180, all nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are not suspended or debarred. The District must verify that the contracted entity is not suspended or debarred or otherwise excluded from participating in the transaction. The verification can be accomplished by:</p> <ol style="list-style-type: none">1. Checking the Excluded Parties List System (EPLS).2. Collecting a certification from the entity.3. Adding a clause or condition to the covered transaction with the entity. <p>If checking of the EPLS system is used, the District should perform this review at the time the award is entered into, as well as any time a contract includes provisions for renewal.</p> <p>Condition: The District could not provide evidence that a verification was performed, nor was any language to this effect included in the contracts.</p> <p>Questioned Costs: \$54,600.</p> <p>Context: We tested five procurement contracts greater than \$25,000 for internal controls and compliance noting the following issues:</p> <ol style="list-style-type: none">1. The District could not provide evidence for one contract that the vendor's suspension and/or debarment status was verified against the federal database or any certifications were received from the entity. In addition, there was one instance where the contract could not be located.2. The District was unable to provide documentation that EPLS status was reviewed during contract extension for one contract. <p>Effect: By not following procedures, the District risks contracting with a vendor that is suspended or debarred.</p>

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015**

Reference Number	Finding
	<p>Cause: The primary cause appears to be that the Child Nutrition Program is not updating EPLS status when contracts are extended; additionally, Child Nutrition appears to not be consistently documenting review of the EPLS.</p> <p>Recommendation: We recommend the District establish monitoring procedures to ensure review of the EPLS is formally documented and that documentation of executed contracts is maintained.</p> <p>Views of responsible officials and planned corrective actions:</p> <p><i>Response:</i> The District concurs with the recommendations. Currently, the District presents standard language at the time of vendor set-up whereby the vendor attests that they are not suspended or debarred. Additionally, Enterprise Management (EM) performs an Excluded Parties List System (EPLS) verification for all awarded contracts, new and renewal. EM will work with Strategic Sourcing department to review existing processes and procedures and identify gaps to prevent or detect control failure. EM will work to improve procedures around contract management. Additionally, the District has launched a process improvement project for contracts which includes evaluation of options for a central repository for all contracts.</p> <p><i>Person(s) responsible for implementing:</i> Theresa Hafner, Executive Director Enterprise Management.</p> <p><i>Implementation date:</i> June 30, 2016.</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, 2015

Reference Number	Finding
2015-004	<p>Finding: Allowable Costs/Activities</p> <p>CFDA No. 84.027 and 84.173 - Special Education - Grants to States (IDEA Part B) and Special Education - Preschool Grants (IDEA Preschool) CFDA No. 84.367 - Title II-A - Improving Teacher Quality State Grants</p> <p>Passed through the Colorado Department of Education</p> <p>Criteria: According to OMB Circular A-87, when employees work solely on a single federal award or cost objective, charges for salaries and wages shall be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications should be prepared at least semi-annually and signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation that contain the following attributes:</p> <ul style="list-style-type: none"> • reflects an after-the-fact distribution of the actual activity of each employee • accounts for the total activity for which each employee is compensated • be prepared at least monthly and coincide with one or more pay periods • be signed by the employee <p>Condition: Certain salary and wages charged to IDEA Part B and IDEA Preschool, and Title II-A were not supported by time and effort reporting.</p> <p>Questioned Costs: IDEA Part B and IDEA Preschool - \$7,810. Title II-A - \$3,375.</p> <p>Context: We tested 60 payroll and nonpayroll transactions for each of the grants identified above. Of the total 120 transactions tested, we noted the following issues, with exceptions totaling \$11,185:</p> <p>IDEA Part B and IDEA Preschool</p> <ol style="list-style-type: none"> 1. Time and effort certifications were not completed for three employees for the following reasons: <ol style="list-style-type: none"> a) Pay period selected for testing was a final pay period for employee and no time and effort certification was completed b) Employee was no longer employed when the time and effort email was sent c) Time and effort certification was not completed for one employee 2. The time and effort certification program reports on a real-time basis. Therefore, active employees who did in fact certify their time will not be included on the report if the report is run subsequent to employee's departure. This affected five employees within the sample.

**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, 2015**

Reference Number	Finding
	<p>Title II-A - Improving Teacher Quality State Grants</p> <ol style="list-style-type: none">1. Time and effort certification was not completed for one employee.2. The time and effort certification program reports on a real-time basis. Therefore, active employees who did in fact certify their time will not be included on the report if the report is run subsequent to employee's departure. This affected seven employees within the sample.3. One employee correctly revised her time and effort certification, however the correction was not posted to the general ledger until seven months later. While still within the current fiscal year, changes should be made more timely. <p>Effect: Salary and wage costs were not fully supported by documentation in accordance with OMB Circular A-87.</p> <p>Cause: The District's process to identify employees that require a periodic time and effort certification was not effective for the entire year ended June 30, 2015. In addition, the District's process to ensure that all required time and effort certifications are completed does not allow for timely recognition of uncompleted certifications.</p> <p>Recommendation: During fiscal year 2014 and continuing into fiscal year 2015, the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, we recommend the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.</p> <p>Views of responsible officials and planned corrective actions:</p> <p><i>Response:</i> The District concurs with the recommendations. During fiscal year 2015, the District completed a comprehensive review of the District's procedures and controls which identified technical and procedural deficiencies including communication and training to end users; revision of language in monthly email notifications; revision of system descriptions to improve understandability; updating system queries to ensure all transactions are captured; validation process on system data, and escalation procedures for any non-responses or exceptions to employee validations. Due to the significance of the changes and resource constraints, not all identified corrections were completed during the year. The District is continuing to address the deficiencies and expects to have all changes fully implemented during fiscal year 2016.</p> <p><i>Person(s) responsible for implementing:</i> Kate Kotaska, Executive Director of Budget.</p> <p><i>Implementation date:</i> June 30, 2016.</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, 2015**

Reference Number	Finding
2015-005	<p>Finding: Special Tests and Provisions</p> <p>CFDA No. 84.010 - Title I Grants to Local Educational Agencies CFDA No. 84.367 - Title II-A - Improving Teacher Quality State Grants</p> <p>Passed through the Colorado Department of Education</p> <p>Criteria: Local Education Agencies which choose to operate a schoolwide program must include certain core elements as defined in 34 CFR section 200.26, <i>Core Elements of a Schoolwide Program</i> as well as 34 CFR section 200.28, <i>Schoolwide Program Components</i>.</p> <p>Condition: The District is not utilizing the same template for each individual school, and templates provided do not include all required components, and in some instances not all required components were completed.</p> <p>Questioned Costs: None.</p> <p>Context: We tested 24 schoolwide plans for internal controls and compliance noting the following issues:</p> <p>Title I Grants to Local Educational Agencies</p> <ol style="list-style-type: none"> 1. Three schoolwide plans either did not include or did not complete the following categories: <ol style="list-style-type: none"> a) schoolwide reform strategies (34 CFR section 200.28(a)) b) instruction by highly qualified professional staff (34 CFR section 200.28(b)) c) parental involvement policy consistent with sections 1118(b) and 1118(c) through (f) as well as 9101(32) of the Elementary and Secondary Education Act 2. Four schoolwide plans either did not include or did not complete a comprehensive plan based on data from the needs assessment (34 CFR section 200.26(b)). 3. One schoolwide plan either did not include or complete the transition plans for assisting preschool children in the successful transition to the schoolwide program (34 CFR section 200.28(e)). 4. One schoolwide plan either did not include or did not complete the strategies to provide additional support to students experiencing difficulty (34 CFR section 200.28(d)).

**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, 2015**

Reference Number	Finding
	<p>Title II-A - Improving Teacher Quality State Grants</p> <ol style="list-style-type: none">1. Three schoolwide plans either did not include or did not complete the Need Assessment - Section III for the root cause analysis.2. Two schoolwide plans either did not include or did not complete the Need Assessment - Section V demonstrating Title I Requirements and funding/resources for activities including an explanation as to how the Title II funds are coordinated. <p>Effect: The District is not in compliance with schoolwide plan documentation requirements.</p> <p>Cause: The District has not established monitoring procedures to ensure that schoolwide plans are properly completed by each school and include all compliance requirements. In addition, the District has not established procedures which allow for the identification of incomplete schoolwide plans.</p> <p>Recommendation: We recommend the District establish monitoring procedures to review and approve schoolwide plans on an annual basis including the identification of schools which submit incomplete schoolwide plans and follow up procedures that will be performed to ensure appropriate completion.</p> <p>Views of responsible officials and planned corrective actions:</p> <p><i>Response:</i> The District concurs with the recommendations. The District has implemented a review procedure to identify schoolwide plans that are not in compliance with schoolwide plan documentation requirements. However, clear guidelines and escalation procedures have not been established to ensure that final schoolwide plans include all elements required by federal regulations. The District will review its procedures to review, approve and monitor schoolwide plans.</p> <p><i>Person(s) responsible for implementing:</i> Amy Keltner, Deputy Chief Schools Officer.</p> <p><i>Implementation date:</i> June 30, 2016.</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, 2015**

Reference Number	Finding
2015-006	<p>Finding: Special Tests and Provisions</p> <p>CFDA No. 84.010 - Title I Grants to Local Educational Agencies</p> <p>Passed through the Colorado Department of Education</p> <p>Criteria: Local Education Agencies (LEA) must annually review the progress of each school served under Title I, to determine whether the school has made adequate progress. Additionally, in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133, <i>Compliance Supplement</i>, the District is required to establish and maintain internal controls over each compliance requirement to provide reasonable assurance regarding compliance with applicable laws and regulations.</p> <p>Condition: While other limited controls are in place, the District is not consistently utilizing Unified Improvement Planning (UIP) tracking spreadsheets for each school. Additionally, the District is not utilizing the same UIP tracking spreadsheets for each school. Therefore, some tracking spreadsheets are more detailed than others and allow for more comprehensive monitoring towards goals.</p> <p>Questioned Costs: None.</p> <p>Context: We tested nine UIP trackers for internal controls noting two out of nine trackers were not completed.</p> <p>Effect: Limited internal controls in place could result in noncompliance with applicable laws and regulations.</p> <p>Cause: While the District has UIP tracking tools in place as a monitoring tool, the District does not require or enforce its use among schools.</p> <p>Recommendation: We recommend the District strengthen and maintain internal controls over identifying schools and LEAs needing improvement to help ensure compliance. If the District chooses to use UIP tracking spreadsheets as a control, we recommend that the District make it a mandatory requirement for all schools to use.</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, 2015**

Reference Number	Finding
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Views of responsible officials and planned corrective actions:

Response: The District concurs with the recommendations. The District will review its policies and procedures related to monitoring compliance with Unified Improvement Planning requirements and establish consistent documentation and control procedures for all applicable schools.

Person(s) responsible for implementing: Amy Keltner, Deputy Chief Schools Officer.

Implementation date: June 30, 2016.

**School District No. 1 in the
City and County of Denver and State of Colorado
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015**

Reference Number	Summary of Finding	Status
2014-001	<i>Accounting for Capital Assets</i> – We recommend the District continue to monitor and improve the financial systems and increase the review process until confidence in the systems is obtained. Furthermore, the District has a current project underway to update policies and procedures relating to capital assets and we recommend this process be completed as timely as possible. Once complete adequate training should be provided to all employees involved in capital asset reporting (including project managers) to ensure the new policies and procedures are properly implemented and enforced.	Implemented
2014-002	<i>Prior Period Adjustment – Accounts Payable</i> – In order to maintain proper control over accounts payable, we recommend that the subsidiary ledger be reconciled with the balance in the general ledger monthly. If any differences exist, they should be investigated and resolved promptly. In addition, internal controls over accounts payable should be strengthened to include a more thorough review after the payable process.	Partially Implemented - See finding 2015-001
2014-003	<i>Financial Information Preparation</i> – We recommend that the District examine its current process over financial reporting and strengthen its existing policies and procedures to help ensure transactions are initially recorded timely and accurately. We further recommend that all financial reporting policies and procedures be strictly enforced and the Finance and Audit Committee provide direction to Financial Services in this enforcement and oversight.	Implemented
2014-004	<i>Allowable Costs/Activities</i> – During fiscal year 2014 the District started a process to implement procedures to strengthen controls and improve procedures for timely follow up. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained.	Not Implemented - See findings 2015-002 and 2015-004
2014-005	<i>Special Tests and Provisions</i> – We recommend the District strengthen monitoring procedures to review and approve schoolwide plans on an annual basis including the identification of schools which submit incomplete schoolwide plans and follow up procedures that will be performed to ensure appropriate completion.	Not Implemented - See finding 2015-005

**School District No. 1 in the
City and County of Denver and State of Colorado**
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2015

Reference Number	Summary of Finding	Status
2014-006	<i>Reporting</i> – We recommend procedures be established to ensure that required reports are submitted timely. In addition, the District should include steps to ensure such reports can be subsequently located or reproduced to verify compliance with requirements of the Investing in Innovation Fund program.	Implemented
2014-007	<i>Procurement, Suspension and Debarment</i> – We recommend all departments utilize the central procurement process. Training and communication to all departments should be improved as deemed necessary. The District may also consider increasing its monitoring procedures to include testing a portion of new contracts each year to verify compliance with requirements of its procurement policy and federal regulations.	Not Implemented - See finding 2015-003
2014-008	<i>Allowable Costs</i> – We recommend the District strengthen its payment review and approval process to specifically include procedures to identify any unallowed costs, and ensure all costs charged to the grant are allowable.	Implemented



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