



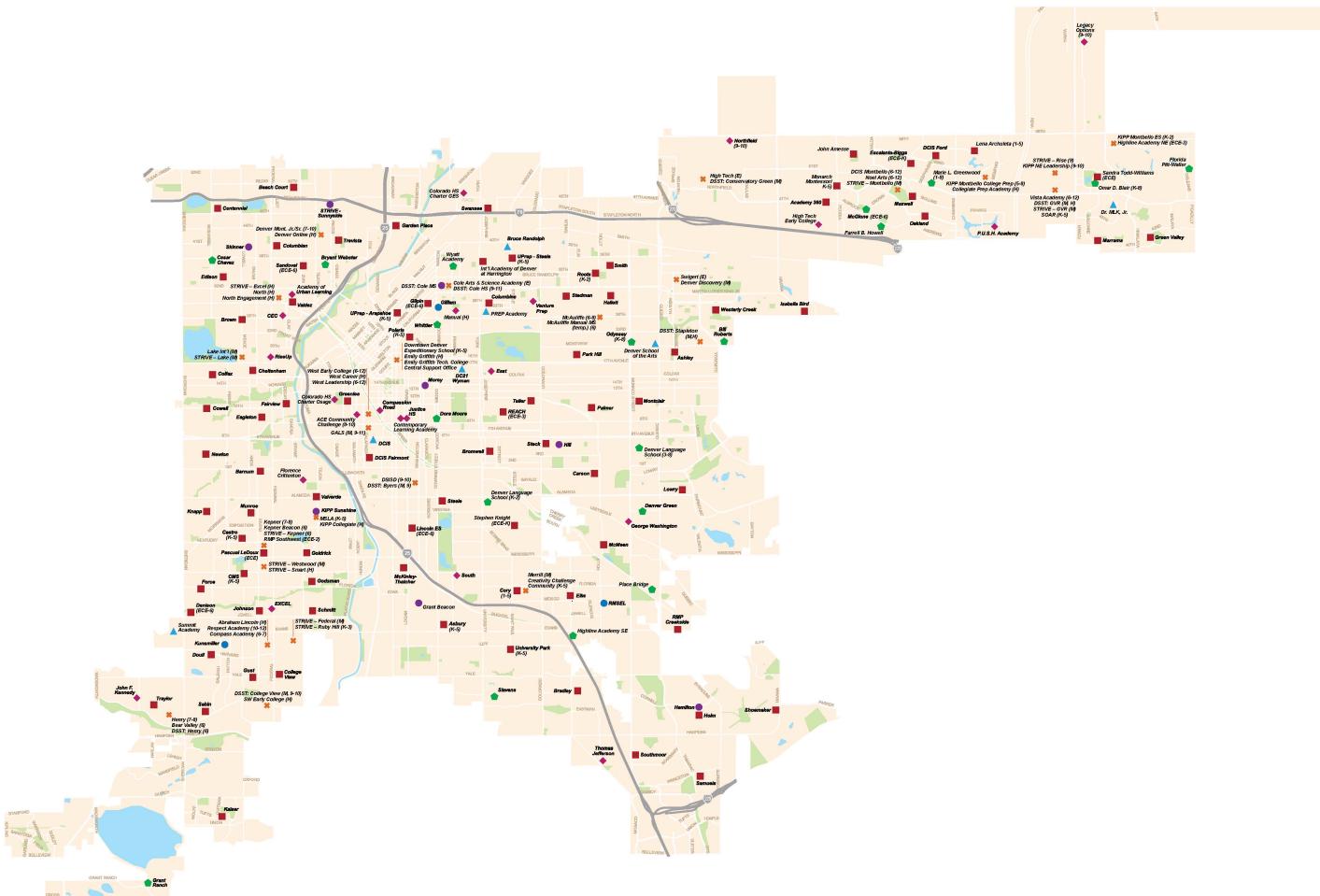
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018



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

Denver Public Schools

The District's financial operations support Denver Public Schools' mission of Every Child Succeeds. Denver Public Schools serves more than 92,000 students in more than 208 schools in the City and County of Denver and is the largest district in the State of Colorado.

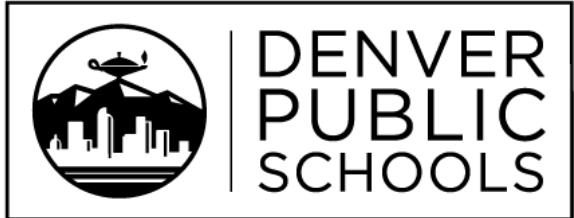


School District No. 1 in the City and County of Denver
For the year ended June 30, 2018



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COMPREHENSIVE ANNUAL FINANCIAL REPORT



Discover a World of Opportunity™

Stephen Clawson, Controller

Mary Cooper, Director of Financial Operations

Patricia Morris, Senior Manager of Accounting Operations

Juan Martinez, Supervisor of Accounting

Jeff Zwolenski, Supervisor of Accounting

Selam Habte, Senior Accountant

Sara O'Byrne, Senior Accountant

Medina Steta, Senior Accountant

Arturo Acosta, Accountant III

Claudia Delgado, Accountant III

Jerre Fleming, Accountant III

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Dave Lobato, Accountant III

Jean De La Grace Matadi, Accountant III

Reid McClanahan, Accountant III

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Denver Public Schools
Office of the Controller
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Denver, CO 80203
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OFFICE OF THE CONTROLLER

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

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

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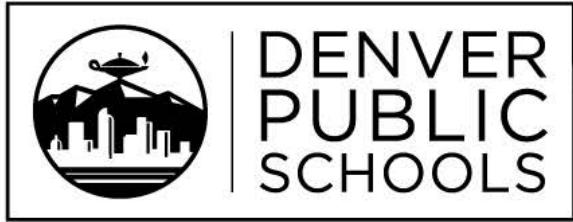
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INTRODUCTORY SECTION

November 16, 2018

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

The Comprehensive Annual Financial Report of School District No. 1 in the City and County of Denver and State of Colorado (the District) is submitted in compliance with 29-1-603 of the Colorado Revised Statutes and the applicable by-laws of the District's Board of Education. This Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018 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, 2018 as the independent auditors concluded that there was reasonable assurance the financial statements are free of material misstatement. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A.

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

- The introductory section includes this letter of transmittal, the District's organizational chart, a list of principal officials, a reproduction of the 2017 Government Finance Officers Association (GFOA) Certificate of Achievement and the 2017 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 District's financial operations support Denver Public Schools' mission of *Every Child Succeeds*. Denver Public Schools (DPS) serves more than 92,000 students in 208 schools and has more than 12,000 employees in the City and County of Denver. Denver County is the largest county in Colorado with over 704,600 residents. Over 66% of students qualify for free/reduced priced lunch and approximately 76% are ethnic minorities. In the last ten years, DPS has increased the graduation rate by 28% and decreased the dropout rate by nearly 62%. DPS has continued to have significant achievement gaps, when comparing minority students and students in poverty with white and middle class students. Closing this achievement gap is one of the core tenants of the Denver Plan. The FY 2019 Adopted Budget is intended to provide the financial resources necessary to enable educators to further the academic goals of the Denver Plan: Great Schools in Every Neighborhood, School Readiness, Foundation for Success, Ready for College and Career and Support for the Whole Child.

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

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

ECONOMIC CONDITION AND OUTLOOK

Limited state funding creates one of the largest obstacles for the District to provide financial resources necessary for educators to achieve the Denver Plan's academic goals. In November 2000, Colorado voters approved a constitutional amendment (commonly known as Amendment 23) that sets minimum levels of increase in the statewide base per pupil funding amount and the total state funding for categorical programs. Amendment 23 stipulates that the General Assembly must adjust the base each year by the rate of inflation increase plus one-percent for the ten-year period beginning FY 2002 and by at least the rate of inflation thereafter.

Colorado has a very complex public school funding formula that was developed in 1994 called the Public School Finance Act. School districts in Colorado are funded on a per pupil revenue basis (PPR). The state calculates each district's PPR based on a number of factors including at-risk enrollment (i.e. high poverty), size of the district, cost of personnel and cost of living. From a very high level, the state calculates each district's PPR, subtracts the amount of funding generated by local property taxes and then funds the remaining balance through an allocation entitled "State Equalization". This combined state equalization and local property tax funding amount is termed "Total Program".

Local property tax revenue makes up 33% of public school funding in the state. Beginning with the recession in 2008, assessed valuations across the state declined as a result of lower property tax collections while tax receipts from state income and sales/use also declined due to the economic downturn. The state is strained since it is responsible to backfill any funding losses from declines in local property taxes (i.e. State Equalization). Given that K-12 funding makes up close to 40% of the State of Colorado's budget, the state was forced to make a choice between fully funding K-12 education or continuing to fund other vital public services such as Corrections, Healthcare/Medicaid, Higher Education and Human Services. Beginning

in FY 2011, the state introduced the “Negative Factor”, (which is now titled the Budget Stabilization Factor) to reduce school funding to a level that it could afford. For FY 2019, the Budget Stabilization Factor reduces annual funding for K-12 education by \$672 million below fully funded or \$70 million for DPS.

State statute allows school districts to levy general fund taxes at a general or special Override Election mill levy. The maximum amount of the revenue increase may not exceed 25% of the District’s formula funding, plus a cost of living adjustment from 2002. In 1988, 1998, 2003, 2005, 2012 and 2016 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 Override Election mill levies are fixed dollar amounts of \$12.1 million, \$17 million and \$20 million respectively. The 2005 Override Election mill levy, initially set at \$25 million, is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 Override Election mill levy amount for the FY 2019 is forecasted at approximately \$34.2 million and is directed toward the ProComp program described below. The 2012 Override Election mill levy is fixed at 4.86 mills, which is forecasted to generate \$81.6 million for FY 2019. In future years, the mill rate of 4.86 will remain fixed regardless of changes to assessed valuation. The 2016 Override Election mill levy has a variable mill amount, which can be adjusted annually as long as the total revenue amount for all mills does not exceed the maximum collection amount of 25% of revenue plus cost-of-living adjustment.

The District has been able to limit the impact of these complications on our classrooms by using reserves built up over the last decade and by effectively managing costs. As a result of improved economic conditions and a statewide buy-down of the Budget Stabilization Factor of \$150 million, Per Pupil Revenue (PPR) in FY 2019 is expected to grow \$444 over the PPR for FY 2018 from \$7,915 to \$8,369. DPS manages the funding gaps and improves the educational offerings for our students through prudent fiscal management, the support of local voters through mill levy overrides (operating funding) and general obligation bonds (capital funding) and state, federal and private grants received. The District continues to manage fund balances to ensure that future uncertainties can be addressed without major interruptions to core educational services. In FY 2018, the general fund balance decrease by \$10 million, compared to a budgeted decrease of \$15 million.

MAJOR INITIATIVES

Capital Improvements

At an election held in November 2016, district voters approved the issuance of General Obligation Bonds with a par amount of \$572 million to acquire, construct and improve capital assets. This will improve the teaching and learning environment by: maintaining, repairing and renovating existing school buildings; addressing critical health, safety and security concerns in district school buildings; improving environmental sustainability; providing technology for 21st century learning; constructing additions and making improvements to existing schools; constructing new buildings to reduce overcrowding; and accommodating the expansion of early childhood education and full-day kindergarten (collectively, the Projects).

With these funds the District has been able to continue our efforts renovating existing schools, acquisition of previously leased building and building new schools to meet population growth. In FY 2018, DPS completed work on several campus additions including 500 new seats on the Paul Sandoval Campus, approximately 150 new seats at the Conservatory Green campus and classroom additions for the Denver Language School (five classrooms), Slavens (four classrooms) and acquired Samsonite Campus. The District has also invested significant funds in renovating our existing facilities – George Washington High School and the Abraham Lincoln Campus received multi-million dollar renovations to improve the learning environments of the buildings. Another highlight, the District has launched a district-wide upgrade to light-emitting diode (LED) for all interior lighting.

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 recognition because it rewards teachers for their professional accomplishments while linking pay to student achievement. ProComp promotes improved student achievement by:

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

ProComp helps attract and retain top quality teachers by:

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

On November 1, 2005 Denver voters approved the \$25 million mill levy to pay for the new system with such amount to be increased annually for inflation in future years. The ProComp mill levy dollars are used to pay for the difference between the amount of compensation paid to District general operating fund paid DCTA members compensated pursuant to the ProComp Agreement and what they would have been compensated pursuant to the Master Agreement. In addition, the ProComp mill levy dollars are to be used for reasonable and necessary expenses of administering the Denver Public Schools Professional Compensation System for Teachers Trust (Trust) such as legal and other professional fees and Trustee expenses. The Trust, which is a part of the District and accounted for in a special revenue fund, is responsible for receiving the ProComp mill levy tax dollars, managing and distributing these funds. One of the most important functions of the Trust is to ensure that ProComp is financially stable over time. The Board of Trustees, authorized by the Trust, is responsible for monitoring how the District spends the monies and ensuring that they are spent in accordance with the ProComp Agreement. The Denver Public Schools Teacher Compensation Trust Agreement was approved by the District Board of Education and ratified by the DCTA Executive Board.

FINANCIAL INFORMATION

Internal Control

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

Single Audit

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

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

Accounting and Budgetary Controls

The District maintains its records on the full accrual basis for proprietary funds and similar fiduciary fund types and modified accrual basis for all other funds. For financial statement presentation purposes, the modified accrual basis of accounting is followed for all governmental funds. 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 all opinion units consisting of those funds have been audited by the District's independent auditors, BKD, LLP, except for the ProComp Special Revenue Fund that is audited separately. The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant and be in accordance with generally accepted auditing standards. The auditor's role is to conduct an independent audit and render to outside parties an opinion on the fair presentation of the financial statements. Budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is maintained at the total fund level for each fund.

PERA Merger

As defined in Senate Bill 09-282, the Denver Public Schools Retirement System (DPSRS) merged with Colorado's Public Employee Retirement Association (PERA) on January 1, 2010. The entire DPSRS membership along with existing Denver Public Schools hourly employees and all future employees were placed into a new DPS division of PERA.

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 three percent of the amount of revenue budgeted to the general fund.

Long-term Financial Planning

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

OTHER INFORMATION

Independent Audit

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

Awards

The District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the District's CAFR for the fiscal year ended June 30, 2017. This was the thirty-third 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, 2017 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, 2017. This was the eighteenth consecutive year that the District received this award. An expert ASBO review panel consisting of Certified Public Accountants and practicing school business officials grants the award after review of the CAFR. The award recognizes that the District met standards of excellence in school financial reporting. Although this award is applicable only to the 2017 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, 2017

Christopher P. Monell

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

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

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

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



A handwritten signature in black ink that reads "Charles E. Peterson, Jr."

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink that reads "John D. Musso".

John D. Musso, CAE
Executive Director

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

DISTRICT OFFICIALS

BOARD OF EDUCATION

Anne Rowe	President
Barbara O'Brien	Vice President
Carrie A. Olson, PhD	Secretary
Lisa Flores	Treasurer
Jennifer Bacon	Member
Angela Cobián	Member
Happy Haynes	Member

SUPERINTENDENT

Tom Boasberg

CHIEF OPERATING OFFICER

David Suppes

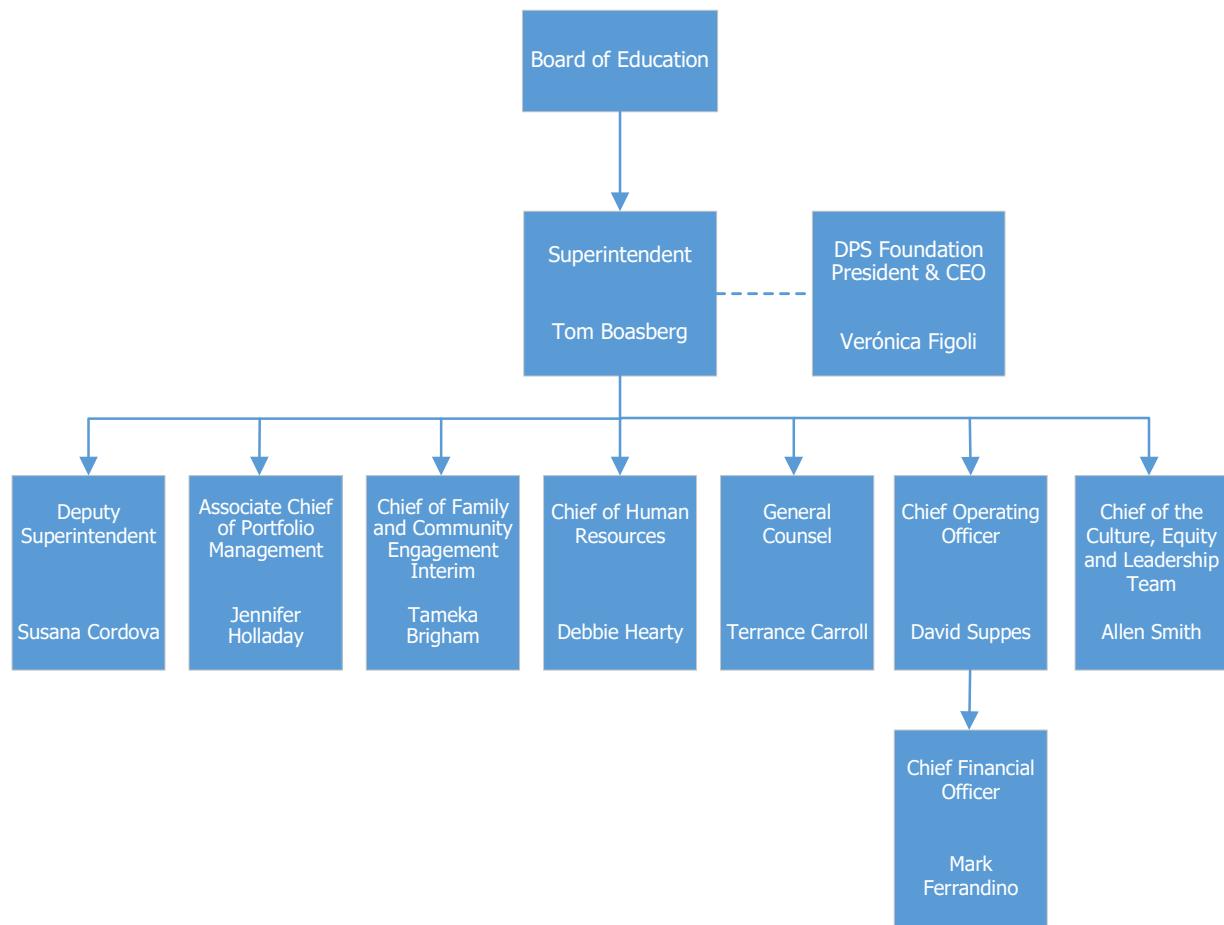
CHIEF FINANCIAL OFFICER

Mark Ferrandino

CONTROLLER

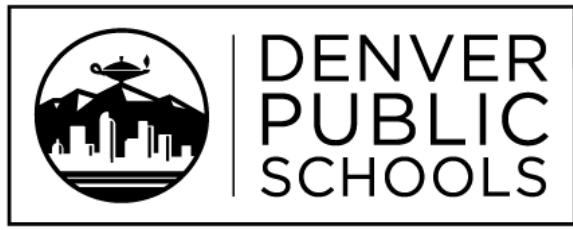
Stephen A. Clawson, CPA

Denver Public School Organization Chart-Senior Leadership Team As of June 30, 2018





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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust (ProComp) fund or, with the exception of the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, we did not audit the financial statements of the aggregate discretely presented component units, which represent 90.8% of total assets and 70.0% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2018. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the ProComp fund and the aggregate discretely presented component units, insofar as it relates to the amounts included for the ProComp fund and the aggregate discretely presented component units, except for the charter schools KIPP Colorado Schools, STRIVE Preparatory Schools, and Cesar Chavez Academy Denver 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 DSST Public Schools, Rocky Mountain Preparatory Schools, KIPP Colorado Schools and STRIVE Preparatory Schools, all of which were audited under *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2018, 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 Matters

As discussed in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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

Other Matters

Required Supplementary Information

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

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information including the combining fund statements – nonmajor funds, agency funds statement of changes in assets and liabilities, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by the Uniform Guidance and the other information including the introductory section and statistical section as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining fund statements – nonmajor funds, agency funds statement of changes in assets and liabilities, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by the Uniform Guidance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements – nonmajor funds, agency funds statement of changes in assets and liabilities, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by the Uniform Guidance supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report November 15, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 15, 2018



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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, 2018

Management of School District No. 1 in the City and County of Denver and State of Colorado (the District), provides readers of the District's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. 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 10 of this report.

Financial Highlights

On the statement of net position, as of June 30, 2018, the District's net position for governmental activities is a deficit of \$1,491.9 million. The deficit net position is primarily the result of two factors. The first is the result of the District executing Certificates of Participation (COP) to fund the District's pension plan known as Denver Public Schools Retirement System (DPSRS) prior to its merger as a separate division within the state's Public Employees Retirement Association (PERA). In July of 1997, the District executed \$384.2 million in Certificates of Participation with the net proceeds contributed to DPSRS. In April of 2008, the District issued \$750 million in Certificates of Participation to refund existing certificates and to fund an additional \$397.8 million contribution to DPSRS in anticipation of the merger with PERA. As a result of these contributions, the District's PERA division is 79.5% funded compared to the PERA School division of 44% as of December 31, 2017. Second, in order to fund the District's capital program, the voters of Denver authorized General Obligation bonds in November 1998, 2003, 2008, 2012 and 2016 of \$305 million, \$310.8 million, \$454 million, \$466 million and \$572 million respectively. The proceeds of these bonds are used to fund necessary capital and maintenance of the District's facilities. (See additional details in Note 5 and Note 6 to the financial statements).

Long-term liabilities decreased to \$3,890.1 million from \$3,978.3 million in FY 2018 primarily due to a reduction in the net pension liability as well as other miscellaneous assumptions.

On the statement of activities, general revenues accounted for \$1,141.6 million or 80% of total revenues and program revenues were \$291.1 million or 20% of the total revenues of the primary government. The total revenues increased to \$1,432.7 from \$1,349.5, or 6% when compared to prior year, primarily due to increased property taxes. Net position declined year over year primarily due to the adoption of a new accounting standard that required the District to record a liability for other postemployment obligations.

Effective July 1, 2017, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Adoption of GASB 75 resulted in the restatement of beginning net position at July 1, 2017 of \$71,287,421. Prior year financial information contained herein has not been restated for the adoption of GASB 75.

Overview of the Financial Statements

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

Government-wide Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities. The District maintains nine 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, Bond Redemption (debt service), Building and Capital Reserve, all of which are considered to be major funds. Data for the other four governmental funds (Pupil Activity Special Revenue, Food Services Special Revenue, ProComp Special Revenue and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in this report.

SCHOOL DISTRICT NO. 1
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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

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

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

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

Other information: In addition to the basic financial statements and accompanying notes, this report presents required supplementary information concerning the District's annual appropriated budgets with comparison schedules that demonstrate compliance with budgets for the General Fund and Special Revenue Funds.

The budgetary comparison schedules for the five major funds; General Fund, Grants Special Revenue Fund, Bond Redemption Fund, Building Fund and Capital Reserve Fund. The schedule of changes in the collective net pension liability are provided next, followed by notes to required supplementary information. The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

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

Financial Analysis of the District

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

- The District has the largest and most diverse tax base in the State of Colorado with \$16.6 billion of assessed value.
- General Fund decreased \$3.1 million in FY 2018, with ending fund balance of \$119 million.
- In November of 2016, Denver voters approved a mill levy override of \$56.6 million in 2016 and in the years following by the amount allowed by Colorado State law. The increased funding will go towards expanding early childhood reading programs, providing more mental health professionals and counselors for students, expanding student technology access, providing better training for teachers and developing a more diverse pool of teachers and expanding college and career programs.
- In November of 2016, Denver voters approved a \$572 million bond to invest in critical maintenance, constructing new schools and additions to existing schools, upgrading learning environments in older schools and to increase student technology access.

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IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

- The 2017 bond issuance received the following ratings:
 - Moody's ratings of Aa2
 - Fitch ratings of AA+
 - S&P ratings of AA

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, equipment and capital leases). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased to \$1,373.1 million in FY 2018 from \$1,258.2 million in FY 2017. The increase is primarily a result of capital spending from the District's general obligation bonds and certificates of participation. The District's capital assets will continue to increase as planned projects are completed in the Capital Reserve and Building Funds. Combined, these funds have available fund balance of \$488 million.

Current and other assets decreased to \$1.02 billion from \$1.07 billion primarily due to the 2017 bond and COP's spend as described in the capital improvements section of the Transmittal letter.

The following table provides a summary of the District's net position as of June 30, 2018 and 2017, respectively (in millions):

	June 30, 2018	June 30, 2017
Current and other assets	\$ 1,017.4	\$ 1,067.8
Capital assets, net	1,373.1	1,258.2
Total assets	<u>2,390.5</u>	<u>2,326.0</u>
Deferred outflow of resources	358.9	512.6
Long-term liabilities	3,890.1	3,978.3
Other liabilities	140.0	144.6
Total liabilities	<u>4,030.1</u>	<u>4,122.9</u>
Deferred inflow of resources	211.2	72.8
Net position:		
Net investment in capital assets	(47.5)	148.7
Restricted	650.6	648.6
Unrestricted	<u>(2,095.0)</u>	<u>(2,154.4)</u>
Total net position	<u>\$ (1,491.9)</u>	<u>\$ (1,357.1)</u>

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

The following table provides a summary of the District's activities for the fiscal years ended June 30, 2018 and 2017, respectively (in millions).

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
REVENUES		
Program revenues		
Charges for services	\$ 71.0	\$ 63.7
Operating grants and contributions	220.1	214.4
General revenues		
Taxes	851.2	719.4
State equalization	243.2	296.5
Investment income	8.6	5.9
Other	38.5	49.6
Total revenues	<u>1,432.6</u>	<u>1,349.5</u>
EXPENSES		
Instruction	647.0	661.5
Support services	686.2	650.2
Interest on long-term debt	162.9	137.9
Total expenses	<u>1,496.1</u>	<u>1,449.6</u>
Change in net position	(63.5)	(100.1)
Net position - beginning, previously stated	<u>(1,357.1)</u>	<u>(1,257.0)</u>
Change in Accounting Principle	(71.3)	-
Net position - beginning as restated	<u>(1,428.4)</u>	<u>(1,257.0)</u>
Net position - ending	<u>\$ (1,491.9)</u>	<u>\$ (1,357.1)</u>

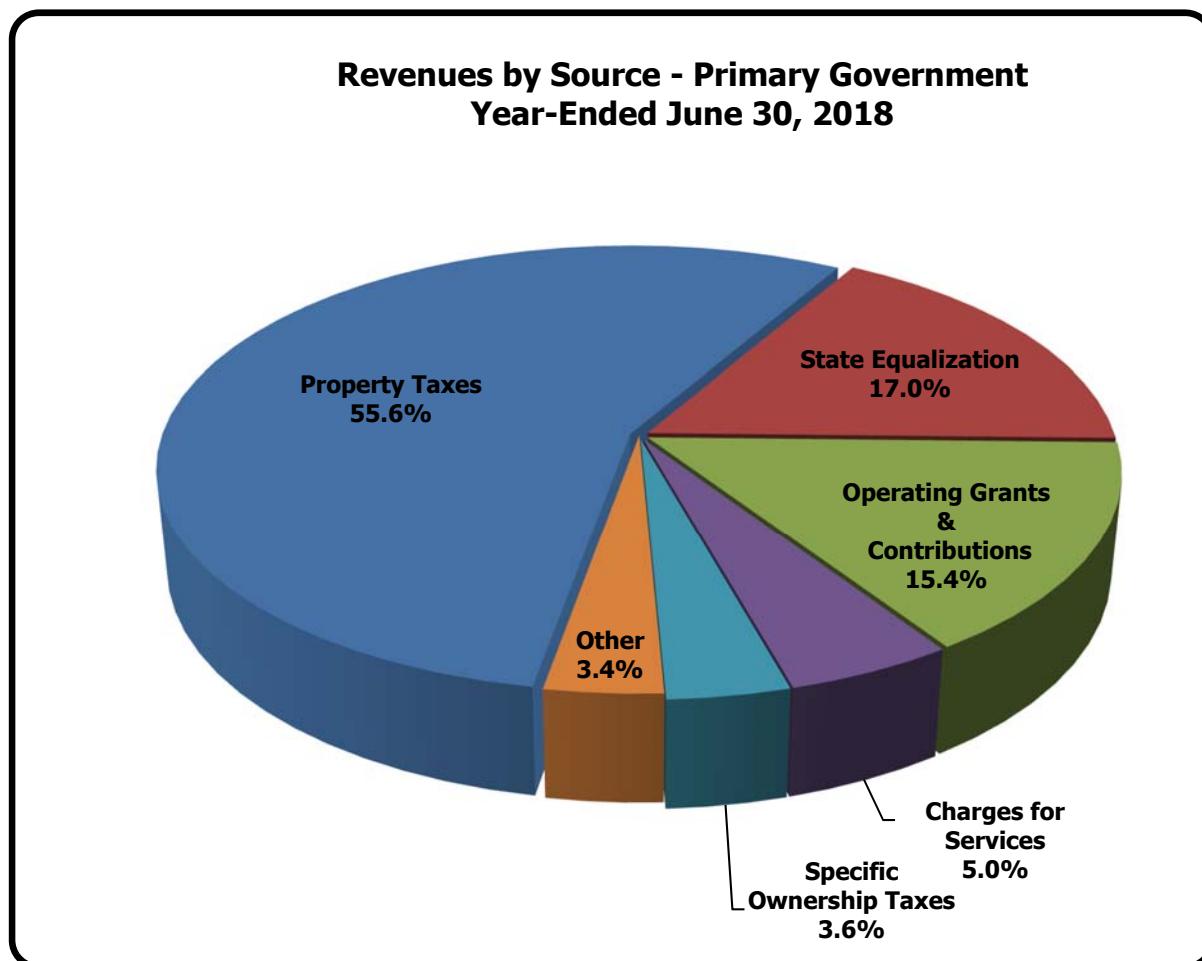
SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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 FY 2018 was \$690.4 million based on a funded pupil count of 87,118 and per pupil total program funding of \$7,925, compared to total program funding of \$662.7 million, funded pupil count of 86,231 and per pupil total program funding of \$7,686 in FY 2017. Of the \$690.4 million adjusted program, \$243.2 million was funded through state share and the remainder through a combination of local property and specific ownership taxes compared to \$296.5 million funded through state share in FY 2017.

The District generated \$796.5 million in property tax revenues in FY 2018 compared to \$671.8 million in FY 2017. 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 FY 2018 were \$1,493.2 million compared to \$1,449.6 million in FY 2017. The difference was primarily due to interest on long-term debt from the second sale of the 2016 general obligation bond and certificates of participation.

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, 2018

Financial Analysis of the District's Funds

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

Governmental funds

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

Fund balance of all governmental funds is \$799.1 million compared to \$839.4 million in FY 2017.

The General Fund is the primary operating fund of the District. Fund balance of the General Fund at June 30, 2018 was \$119 million, compared to \$122.1 million as of June 30, 2017. This decrease is primarily due to the planned use of expenditures. Constraints on use of the General Fund balance include a restricted cash reserve of \$28.9 million as required by TABOR and state statute. Assigned fund balance includes \$17.9 million use budgeted for subsequent year expenditure and \$22.9 million for special projects.

The Grant Special Revenue Fund balance as of June 30, 2018 was \$18.7 million compared to \$17.1 million at June 30, 2017. The fund balance is restricted to the District's grant funded programs that generated the fund balance.

The Bond Redemption Fund balance as of June 30, 2018 was \$160.2 million compared to \$130.1 million as of June 30, 2017. The Bond Redemption Fund is restricted for payment of the District's General Obligation Bond debt service as authorized by Denver voters.

The Building Fund as of June 30, 2018 was \$443.1 million compared to \$470.2 million as of June 30, 2017. The Building Fund consists of unspent proceeds from issuance of voter approved General Obligation Bonds and is restricted for financing projects as described in the respective ballot language.

The Capital Reserve Fund as of June 30, 2018 was \$44.9 million compared to \$84 million as of June 30, 2017. The Capital Reserve Fund consists of unspent Certificates of Participation restricted for financing capital projects and for debt service. Additionally, a portion of Capital Reserve Fund is committed for capital projects by Board authorization and assigned to debt service by Board adoption of the annual budget.

The Building Fund and Capital Reserve Funds decreased by \$27.1 million and \$39.1 million respectively, as a result of the spending from 2017 bond and COP issuances. They are offset by an increase in the Bond Redemption Fund of \$30.1 million due to timing of upcoming debt service payments. The Grant Special Reserve Fund increased \$1.6 million, through receiving grant additional grant awards that are planned for expenditures occurring in future fiscal years.

Proprietary funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

General Fund Budgetary Highlights

In accordance with state law, the District's budget is prepared on a GAAP basis. The most significant budgeted fund is the General Fund.

The difference between the General Fund original and final budget for expenditures decreased by \$365 thousand to account for additional revenue received due to enrollment changes from original projections, specifically due to a higher enrollment in grades 1-12 which are funded at 1.0, and lower enrollment in Kindergarten which are funded at .58. Changes also include adjustments to school budgets based on actual enrollment versus previous projections.

The major difference between the District's final budget and actual expenditures is due to lower than expected spending in central departments.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets for its governmental activities as of June 30, 2018 amounted to \$1,373.1 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 spending on capital projects in the Building and Capital Reserve Funds. Such capital projects are used to make necessary improvements and critical repairs.

The District's total capital assets at June 30, 2018 and 2017, respectively, net of accumulated depreciation, were as follows (in millions):

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Buildings and improvements	\$ 1,104.0	\$ 991.2
Construction in progress	95.0	119.8
Land	87.2	76.5
Equipment	81.6	69.4
Capital leases	5.3	1.3
Total	\$ 1,373.1	\$ 1,258.2

(See additional details in Note 5 to the financial statements.)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Long-Term Debt

At June 30, 2018 and 2017, respectively, the District's long-term debt consisted of the following (in millions):

	June 30, 2018	June 30, 2017
General obligation bonds	\$ 1,953.1	\$ 1,889.6
Certificates of participation	1,034.4	1,077.2
Net pension liability	791.9	977.2
Net OPEB liability	71.3	2.9
Compensated absences	20.3	19.1
Accrued claims liability	12.2	11.0
Capital lease liability	5.4	1.3
Other obligation	1.5	-
Total	\$ 3,890.1	\$ 3,978.3

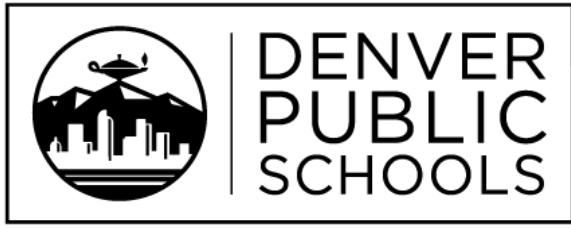
(See additional details in Note 6 to the financial statements.)

Contacting the District's Financial Management

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



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BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 203,629,208	\$ 91,464,812
Investments	3,982	-
Receivables:		
Taxes	34,429,938	-
Intergovernmental	24,479,895	-
Interest	1,451,169	-
Other	89,487,520	18,263,707
Due from fiduciary funds	61,272	-
Inventory	3,828,324	129,357
Prepaid items	458,901	1,295,588
Held by fiscal agent	2,934,145	-
Restricted cash and cash equivalents	171,370,678	2,670,130
Restricted investments	485,273,334	1,877,966
Capital assets:		
Land and construction in progress	182,226,435	4,035,315
Buildings, improvements, and equipment, net of accumulated depreciation	1,190,906,027	33,240,143
Total assets	<u>2,390,540,828</u>	<u>152,977,018</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	189,106,737	-
Related to pensions	166,344,872	41,466,901
Related to OPEB	3,485,760	980,514
Total deferred outflows of resources	<u>358,937,369</u>	<u>42,447,415</u>
LIABILITIES		
Accounts and interest payable	64,932,567	11,383,892
Accrued payroll and benefits	67,752,669	5,389,670
Unearned revenue	5,686,206	326,499
Due to fiduciary funds	1,608,111	-
Long-term liabilities:		
Due within one year	108,456,168	515,120
Due in more than one year	3,781,681,826	141,587,917
Total liabilities	<u>4,030,117,547</u>	<u>159,203,098</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refundings	2,845,037	-
Permanent endowment	-	167,661
Related to pensions	206,576,608	28,670,594
Related to OPEB	1,802,186	270,057
Total deferred inflows of resources	<u>211,223,831</u>	<u>29,108,312</u>
NET POSITION		
Net investment in capital assets	(48,797,256)	5,131,212
Restricted for:		
Debt service	151,145,438	191,103
Performance-based teacher compensation	8,590,764	-
Higher education	9,936,855	-
Non-governmental grantor-designated purposes	1,013,135	-
Federal programs	7,766,488	-
Permanent fund and nonexpendable	131,371	-
Capital projects	443,137,420	316,894
Donor-designated purposes	-	25,101,932
Emergency reserve	28,893,630	6,407,535
Unrestricted (deficit)	<u>(2,093,681,026)</u>	<u>(30,035,653)</u>
Total net position (deficit)	<u>\$ (1,491,863,181)</u>	<u>\$ 7,113,023</u>

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

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

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions				
Primary government							
Governmental activities:							
Instruction:							
Regular	\$ 561,809,176	\$ 35,955,405	\$ 96,255,159	\$ (429,598,612)			
Special education	72,508,728	-	21,134,004	(51,374,724)			
Vocational	935,479	-	1,512,486	577,007			
Other	11,795,447	1,019,474	2,729,201	(8,046,772)			
Total instruction	<u>647,048,830</u>	<u>36,974,879</u>	<u>121,630,850</u>	<u>(488,443,101)</u>			
Support services:							
Pupil support	66,443,705	2,476,614	6,630,069	(57,337,022)			
Instructional support	125,760,427	7,216,594	19,319,331	(99,224,502)			
General administration	7,526,400	471,309	1,261,728	(5,793,363)			
School administration	78,617,586	4,611,987	12,346,616	(61,658,983)			
Business services	14,882,801	-	-	(14,882,801)			
Operations and maintenance	96,681,984	6,597,549	17,662,101	(72,422,334)			
Pupil transportation	26,546,492	-	4,750,015	(21,796,477)			
Central services	183,402,521	11,314,384	29,910,238	(142,177,899)			
Other support services	46,450,521	367,454	983,701	(45,099,366)			
Community services	17,638,447	933,558	2,499,200	(14,205,689)			
Education for adults	22,244,905	-	3,126,826	(19,118,079)			
Interest on long-term debt	162,850,968	-	-	(162,850,968)			
Total support services	<u>849,046,757</u>	<u>33,989,449</u>	<u>98,489,825</u>	<u>(716,567,483)</u>			
Total governmental activities	<u>1,496,095,587</u>	<u>70,964,328</u>	<u>220,120,675</u>	<u>(1,205,010,584)</u>			
Total primary government	<u>\$ 1,496,095,587</u>	<u>\$ 70,964,328</u>	<u>\$ 220,120,675</u>	<u>\$ (1,205,010,584)</u>			

Component units	Primary Government				
	Governmental Activities	Component Units			
Charter schools	\$ 221,957,913	\$ -	\$ 558,065	\$ (221,399,848)	
DPS Foundation	7,971,660	-	7,758,301	(213,359)	
Total component units	<u>\$ 229,929,573</u>	<u>\$ -</u>	<u>\$ 8,316,366</u>	<u>\$ (221,613,207)</u>	

Primary Government		
Governmental Activities	Component Units	
Net (expense) revenue	\$ (1,205,010,584)	\$ (221,613,207)
General revenues:		
Property taxes	796,450,648	34,671,352
Specific ownership taxes	51,821,726	151,136,618
Payment in lieu of taxes	2,990,033	-
State equalization	243,213,839	-
Interest and investment income	8,630,469	739,722
Other	38,472,898	20,969,355
Total general revenues	<u>1,141,579,613</u>	<u>207,517,047</u>
Changes in net position	<u>(63,430,971)</u>	<u>(14,096,160)</u>
Net position (deficit) - beginning, as previously stated	<u>(1,357,144,789)</u>	<u>24,888,561</u>
Change in reporting entity	-	1,158,793
Change in accounting principle	(71,287,421)	(5,376,477)
Correction of error	-	538,306
Net position (deficit) - beginning, as restated	<u>(1,428,432,210)</u>	<u>21,209,183</u>
Net position (deficit) - ending	<u>\$ (1,491,863,181)</u>	<u>\$ 7,113,023</u>

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018

	General	Grants Special Revenue	Bond Redemption
ASSETS			
Assets:			
Cash and cash equivalents	\$ 192,280,238	\$ -	\$ -
Investments	-	-	-
Receivables:			
Taxes receivable	27,076,517	-	6,081,277
Intergovernmental	-	23,762,651	-
Interest receivable	27,206	-	92,353
Other	906,883	6,764,589	-
Due from other funds	8,962,298	-	-
Due from fiduciary funds	61,272	-	-
Inventory	892,874	-	-
Prepaid items	-	-	-
Cash with fiscal agents	2,934,145	-	-
Restricted cash and cash equivalents	9,772,029	-	-
Restricted investments	-	-	155,139,126
Total assets	<u>\$ 242,913,462</u>	<u>\$ 30,527,240</u>	<u>\$ 161,312,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 24,860,351	\$ 5,737,647	\$ 717
Accrued payroll and benefits	65,167,799	148,132	-
Due to other funds	25,746,875	2,682,760	76,744
Due to fiduciary funds	1,608,111	-	-
Unearned revenue	2,443,983	3,242,223	-
Total liabilities	<u>119,827,119</u>	<u>11,810,762</u>	<u>77,461</u>
Deferred inflows of resources:			
Property taxes	4,075,479	-	1,077,676
Unavailable revenues - long-term receivables	-	-	-
Total deferred inflows of resources	<u>4,075,479</u>	<u>-</u>	<u>1,077,676</u>
Fund balances:			
Nonspendable:			
Inventory	892,874	-	-
Prepaid items	-	-	-
Permanent fund	-	-	-
Restricted for:			
Higher education	-	9,936,855	-
Non-governmental grantor-designated purposes	-	1,013,135	-
Federal programs	-	7,766,488	-
Performance-based teacher compensation	-	-	-
Debt service	-	-	160,157,619
Capital projects	-	-	-
Emergency reserve	28,893,630	-	-
Committed to:			
Capital projects	-	-	-
Pupil activities	-	-	-
Assigned to:			
Subsequent year expenditure	17,886,037	-	-
Special projects	22,869,037	-	-
Debt service	-	-	-
Food service	-	-	-
Unassigned	48,469,286	-	-
Total fund balances	<u>\$ 119,010,864</u>	<u>\$ 18,716,478</u>	<u>\$ 160,157,619</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 242,913,462</u>	<u>\$ 30,527,240</u>	<u>\$ 161,312,756</u>

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

Continued next page

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018**

	<u>Building</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 11,348,970	\$ 203,629,208
Investments	-	-	3,982	3,982
Receivables:				
Taxes receivable	-	-	1,272,144	34,429,938
Intergovernmental	-	-	717,244	24,479,895
Interest receivable	1,294,111	37,499	-	1,451,169
Other	-	81,806,334	6,483	89,484,289
Due from other funds	-	23,283,630	2,322,417	34,568,345
Due from fiduciary fund	-	-	-	61,272
Inventory	-	-	2,935,450	3,828,324
Prepaid items	-	458,901	-	458,901
Cash with fiscal agents	-	-	-	2,934,145
Restricted cash and cash equivalents	136,589,730	25,008,919	-	171,370,678
Restricted investments	330,134,208	-	-	485,273,334
Total assets	<u>\$ 468,018,049</u>	<u>\$ 130,595,283</u>	<u>\$ 18,606,690</u>	<u>\$ 1,051,973,480</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,276,736	\$ 3,881,453	\$ 163,482	\$ 55,920,386
Accrued payroll and benefits	1,142	-	2,435,046	67,752,119
Due to other funds	3,602,751	-	2,600,043	34,709,173
Due to fiduciary funds	-	-	-	1,608,111
Unearned revenue	-	-	-	5,686,206
Total liabilities	<u>\$ 24,880,629</u>	<u>\$ 3,881,453</u>	<u>\$ 5,198,571</u>	<u>\$ 165,675,995</u>
Deferred inflows of resources:				
Property taxes	-	-	225,029	5,378,184
Unavailable revenues - long-term receivables	-	81,802,799	-	81,802,799
Total deferred inflows of resources	<u>-</u>	<u>81,802,799</u>	<u>225,029</u>	<u>87,180,983</u>
Fund balances:				
Nonspendable:				
Inventory	-	-	2,935,450	3,828,324
Prepaid items	-	458,901	-	458,901
Permanent fund	-	-	131,371	131,371
Restricted for:				
Higher education	-	-	-	9,936,855
Non-governmental grantor-designated purposes	-	-	-	1,013,135
Federal programs	-	-	-	7,766,488
Performance-based teacher compensation	-	-	8,590,764	8,590,764
Debt service	-	-	-	160,157,619
Capital projects	443,137,420	-	-	443,137,420
Emergency reserve	-	-	-	28,893,630
Committed to:				
Capital projects	-	28,005,130	-	28,005,130
Pupil activities	-	-	2,263,445	2,263,445
Assigned to:				
Subsequent year expenditure	-	-	-	17,886,037
Special projects	-	-	-	22,869,037
Debt service	-	16,447,000	-	16,447,000
Food service	-	-	(737,940)	(737,940)
Unassigned	-	-	-	48,469,286
Total fund balances	<u>\$ 468,018,049</u>	<u>\$ 130,595,283</u>	<u>\$ 18,606,690</u>	<u>\$ 1,051,973,480</u>
Total liabilities, deferred inflows of resources and fund balances				



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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

Total fund balances for governmental funds	\$ 799,116,502
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.	87,180,983
Capital assets do not provide current financial resources and are not included in the governmental funds.	2,191,554,179
Deferred outflow of resources related to loss on refundings are not financial resources and therefore, are not reported in the funds.	189,106,737
Deferred outflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	151,672,663
Pension contributions subsequent to the plans measurement date are not included in the long-term liability and are shown as a deferred outflow of resources.	14,672,209
Deferred outflows of resources related to OPEB actuarial assumptions are not recorded and included in governmental funds.	3,485,760
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.	143,509
Due to/due from amounts are eliminated for District-wide reporting:	
Due to other funds	(34,709,174)
Due from other funds	34,709,174
Less:	
Accumulated depreciation, related to capital assets.	(818,421,717)
Deferred inflow of resources related to gain on refundings are not financial resources and therefore, are not reported in the funds.	(2,845,037)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(3,014,741,370)
Accrued interest payable not included in the funds.	(9,012,181)
Net OPEB 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.	(71,326,533)
Deferred inflows of resources related to OPEB actuarial assumptions are not recorded and included in governmental funds.	(1,802,186)
Accrued claims liability is not reported in governmental funds, but are included as a government-wide liability.	(12,162,603)
Deferred inflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	(206,576,608)
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.	<u>(791,907,488)</u>
Net position (deficit) of governmental activities	<u>\$ (1,491,863,181)</u>

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

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Grants Special Revenue	Bond Redemption
REVENUES			
Taxes	\$ 657,100,914	\$ -	\$ 158,166,224
Intergovernmental:			
Revenue from state sources	281,166,970	22,105,172	-
Revenue from federal sources	1,047,048	68,246,280	-
Charge for services	62,970,356	8,895,294	-
Investment income	1,967,899	-	1,612,903
Other local sources	25,694,780	15,744,461	-
Total revenues	<u>1,029,947,967</u>	<u>114,991,207</u>	<u>159,779,127</u>
EXPENDITURES			
Current:			
Instruction:			
Regular instruction	418,175,670	24,000,533	-
Special education	58,933,337	13,575,391	-
Vocational education	903,026	32,453	-
Other instruction	6,196,583	1,497,290	-
Total instruction	<u>484,208,616</u>	<u>39,105,667</u>	<u>-</u>
Support services:			
Pupil supporting services	56,583,981	9,859,724	-
Instructional support	95,764,566	28,333,147	-
General administration	7,064,098	401,099	-
School administration	75,888,710	2,597,955	-
Business services	14,339,316	154,328	-
Operations and maintenance	79,691,394	795,058	-
Pupil transportation	26,546,492	-	-
Central services	86,356,839	3,872,928	-
Other support services	97,898	5,281,157	-
Total support services	<u>442,333,294</u>	<u>51,295,396</u>	<u>-</u>
Community services	15,120,743	2,517,704	-
Education for adults	952,581	21,292,324	-
Capital outlay	6,387,652	343,176	-
Debt service:			
Principal payments	21,891,858	-	49,980,000
Interest and fiscal charges	46,097,937	-	89,417,433
Total debt service	<u>67,989,795</u>	<u>-</u>	<u>139,397,433</u>
Total expenditures	<u>1,016,992,681</u>	<u>114,554,267</u>	<u>139,397,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,955,286</u>	<u>436,940</u>	<u>20,381,694</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,876,568	1,207,560	-
Transfers out	(23,176,635)	(2,070)	(543,861)
Issuance of bonds	-	-	-
Issuance of certificates of participation	-	-	-
Premium on issuance of debt	-	-	-
Proceeds from capital leases	5,205,770	-	-
Refunding bonds	-	-	106,130,000
Payment to bond escrow agent	-	-	(95,955,000)
Total other financing sources (uses)	<u>(16,094,297)</u>	<u>1,205,490</u>	<u>9,631,139</u>
Net change in fund balances	<u>(3,139,011)</u>	<u>1,642,430</u>	<u>30,012,833</u>
Fund balance - beginning	<u>122,149,875</u>	<u>17,074,048</u>	<u>130,144,786</u>
Fund balance - ending	<u>\$ 119,010,864</u>	<u>\$ 18,716,478</u>	<u>\$ 160,157,619</u>

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

Continued next page

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Building</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 33,191,546	\$ 848,458,684
Intergovernmental:				
Revenue from state sources	-	-	744,834	304,016,976
Revenue from federal sources	-	9,520,341	36,092,949	114,906,618
Charge for services	-	150,000	6,159,408	78,175,058
Investment income	4,297,548	500,216	61,903	8,440,469
Other local sources	32,500	13,988,367	260,693	55,720,801
Total revenues	<u>4,330,048</u>	<u>24,158,924</u>	<u>76,511,333</u>	<u>1,409,718,606</u>
EXPENDITURES				
Current:				
Instruction:				
Regular instruction	115,660	-	35,638,544	477,930,407
Special education	-	-	-	72,508,728
Vocational education	-	-	-	935,479
Other instruction	-	-	4,101,574	11,795,447
Total instruction	<u>115,660</u>	<u>-</u>	<u>39,740,118</u>	<u>563,170,061</u>
Support services:				
Pupil supporting services	-	-	-	66,443,705
Instructional support	238,537	-	1,424,177	125,760,427
General administration	11,179	-	50,024	7,526,400
School administration	130,921	-	-	78,617,586
Business services	472,638	28,696	1,051	14,996,029
Operations and maintenance	10,770,236	3,880,501	44,796	95,181,985
Pupil transportation	-	-	-	26,546,492
Central services	2,356,604	3,563,232	814,404	96,964,007
Other support services	-	-	41,071,466	46,450,521
Total support services	<u>13,980,115</u>	<u>7,472,429</u>	<u>43,405,918</u>	<u>558,487,152</u>
Community services	-	-	-	17,638,447
Education for adults	-	-	-	22,244,905
Capital outlay	146,967,004	46,663,164	38,730	200,399,726
Debt service:				
Principal payments	-	3,943,907	-	75,815,765
Interest and fiscal charges	682,146	5,259,552	-	141,457,068
Total debt service	<u>682,146</u>	<u>9,203,459</u>	<u>-</u>	<u>217,272,833</u>
Total expenditures	<u>161,744,925</u>	<u>63,339,052</u>	<u>83,184,766</u>	<u>1,579,213,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(157,414,877)</u>	<u>(39,180,128)</u>	<u>(6,673,433)</u>	<u>(169,494,518)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	16,540,758	4,097,680	23,722,566
Transfers out	-	-	-	(23,722,566)
Issuance of bonds	105,325,000	-	-	105,325,000
Issuance of certificates of participation	-	17,710,000	-	17,710,000
Premium on issuance of debt	24,973,162	803,495	-	25,776,657
Proceeds from capital leases	-	262,460	-	5,468,230
Refunding bonds	-	-	-	106,130,000
Payment to bond escrow agent	-	(35,195,000)	-	(131,150,000)
Total other financing sources (uses)	<u>130,298,162</u>	<u>121,713</u>	<u>4,097,680</u>	<u>129,259,887</u>
Net change in fund balances	<u>(27,116,715)</u>	<u>(39,058,415)</u>	<u>(2,575,753)</u>	<u>(40,234,631)</u>
Fund balance - beginning	<u>470,254,135</u>	<u>83,969,446</u>	<u>15,758,843</u>	<u>839,351,133</u>
Fund balance - ending	<u>\$ 443,137,420</u>	<u>\$ 44,911,031</u>	<u>\$ 13,183,090</u>	<u>\$ 799,116,502</u>



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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net change in fund balance - governmental funds	\$ (40,234,631)
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.	200,008,686
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.	74,730,000
Refunding bonds	131,150,000
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	28,445,233
OPEB expense	4,555,212
The unamortized deferred gains 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 decrease in interest expense. Current year Deferred Gain on Refunding less Amortization - Gain on Refunding.	2,845,037
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.	143,509
Less:	
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.	(5,529,503)
Net change in compensated absences - The change in this liability is not considered in the governmental fund statements but is included as a change in expense in the government-wide statement of activities.	(1,204,624)
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.	(83,466,576)
Loss on disposal of capital assets.	(1,581,644)
Issuance of debt - The issuance of debt and related premium provides current financial resources to the governmental funds, but has no effect on the change in net position of the governmental activities.	(254,941,657)
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.	(68,612)
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.	(24,024,513)
Other obligation	(1,500,000)
Increase in interest payable related to long-term liabilities.	(145,812)
Accrued claims	(1,127,849)
Increase in capital lease liability	(4,177,095)
Pension Expense	<u>(87,306,132)</u>
Change in net position of governmental activities	<u>\$ (63,430,971)</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
AS OF JUNE 30, 2018

Warehouse
Fund

ASSETS

Current assets:

Receivables	\$ 3,231
Due from other funds	140,828
Total current assets	<u>144,059</u>

LIABILITIES

Current liabilities:

Accrued payroll and benefits	<u>550</u>
Total current liabilities	<u>550</u>

NET POSITION

Unrestricted	<u>143,509</u>
Total net position	<u>\$ 143,509</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, 2018

	Warehouse Fund
OPERATING REVENUES	
Billings to funds	\$ 485,669
Other revenue	<u>30,281</u>
Total operating revenues	<u><u>515,950</u></u>
OPERATING EXPENSES	
Cost of goods:	
Purchased	46,526
Salaries and employee benefits	35,680
Purchased property services	111,802
Other purchased services	79,465
Supplies	77,031
Other	<u>21,937</u>
Total operating expenses	<u><u>372,441</u></u>
Change in net position	143,509
Total net position - beginning	-
Total net position - ending	<u><u>\$ 143,509</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, 2018

	Warehouse Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 536,495
Payments to suppliers	(320,555)
Payments to employees	(35,130)
Payments to other funds	(189,154)
Other receipts	<u>8,344</u>
Net cash provided by operating activities	<u>-</u>

**Reconciliation of operating income (loss) to
net cash provided (used) by operating activities**

Operating income (loss)	\$ 143,509
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	50,826
Due from other funds	(140,828)
Accounts payable	(5,731)
Accrued payroll	550
Due to other funds	<u>(48,326)</u>
Net cash provided by operating activities	<u>\$ -</u>

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

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2018

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 10,542,326	\$ 1,832,291
Due from other funds	-	1,608,111
Total assets	<u>10,542,326</u>	<u>3,440,402</u>
LIABILITIES		
Accounts payable	-	12,667
Due to general fund	61,272	-
Due to student groups	-	3,427,735
Total liabilities	<u>61,272</u>	<u>3,440,402</u>
Net position held in trust	<u>\$ 10,481,054</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, 2018

Private Purpose
Trust Fund

ADDITIONS

Contributions:

Employer	\$ 2,640,000
Interest income	696,380
Total additions	<u>3,336,380</u>

DEDUCTIONS

Medical and life insurance for retirees	2,516,030
Student scholarships	1,408
Total deductions	<u>2,517,438</u>

CHANGE IN NET POSITION HELD FOR:

Change in net position	818,942
Net position - beginning	9,662,112
Net position - ending	<u>\$ 10,481,054</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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The effect of interfund activity has generally been eliminated from the government-wide financial statements. Exceptions to this are charges between the District's governmental activities and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds as detailed below. Primary revenue sources for the general fund include property taxes, state equalization, as well as tuition billing for early childhood education and full day kindergarten.

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

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

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

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

The other governmental funds of the District account for resources where use is restricted to a particular purpose and include the Food Services Special Revenue Fund, Pupil Activity Special Revenue Fund, ProComp Special Revenue Fund and the Permanent Fund.

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

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

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

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

Additionally, the District reports the following other fund categories:

Internal Service Fund – This fund is used to account for goods and services provided such as printing, copying, furniture moves, recycling and postage to departments and schools primarily within the District on a cost-reimbursement basis.

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

Proprietary (internal service) funds distinguish *operating* revenues and expenses from *non-operating*. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to customers for sales and services. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses.

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Budgets and Budgetary Accounting

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

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

Use of Estimates

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

Deposits and Investments

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

Investments are reported at fair value in accordance with GASB Statement 72. Investments excluded from fair value measurement are:

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

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3. Investments in external investment pool Colorado Local Government Liquid Asset Trust (COLOTRUST) is reported at \$1 net asset value per share.
4. Stocks held by trust which are reported at cost.

Inventories

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

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

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

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

Prepaid Items

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

Capital Assets

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

Due From and Due to Other Funds

A general disbursing account within the General Fund is used on an imprest basis to make expenditures on behalf of all funds. This account is periodically reimbursed by the applicable funds. Interfund balances at June 30, 2018 represent reimbursements and adjustments due but not transferred as of that date.

Indirect Costs

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

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Accrued Payroll

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

Compensated Absences

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

Encumbrances

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

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. In accordance with Section 22-45-103, CRS, the District's bond redemption fund custodian for FY 2018 was Wells Fargo Bank, N.A., third party.

Deferred Outflows of Resources and Deferred Inflows of Resources

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, the government-wide statements include deferred outflows of resources representing the deferred loss on refunding of the District's certificates of participation and bond obligations and items relating to the District's pension and OPEB plans and deferred inflows of resources relating to pension and OPEB plans. 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.

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Net Position

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

Fund Balances

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

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

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

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

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

Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned. Positive unassigned fund balance can only be reported in the general fund while negative unassigned fund balance may be reported in any governmental fund. General Fund when expenditures incurred for specific purposes exceed amounts restricted, committed or assigned to those purposes.

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

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Adoption of Accounting Principles

The District participates in two single-employer defined benefits other postemployment benefit (OPEB) plans: Denver Public Schools Retiree Life Insurance Trust (DPSRLIT) and the Denver Public Schools Health Care Trust Fund (DPS HCTF) which is administered by the Colorado Public Employees' Retirement Association (PERA). The District's discretely presented component units also participate in this DPS Division plan with PERA, except for the employees of the Denver Public Schools Foundation, Denver School of Science and Technology schools and Ridge View Academy.

The DPS Health Care Trust has an annual actuarial valuation, while actuarial valuations for the DPS Retiree Life Insurance Trust are performed biennially. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (an amendment to GASB Statement No. 45), for purposes of measuring the net OPEB liability, OPEB expense and deferred inflows and outflows of resources, information about the fiduciary net position of the plans and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they have been reported by the plans, 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. The implementation of GASB 75 resulted in a restatement of net position of \$71.3 million for the District and \$5.4 million for the component units as of July 1, 2017, respectively.

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2. CASH AND INVESTMENTS

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

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

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

*Other than repurchase agreements for investment of general obligation bond proceeds and certificates of deposit.

As of June 30, 2018 the District investments were in compliance with the policy.

Investments Authorized by Debt Agreements

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

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation is based on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other

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than those within Level 1, that are directly or indirectly observable; and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

- Corporate Notes of \$51,873,848 are valued using quoted market price or other observable inputs (Level 2 inputs).
- U.S. Treasury securities of \$182,736,081 are valued using quoted price in active markets for identical assets (Level 1 inputs).
- Federal Agency Bonds/Notes of \$50,660,445 are valued using quoted market price or other observable inputs (Level 2 inputs).
- Repurchase Agreements of \$21,285,000 are valued using pricing models (Level 2 inputs).

Custodial Credit Risk

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

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

The District's deposits are with eligible public depositories and are considered to be held in the name of the District. These deposits have bank balances of \$12,964,464 and related carrying amount of \$6,350,748.

Interest Rate Risk

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

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

Type of Security	Fair Value	Maturity		
		30 days or less	12 months or less	More than 24 months
Certificate of Deposit	\$ 24,999,794	-	\$ 24,999,794	-
Commercial Paper	44,968,851	-	44,968,851	-
U.S. Treasury Notes	182,736,081	-	-	182,736,081
Corporate Notes	51,873,848	-	-	51,873,848
Federal Agency Bonds/Notes	50,660,445	-	-	50,660,445
External Investment Pools	278,745,903	219,745,903	59,000,000	-
Money Market Funds	189,437,587	189,437,587	-	-
Repurchase Agreements	21,285,000	-	-	21,285,000
Forward Delivery Agreements:				
FHLMC Discount Notes	5,650,000	-	5,650,000	-
First American Treasury Obligations	1,654	-	1,654	-
U.S. Treasury Bills	9,354,000	-	9,354,000	-
Retiree Life Insurance	9,518,071	9,518,071	-	-
Total	\$ 869,231,234	\$ 418,701,561	\$ 143,974,299	\$ 306,555,374

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

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Reconciliation

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

Cash and investments per footnote presentation:

Cash in bank - carrying amount	\$ 6,350,748
Investments	869,231,234
Stocks	3,982
Total	<u>\$ 875,585,964</u>

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

Cash and cash equivalents	\$ 203,629,208
Investments	3,982
Restricted cash and cash equivalents	171,370,678
Held by fiscal agent	2,934,145
Restricted investments	485,273,334

Cash and investments per the fiduciary statements of net position:

Private purpose trust	10,542,326
Agency	1,832,291
	<u>\$ 875,585,964</u>

Foreign Currency Rate Risk

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSROs). State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in Rule 2a-7, as amended, as long as such rule does not increase the remaining maturities beyond a maximum of three years. The District's investment policy requires money market funds and local government investment pools to have a rating of AAA or equivalent by one or more NRSROs. Corporate bonds must have a rating of at least AA- or equivalent by at least two NRSROs. General obligations must be rated at the time of purchase at least AA or the equivalent by two or more NRSROs, and revenue obligations at least AAA or the equivalent at the time of purchase. Commercial paper must have a rating of at least A-1 or the equivalent at the time of purchase by at least two NRSROs.

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As of June 30, 2018, 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, 2018</u>
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Government Money Market Fund	AAAm
MetLife	MetLife General Account	Not rated

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

The District invests in the Colorado Asset Surplus Fund Trust (CSAFE), COLOTRUST, local government investment funds and Colorado Statewide Investment Pool (CSIP). 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, CSAFE as AAAm, and CSIP as AAA. The District has \$2,934,145 in the State of Colorado Treasury (T-Pool) as required by the Colorado Workers' Compensation act for self-insurance security. The pool is not rated.

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

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

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

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

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Concentration of Credit Risk

Concentration of credit risk as defined by the Government Accounting Standards Board is any investment that represents 5% or more of the total investments to any one issuer. The District's investments do not contain more than a 5% concentration in one issuer as of June 30, 2018.

The District's collateral securities of repurchase agreements contained concentration in Federal Security (FNMA) of \$9,115,000 and U.S. Treasury Obligations of \$12,170,000 representing 1.05% and 1.40% of the total investments respectively as of June 30, 2018. 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 \$639,759,234 in 2018. In 1988, 1998, 2003, 2005, 2012 and 2016 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 override election mill levies are fixed amounts of \$12.1 million, \$17.0 million and \$20.0 million, respectively. The 2005 override election mill levy initially set at \$25.0 million is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 override election mill levy amount for the 2018 collection year was approximately \$33.0 million. The 2012 override will generate \$67.2 million for the 2018 property tax collection year which results in a levy of 4.057 mills. The 2016 override election mill levy is variable at 3.534 mills and will generate \$58.5 million for the 2018 property tax collection year.

Deferred inflow of resources in the General Fund and ProComp Special Revenue Fund included \$4,075,479 and \$225,029 of property taxes at June 30, 2018. In addition, property taxes levied for the Bond Redemption Fund totaled \$159,964,674 in 2018 and accounted for the entire deferred inflow of resources of \$1,077,676 at June 30, 2018. 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 \$2,196,735 in the governmental activities, \$1,755,429 in the General Fund and \$441,306 in the Bond Redemption Fund.

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

DURA

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

The Stapleton Urban Redevelopment Plan and Cooperation Agreement (Redevelopment Plan) authorize the Authority to receive and use certain incremental increases in sales and property tax revenues generated within the Stapleton Urban Redevelopment Area. To provide for the Authority's participation in funding the schools within the Stapleton Urban Redevelopment Area with the incremental increases in sales and property tax revenues, the Authority and the District entered into the Funding Agreement which provides for the payment of the actual development costs of certain schools identified therein from proceeds of obligations issued by the Authority.

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In accordance with the Funding Agreement, the District has performed work and is eligible for reimbursement with respect to an elementary school, a K-8 school and the acquisition and construction of a District high school and sports field. Reimbursement to the District is in accordance with the Redevelopment Plan and Funding Agreement. The following table summarizes the projects and outstanding reimbursable amounts as of June 30, 2018. The remaining balances are reflected as accounts receivable and deferred inflow of resources in the Capital Reserve Fund.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2018
Stapleton Redevelopment Plan	\$ 78,182,312	\$ -	\$ 3,629,513	\$ 74,552,799
	<u>\$ 78,182,312</u>	<u>\$ -</u>	<u>\$ 3,629,513</u>	<u>\$ 74,552,799</u>

The District has entered into agreements with National Jewish Health, I-25 and Broadway (McKinley Thatcher), Westerly Creek and St. Anthony urban redevelopment area. Those entities agreed to make yearly installments to DPS and the amount that remains is outlined below.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2018
National Jewish Health	\$ 5,250,000	\$ -	\$ 1,000,000	\$ 4,250,000
I-25 & Broadway (McKinley Thatcher)	-	3,000,000	-	3,000,000
Westerly Creek	500,000	-	500,000	-
St. Anthony School Agreement	250,000	250,000	500,000	-
	<u>\$ 6,000,000</u>	<u>\$ 3,250,000</u>	<u>\$ 2,000,000</u>	<u>\$ 7,250,000</u>

Other Revenue

The District holds Build America Bonds comprised of 2009C, 2010A and 2010B issuances which credits payments to issuers. During FY 2017, the District earned credits that have been paid during FY 2018. The payment is outlined below.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2018
U.S. Treasury Subsidy	\$ 2,963,679	\$ -	\$ 2,963,679	\$ -
	<u>\$ 2,963,679</u>	<u>\$ -</u>	<u>\$ 2,963,679</u>	<u>\$ -</u>

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4. INTERFUND BALANCES AND TRANSFERS

Balances of interfund receivables, payables and transfers at June 30, 2018 are as follows:

	Due From	Due To	Transfer In	Transfer Out
Major Funds				
General Fund - Due to Other Funds	\$ 8,962,298	\$ 25,746,875	\$ 543,861	\$ 21,843,928
General Fund - Due to Fiduciary	61,272	1,608,111	-	-
Grants Special Revenue	-	2,682,760	1,205,490	-
Bond Redemption	-	76,744	-	543,861
Building	-	3,602,751	-	-
Capital Reserve	23,283,630	-	16,540,758	-
Subtotal	\$ 32,307,200	\$ 33,717,241	\$ 18,290,109	\$ 22,387,789
Nonmajor Funds				
Food Service	-	1,244,772	360,000	-
Pupil Activity Fund	2,312,083	-	3,737,680	-
ProComp	-	1,355,271	-	-
Permanent	10,334	-	-	-
Subtotal	\$ 2,322,417	\$ 2,600,043	\$ 4,097,680	\$ -
Fiduciary Funds				
Private Purpose Trust	-	61,272	-	-
Agency Fund	1,608,111	-	-	-
Subtotal	\$ 1,608,111	\$ 61,272	\$ -	\$ -
Internal Service Funds				
	140,828	-	-	-
Total	\$ 36,378,557	\$ 36,378,557	\$ 22,387,789	\$ 22,387,789

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



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5. CAPITAL ASSETS

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

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

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

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

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

Regular	\$ 35,171,556
Special education	4,539,344
Vocational	58,565
Other	738,444
Supporting services	
Pupil support	4,159,648
Instructional support	7,873,118
General administration	471,184
School administration	4,921,783
Business services	931,724
Operations & maintenance	6,052,688
Pupil transportation	1,661,919
Central services	11,481,749
Other support services	2,907,993
Community services	1,104,239
Education for adults	1,392,622
Total Depreciation Expense	\$ 83,466,576

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

Governmental assets:	Land	Buildings and Improvements	Equipment	Construction In-Progress	Capital Leases	Total
Balance July 1, 2017	\$ 76,511,147	\$ 1,574,990,010	\$ 223,087,652	\$ 119,828,766	\$ 5,736,142	\$ 2,000,153,717
Additions	10,980,088	15,584,399	2,003,951	165,972,018	5,468,230	200,008,686
Transfers	-	159,294,565	31,232,496	(190,527,061)	-	-
Less – Retirements	(260,000)	(1,870,000)	(1,470,808)	(278,523)	(4,728,893)	(8,608,224)
Balance June 30, 2018	<u>87,231,235</u>	<u>1,747,998,974</u>	<u>254,853,291</u>	<u>94,995,200</u>	<u>6,475,479</u>	<u>2,191,554,179</u>
Less – Accumulated Depreciation	-	644,026,496	173,262,276	-	1,132,945	818,421,717
Ending net capital assets	<u>\$ 87,231,235</u>	<u>\$ 1,103,972,478</u>	<u>\$ 81,591,015</u>	<u>\$ 94,995,200</u>	<u>\$ 5,342,534</u>	<u>\$ 1,373,132,462</u>
Accumulated depreciation – July 1, 2017	\$ 583,767,778	153,704,259		\$ 4,509,684	\$ 741,981,721	
Increases	61,405,492	20,945,111		1,115,973	83,466,576	
Decreases	(1,146,774)	(1,387,094)		(4,492,712)	(7,026,580)	
Accumulated depreciation – June 30, 2018	<u>\$ 644,026,496</u>	<u>\$ 173,262,276</u>		<u>\$ 1,132,945</u>	<u>\$ 818,421,717</u>	

Net investment in capital assets is estimated by first comparing the total building fund expenditures since 2009 to the capital outlay from the building fund for the same time frame which is 86.28% as of June 30, 2018. Only COPs related to capital items are included below. The related outstanding debt is then calculated as follows:

Depreciated capital assets	\$ 1,373,132,462
Outstanding bonds payable	1,953,095,785
Less fund balance restricted for capital	(443,137,420)
Less capital related deferred loss on refunding	(38,285,519)
Plus capital related deferred gain on refunding	<u>2,845,037</u>
Adjusted bonds payable	1,474,517,883
Percent of capitalized assets	86.28%
Bonds payable related to capital assets	<u>\$ 1,272,214,030</u>
Related Debt:	
Bonds payable	\$ 1,272,214,030
Certificates of participation	139,828,142
Capital Lease Liability	5,430,536
Retainage payable	<u>4,457,010</u>
Total related debt	1,421,929,718
Net investment in capital assets	<u>\$ (48,797,256)</u>

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6. LONG-TERM LIABILITIES

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

	Balance June 30, 2017	Additions	Accretion of Capital Interest	Refunded/ Reductions	Balance June 30, 2018	Due Within One Year
Bonds Payable	\$ 1,718,072,000	\$ 211,455,000	\$ -	\$ (145,935,000)	\$ 1,783,592,000	\$ 74,845,000
Premiums	171,480,488	24,973,162	-	(26,949,865)	169,503,785	-
Total bonds payable	1,889,552,488	236,428,162	-	(172,884,865)	1,953,095,785	74,845,000
Certificates of participation	1,064,366,388	17,710,000	68,612	(59,945,000)	1,022,200,000	25,755,000
Premiums	12,875,657	803,495	-	(1,495,368)	12,183,784	-
Total certificates of participation	1,077,242,045	18,513,495	68,612	(61,440,368)	1,034,383,784	25,755,000
Other long-term liabilities:						
Compensated absences	19,126,641	12,040,056	-	(10,835,432)	20,331,265	2,131,934
Capital Lease Liability	1,253,441	5,468,230	-	(1,291,135)	5,430,536	1,246,641
Accrued Claims Liability	11,034,754	6,874,944	-	(5,747,095)	12,162,603	4,477,593
Net OPEB Liability*	2,910,750	79,587,426	-	(11,171,643)	71,326,533	-
Net Pension Liability*	977,208,287	-	-	(185,300,799)	791,907,488	-
Other obligation	-	1,500,000	-	-	1,500,000	-
Total other long-term liabilities	1,011,533,873	105,470,656	-	(214,346,104)	902,658,425	1,246,641
Total long-term liabilities	<u>\$ 3,978,328,406</u>	<u>\$ 360,412,313</u>	<u>\$ 68,612</u>	<u>\$ (448,671,337)</u>	<u>\$ 3,890,137,994</u>	<u>\$ 108,456,168</u>

* In prior years the General Fund has been used to liquidate both Pension and OPEB liabilities.

Long-term liabilities at June 30, 2018 are comprised of the following:

Bonds:	Amount			
	Amount Issued	Outstanding	Interest Rate	Final Maturity
2005A GO Refunding Bonds	\$ 130,290,000	\$ 129,510,000	5.00% - 5.50%	12/1/2023
2009B GO Qualified School Construction Bonds	24,022,000	24,022,000	1.39%	12/1/2024
2009C GO Taxable Build America New Money Bonds	250,000,000	250,000,000	5.664%	12/1/2033
2009F GO Tax-Exempt Refunding Bonds	24,700,000	6,925,000	3.20% - 5.00%	12/1/2023
2009G GO Tax-Exempt Refunding Bonds	43,320,000	16,040,000	3.25% - 5.00%	12/1/2018
2010A GO Qualified School Construction Bonds	29,260,000	29,260,000	4.73%	9/1/2027
2010B GO Taxable Build America New Money Bonds	1,545,000	1,545,000	4.93%	12/1/2028
2010C GO Tax-Exempt Refunding Bonds	85,390,000	85,390,000	2.50% - 5.00%	12/1/2023
2012A GO Refunding Bonds	129,870,000	61,215,000	3.50% - 5.00%	12/1/2028
2012B GO Tax-Exempt Bonds	428,600,000	187,245,000	3.00% - 4.00%	12/1/2032
2012C GO Taxable Qualified Zone Academy Bonds	16,000,000	16,000,000	3.773%	12/1/2035
2012D GO Taxable Refunding Bonds	67,220,000	8,295,000	1.460% - 3.154%	12/1/2028
2014A GO Bonds	21,400,000	19,385,000	5.00% - 5.50%	12/1/2034
2014B GO Refunding Bonds	149,170,000	130,805,000	3.50% - 5.00%	12/1/2029
2016A GO Refunding Bonds	143,280,000	139,825,000	1.75% - 5.00%	12/1/2031
2017 GO Bonds	466,675,000	466,675,000	4.00% - 5.00%	12/1/2041
2018A GO Bonds	105,325,000	105,325,000	5.00% - 5.50%	12/1/2041
2018B GO Refunding Bonds	106,130,000	106,130,000	1.960% - 3.587%	12/1/2032
Premium	-	169,503,785	-	-
Total bonds payable		<u>\$ 1,953,095,785</u>		

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Certificates of Participation:	Amount Issued	Amount Outstanding	Interest Rate	Final Maturity
2011B Taxable	\$ 396,235,000	\$ 391,945,000	6.220% - 7.017%	12/15/2037
2013B Taxable	536,855,000	503,860,000	1.644% - 4.242%	12/31/2037
2013C	58,740,000	56,790,000	3.25% - 5.00%	12/15/2033
2015A Taxable	360,000	30,000	2.00%	12/15/2018
2015B Tax-exempt	8,570,000	8,570,000	2.00% - 5.00%	12/15/2045
2017A	32,080,000	29,960,000	2.00% - 5.00%	12/1/2030
2017B	14,095,000	13,335,000	2.00% - 5.00%	12/1/2025
2017C	10,000,000	10,000,000	2.94%	12/1/2036
2018	7,710,000	7,710,000	3.00% - 5.00%	12/1/2037
Premium	-	12,183,784	-	-
Total certificates of participation		<u>\$ 1,034,383,784</u>		
 Other long-term liabilities:				
Net Pension liability		\$ 791,907,488		
Net OPEB liability		71,326,533		
Compensated absences liability		20,331,265		
Accrued claims liability		12,162,603		
Capital lease liability		5,430,536		
Other obligation		1,500,000		
Total other long-term liabilities		<u>\$ 902,658,425</u>		
Total long-term liabilities		<u>\$3,890,137,994</u>		

In prior years, the registered voters of Denver authorized the School District to issue general obligation bonds. In January of 2018, the District issued the remaining \$105.3 million of authorized bonds from the \$572 million originally approved in 2016. As of June 30, 2018, all previously authorized bonds had been issued.

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

In September of 2015, as authorized by Board resolution, the District executed \$8.9 million Certificates of Participation, Series 2015A&B. The proceeds from the issuance used for the purchase of parking garage located at 1855 Lincoln Street in downtown Denver and the land upon which it is located.

The primary purpose is to provide affordable and long-term parking for the users of the Emily Griffith Campus. The Certificates evidence undivided interests in the right to receive certain revenues payable by the District under an annually renewed Lease Purchase Agreement dated on October 5, 2015.

In May of 2017, as authorized by Board resolution, the District issued \$32 million Certificates of Participation, Series 2017A and \$14 million of Certificates of Participation, Series 2017B. The purpose of the 2017A issuance was to construct the Stapleton Park Street School, an elementary school located in the Stapleton neighborhood of Denver. The proceeds from 2017B issuance were used to purchase a school site on which Stapleton Park Street School will be built on and to help fund of the design and construction cost of a fire station near the school site to meet safety standards for DPS schools within Stapleton.

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In November of 2017, as authorized by the Board resolution, the District issued \$10 million Refunding Certificate of Participation, Series 2017C. The proceeds for the issuance in combination with the proceeds received from the sale of EGOS properties used to current refunding of \$35.195 million of 2013A Certificate of Participation. As a result of the refunding, the District will experience an economic loss (the present value of the difference between the old and the new debt service) of \$3,083,520.

In February of 2018, as authorized by Board resolution, the District issued \$7.7 million Certificates of Participation, Series 2018. The proceeds from the issuance used for the purchase of a building located at 1617 South Acoma Street in Denver and the site upon which it is located. The Acoma Building currently houses approximately 150 District employees in the Construction Service, Library Services, JROTC, Extended Learning and Community Schools departments.

Annual requirements to maturity are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2019	74,845,000	80,432,131	25,775,000	50,416,160
2020	85,235,000	77,292,564	29,245,000	49,516,750
2021	98,750,000	73,584,894	32,310,000	48,423,594
2022	76,040,000	69,865,344	34,120,000	47,150,240
2023	79,480,000	66,195,740	37,950,000	45,702,095
2024-2028	512,692,000	266,077,742	223,745,000	200,174,738
2029-2033	524,985,000	143,052,397	280,600,000	138,190,944
2034-2038	201,150,000	49,348,800	354,870,000	52,080,924
2039-2043	130,415,000	11,589,275	2,085,000	625,825
2044-2046	-	-	1,500,000	115,000
Total	\$ 1,783,592,000	\$ 837,438,887	\$ 1,022,200,000	\$ 632,396,270

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

All bond obligations will be paid from the Bond Redemption Fund. The 2013C, 2017A, 2017B, 2017C and 2018 Certificates of Participation are to be paid from the Capital Reserve Fund; whereas the 2011B and 2013B taxable Certificates of Participation are attributable to pension obligations and are paid from the General Fund. The 2015A taxable Certificates of Participation and 2015B tax-exempt Certificates of participation are paid from General Fund.

The Building Fund ending fund balance of \$443,137,420 is from the issuance of Series 2009B, 2009C, 2010A, 2012B, 2012C, 2014A, 2017, and 2018 general obligation bonds and related interest earnings. At June 30, 2018, the School District had capital expenditure purchase commitments outstanding of \$94,319,468.

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Capital Lease Obligations

In accordance with generally accepted accounting principles, the leases have been capitalized at the present value of future minimum lease payments and the assets are reflected in the government-wide financial statements and as of June 30, 2018 were:

Capital Lease	Original Amount	Amount Outstanding	Interest Rate	Final Maturity
Garage Equipment	\$ 137,543	\$ 92,766	3.03%	1/15/2020
Ricoh Copiers	5,205,771	4,390,393	3.50%	10/31/2022
Ricoh Copiers	869,705	704,047	6.39%	5/30/2022
Safety and Security	187,364	175,262	3.34%	9/1/2024
Safety and Security	75,096	68,068	3.19%	9/1/2022
Total Capital Lease	<u>\$ 6,475,479</u>	<u>\$ 5,430,536</u>		

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

Year Ending June 30,	Total
2019	\$ 1,434,819
2020	1,434,819
2021	1,386,666
2022	1,369,694
2023	216,812
2024-2025	<u>45,330</u>
Total Minimum Lease Payments	\$ 5,888,140
Less Interest	<u>457,604</u>
Present Value of Future Minimum Lease Payments	<u>\$ 5,430,536</u>

Defeasance of General Obligation Bonds

On January 17, 2018, the District advance refunded a portion of the District's Series 2009F, 2012A and 2012B general obligation bonds with the proceeds from the issuance of general obligation refunding bonds, Series 2018B, with an average rate of 2.96%. The defeased bonds are not considered to be the liability of the District since sufficient funds of \$105,511,797 were deposited into irrevocable escrow account and invested in U.S. government securities for the purpose of paying principal and interest when due and redeeming outstanding bond with the first optional redemption date. The total debt service on the 2018B refunding bonds will be \$120,001,758 through December 2032 for a decrease of \$20,925,491 from prior debt service on 2009F, 2012A and 2012B bonds. The refunding results in a present value saving to the District and taxpayers of Denver of \$4,590,159.

In prior years, the District advance refunded a portion of the District's Series 2004A, 2004C, 2009A and 2012B general obligation bonds with the proceeds from the issuance of new general obligation bonds. The defeased bonds are not considered a liability of the District. At June 30, 2018 \$381,820,000 of refunded 2009A, 2009F, 2012A, and 2012B bonds are considered legally 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, \$9,503,438 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 Liability

Compensated absences liability consists of accumulated sick leave time which vests and is payable upon retirement and accumulated vacation leave time which vests and is payable upon retirement or termination. On the fund financial statements, compensated absence amounts are reported as expenditures or expenses when paid. The estimated cost for fiscal year 2019 is \$2,131,934 based on recent history. These expenditures are recognized in the fund where incurred, a majority of which are incurred by the General Fund.

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7. SHORT-TERM DEBT

It was necessary for the District to participate in the State of Colorado interest-free loan program by borrowing \$270,000,000 throughout the fiscal year to meet cash flow needs since the majority of property taxes are received starting in March. The loan was repaid during the months of March and May.

June 30, 2017	Borrowed	Repayment	June 30, 2018
Balance			Balance
\$0	\$ 270,000,000	\$ 270,000,000	\$0

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8. PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions - The District participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension fund 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 discretely presented 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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the DPS Division for financial reporting purposes be measured using the plan provisions in effect as of the DPS Division's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

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 as of December 31, 2017 - 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

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

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

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division.

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

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

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Contributions provisions as of June 30, 2018 - 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:

	<u>For the Year Ended December 31, 2017</u>	<u>For the Year Ended December 31, 2018</u>
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51- 208(1)(f)	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(14.56%)	(14.18%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24- 51-411	5.00%	5.50%
Total Employer Contribution Rate to the DPS Division	4.07%	4.95%

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 discretely presented component units were \$27,663,133 and \$3,921,937, respectively, for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$791,907,488 for its proportionate share of the net pension liability and the discretely presented component units reported an aggregate liability of \$104,602,512. The net pension liability for the DPS Division was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contributions to the DPS Division for the calendar year 2017 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2017, the District's proportion was 88.33 percent, which was a decrease of 0.87 from its proportion measured as of December 31, 2016. The discretely presented component unit's aggregate proportion was 11.67 percent at December 31, 2017, which is an increase of 0.87 percent from the proportion measured as of December 31, 2016.

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For the year ended June 30, 2018, the District recognized pension expense of \$108,394,985 and the discretely presented component units recognized pension expense of \$21,043,464. At June 30, 2018, 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (152,575,419)
Contributions subsequent to the measurement date	14,672,209	-
Difference between expected and actual experience	48,489,107	(1,458,366)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(12,223,566)
Changes of assumptions or other inputs	<u>103,183,556</u>	<u>(40,319,257)</u>
Total	\$ 166,344,872	\$ (206,576,608)

At June 30, 2018, the District's discretely presented component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (the table below does include charter schools closed during the year and as such will not agree to the charter school information included within Note 14):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (20,153,581)
Contributions subsequent to the measurement date	2,136,102	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,322,058	(2,945,099)
Difference between expected and actual experience	6,404,893	(192,634)
Changes of assumptions or other inputs	<u>13,629,444</u>	<u>(5,325,743)</u>
Total	\$ 41,492,497	\$ (28,617,057)

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There was \$14,672,209 reported as deferred outflows of resources related to pensions and \$2,136,102 for the discretely presented 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 2019. 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:	
2019	\$ 17,291,354
2020	8,314,137
2021	(25,843,798)
2022	(54,665,638)
Total	<u>\$ (54,903,945)</u>

Component units	
Year ended:	
2019	\$ 9,064,323
2020	6,995,007
2021	631,510
2022	(5,951,502)
Total	<u>\$ 10,739,338</u>

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

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

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For

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future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	<u>\$ 4,221,449,000</u>	<u>\$3,125,977,000</u>	<u>\$1,095,472,000</u>
Changes for the year:			
Service cost	91,986,000	-	91,986,000
Interest	295,838,000	-	295,838,000
Differences between expected and actual experience	47,121,000	-	47,121,000
Contributions - employer	-	27,578,000	(27,578,000)
Contributions - employee	-	56,820,000	(56,820,000)
Net investment income	-	8,585,000	(548,585,000)
Benefit payments, including refunds of employee contributions	(281,844,000)	(281,844,000)	-
Administrative expense	-	(2,857,000)	2,857,000
Other changes	-	3,781,000	(3,781,000)
Net changes	153,101,000	352,063,000	(198,962,000)
Balances at 6/30/2018	<u>\$ 4,374,550,000</u>	<u>\$3,125,977,000</u>	<u>\$896,510,000</u>

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Proportionate share of the net pension liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District	1,246,171,119	791,907,488	415,915,067
Component Units	164,605,881	104,602,512	54,937,933

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, 2017. These numbers include all recipients and members for the DPS Division, including those from the District's discretely presented component units.

Classification	Members
Retirees and beneficiaries	7,044
Terminated employees entitled to benefits but not yet receiving benefits	1,596
Inactive members	10,919
Active members	
Vested general employees	7,052
Non-vested general employees	8,939
Total Actives	15,991
Total	35,550

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

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At June 30, 2018, the District reported a liability of \$791,907,488 and the discretely presented component units recognized a liability of \$104,602,512, respectively, for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the District proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the DPS Division, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the DPS Division as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

	Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
District	7.25%	\$573,738,304
Discretely Presented Component Units	7.25%	75,784,696

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 which includes additional information on the Voluntary Investment 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 2018, 2017 and 2016, Program members contributed \$3,007,704, \$2,611,561 and \$2,528,155, respectively, for the Voluntary Investment Program.

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9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Denver Public Schools provides the following other postemployment benefit plans:

Denver Public Schools Retiree Life Insurance Trust (DPSRLIT)
Colorado PERA's Denver Public Schools Health Care Trust Fund (DPS HCTF)

Aggregate OPEB items for the two plans are as follows for the District and its discretely presented component units (DPCU):

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
DPSRLIT				
District	\$ 26,296,721	\$ 29,828	\$ -	\$ 1,425,441
DPS HCTF				
District	45,029,812	3,455,932	(1,802,186)	4,333,177
DPCU	5,929,188	980,514	(270,057)	648,703
Plan Total	50,959,000	4,435,216	(2,072,093)	4,972,000
Totals Reported				
District	71,326,533	3,485,760	(1,802,186)	5,758,618
DPCU	\$ 5,929,188	\$ 980,514	\$ (270,057)	\$ 648,703

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Denver Public Schools Retiree Life Insurance Trust (DPSRLIT)

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.

Life Insurance Funding Account (LIFA) Financial Statements

LIFA Statement of Fiduciary Net Position June 30, 2018		LIFA Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2018	
ASSETS		ADDITIONS	
<i>Current Assets</i>		<i>Contributions</i>	
Market value of assets	\$ 9,518,597	Employer contributions	\$ 4,329,004
Contribution receivable ²	<u>1,689,004</u>	Total contributions	<u>4,329,004</u>
Total assets	<u>11,207,601</u>		
 LIABILITIES		<i>Investment activity</i>	
<i>Current liabilities</i>		Net investment income	280,483
Accounts payable	-	Net investment earnings	<u>280,483</u>
Total liabilities	-	Adjustment to reserves	20,326
		Total additions	<u>4,629,813</u>
 FIDUCIARY NET POSITION – RESTRICTED FOR OPEB		 DEDUCTIONS	
		Benefit payments	2,302,539
		Administrative expenses	<u>251,430</u>
		Total deductions	<u>2,553,969</u>
		 INCREASE IN FIDUCIARY NET POSITION	 2,075,844
		FIDUCIARY NET POSITION BEGINNING¹	9,131,757
		 FIDUCIARY NET POSITION ENDING	 \$ 11,207,601

¹ Beginning balance included dividend in the amount of \$416,191 at year ended June 30, 2016.

² Contribution receivable includes optional contributions for dividends from retiree LIFA OPEB plan of \$670,596 as well as dividends from the active employee life insurance plan (non-OPEB) of \$1,018,408.

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Plan Descriptions and Contribution Information - DPSRLIT

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, 2017, the date of the latest actuarial valuation:

Number Retired	3,286
Number Disabled	151
Total	<u>3,437</u>

Plan Description Life insurance benefits are provided to retirees depending on the date they were eligible to retire. For participants eligible to retire prior to September 1, 1997, the Basic Life Benefit for retirees is two times base pay at retirement, subject to a maximum of \$100,000. Amounts in excess of \$2,000 are reduced by 15% beginning on the participant's retirement date or age 70, if earlier. The same dollar reduction is applied on each of the next four anniversaries of the first reduction. All such reductions were completed by January 1, 2011. Participants eligible to retire on or after September 1, 1997 receive a \$10,000 retiree life insurance benefit. Life insurance benefits are not available to anyone who retires after January 1, 2006. Benefits are self-insured with a retiree plan trust administered by MetLife.

Contributions For the year ended June 30, 2018, the District's average contribution rate was \$3.92 per \$1,000 coverage for premiums. MetLife reviews 52 months of past claims experience to predict future claims activity, which is the basis for setting new required contribution rates. Required contribution rates are established on an actuarial basis to account for claims charges, margin and retention charges. To calculate contribution rates, claims data is divided into yearly blocks, which are divided by the required contribution to determine the claim loss ratio. This ratio is then adjusted to reflect the demographics of the current group. The expected claim loss ratio for each year is then averaged into a single claim loss ratio and adjusted for margin and retention charges.

The District's actual contribution amount for the year ended June 30, 2018 was \$4,329,004, which included optional contributions for dividends receivable from retiree LIFA OPEB plan of \$670,596 as well as dividends from the active employee life insurance plan (non-OPEB) of \$1,018,408. Should the plan structure change or the number of covered employees change by more than 10%, MetLife reserves the right to change plan contribution rates accordingly. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net plan liability.

Net OPEB Liability - DPSRLIT

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

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Actuarial assumptions The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal - Level Pay
Last experience study	Not applicable since only standard tables are used due to credibility constraints for actual experience.
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	3.50 percent
Discount rate	3.50 percent
Mortality table - RP 2014 headcount weighted adjusted to 2006 with generational projection according to Scale MP-2017	

Mortality rates were based on the RP 2014 Headcount-Weighted Healthy Annuitant Total Dataset Mortality Table, and the RP 2014 Headcount-Weighted Disabled Retiree Mortality Table, both were adjusted to 2006, separately for males and females. Mortality includes a generational projection for future mortality improvements using Scale MP-2017.

Discount rate The discount rate used to measure the total OPEB liability was 3.50%. The discount rate is based on management assumptions and estimates of asset composition, and long-term expected interest rate returns. In estimating the discount rate the District believes the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current retirees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate did not change since the prior measurement date.

Plan assets The LIFA Fund is invested in the MetLife General Account and expected return on assets is based on a combination of the Bloomberg Barclays Capital Government/Credit Bond and the Bloomberg Barclays Capital Government/Credit Long Indices.

Asset Class	Allocation	Expected Real Rate of Return
MetLife General Account	100.00 percent	3.50 percent

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Changes in the Net OPEB Liability - DPSRLIT

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/2017	\$ 37,651,943	\$ 9,131,757	\$ 28,520,186
Changes for the year:			
Service Cost	-	-	-
Interest on total OPEB liability	1,289,505	-	1,289,505
Benefit term changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumption or other inputs ¹	194,817	-	194,817
Benefit Payments	(1,631,943)	(1,631,943)	-
Employer Contributions (premiums paid)	-	2,640,000	(2,640,000)
Benefit payments in excess of premiums	-	(670,596)	670,596
Net investment income	-	280,483	(280,483)
Adjustment to reserves	-	20,326	(20,326)
Administrative expenses	-	(251,430)	251,430
Net changes during fiscal year	(147,621)	386,840	(534,461)
End of year market value of assets	-	9,518,597	-
Receivable contributions ²	-	1,689,004	(1,689,004)
Balances at 6/30/2018	\$ 37,504,322	\$ 11,207,601	\$ 26,296,721

¹ Reflects adjustment to mortality table projection from Scale MP-2016 to MP-2017.

² Includes dividends payable by MetLife for DPS.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 29,766,633	\$ 26,296,721	\$ 23,318,982

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - DPSRLIT

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,425,441. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	29,828	-
Total	\$ 29,828	\$ -

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Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

District		
Year ended:		
2019	\$	7,457
2020		7,457
2021		7,457
2022		7,457
Total	\$	29,828

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Colorado PERA's Denver Public Schools Health Care Trust Fund (DPS HCTF)

Summary of Significant Accounting Policies

OPEB—The District participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The District's discretely presented component units also participate in the DPS HCTF, except for the employees of the Denver Public Schools Foundation, Denver School of Science and Technology schools and Ridge View Academy. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description Eligible employees of the District are provided with OPEB through the DPS HCTF—a single-employer defined benefit OPEB plan administered by PERA. The DPS HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended 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 The DPS HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the Health Care Trust Fund (HCTF) and the DPS HCTF. The basis for the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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Membership Benefit recipients and members of PERA consisted of the following as of December 31, 2017. These numbers include all recipients and members for the DPS Division, including those from the District's discretely presented component units.

Classification	Members
Retirees and beneficiaries	7,044
Terminated employees entitled to benefits but not yet receiving benefits	1,596
Inactive members	10,919
Active members	
Vested general employees	7,052
Non-vested general employees	8,939
Total Actives	<u>15,991</u>
Total	<u><u>35,550</u></u>

PERA Benefit Structure - HCTF

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure - HCTF

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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Contributions Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the DPS HCTF.

The DPS HCTF recognizes employer contributions in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the District and its discretely presented component units were \$6,218,902 and \$860,530 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - HCTF

At June 30, 2018 the District reported a liability of \$45,029,812 for its proportionate share of the net OPEB liability and the discretely presented component units reported an aggregate liability of \$5,929,188. The net OPEB liability for the DPS HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District proportion of the net OPEB liability was based on the District's contributions to the DPS HCTF for the calendar year 2017 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2017, the District's proportion was 88.36 percent, which is a decrease of 0.84 percent from its proportion measured as of December 31, 2016, and the discretely presented component units proportion was 11.64 percent, which is an increase of 0.84 from the proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$4,333,177 and the discretely presented component units recognized OPEB expense of \$648,703. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ (26,509)
Changes of assumptions or other inputs	- -	-
Net difference between projected and actual earnings on OPEB plan investments	- -	(1,379,374)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	- -	(396,303)
Contributions subsequent to the measurement date	<u>3,455,932</u>	- -
Total	<u>\$ 3,455,932</u>	<u>\$ (1,802,186)</u>

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At June 30, 2018, the District's discretely presented components units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ (3,495)
Changes of assumptions or other inputs	- -	-
Net difference between projected and actual earnings on OPEB plan investments	- -	(181,624)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	550,303	(84,938)
Contributions subsequent to the measurement date	430,211	- -
Total	<u>\$ 980,514</u>	<u>\$ (270,057)</u>

\$3,455,932 reported as deferred outflows of resources related to OPEB for the District and \$430,211 for the discretely presented component units, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

District		
Year ended:		
2019	\$ (409,361)	
2020	(409,361)	
2021	(409,361)	
2022	(410,245)	
2023	(64,738)	
Thereafter	(99,120)	
Total	<u>\$ (1,802,186)</u>	

Discretely Presented Component Units		
Year ended:		
2019	\$ 42,535	
2020	42,535	
2021	42,535	
2022	24,435	
2023	51,283	
Thereafter	76,923	
Total	<u>\$ 280,246</u>	

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Actuarial assumptions The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A Premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

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

Healthy, post-retirement mortality assumptions for the DPS Division were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the DPS HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

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- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 44,975,026	\$ 45,029,812	\$ 45,103,155
Discretely Presented Component Units	\$ 5,921,974	\$ 5,929,188	\$ 5,938,845

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the DPS HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 51,316,083	\$ 45,029,812	\$ 39,656,350
Discretely Presented Component Units	\$ 6,756,917	\$ 5,929,188	\$ 5,221,650

OPEB plan fiduciary net position. Detailed information about the DPS HCTF'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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	\$ 72,845,000	\$ 18,337,000	\$ 54,508,000
Balances at 7/1/2017			
Changes for the year:			
Service cost	1,591,000	-	1,591,000
Interest	5,057,000	-	5,057,000
Differences between expected and actual experience	(35,000)	-	(35,000)
Benefit payments	(6,191,000) ¹	(5,694,000)	(497,000)
Contributions - employer	-	6,930,000	(6,930,000)
Purchased service transfers	-	242,000	(242,000)
Net investment income	-	3,305,000	(3,305,000)
Administrative expense	-	(808,000)	808,000
Other additions and deductions	-	(4,000)	4,000
Balances at 6/30/2018	\$ 73,267,000	\$ 22,308,000	\$ 50,959,000

¹ Includes administrative and other health care claims processing fees.

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10. RISK MANAGEMENT

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

The District has the normal exposures to loss that are part of any large organization. The District is a public facility that teaches and supervises over 92,000 students, employs approximately 12,000 people to accomplish these functions and provides these services in over 208 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, 2018 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, 2018 is \$9,868,202 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 \$12,162,603 as of June 30, 2018.

Fiscal Year <u>Ended</u>	Beginning <u>Liability</u>	Current Year Claims and Change <u>In Estimate</u>	Claim <u>Payments</u>	Ending <u>Liability</u>
June 30, 2017	\$11,027,570	\$7,070,015	\$7,062,831	\$11,034,754
June 30, 2018	\$11,034,754	\$6,874,944	\$5,747,095	\$12,162,603



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11. RELATED PARTIES

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

By contract, the maximum number of students the RMSEL may serve is 400. These students must be residents of one of the five participating school districts. All students at RMSEL are included in the District's enrollment number that is reported to the Colorado Department of Education for funding purposes. The District receives the funding related to the RMSEL students and passes 100% of that funding on to RMSEL along with a portion of state and federal categorical aid as appropriate. That funding was \$2,998,813 for FY 2018. RMSEL purchased special education services from the District for \$123,353 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, 2018 financial statements should result upon final disposition of these proceedings.

The District has a potential liability relating to the "Asbestos Hazard Emergency Response Act" (the Act), which is a federally-funded hazardous material/asbestos management program administered by the State Health Department. It is not possible at this time to estimate the amount of expenditures, which will be required to comply with the Act. It is expected that these expenditures will not have a significant impact on the financial position of the District.

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

For the year ended June 30, 2018, the District reported a deficit net position of \$1,491,863,181 in the government-wide statements. This deficit can be partially attributed to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requiring the recognition of a long-term liability for pensions and postemployment benefits other than pensions respectively. Also, liabilities related to the District's execution of Certificates of Participation and General Obligation bonds to fund retirement and necessary capital and maintenance projects of the District's facilities.

As of June 30, 2018 encumbrances for governmental funds were:

Fund	Encumbrances
Building	\$ 94,319,468
General	36,140,149
Capital Reserve	14,713,795
Grant Special Revenue Fund	5,117,060
Nonmajor Funds	429,276
Total	<u>\$ 150,719,748</u>

Building Fund encumbrances include commitments towards major construction projects such as the Paul Sandoval Campus, George Washington cooling and renovation and a new addition at Del Pueblo and a new cafeteria at Colorado Heights University. The District also has commitments for a districtwide project to upgrade LED lighting.

General Fund encumbrances include significant commitments to the District's health care plans and utility costs as well as normal districtwide and school level operations.

Capital Reserve Fund encumbrances include commitments towards major construction projects like the new Stapleton Park Street school building and site improvements at Swansea.

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The District leases office facilities, educational facilities, warehouse, parking and office equipment under non-cancellable operating leases. Total expense for such facilities and equipment was \$2,868,930 for the fiscal year ended June 30, 2018. The future minimum operating lease obligations as of June 30, 2018 were as follows:

Year	Governmental Activities
2019	\$ 2,025,246
2020	1,386,632
2021	1,382,061
2022	1,351,211
2023	1,350,210
2024 - 2028	1,862,148
2029 - After	<u>850,442</u>
Total Minimum Lease Payments	<u>\$ 10,207,950</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 FY 2018, fiscal year spending was \$1,123,057,222 and the 3% emergency reserve was \$33,691,717, which excludes multi-year obligations of \$153,053. 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 \$28,893,630 equal to 3% of budgeted general fund revenues.

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14. COMPONENT UNITS

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

Change in Reporting Entity

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

Blended Component Units

Denver School Facilities Leasing Corporation

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

Denver Public Schools Professional Compensation System for Teachers

The Denver Public Schools Professional Compensation System (ProComp) was established following the approval of the 2005 Mill Levy Override as a groundbreaking compensation system that links teacher pay to the instructional mission of the District. Designed in a partnership between the Denver Classroom Teachers Association (DCTA) and the District, ProComp has received national attention because it rewards teachers for their professional accomplishments while linking pay to student achievement. The financial information of ProComp is blended with that of the primary government, which is why ProComp is not shown on the schedules in this note. ProComp is presented as a component unit because it is a separate legal entity and is financially accountable to the District.

Discretely Presented Component Units

Denver Public Schools Foundation

In 1984 the Denver Public Schools Foundation (the Foundation) was incorporated as a widely based not-for-profit charitable organization whose educational purposes are to support the mission, goals and objectives of the District. Programs administered by the foundation provide a financial benefit to the District in the form of grants, scholarships and special projects which support innovative classroom initiatives and enhance the educational opportunities of District students and staff. In addition, donations to the foundation support various educational programs within the District. Even though the foundation is a separate legal entity and the District is not financially accountable for the foundation, the foundation's financial statements are included as part of the District's financial reporting entity because of the nature and significance of the relationship between the primary government and the foundation. The foundation solicits donations and manages those funds for the benefit of the students and District.

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

Charter Schools

In 1993, the State of Colorado Legislature enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101," which permits the District to contract with individuals and organizations for the operation of charter schools within the District. The charter schools are financed by a portion of the District's School Finance Act Revenues (based on student enrollment), mill levy override property tax dollars and state and federal grants, as well as other revenues generated by the charter school. The District's Board of Education must approve all charter school applications; however, they have their own separate governing boards.

Separately issued financial statements for the District's 27 charter schools are available from the individual charter schools at the addresses noted below:

- Academy 360 Charter School, 12505 Elmendorf Place, Denver, CO 80239
- Academy of Urban Learning, 2417 W. 29th Avenue, Denver, CO 80211
- ACE Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
- Cesar Chavez Academy Denver, 3752 Tennyson Street, Denver, CO 80212
- Colorado High School Charter, 1175 Osage Street, Suite #100, Denver, CO 80204
- Compass Academy, 2285 S. Federal Boulevard, Denver, CO, 80219
- Denver Justice High School, 300 E. 9th Avenue, Denver, CO 80203
- Denver Language School, 451 Newport Street, Denver, CO 80220
- Downtown Denver Expeditionary School, 1860 Lincoln Street, Denver CO 80295
- DSST Public Schools, 3401 Quebec St., Suite 7200, Denver, CO 80207
- Early College of Denver, 3001 South Federal Boulevard, Box 114, Denver, CO 80236
- Girls Athletic Leadership Schools, 750 Galapago Street, Denver CO 80204
- Highline Academy Schools, 2170 S. Dahlia Street, Denver, CO 80222
- KIPP Colorado Schools, 1390 Lawrence Street, Suite 200, Denver, CO 80204
- Monarch Montessori of Denver Charter, 4895 Peoria Street, Denver, CO 80239
- Odyssey School of Denver, 6550 E. 21st Avenue, Denver, CO 80207
- Omar D. Blair Charter School, 4905 Cathay Street, Denver, CO 80249
- REACH Charter School, 940 Fillmore Street, Denver, CO 80206
- Ridge View Academy, 28101 East Quincy Avenue, Watkins, CO 80137
- RiseUp Community School, 1801 Federal Boulevard, Denver, CO 80204
- Rocky Mountain Preparatory Schools, 7808 Cherry Creek South Drive, Denver, CO 80231
- ROOTS Elementary School, 3350 Hudson Street, Denver, CO 80207
- SOAR Charter School, 4800 Telluride Street, #4, Denver, CO 80249
- STRIVE Preparatory Schools, 2480 W. 26th Avenue, B-360, Denver, CO 80211
- University Preparatory Schools, 2409 Arapahoe Street, Denver, CO 80205
- Venture Prep High School, 2540 Holly Street, Denver, CO 80207
- Wyatt Academy, 3620 Franklin Street, Denver, CO 80205

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Pension Plan

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

The stand-alone financial statements for Cesar Chavez Academy Denver differ from that of the aggregated financial statements presented in Note 14. GASB Statement No. 68 and No. 75 relating to the pension plan and OPEB, respectively, were applied using different methodology from that of the District. The following financial statements are presented to reflect the methodology of the District.

Change in Reporting Entity and Accounting Principle

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

Ending net position (deficit) for component units in the aggregate from prior report	\$ 24,888,561
Less:	
Combined change in Accounting Principle due to implementation of GASB 75	(5,376,477)
Add:	
Beginning net position for changes in Reporting Entity	
Rocky Mountain Preparatory School	(450,834)
Denver School of Science and Technology	1,609,627
Correction of error	
Denver School of Science and Technology	<u>538,306</u>
	<u>1,158,793</u>
Prior period adjustment, net	(3,679,378)
Beginning net position (deficit), restated	<u>\$ 21,209,183</u>



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Component Unit Net Position Information	Denver Public Schools Foundation	Academy 360 Charter School	Academy of Urban Learning	ACE Community Challenge School		Cesar Chavez Academy Denver
ASSETS						
Assets:						
Cash and investments	\$ 12,716,870	\$ 668,905	\$ 322,776	\$ 232,931	\$ 660,296	
Restricted cash	-	301,728	-	-	-	
Receivables:						
Accounts	-	20	44,903	4,877	141,852	
Grants	-	-	-	-	20,232	
Other	514,584	-	-	-	-	
Due from CMO	-	-	-	-	-	
Prepaid items	-	38,248	4,729	-	-	
Restricted investments	1,877,966	-	-	-	-	
Inventory	-	-	-	-	-	
Deposits	-	-	-	-	-	
Capital assets, net	750	643,530	17,950	-	-	
Total assets	15,110,170	1,652,431	390,358	237,808	822,380	
Deferred Outflows of Resources						
Related to pensions	-	528,410	219,169	560,385	322,857	
Related to OPEB	-	11,506	6,389	6,652	-	
Total deferred outflows of resources	-	539,916	225,558	567,037	322,857	
LIABILITIES						
Liabilities:						
Accounts payable	27,967	110,729	88	-	13,652	
Grants payable	6,236,162	-	-	-	-	
Accrued interest	-	-	-	-	-	
Accrued payroll	-	-	57,014	49,574	-	
Compensated absences	-	-	-	-	-	
Accrued liabilities	-	-	-	-	14,781	
Due to other governments	-	-	-	-	-	
Deposits	-	-	-	-	-	
Unearned revenue	-	50,990	-	-	-	
Noncurrent liabilities:						
Due within one year	-	59,811	-	-	-	
Due in more than one year	-	684,162	-	-	-	
Pension liabilities	-	1,192,503	1,002,034	1,388,411	1,685,686	
OPEB liabilities	-	67,603	56,805	78,709	95,561	
Total liabilities	6,264,129	2,165,798	1,115,941	1,516,694	1,809,680	
Deferred Inflows of Resources						
Related to pensions	-	292,668	245,923	340,750	413,708	
Permanent endowment	-	-	-	-	-	
Related to OPEB	-	2,111	1,773	2,457	15,501	
Total deferred inflows of resources	-	294,779	247,696	343,207	429,209	
NET POSITION						
Net investment in capital assets	-	201,285	17,950	-	-	
Restricted for:						
Capital outlay	-	195,471	-	-	-	
Emergencies	-	59,000	39,000	176,223	-	
Debt service	-	-	-	-	-	
Donor-designated purposes	5,500,049	-	-	33,067	-	
Unrestricted (deficit)	3,345,992	(723,986)	(804,671)	(1,264,346)	(1,093,652)	
Total net position	\$ 8,846,041	\$ (268,230)	\$ (747,721)	\$ (1,055,056)	\$ (1,093,652)	

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Colorado High School Charter	Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Early College of Denver	Subtotal
\$ 1,363,440 19,432	\$ 543,675 -	\$ 50,720 -	\$ 1,801,010 -	\$ 927,753 -	\$ 41,084,550 167,661	\$ 718,894 -	\$ 61,091,820 488,821
84,048	52,280	37,726	6,788	25,032	2,546,516	2,622	2,946,664
-	108,815	-	-	-	-	38,468	167,515
-	-	-	-	-	11,001,728	-	11,516,312
-	5,897	11,517	69,602	3,379	652,860	99	786,331
-	-	-	-	-	-	-	1,877,966
2,932	-	-	-	-	-	-	2,932
5,000	-	-	-	-	-	-	5,000
4,241,697	12,095	11,562	74,505	165,178	1,350,771	-	6,518,038
5,716,549	722,762	111,525	1,951,905	1,121,342	56,804,086	760,083	85,401,399
1,440,806 49,762	1,521,217 43,306	323,633 10,357	1,380,835 27,930	1,286,125 21,234	-	150,484 2,527	7,733,921 179,663
1,490,568	1,564,523	333,990	1,408,765	1,307,359	-	153,011	7,913,584
46,077	3,269	6,863	5,394	2,167	1,733,717	1,093	1,951,016
-	-	-	-	-	-	-	6,236,162
8,568	-	-	-	-	-	-	8,568
251,114	123,492	29,639	329,920	162,987	3,662,768	29,872	4,696,380
29,591	-	-	-	-	-	-	29,591
-	10,298	-	-	-	-	7,741	32,820
-	-	-	-	-	-	-	-
-	96,992	-	25,000	2,853	-	-	175,835
44,826	-	-	-	-	-	-	104,637
1,885,891	-	-	-	-	-	-	2,570,053
2,251,323	1,903,909	1,116,235	3,978,691	2,738,394	-	721,676	17,978,862
127,629	107,770	63,279	225,552	155,078	-	40,912	1,018,898
4,645,019	2,245,730	1,216,016	4,564,557	3,061,479	5,396,485	801,294	34,802,822
552,528	490,726	273,951	976,465	672,068	-	476,070	4,734,857
-	-	-	-	-	167,661	-	167,661
3,985	3,365	1,975	7,042	4,841	-	5,355	48,405
556,513	494,091	275,926	983,507	676,909	167,661	481,425	4,950,923
-	12,095	11,562	74,505	165,178	1,350,571	-	1,833,146
-	-	-	10,806	-	-	-	206,277
130,181	123,000	33,500	190,000	115,000	1,809,603	31,000	2,706,507
-	-	-	-	-	-	-	-
133,482	-	-	-	-	19,423,991	-	25,090,589
1,741,922	(587,631)	(1,091,489)	(2,462,705)	(1,589,865)	28,655,775	(400,625)	23,724,719
\$ 2,005,585	\$ (452,536)	\$ (1,046,427)	\$ (2,187,394)	\$ (1,309,687)	\$ 51,239,940	\$ (369,625)	\$ 53,561,238

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Component Unit Net Position Information	Girls Athletic Leadership Schools	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver
ASSETS					
Assets:					
Cash and investments	\$ 957,426	\$ 2,155,139	\$ 5,628,462	\$ 454,829	\$ 931,294
Restricted cash	-	943,156	-	636,171	-
Receivables:					
Accounts	188,544	22,996	-	139,936	2,521
Grants	-	-	629,165	-	2,587
Other	-	-	-	-	-
Due from CMO	-	-	-	-	-
Prepaid items	-	54,028	41,173	24,289	-
Restricted investments	-	-	-	-	-
Inventory	-	10,599	-	-	995
Deposits	-	-	-	-	-
Capital assets, net	43,420	6,207,342	104,848	10,949,935	87,377
Total assets	1,189,390	9,393,260	6,403,648	12,205,160	1,024,774
Deferred Outflows of Resources					
Related to pensions	2,414,363	2,536,669	6,825,277	392,606	332,614
Related to OPEB	67,625	62,875	229,331	6,639	6,555
Total deferred outflows of resources	2,481,988	2,599,544	7,054,608	399,245	339,169
LIABILITIES					
Liabilities:					
Accounts payable	97,397	5,238	214,353	7,067	1,362
Grants payable	-	-	-	-	-
Accrued interest	-	-	-	59,919	-
Accrued payroll	159,801	-	-	100,906	-
Compensated absences	-	-	-	-	-
Accrued liabilities	-	8,515	264,332	-	817
Due to other governments	-	-	-	-	-
Deposits	-	300	-	-	-
Unearned revenue	18,791	7,865	-	350	-
Noncurrent liabilities:					
Due within one year	-	130,000	-	130,000	-
Due in more than one year	-	7,605,000	-	8,565,000	-
Pension liabilities	4,077,607	5,873,680	15,464,601	1,628,730	1,522,774
OPEB liabilities	231,159	332,979	876,686	92,333	86,326
Total liabilities	4,584,755	13,963,577	16,819,972	10,584,305	1,611,279
Deferred Inflows of Resources					
Related to pensions	1,000,742	1,441,543	3,795,383	399,729	431,488
Permanent endowment	-	-	-	-	-
Related to OPEB	7,217	10,396	27,371	5,847	2,695
Total deferred inflows of resources	1,007,959	1,451,939	3,822,754	405,576	434,183
NET POSITION					
Net investment in capital assets	43,420	(584,502)	104,848	2,325,016	87,377
Restricted for:					
Capital outlay	-	-	110,617	-	-
Emergencies	153,500	262,000	690,352	79,000	70,000
Debt service	-	-	-	-	-
Donor-designated purposes	-	-	-	-	-
Unrestricted (deficit)	(2,118,256)	(3,100,210)	(8,090,287)	(789,492)	(838,896)
Total net position	\$ (1,921,336)	\$ (3,422,712)	\$ (7,184,470)	\$ 1,614,524	\$ (681,519)

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Omar D. Blair Charter School	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	ROOTS Elementary School	SOAR Charter School	Subtotal
\$ 2,245,973	\$ 113,972	\$ 1,353,191	\$ 13,726	\$ 5,514,473 314,171	\$ 456,981 287,811	\$ 1,335,722 -	\$ 21,161,188 2,181,309
57,657	4,492	346,000 30,533	3,593 15,722	427,214	19,790 40,523	4,861 -	1,217,604 718,530
-	-	-	-	-	-	-	-
-	-	-	-	802,227	-	-	802,227
-	3,623	556	68,368	-	-	7,020	199,057
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,594
-	-	-	10,000	-	-	-	10,000
141,089	-	38,619	84,170	5,958,871	5,391,393	-	29,007,064
2,444,719	122,087	1,768,899	195,579	13,016,956	6,196,498	1,347,603	55,308,573
950,144	598,295	-	758,971	2,635,652	877,895	569,027	18,891,513
20,330	6,964	-	13,872	85,420	23,387	9,947	532,945
970,474	605,259	-	772,843	2,721,072	901,282	578,974	19,424,458
32,225	466	172,745	43,542	241,494	35,028	43,492	894,409
-	-	-	-	-	-	-	-
-	-	-	-	-	80,820	-	140,739
-	-	-	-	-	-	234,967	495,674
515,749	-	-	-	-	30,294	-	819,707
-	-	-	-	264,977	-	-	264,977
-	-	-	-	-	-	-	300
-	-	-	-	1,596	25,000	-	53,602
-	-	20,695	-	-	-	-	280,695
4,011,526	1,163,602	-	1,129,776	5,850,000 6,123,796	5,690,666 1,312,900	2,718,949 154,137	27,710,666 45,027,941 2,551,212
227,412	65,961	-	64,047	345,743	74,429	154,137	
4,786,912	1,230,029	193,440	1,237,365	12,827,606	7,249,137	3,151,545	78,239,922
1,013,704	285,559	-	298,310	1,498,553	338,396	2,046,713	12,550,120
7,417	2,060	-	2,000	10,795	2,324	24,528	102,650
1,021,121	287,619	-	300,310	1,509,348	340,720	2,071,241	12,652,770
141,089	-	38,619	84,170	108,871	(299,273)	-	2,049,635
-	-	-	-	-	-	-	110,617
237,000	47,000	73,826	48,000	314,171	77,000 191,103	129,500	2,181,349 191,103
-	-	-	-	-	11,343	-	11,343
(2,770,929)	(837,302)	1,463,014	(701,423)	978,032	(472,250)	(3,425,709)	(20,703,708)
\$ (2,392,840)	\$ (790,302)	\$ 1,575,459	\$ (569,253)	\$ 1,401,074	\$ (492,077)	\$ (3,296,209)	\$ (16,159,661)

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Component Unit Net Position Information	STRIVE Preparatory Schools	University Preparatory Schools	Venture Prep High School	Wyatt Academy	Total
ASSETS					
Assets:					
Cash and investments	\$ 5,767,988	\$ 1,976,535	\$ 35,628	\$ 1,431,653	\$ 91,464,812
Restricted cash	-	-	-	-	2,670,130
Receivables:					
Accounts	311,877	10,358	12,179	21,921	4,520,603
Grants	395,474	4,665	-	123,381	1,409,565
Other	-	-	-	-	11,516,312
Due from CMO	-	-	-	-	802,227
Prepaid items	284,719	25,481	-	-	1,295,588
Restricted investments	-	-	-	-	1,877,966
Inventory	75,818	39,013	-	-	129,357
Deposits	-	-	-	-	15,000
Capital assets, net	-	42,882	-	1,707,474	37,275,458
Total assets	<u>6,835,876</u>	<u>2,098,934</u>	<u>47,807</u>	<u>3,284,429</u>	<u>152,977,018</u>
Deferred Outflows of Resources					
Related to pensions	11,406,432	2,504,299	306,679	624,057	41,466,901
Related to OPEB	229,310	20,180	5,473	12,943	980,514
Total deferred outflows of resources	<u>11,635,742</u>	<u>2,524,479</u>	<u>312,152</u>	<u>637,000</u>	<u>42,447,415</u>
LIABILITIES					
Liabilities:					
Accounts payable	729,736	63,210	4,079	3,556	3,646,006
Grants payable	-	-	-	-	6,236,162
Accrued interest	-	-	-	1,255	150,562
Accrued payroll	-	1,382	4,583	191,651	5,389,670
Compensated absences	-	-	-	-	29,591
Accrued liabilities	126,276	-	-	77,491	1,056,294
Due to other governments	-	-	-	-	264,977
Deposits	-	-	-	-	300
Unearned revenue	-	97,062	-	-	326,499
Noncurrent liabilities:					
Due within one year	-	-	-	129,788	515,120
Due in more than one year	385,531	-	-	372,137	31,038,387
Pension liabilities	32,175,257	5,140,122	1,462,543	2,835,617	104,620,342
OPEB liabilities	1,824,012	291,393	82,911	160,762	5,929,188
Total liabilities	<u>35,240,812</u>	<u>5,593,169</u>	<u>1,554,116</u>	<u>3,772,257</u>	<u>159,203,098</u>
Deferred Inflows of Resources					
Related to pensions	7,896,576	1,261,509	780,186	1,447,346	28,670,594
Permanent endowment	-	-	-	-	167,661
Related to OPEB	56,948	16,178	15,215	30,661	270,057
Total deferred inflows of resources	<u>7,953,524</u>	<u>1,277,687</u>	<u>795,401</u>	<u>1,478,007</u>	<u>29,108,312</u>
NET POSITION					
Net investment in capital assets	-	42,882	-	1,205,549	5,131,212
Restricted for:					
Capital outlay	-	-	-	-	316,894
Emergencies	1,201,979	184,700	-	133,000	6,407,535
Debt service	-	-	-	-	191,103
Donor-designated purposes	-	-	-	-	25,101,932
Unrestricted (deficit)	(25,924,697)	(2,475,025)	(1,989,558)	(2,667,384)	(30,035,653)
Total net position	<u>\$ (24,722,718)</u>	<u>\$ (2,247,443)</u>	<u>\$ (1,989,558)</u>	<u>\$ (1,328,835)</u>	<u>\$ 7,113,023</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, 2018

Component Unit Activities Information	Denver Public Schools Foundation	Academy 360 Charter School	Academy of Urban Learning	ACE Community Challenge School	Cesar Chavez Academy Denver
Expenses:					
Instruction	\$ -	\$ 1,285,948	\$ 619,999	\$ 411,556	\$ 1,024,756
Supporting services	-	738,645	789,909	1,867,806	3,242,695
Interest	-	35,292	-	-	-
Program services	6,823,473	-	-	-	-
Facilities	-	-	-	-	323,763
Fundraising	568,123	-	-	-	-
Management and general	580,064	-	-	-	-
Total expenses	<u>7,971,660</u>	<u>2,059,885</u>	<u>1,409,908</u>	<u>2,279,362</u>	<u>4,591,214</u>
Program revenues:					
Operating/capital grants and contributions	<u>7,758,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>7,758,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	<u>(213,359)</u>	<u>(2,059,885)</u>	<u>(1,409,908)</u>	<u>(2,279,362)</u>	<u>(4,591,214)</u>
General revenues:					
Per pupil revenue	-	1,523,145	787,817	1,417,943	1,963,647
Capital construction funding	-	-	-	47,215	62,914
Property tax mill levy override	-	380,658	392,783	571,345	414,767
Investment earnings	168,420	-	-	101	-
Interest income	-	504	2,959	-	4,641
Insurance proceeds	-	-	-	-	-
Unrestricted grants and contributions	1,037,743	-	-	-	-
At-risk supplemental aid	-	-	-	-	2,860
Special Item	-	-	-	-	1,464,444
Other	-	39,668	5,264	19,860	18,776
Transfers	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>1,314,163</u>	<u>1,943,975</u>	<u>1,188,823</u>	<u>2,056,464</u>	<u>3,932,049</u>
Change in net position	<u>1,100,804</u>	<u>(115,910)</u>	<u>(221,085)</u>	<u>(222,898)</u>	<u>(659,165)</u>
Net position - beginning	<u>7,745,237</u>	<u>(92,987)</u>	<u>(473,016)</u>	<u>(754,624)</u>	<u>(319,754)</u>
Prior period adjustment					
Change in reporting entity	-	-	-	-	-
Change in accounting principle	-	(59,333)	(53,620)	(77,534)	(114,733)
Correction of error	-	-	-	-	-
Net position - beginning, as restated	<u>7,745,237</u>	<u>(152,320)</u>	<u>(526,636)</u>	<u>(832,158)</u>	<u>(434,487)</u>
Net position - ending	<u>\$ 8,846,041</u>	<u>\$ (268,230)</u>	<u>\$ (747,721)</u>	<u>\$ (1,055,056)</u>	<u>\$ (1,093,652)</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, 2018**

Colorado High School Charter	Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Early College of Denver	Subtotal
\$ 926,098	\$ 2,014,449	\$ 779,684	\$ 3,691,552	\$ 2,426,447	\$ 30,487,879	\$ 513,480	\$ 44,181,848
2,377,502	1,787,825	522,868	2,814,500	1,373,559	24,677,474	520,265	40,713,048
101,220	-	-	-	-	-	-	136,512
-	-	-	-	-	-	-	6,823,473
-	-	-	-	-	-	-	323,763
-	-	-	-	-	-	-	568,123
-	-	-	-	-	-	-	580,064
3,404,820	3,802,274	1,302,552	6,506,052	3,800,006	55,165,353	1,033,745	93,326,831
 	 	 	 	 	 	 	 7,758,301
 	 	 	 	 	 	 	 7,758,301
(3,404,820)	(3,802,274)	(1,302,552)	(6,506,052)	(3,800,006)	(55,165,353)	(1,033,745)	(85,568,530)
3,015,114	2,706,406	740,040	5,197,509	2,845,058	41,950,963	712,932	62,860,574
-	50,329	-	-	-	-	23,739	184,197
1,174,524	514,015	339,614	860,547	484,478	8,472,194	197,180	13,802,105
-	307	-	-	-	-	51	168,879
20,836	-	6	12,137	-	320,636	-	361,719
-	-	-	-	-	-	-	-
-	365,273	-	-	-	-	25,001	1,428,017
-	4,712	-	-	-	-	24,993	32,565
-	-	-	-	-	-	-	1,464,444
1,943	19,055	20,605	-	1,274	4,601,823	970	4,729,238
-	-	-	-	-	-	-	108,000
4,212,417	3,660,097	1,100,265	6,070,193	3,330,810	55,345,616	984,866	85,139,738
807,597	(142,177)	(202,287)	(435,859)	(469,196)	180,263	(48,879)	(428,792)
1,272,989	(240,155)	(788,841)	(1,538,686)	(698,250)	48,911,744	(275,719)	52,747,938
(75,001)	(70,204)	(55,299)	(212,849)	(142,241)	1,609,627	-	1,609,627
-	-	-	-	-	-	(45,027)	(905,841)
-	-	-	-	-	538,306	-	538,306
1,197,988	(310,359)	(844,140)	(1,751,535)	(840,491)	51,059,677	(320,746)	53,990,030
\$ 2,005,585	\$ (452,536)	\$ (1,046,427)	\$ (2,187,394)	\$ (1,309,687)	\$ 51,239,940	\$ (369,625)	\$ 53,561,238

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Component Unit Activities Information	Girls Athletic Leadership Schools	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver
Expenses:					
Instruction	\$ 3,462,391	\$ 6,084,861	\$ 11,960,259	\$ 1,563,986	\$ 1,295,790
Supporting services	2,078,102	2,366,376	13,461,896	785,305	981,811
Interest	-	563,950	-	519,216	-
Program services	-	-	-	-	-
Facilities	-	-	-	-	-
Fundraising	-	-	-	-	-
Management and general	-	-	-	-	-
Total expenses	<u>5,540,493</u>	<u>9,015,187</u>	<u>25,422,155</u>	<u>2,868,507</u>	<u>2,277,601</u>
Program revenues:					
Operating/capital grants and contributions	-	-	-	-	-
Total program revenues	-	-	-	-	-
Net program expense	(5,540,493)	(9,015,187)	(25,422,155)	(2,868,507)	(2,277,601)
General revenues:					
Per pupil revenue	4,201,088	6,663,580	16,032,203	1,837,530	1,771,716
Capital construction funding	-	-	-	-	29,497
Property tax mill levy override	719,143	1,344,134	3,967,461	432,219	291,710
Investment earnings	-	-	30,252	-	9,414
Interest income	1,997	22,772	-	13,947	-
Insurance proceeds	-	-	-	-	-
Unrestricted grants and contributions	-	-	1,514,661	-	91,429
At-risk supplemental aid	-	-	-	-	804
Special Item	-	-	-	-	-
Other	29,944	442,436	310,412	2,152	5,392
Transfers	-	-	-	-	-
Total general revenues	<u>4,952,172</u>	<u>8,472,922</u>	<u>21,854,989</u>	<u>2,285,848</u>	<u>2,199,962</u>
Change in net position	(588,321)	(542,265)	(3,567,166)	(582,659)	(77,639)
Net position - beginning	(1,164,708)	(2,599,188)	(2,921,126)	2,293,508	(517,827)
Prior period adjustment	-	-	-	-	-
Change in reporting entity	(168,307)	(281,259)	(696,178)	(96,325)	(86,053)
Change in accounting principle	-	-	-	-	-
Correction of error	-	-	-	-	-
Net position - beginning, as restated	(1,333,015)	(2,880,447)	(3,617,304)	2,197,183	(603,880)
Net position - ending	<u>\$ (1,921,336)</u>	<u>\$ (3,422,712)</u>	<u>\$ (7,184,470)</u>	<u>\$ 1,614,524</u>	<u>\$ (681,519)</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, 2018**

Omar D. Blair Charter School	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	ROOTS Elementary School	SOAR Charter School	Subtotal
\$ 4,826,029 3,841,472	\$ 1,087,732 624,716	\$ 1,325,172 780,834	\$ 714,601 1,084,024	\$ 8,015,758 4,113,381	\$ 1,561,624 668,126	\$ 2,358,875 1,304,042	\$ 44,257,078 32,090,085 1,083,166
-	-	-	-	-	-	-	-
-	-	-	-	-	389,612	-	389,612
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,667,501	1,712,448	2,106,006	1,798,625	12,129,139	2,619,362	3,662,917	77,819,941
558,065	-	-	-	-	-	-	558,065
558,065	-	-	-	-	-	-	558,065
(8,109,436)	(1,712,448)	(2,106,006)	(1,798,625)	(12,129,139)	(2,619,362)	(3,662,917)	(77,261,876)
6,107,612	565,022	1,576,373	943,088	5,809,326	1,277,673	3,377,365	50,162,576
-	-	-	31,389	-	42,409	-	103,295
1,285,356	441,305	718,042	417,246	1,684,433	350,177	827,383	12,478,609
-	237	358	-	4,640	-	6,159	51,060
-	-	-	-	-	4,299	-	43,015
-	-	-	-	-	-	-	-
-	30,000	3,406	1,175	2,169,801	476,838	-	4,287,310
-	-	91,149	1,154	-	1,587	-	94,694
-	-	-	-	-	-	-	-
162,599	428,737	36,591	727	3,603,441	710	76,878	5,100,019
-	-	-	-	-	-	-	-
7,555,567	1,465,301	2,425,919	1,394,779	13,271,641	2,153,693	4,287,785	72,320,578
(553,869)	(247,147)	319,913	(403,846)	1,142,502	(465,669)	624,868	(4,941,298)
(1,610,760)	(479,121)	1,255,546	(111,439)	961,898	28,335	(3,742,266)	(8,607,148)
-	-	-	-	-	-	-	-
(228,211)	(64,034)	-	(53,968)	(450,834)	-	-	(450,834)
-	-	-	-	(252,492)	(54,743)	(178,811)	(2,160,381)
(1,838,971)	(543,155)	1,255,546	(165,407)	258,572	(26,408)	(3,921,077)	(11,218,363)
\$ (2,392,840)	\$ (790,302)	\$ 1,575,459	\$ (569,253)	\$ 1,401,074	\$ (492,077)	\$ (3,296,209)	\$ (16,159,661)

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Component Unit Activities Information	STRIVE Preparatory Schools	University Preparatory Schools	Venture Prep High School	Wyatt Academy	Total
Expenses:					
Instruction	\$ 20,122,306	\$ 3,751,217	\$ 786,738	\$ 2,226,870	\$ 115,326,057
Supporting services	25,309,061	3,284,139	1,107,408	2,185,809	104,689,550
Interest	3,750	-	-	5,503	1,228,931
Program services	-	-	-	-	6,823,473
Facilities	-	-	-	-	713,375
Fundraising	-	-	-	-	568,123
Management and general	-	-	-	-	580,064
Total expenses	<u>45,435,117</u>	<u>7,035,356</u>	<u>1,894,146</u>	<u>4,418,182</u>	<u>229,929,573</u>
Program revenues:					
Operating/capital grants and contributions	-	-	-	-	8,316,366
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,316,366</u>
Net program expense	<u>(45,435,117)</u>	<u>(7,035,356)</u>	<u>(1,894,146)</u>	<u>(4,418,182)</u>	<u>(221,613,207)</u>
General revenues:					
Per pupil revenue	29,576,363	4,359,366	1,054,556	3,123,183	151,136,618
Capital construction funding	-	-	-	102,353	389,845
Property tax mill levy override	6,297,332	1,098,556	253,170	741,580	34,671,352
Investment earnings	114,917	-	-	-	334,856
Interest income	-	-	132	-	404,866
Insurance proceeds	-	-	-	111,420	111,420
Unrestricted grants and contributions	2,486,985	-	-	70,307	8,272,619
At-risk supplemental aid	-	-	-	86,150	213,409
Special Item	-	-	(34,540)	-	1,429,904
Other	525,941	35,032	45,895	8,033	10,444,158
Transfers	-	-	-	-	108,000
Total general revenues	<u>39,001,538</u>	<u>5,492,954</u>	<u>1,319,213</u>	<u>4,243,026</u>	<u>207,517,047</u>
Change in net position	<u>(6,433,579)</u>	<u>(1,542,402)</u>	<u>(574,933)</u>	<u>(175,156)</u>	<u>(14,096,160)</u>
Net position - beginning	<u>(16,570,039)</u>	<u>(402,241)</u>	<u>(1,315,710)</u>	<u>(964,239)</u>	<u>24,888,561</u>
Prior period adjustment					
Change in reporting entity	-	-	-	-	1,158,793
Change in accounting principle	(1,719,100)	(302,800)	(98,915)	(189,440)	(5,376,477)
Correction of error	-	-	-	-	538,306
Net position - beginning, as restated	<u>(18,289,139)</u>	<u>(705,041)</u>	<u>(1,414,625)</u>	<u>(1,153,679)</u>	<u>21,209,183</u>
Net position - ending	<u>\$ (24,722,718)</u>	<u>\$ (2,247,443)</u>	<u>\$ (1,989,558)</u>	<u>\$ (1,328,835)</u>	<u>\$ 7,113,023</u>



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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

15. SUBSEQUENT EVENTS

On July 17, 2018 Denver Public Schools announced the resignation of Superintendent Tom Boasberg. The District's Board of Education has established a three phased timeline which includes community visioning, community input and introduction of the new Superintendent with an anticipated announcement date in December of 2018.

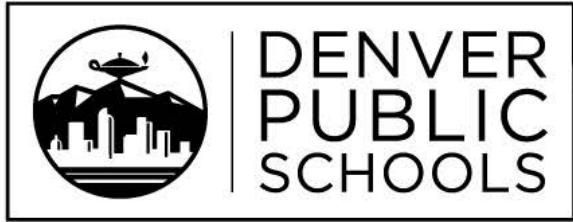
On October 10, 2018 Denver Public Schools issued \$79.8 million of Certificates of Participation (COPs) to fund the construction of capital projects in the Northfield area of Stapleton to meet capacity needs. Projects include a new middle school at the Park Street campus, a fifth building at the Northfield High School/Paul Sandoval campus and a cold storage facility for use by the DPS Food and Nutrition Services Department. The schools are expected to open in the fall of 2020.



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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, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	\$ 124,136	\$ 121,934	\$ 122,150	\$ -
REVENUES				
Taxes	577,235	653,850	657,101	3,251
State sources	348,120	281,235	281,167	(68)
Federal sources	1,000	1,000	1,047	47
Local sources	42,364	41,454	90,633	49,179
Total revenues	<u>968,719</u>	<u>977,539</u>	<u>1,029,948</u>	<u>52,409</u>
EXPENDITURES				
Employee salaries	547,413	552,889	537,400	15,489
Employee benefits	77,984	80,034	81,163	(1,129)
Charter school	158,267	157,029	150,767	6,262
Supplies and materials	49,433	56,936	55,881	1,055
Purchased services	35,330	44,036	110,400	(66,364)
Property	3,009	3,638	11,629	(7,991)
Debt service principal	17,642	17,807	21,892	(4,085)
Debt service interest	48,572	48,961	46,098	2,863
Other expenses	38,811	24,286	1,763	22,523
Appropriated reserves	76,742	67,952	-	67,952
Total expenditures	<u>1,053,203</u>	<u>1,053,568</u>	<u>1,016,993</u>	<u>36,575</u>
Excess (deficiency) of revenues over expenditures	<u>(84,484)</u>	<u>(76,029)</u>	<u>12,955</u>	<u>88,984</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(636)	(6,889)	(21,300)	(14,411)
Other sources	-	-	5,206	5,206
Total other financing sources (uses)	<u>(636)</u>	<u>(6,889)</u>	<u>(16,094)</u>	<u>(9,205)</u>
Total appropriation	1,053,839	1,060,457	1,033,087	(27,370)
Unappropriated reserves	\$ 39,016	\$ 39,016	\$ 39,016	\$ 39,016
Net change in fund balance			(3,139)	
Ending fund balance			\$ 119,011	

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, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	\$ 20,866	\$ 17,074	\$ 17,074	\$ -
REVENUES				
State sources	19,576	15,271	22,105	6,834
Federal sources	69,075	74,795	68,246	(6,549)
Local sources	<u>17,867</u>	<u>16,603</u>	<u>24,640</u>	<u>8,037</u>
Total revenues	<u>106,518</u>	<u>106,669</u>	<u>114,991</u>	<u>8,322</u>
EXPENDITURES				
Employee salaries	40,208	39,463	47,373	(7,910)
Employee benefits	11,160	10,608	13,174	(2,566)
Charter school	10,083	11,571	10,097	1,474
Supplies and materials	5,698	4,484	6,564	(2,080)
Purchased services	27,481	28,802	28,024	778
Property	1,182	1,210	1,379	(169)
Other expenses	13,243	10,844	7,943	2,901
Appropriated reserves	<u>18,367</u>	<u>17,510</u>	<u>-</u>	<u>17,510</u>
Total expenditures	<u>127,422</u>	<u>124,492</u>	<u>114,554</u>	<u>9,938</u>
Excess (deficiency) of revenues over expenditures	<u>(20,904)</u>	<u>(17,823)</u>	<u>437</u>	<u>18,260</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	38	749	1,205	456
Total other financing sources (uses)	<u>38</u>	<u>749</u>	<u>1,205</u>	<u>456</u>
Total appropriation	127,384	123,743	113,349	(10,394)
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance			1,642	
Ending fund balance			<u>\$ 18,716</u>	

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

DPS DIVISION SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30

	2018	2017	2016	2015
Total pension liability				
Service cost at end of year	\$ 91,986,000	\$ 85,988,000	\$ 82,079,000	\$ 76,564,000
Interest	295,838,000	283,862,000	281,752,000	274,862,000
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	47,121,000	(2,839,000)	45,767,000	(174,000)
Changes of assumptions or other inputs	-	205,645,000	(113,772,000)	-
Benefit payments, including refunds of active member contributions and disability premiums	(281,844,000)	(272,071,000)	(263,323,000)	(255,434,000)
Net change in total pension liability	153,101,000	300,585,000	32,503,000	95,818,000
Total pension liability - beginning	4,221,449,000	3,920,864,000	3,888,361,000	3,792,543,000
Total pension liability - ending (a)	4,374,550,000	4,221,449,000	3,920,864,000	3,888,361,000
Plan fiduciary net position				
Contributions - employer	27,578,000	17,071,000	8,494,000	18,478,000
Contributions - active member (includes purchased service)	56,820,000	54,852,000	53,558,000	49,409,000
Net investment income	548,585,000	218,415,000	49,172,000	182,823,000
Benefit payments (includes refunds and disability premiums)	(281,844,000)	(272,071,000)	(263,323,000)	(255,434,000)
Administrative expense	(2,857,000)	(2,754,000)	(2,599,000)	(2,377,000)
Other additions and deductions	3,781,000	3,135,000	(1,764,000)	(1,547,000)
Net change in plan fiduciary net position	352,063,000	18,648,000	(156,462,000)	(8,648,000)
Plan fiduciary net position - beginning	3,125,977,000	3,107,329,000	3,263,791,000	3,272,439,000
Plan fiduciary net position - ending (b)	3,478,040,000	3,125,977,000	3,107,329,000	3,263,791,000
Collective net pension liability - ending (a)-(b)	\$ 896,510,000	\$ 1,095,472,000	\$ 813,535,000	\$ 624,570,000
Plan fiduciary net position as a percentage of the total pension liability	79.51%	74.05%	79.25%	83.94%
Covered payroll	658,198,000	642,177,000	621,115,000	584,319,000
District's net pension liability as a percentage of covered payroll	136.21%	170.59%	130.98%	106.89%

Note: Information is not available for years 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 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 THE DISTRICT'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018**

	2018	2017	2016	2015
Statutorily required contribution	\$ 31,585,070	\$ 21,625,469	\$ 12,672,704	\$ 8,102,466
Contributions in relation to the statutorily required contribution	31,585,070	21,625,469	12,672,704	8,102,466
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 677,633,712	\$ 649,296,499	\$ 626,445,854	\$ 590,847,652
Contributions as a percentage of covered payroll	4.66%	3.33%	2.02%	1.37%

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, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Remaining amortization period	30 Years, Open	30 Years, Open	30 Years, Open	30 Years, Open
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Inflation	2.40% annually 3.90% - 9.70% Inclusive of wage inflation	2.80% annually 3.90% - 10.10% Inclusive of wage inflation	2.80% annually 3.90% - 10.85% Inclusive of wage inflation	2.80% annually 3.90% - 10.10% Inclusive of wage inflation
Salary increases				
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	2.00%	2.00%	2.00%	2.00%
PERA benefit structure hired after 12/31/06	0.00%, as financed by the AIR	0.00%, as financed by the AIR	0.00%, as financed by the AIR	0.00%, as financed by the AIR
Investment rate of return	7.25%	7.25%	7.50%	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

DPS DIVISION SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
DPS RETIREE LIFE INSURANCE TRUST
YEAR ENDED JUNE 30

DPS Retiree Life Insurance Trust	2018
Total OPEB liability	
Service cost at end of year	\$ -
Interest	1,289,505
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	194,817
Benefit payments, including refunds of active member contributions and disability premiums	(1,631,943)
Net change in total OPEB liability	<u>(147,621)</u>
Total OPEB liability - beginning	<u>37,651,943</u>
Total OPEB liability - ending (a)	<u>37,504,322</u>
Plan fiduciary net position	
Contributions - employer	2,640,000
Contributions - active member (includes purchased service)	-
Net investment income	280,483
Benefit payments (includes refunds and disability premiums)	(2,302,539)
Administrative expense	(251,430)
Other additions and deductions	436,517
Net change in plan fiduciary net position	<u>803,031</u>
Contributions Receivable	<u>1,689,004</u>
Plan fiduciary net position - beginning	<u>8,715,566</u>
Plan fiduciary net position - ending (b)	<u>11,207,601</u>
Collective net OPEB liability - ending (a) - (b)	<u>\$ 26,296,721</u>
Plan fiduciary net position as a percentage of the total OPEB liability	29.88%
Covered-employee payroll	N/A*
District's net OPEB liability as a percentage of covered-employee payroll	N/A*

*The DPS Retiree Life Insurance Trust is a closed plan. Plan eligibility and life insurance benefits are not available to anyone who retires after January 1, 2006.

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 THE DISTRICT'S OPEB CONTRIBUTIONS
DPS RETIREE LIFE INSURANCE TRUST
YEAR ENDED JUNE 30

DPS Retiree Life Insurance Trust	2018
Actuarially determined contribution	\$ 2,640,000
Contributions in relation to the actuarially determined contribution	\$ 4,329,004
Contribution deficiency (excess)	<u>\$(1,689,004)</u>

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 CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
DPS HEALTHCARE TRUST FUND
YEAR ENDED JUNE 30

DPS Health Care Trust Fund	2018
Total OPEB liability	
Service cost	\$ 1,591,000
Interest	5,057,000
Changes of benefit terms	-
Difference between expected and actual experience	(35,000)
Changes of assumptions or other inputs	
Benefit payments	(6,191,000)
Net change in total OPEB liability	<u>422,000</u>
 Total OPEB liability - beginning	 <u>72,845,000</u>
Total OPEB liability - ending (a)	<u>73,267,000</u>
 Plan fiduciary net position	
Contributions - employer	6,930,000
Other additions (includes purchased service)	242,000
Net investment income	3,305,000
Benefit payments	(5,694,000)
Administrative expense	(808,000)
Other deductions	(4,000)
Net change in plan fiduciary net position	<u>3,971,000</u>
 Plan fiduciary net position - beginning	 <u>18,337,000</u>
Plan fiduciary net position - ending (b)	<u>22,308,000</u>
 Collective net OPEB liability - ending (a) - (b)	 <u>\$ 50,959,000</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	30.45%
Covered-employee payroll	642,177,000
District's net OPEB liability as a percentage of covered-employee payroll	7.94%

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.

The accompanying notes are an integral part of the Required Supplementary Information.

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

DPS DIVISION SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
DPS HEALTHCARE TRUST FUND
YEAR ENDED JUNE 30

DPS Health Care Trust Fund	2018
Actuarially determined contribution	\$ 4,476,000
Contributions in relation to the actuarially determined contribution	\$ 7,079,432
Contribution deficiency (excess)	<u>\$(2,603,432)</u>
Covered payroll	\$677,633,712
Contribution as a percentage of covered payroll	1.04%

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 is presented as of the District and component unit fiscal year end for each year presented. The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.



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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, 2018

1. SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION - PENSIONS

2017 Changes in Plan Provisions Since 2016

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

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

NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

2. OPEB

Denver Public Schools Retiree Life Insurance Trust

The actuarial assumptions used in the valuation are set forth below. Selection of the assumptions was performed in accordance with current actuarial standards. We believe that each assumption is reasonable and consistent with the other assumptions. Future valuation results may differ from the results shown in this report based on differences between the actual experience of the plan and the assumptions used in the valuation.

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Discount rate (selected by Denver Public Schools)	3.50 percent discount rate was selected by Denver Public Schools to reflect yields on the plan's trust assets as MetLife is anticipated to set premium levels such that trust assets will be sufficient to pay future benefits.
Healthy mortality	RP 2014 Headcount-Weighted Healthy Annuitant Total Dataset Mortality Table, adjusted to 2006, separately for males and females. Mortality includes a generational projection for future mortality improvements using Scale MP-2017.
Disabled mortality	RP 2014 Headcount-Weighted Disabled Retiree Mortality Table, adjusted to 2006, separately for males and females. Mortality includes a generational projection for future mortality improvements using Scale MP-2017.
Expense load	None assumed in projected benefit payments. Reflected explicitly in plan fiduciary net position roll-forward
Taxes or assessments	None assumed
Rationale for selected assumptions	The discount rate was selected by Denver Public Schools based on the expected long-term rate of return on plan assets. Mortality tables and their projections are based on recent research by the Society of Actuaries.
Changes since prior year	No administrative expense load is assumed as directed by GASB 75. This change was reflected at the beginning of the year to conform to GASB 75 requirements as of the transition date. The mortality projection table was updated from MP-2016 to MP-2017.

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

NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

Denver Public Schools Health Care Trust Fund

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A Premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A



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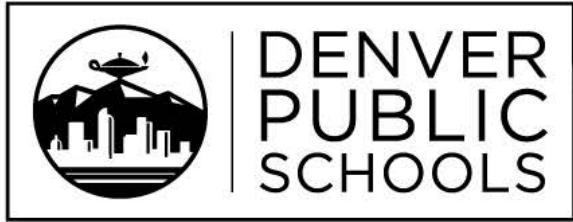
DENVER
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OTHER SUPPLEMENTARY INFORMATION



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GOVERNMENTAL FUNDS

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018

	Food Services Special Revenue Fund	Pupil Activity Special Revenue Fund	ProComp Special Revenue Fund	Permanent Fund	Total
ASSETS					
Cash and cash equivalents and investments	\$ 35,847	\$ -	\$ 11,196,068	\$ 117,055	\$ 11,348,970
Investments	-	-	-	3,982	3,982
Taxes receivable	-	-	1,272,144	-	1,272,144
Intergovernmental receivables	717,244	-	-	-	717,244
Other receivables	6,483	-	-	-	6,483
Due from other funds	-	2,312,083	-	10,334	2,322,417
Inventory	2,935,450	-	-	-	2,935,450
Total assets	3,695,024	2,312,083	12,468,212	131,371	18,606,690
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	114,684	48,387	411	-	163,482
Accrued payroll and benefits	138,058	251	2,296,737	-	2,435,046
Due to other funds	1,244,772	-	1,355,271	-	2,600,043
Total liabilities	1,497,514	48,638	3,652,419	-	5,198,571
Deferred inflows of resources:					
Property taxes	-	-	225,029	-	225,029
Total deferred inflows of resources	-	-	225,029	-	225,029
Fund balances:					
Nonspendable:					
Inventory	2,935,450	-	-	-	2,935,450
Permanent fund	-	-	-	131,371	131,371
Restricted for:					
Performance-based teacher compensation	-	-	8,590,764	-	8,590,764
Committed to:					
Pupil Activities	-	2,263,445	-	-	2,263,445
Assigned to:					
Food Service	(737,940)	-	-	-	(737,940)
Total fund balances	2,197,510	2,263,445	8,590,764	131,371	13,183,090
Total liabilities and fund balances	\$ 3,695,024	\$ 2,312,083	\$ 12,468,212	\$ 131,371	\$ 18,606,690

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, 2018

	Food Services Special Revenue Fund	Pupil Activity Special Revenue Fund	ProComp Special Revenue Fund	Permanent Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ 33,191,546	\$ -	\$ 33,191,546
Intergovernmental:					
Revenue from state sources	744,834	-	-	-	744,834
Revenue from federal sources	36,092,949	-	-	-	36,092,949
Charge for services	5,810,742	348,666	-	-	6,159,408
Investment income	-	-	60,473	1,430	61,903
Other local sources	46,238	214,455	-	-	260,693
Total revenues	42,694,763	563,121	33,252,019	1,430	76,511,333
EXPENDITURES					
Instruction:					
Regular instruction	-	4,351	35,634,193	-	35,638,544
Other instruction	-	4,101,574	-	-	4,101,574
Total instruction	-	4,105,925	35,634,193	-	39,740,118
Support services:					
Instructional support	-	1,424,177	-	-	1,424,177
General administration	-	-	50,024	-	50,024
Business services	-	-	-	1,051	1,051
Operations and maintenance	44,796	-	-	-	44,796
Central services	-	-	814,404	-	814,404
Other support services	41,071,466	-	-	-	41,071,466
Total support services	41,116,262	1,424,177	864,428	1,051	43,405,918
Capital outlay	26,191	12,539	-	-	38,730
Total expenditures	41,142,453	5,542,641	36,498,621	1,051	83,184,766
Excess (deficiency) of revenues over (under) expenditures	1,552,310	(4,979,520)	(3,246,602)	379	(6,673,433)
OTHER FINANCING SOURCES					
Transfers in	360,000	3,737,680	-	-	4,097,680
Total other financing sources	360,000	3,737,680	-	-	4,097,680
Net change in fund balances	1,912,310	(1,241,840)	(3,246,602)	379	(2,575,753)
Fund balances - beginning	285,200	3,505,285	11,837,366	130,992	15,758,843
Fund balances - ending	\$ 2,197,510	\$ 2,263,445	\$ 8,590,764	\$ 131,371	\$ 13,183,090

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, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 130,659	\$ 130,145	\$ 130,145	\$ -
Beginning fund balance				
REVENUES				
Taxes	133,588	133,588	158,166	24,578
Local Sources	400	400	1,613	1,213
Total revenues	133,988	133,988	159,779	25,791
EXPENDITURES				
Purchased Services	70	70	-	70
Other Expenses	-	640	-	640
Debt Service Principal	49,980	156,010	49,980	106,030
Debt Service Interest	78,608	78,608	80,612	(2,004)
Appropriated Reserves	135,919	134,765	-	134,765
Total expenditures	264,577	370,093	130,592	239,501
Excess (deficiency) of revenues over expenditures	(130,589)	(236,105)	29,187	265,292
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	(70)	(70)	(544)	(474)
Other Sources	-	106,030	1,370	(104,660)
Total other financing sources (uses)	(70)	105,960	826	(105,134)
Total appropriation	264,647	264,133	129,766	(134,367)
Unappropriated reserves	\$ -	\$ -	\$ -	\$ -
Net change in fund balance			30,013	
Ending fund balance			\$ 160,158	

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

BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	\$ 473,994	\$ 470,254	\$ 470,254	\$ -
REVENUES				
Local Sources	4,671	4,671	4,330	(341)
Total revenues	<u>4,671</u>	<u>4,671</u>	<u>4,330</u>	<u>(341)</u>
EXPENDITURES				
Employee Salaries	7,174	7,174	7,805	(631)
Employee Benefits	1,647	1,647	1,794	(147)
Supplies and Materials	-	-	188	(188)
Purchased Services	-	-	4,884	(4,884)
Property	185,160	185,160	147,074	38,086
Appropriated Reserves	30,000	158,000	-	158,000
Total expenditures	<u>223,981</u>	<u>351,981</u>	<u>161,745</u>	<u>190,236</u>
Excess (deficiency) of revenues over expenditures	<u>(219,310)</u>	<u>(347,310)</u>	<u>(157,415)</u>	<u>189,895</u>
OTHER FINANCING SOURCES (USES)				
Other Sources	-	128,000	130,298	2,298
Total other financing sources (uses)	<u>-</u>	<u>128,000</u>	<u>130,298</u>	<u>2,298</u>
Total appropriation	223,981	223,981	(287,713)	(511,694)
Unappropriated reserves	<u>\$ 254,684</u>	<u>\$ 250,944</u>		<u>\$ 250,944</u>
Net change in fund balance			(27,117)	
Ending fund balance			<u>\$ 443,137</u>	

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

BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	\$ 58,360	\$ 83,969	\$ 83,969	\$ -
REVENUES				
Federal sources	-	-	9,520	9,520
Local sources	15,818	25,818	14,639	(11,179)
Total revenues	15,818	25,818	24,159	(1,659)
EXPENDITURES				
Employee salaries	-	-	51	(51)
Employee benefits	-	-	12	(12)
Supplies and materials	-	-	3,752	(3,752)
Purchased services	3,829	3,829	3,584	245
Property	46,598	82,248	46,736	35,512
Debt service principal	15,584	15,584	3,944	11,640
Debt service interest	-	-	5,265	(5,265)
Appropriated reserves	4,694	9,856	-	9,856
Total expenditures	70,705	111,517	63,344	48,173
Excess (deficiency) of revenues over expenditures	(54,887)	(85,699)	(39,185)	46,514
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(3,474)	1,729	16,541	14,812
Other sources	-	-	(16,414)	(16,414)
Total other financing sources (uses)	(3,474)	1,729	127	(1,602)
Total appropriation	74,179	109,788	(39,312)	(149,100)
Unappropriated reserves	\$ -	\$ -		\$ -
Net change in fund balance			(39,058)	
Ending fund balance			\$ 44,911	

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

BUDGETARY COMPARISON SCHEDULE
FOOD SERVICES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	-	285	285	-
REVENUES				
State Sources	685	685	745	60
Federal Sources	36,493	36,589	36,093	(496)
Local Sources	<u>5,161</u>	<u>5,663</u>	<u>5,857</u>	<u>194</u>
Total revenues	<u>42,339</u>	<u>42,937</u>	<u>42,695</u>	<u>(242)</u>
EXPENDITURES				
Employee Salaries	17,217	17,508	16,708	800
Employee Benefits	3,889	3,889	3,782	107
Supplies and Materials	20,833	20,997	18,954	2,043
Purchased Services	833	833	1,364	(531)
Property	160	160	212	(52)
Other Expenses	62	579	122	457
Total expenditures	<u>42,994</u>	<u>43,966</u>	<u>41,142</u>	<u>2,824</u>
Excess (deficiency) of revenues over expenditures	<u>(655)</u>	<u>(1,029)</u>	<u>1,553</u>	<u>2,582</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	654	743	360	(383)
Total other financing sources (uses)	<u>654</u>	<u>743</u>	<u>360</u>	<u>(383)</u>
Total appropriation	42,340	43,223	40,782	(2,441)
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
Net change in fund balance			1,913	
Ending fund balance			<u>\$ 2,198</u>	

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

BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 3,465	\$ 3,505	\$ 3,505	\$ -
Beginning fund balance				
REVENUES				
Local Sources	638	638	563	(75)
Total revenues	638	638	563	(75)
EXPENDITURES				
Employee Salaries	2,649	2,649	2,845	(196)
Employee Benefits	534	534	544	(10)
Supplies and Materials	555	555	419	136
Purchased Services	1,415	1,415	1,332	83
Property	108	108	72	36
Other Expenses	1,955	1,995	331	1,664
Appropriated Reserves	625	625	-	625
Total expenditures	7,841	7,881	5,543	2,338
Excess (deficiency) of revenues over expenditures	(7,203)	(7,243)	(4,980)	2,263
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	3,738	3,738	3,738	-
Total other financing sources (uses)	3,738	3,738	3,738	-
Total appropriation	4,103	4,143	1,805	(2,338)
Unappropriated reserves	\$ -	\$ -		\$ -
Net change in fund balance			(1,242)	
Ending fund balance			\$ 2,263	

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, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	\$ 13,784	\$ 11,837	\$ 11,837	\$ -
REVENUES				
Taxes	32,914	32,914	33,192	278
Local Sources	<u>20</u>	<u>20</u>	<u>60</u>	<u>40</u>
Total revenues	<u>32,934</u>	<u>32,934</u>	<u>33,252</u>	<u>318</u>
EXPENDITURES				
Employee Salaries	30,873	32,067	30,732	1,335
Employee Benefits	5,622	5,839	5,598	241
Supplies and Materials	1	1	3	(2)
Purchased Services	160	160	166	(6)
Appropriated Reserves	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>38,156</u>	<u>39,567</u>	<u>36,499</u>	<u>3,068</u>
Excess (deficiency) of revenues over expenditures	<u>(5,222)</u>	<u>(6,633)</u>	<u>(3,247)</u>	<u>3,386</u>
Total appropriation	38,156	39,567	36,499	(3,068)
Unappropriated reserves	<u>\$ 8,562</u>	<u>\$ 5,204</u>	<u>(3,247)</u>	<u>\$ 5,204</u>
Net change in fund balance			<u>\$ 8,590</u>	
Ending fund balance			<u>\$ 8,590</u>	

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

BUDGETARY COMPARISON SCHEDULE
PERMANENT FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	129	131	131	-
REVENUES				
Local Sources	-	-	1	1
Total revenues	-	-	1	1
EXPENDITURES				
Supplies and Materials	129	131	-	131
Purchased Services	-	-	1	(1)
Total expenditures	129	131	1	130
Excess (deficiency) of revenues over expenditures	(129)	(131)	-	131
Total appropriation	129	131	1	(130)
Unappropriated reserves	\$ -	\$ -	\$ -	\$ -
Net change in fund balance				
Ending fund balance			\$ 131	



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INTERNAL SERVICE FUND

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

BUDGETARY COMPARISON SCHEDULE
WAREHOUSE FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

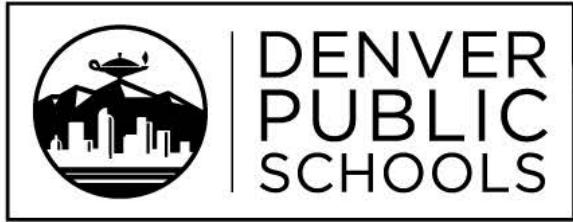
	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$ 22	\$ -	\$ -	\$ -
Beginning fund balance	\$ 22	\$ -	\$ -	\$ -
REVENUES				
Local Sources	902	902	516	(386)
Total revenues	902	902	516	(386)
EXPENDITURES				
Employee Salaries	67	67	29	38
Employee Benefits	22	22	6	16
Supplies and Materials	662	640	124	516
Purchased Services	173	173	191	(18)
Other Expenses	-	-	22	(22)
Total expenditures	924	902	372	530
Excess (deficiency) of revenues over expenditures	(22)	-	144	144
Total appropriation	924	902	372	(530)
Unappropriated reserves	\$ -	\$ -		\$ -
Net change in fund balance			144	
Ending fund balance			\$ 144	



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FIDUCIARY FUND

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, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash	\$ 2,843,724	4,524,543	5,535,976	\$ 1,832,291
Due from other funds	-	1,608,111	-	1,608,111
Total Assets	<u>\$ 2,843,724</u>	<u>\$ 6,132,654</u>	<u>\$ 5,535,976</u>	<u>\$ 3,440,402</u>
LIABILITIES				
Accounts payable	\$ -	12,667	-	\$ 12,667
Due to student groups	2,843,724	6,119,987	5,535,976	3,427,735
Total Liabilities	<u>\$ 2,843,724</u>	<u>\$ 6,132,654</u>	<u>\$ 5,535,976</u>	<u>\$ 3,440,402</u>

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

BUDGETARY COMPARISON SCHEDULE
PRIVATE PURPOSE TRUST FUND
YEAR ENDED JUNE 30, 2018
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$
Beginning fund balance	\$ 7,620	\$ 9,662	\$ 9,662	\$ -
REVENUES				
Local Sources	<u>2,172</u>	<u>2,172</u>	<u>3,336</u>	<u>1,164</u>
Total revenues	<u>2,172</u>	<u>2,172</u>	<u>3,336</u>	<u>1,164</u>
EXPENDITURES				
Employee Benefits	<u>2,380</u>	<u>2,380</u>	<u>2,516</u>	<u>(136)</u>
Other Expenses	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
Appropriated Reserves	<u>7,412</u>	<u>9,454</u>	<u>-</u>	<u>9,454</u>
Total expenditures	<u>9,792</u>	<u>11,834</u>	<u>2,517</u>	<u>9,317</u>
Excess (deficiency) of revenues over expenditures	<u>(7,620)</u>	<u>(9,662)</u>	<u>819</u>	<u>10,481</u>
Total appropriation	<u>9,792</u>	<u>11,834</u>	<u>2,517</u>	<u>(9,317)</u>
Unappropriated reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance			<u>819</u>	
Ending fund balance			<u>\$ 10,481</u>	



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Revenues, Expenditures, & Fund Balance by Fund		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
Fund Type & Number	Governmental	+/-	-	-	=
10 General Fund	122,149,875	863,086,975	866,225,986	866,225,986	119,010,864
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0	0
Sub-Total	122,149,875	863,086,975	866,225,986	866,225,986	119,010,864
11 Charter School Fund	85,236,104	232,143,026	232,731,164	84,647,966	
20,26-29 Special Revenue Fund	11,837,365	33,252,019	36,498,620	8,590,764	
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0	0
21 Food Service Spec Revenue Fund	285,200	43,054,763	41,142,453	2,197,510	
22 Govt Designated-Purpose Grants Fund	17,074,048	116,196,697	114,554,267	18,716,478	
23 Pupil Activity Special Revenue Fund	3,505,285	4,300,801	5,542,641	2,263,445	
24 Full Day Kindergarten Mill Levy Override	0	0	0	0	0
25 Transportation Fund	0	0	0	0	0
31 Bond Redemption Fund	130,144,786	265,365,266	235,352,433	160,157,619	
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0	0
41 Building Fund	470,254,135	134,628,210	161,744,926	443,137,420	
42 Special Building Fund	0	0	0	0	0
43 Capital Reserve Capital Projects Fund	83,969,446	59,475,637	98,534,051	44,911,031	
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0	0
Totals	924,456,245	1,751,503,394	1,792,326,542	883,633,097	
Proprietary					
50 Other Enterprise Funds	0	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0	0
60,65-69 Other Internal Service Funds	0	30,281	-113,228	-113,228	143,509
Totals	0	30,281	-113,228	-113,228	143,509
Fiduciary					
70 Other Trust and Agency Funds	0	0	0	0	0
72 Private Purpose Trust Fund	9,662,112	3,336,380	2,517,438	10,481,054	
73 Agency Fund	0	0	0	0	0
74 Pupil Activity Agency Fund	2,843,724	6,132,655	5,535,976	3,440,402	
79 GASB 34:Permanent Fund	130,991	1,430	1,050	131,372	
85 Foundations	7,745,237	9,072,464	7,971,660	8,846,041	
Totals	20,382,064	18,542,929	16,026,124	22,898,869	



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STATISTICAL SECTION

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

STATISTICAL SECTION
YEAR ENDED JUNE 30, 2018

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

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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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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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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

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

	2018	2017	2016	2015	2014
Governmental activities					
Net investment in capital assets	\$ (48,797,256)	\$ 148,648,229	\$ 104,965,907	\$ 118,645,799	\$ 130,564,763
Restricted	650,615,101	648,556,477	290,705,891	391,653,002	175,105,064
Unrestricted (deficit)	(2,093,681,026)	(2,154,349,495)	(1,652,698,513)	(1,702,868,865)	(961,343,671)
Total governmental activities net position (deficit)	<u><u><u><u><u>(1,491,863,181)</u></u></u></u></u>	<u><u><u><u><u>(1,357,144,789)</u></u></u></u></u>	<u><u><u><u><u>(1,257,026,715)</u></u></u></u></u>	<u><u><u><u><u>(1,192,570,064)</u></u></u></u></u>	<u><u><u><u><u>(655,673,844)</u></u></u></u></u>
Business-type activities*					
Net investment in capital assets	-	-	-	-	643,501
Unrestricted (deficit)	-	-	-	-	(760,348)
Total business-type activities net position (deficit)	<u><u><u><u><u>-</u></u></u></u></u>	<u><u><u><u><u>-</u></u></u></u></u>	<u><u><u><u><u>-</u></u></u></u></u>	<u><u><u><u><u>-</u></u></u></u></u>	<u><u><u><u><u>(116,847)</u></u></u></u></u>
Primary government					
Net investment in capital assets	(48,797,256)	148,648,229	104,965,907	118,645,799	131,208,264
Restricted	650,615,101	648,556,477	290,705,891	391,653,002	175,105,064
Unrestricted (deficit)	(2,093,681,026)	(2,154,349,495)	(1,652,698,513)	(1,702,868,865)	(962,104,019)
Total primary government net position (deficit)	<u><u><u><u><u>\$ (1,491,863,181)</u></u></u></u></u>	<u><u><u><u><u>\$ (1,357,144,789)</u></u></u></u></u>	<u><u><u><u><u>\$ (1,257,026,715)</u></u></u></u></u>	<u><u><u><u><u>\$ (1,192,570,064)</u></u></u></u></u>	<u><u><u><u><u>\$ (655,790,691)</u></u></u></u></u>
	2013	2012	2011	2010	2009
Governmental activities					
Net investment in capital assets	\$ 135,651,903	\$ 145,041,564	\$ 158,129,481	\$ 155,415,742	\$ 156,461,727
Restricted	192,765,619	254,525,804	249,496,173	80,477,836	75,749,943
Unrestricted (deficit)	(977,859,419)	(1,051,331,251)	(1,008,068,262)	(871,873,175)	(894,565,007)
Total governmental activities net position (deficit)	<u><u><u><u><u>(649,441,897)</u></u></u></u></u>	<u><u><u><u><u>(651,763,883)</u></u></u></u></u>	<u><u><u><u><u>(600,442,608)</u></u></u></u></u>	<u><u><u><u><u>(635,979,597)</u></u></u></u></u>	<u><u><u><u><u>(662,353,337)</u></u></u></u></u>
Business-type activities					
Net investment in capital assets	463,179	506,458	444,862	481,124	482,212
Unrestricted (deficit)	(383,151)	1,747,768	4,413,742	7,361,642	7,055,398
Total business-type activities net position (deficit)	<u><u><u><u><u>80,028</u></u></u></u></u>	<u><u><u><u><u>2,254,226</u></u></u></u></u>	<u><u><u><u><u>4,858,604</u></u></u></u></u>	<u><u><u><u><u>7,842,766</u></u></u></u></u>	<u><u><u><u><u>7,537,610</u></u></u></u></u>
Primary government					
Net investment in capital assets	136,115,082	145,548,022	158,574,343	155,896,866	156,943,939
Restricted	192,765,619	254,525,804	249,496,173	80,477,836	75,749,943
Unrestricted (deficit)	(978,242,570)	(1,049,583,483)	(1,003,654,520)	(864,511,533)	(887,509,609)
Total primary government net position (deficit)	<u><u><u><u><u>\$ (649,361,869)</u></u></u></u></u>	<u><u><u><u><u>\$ (649,509,657)</u></u></u></u></u>	<u><u><u><u><u>\$ (595,584,004)</u></u></u></u></u>	<u><u><u><u><u>\$ (628,136,831)</u></u></u></u></u>	<u><u><u><u><u>\$ (654,815,727)</u></u></u></u></u>

Source: School District annual financial reports for the respective years

* From FY15 the District will no longer have business type activities - Food Services moved to nonmajor 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)

	2018	2017	2016	2015	2014
Expenses:					
Governmental activities:					
Instructional services	\$ 647,048,830	\$ 661,536,065	\$ 668,873,429	\$ 606,202,845	\$ 525,401,180
Supporting services:					
Pupil support	66,443,705	58,337,272	45,246,471	36,294,290	30,804,590
Instructional support	125,760,427	114,572,496	111,594,016	113,735,904	89,761,367
General administration	7,526,400	6,964,963	6,096,731	5,299,658	5,862,233
School administration	78,617,586	77,079,051	69,544,540	65,203,286	57,364,780
Business services	14,882,801	12,957,204	8,609,001	6,971,488	9,069,995
Operations and maintenance	96,681,984	91,074,789	79,314,548	74,977,465	68,752,560
Pupil transportation	26,546,492	25,164,705	26,012,440	22,571,539	22,069,496
Central services	183,402,521	176,020,151	134,964,286	126,422,167	139,191,526
Other support services	46,450,521	51,052,612	48,582,600	47,742,261	4,570,465
Community services	17,638,447	16,515,410	14,366,660	12,899,167	11,611,773
Education for adults	22,244,905	20,508,759	17,828,984	17,810,825	14,527,846
Food services	-	-	-	-	43,974
Interest on long-term debt	162,850,968	137,843,846	128,003,672	127,899,257	117,380,359
Total governmental activities expenses	<u>1,496,095,587</u>	<u>1,449,627,323</u>	<u>1,359,037,378</u>	<u>1,264,030,152</u>	<u>1,096,412,144</u>
Business-type activities:					
Food services	-	-	-	-	38,774,528
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,774,528</u>
Total primary government expenses	<u>1,496,095,587</u>	<u>1,449,627,323</u>	<u>1,359,037,378</u>	<u>1,264,030,152</u>	<u>1,135,186,672</u>
Program revenues:					
Governmental activities:					
Charges for services - Instructional	36,974,879	33,194,921	29,805,479	27,970,405	24,268,736
Charges for services - Other	33,989,449	30,514,695	27,398,922	25,712,014	22,309,227
Operating grants and contributions	220,120,675	214,428,461	212,702,661	221,919,647	170,631,292
Total governmental activities program revenues	<u>291,085,003</u>	<u>278,138,077</u>	<u>269,907,062</u>	<u>275,602,066</u>	<u>217,209,255</u>
Business-type activities:					
Food services	-	-	-	-	4,388,602
Operating grants and contributions	-	-	-	-	34,152,589
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,541,191</u>
Total primary government program revenues	<u>291,085,003</u>	<u>278,138,077</u>	<u>269,907,062</u>	<u>275,602,066</u>	<u>255,750,446</u>
Net Expenses					
Governmental activities	(1,205,010,584)	(1,171,489,246)	(1,089,130,316)	(988,428,086)	(879,202,889)
Business-type activities	-	-	-	-	(233,337)
Total primary government net expense	<u>(1,205,010,584)</u>	<u>(1,171,489,246)</u>	<u>(1,089,130,316)</u>	<u>(988,428,086)</u>	<u>(879,436,226)</u>
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	796,450,648	671,768,786	623,495,039	512,100,229	545,898,621
Specific ownership taxes	51,821,726	44,805,199	40,303,943	36,829,683	33,376,380
Payment in lieu of taxes	2,990,033	2,828,616	2,522,094	2,489,581	2,492,618
State equalization	243,213,839	296,486,570	294,025,391	331,479,392	282,036,930
Interest and investment income	8,630,469	5,922,616	1,958,554	2,481,057	7,214,663
Other	38,472,898	49,559,385	62,368,644	35,645,024	12,430,956
Transfers	-	-	-	-	-
Special items	-	-	-	-	-
Total governmental activities	<u>1,141,579,613</u>	<u>1,071,371,172</u>	<u>1,024,673,665</u>	<u>921,024,966</u>	<u>883,450,168</u>
Business-type activities:					
Interest and investment income	-	-	-	-	-
Other	-	-	-	-	36,462
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,462</u>
Total primary government	<u>1,141,579,613</u>	<u>1,071,371,172</u>	<u>1,024,673,665</u>	<u>921,024,966</u>	<u>883,486,630</u>
Change in net position					
Governmental activities	(63,430,971)	(100,118,074)	(64,456,651)	(67,403,120)	4,247,279
Business-type activities	-	-	-	-	(196,875)
Total primary government	<u>\$ (63,430,971)</u>	<u>\$ (100,118,074)</u>	<u>\$ (64,456,651)</u>	<u>\$ (67,403,120)</u>	<u>\$ 4,050,404</u>

Continued next page

Source: School District annual financial reports for the respective years

Note: From FY15 the District will no longer have business type activities - Food Services moved to nonmajor Special Revenue Fund

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

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

	2013	2012	2011	2010	2009
Expenses:					
Governmental activities:					
Instructional services	\$ 507,722,226	\$ 477,604,430	\$ 474,240,486	\$ 476,278,700	\$ 422,627,498
Supporting services:					
Pupil support	29,638,062	29,312,499	25,659,390	28,246,457	25,824,063
Instructional support	81,086,728	78,847,455	68,357,869	66,549,179	58,473,132
General administration	6,652,309	6,873,428	4,692,577	4,617,620	4,733,562
School administration	58,734,139	52,697,622	44,700,293	40,955,892	41,162,161
Business services	7,487,603	6,442,027	6,276,830	5,383,702	5,268,181
Operations and maintenance	69,409,493	76,815,166	71,715,439	71,085,264	73,688,352
Pupil transportation	22,182,306	22,288,795	20,027,703	21,719,386	21,204,172
Central services	74,998,203	69,071,079	59,338,961	48,963,934	48,720,535
Other support services	4,045,531	4,628,895	5,273,195	4,623,514	3,741,000
Community services	10,497,464	9,483,230	7,289,515	5,813,625	4,740,667
Education for adults	14,790,637	15,775,918	11,622,217	12,240,071	14,881,683
Food services	96,963	153,482	227,602	105,551	495,782
Interest on long-term debt	113,073,282	108,487,396	100,279,347	95,444,496	102,499,436
Total governmental activities expenses	1,000,414,946	958,481,422	899,701,424	882,027,393	828,060,224
Business-type activities:					
Food services	36,404,972	34,622,691	32,365,428	27,303,586	26,386,796
Total business-type activities expenses	36,404,972	34,622,691	32,365,428	27,303,586	26,386,796
Total primary government expenses	1,036,819,918	993,104,113	932,066,852	909,330,979	854,447,020
Program revenues:					
Governmental activities:					
Charges for services - Instructional	29,467,729	25,542,292	17,205,330	19,913,607	18,074,035
Charges for services - Other	12,389,843	15,989,891	10,770,817	12,490,488	14,659,811
Operating grants and contributions	163,451,886	178,115,194	232,977,735	148,622,734	120,326,610
Total governmental activities program revenues	205,309,458	219,647,377	260,953,882	181,026,829	153,060,456
Business-type activities:					
Food services	4,026,244	3,715,616	3,592,685	3,825,050	3,871,542
Operating grants and contributions	30,190,114	28,273,108	25,787,342	23,779,151	22,204,624
Total business-type activities program revenues	34,216,358	31,988,724	29,380,027	27,604,201	26,076,166
Total primary government program revenues	239,525,816	251,636,101	290,333,909	208,631,030	179,136,622
Net Expenses					
Governmental activities	(795,105,488)	(738,834,045)	(638,747,542)	(701,000,564)	(674,999,768)
Business-type activities	(2,188,614)	(2,633,967)	(2,985,402)	300,615	(310,630)
Total primary government net expense	(797,294,102)	(741,468,012)	(641,732,944)	(700,699,949)	(675,310,398)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	498,552,760	420,204,686	437,794,905	435,745,405	399,760,438
Specific ownership taxes	30,035,934	27,021,138	25,698,371	26,172,343	27,169,809
Payment in lieu of taxes	2,143,237	2,081,204	1,997,608	2,029,800	2,113,706
State equalization	257,727,049	234,783,298	201,316,796	234,172,686	225,756,709
Interest and investment income	5,904,892	2,486,539	7,476,851	6,649,012	(3,413,079)
Other	5,867,733	935,905	-	9,426,847	15,334,265
Transfers	-	-	-	-	(6,900)
Special items	-	-	-	-	-
Total governmental activities	800,231,605	687,512,770	674,284,531	714,196,092	666,714,948
Business-type activities:					
Interest and investment income	-	-	1,240	4,541	28,204
Other	14,416	29,589	-	-	6,900
Transfers	-	-	-	-	-
Total business-type activities	14,416	29,589	1,240	4,541	35,104
Total primary government	800,246,021	687,542,359	674,285,771	714,200,633	666,750,052
Change in net position					
Governmental activities	5,126,117	(51,321,275)	35,536,989	13,195,528	(8,284,820)
Business-type activities	(2,174,198)	(2,604,378)	(2,984,162)	305,156	(275,526)
Total primary government	\$ 2,951,919	\$ (53,925,653)	\$ 32,552,827	\$ 13,500,684	\$ (8,560,346)

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

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

	2018	2017	2016	2015	2014
General Fund					
Nonspendable:					
Inventory	\$ 892,874	\$ 761,736	\$ 704,168	\$ 824,309	\$ 73,575
Prepaid expenses	-	150,566	142,383	-	-
Restricted for:					
Emergency reserve	28,893,630	27,033,570	24,910,740	23,587,040	-
Preschool	-	-	-	-	-
Committed to:					
Emergency reserve	-	-	-	-	21,562,473
Assigned to:					
Special projects	22,869,037	15,923,740	17,397,322	15,920,181	12,483,461
Subsequent year expenditures	17,886,037	8,182,740	1,315,705	4,082,181	9,736,417
Unassigned	48,469,286	70,097,523	50,072,162	62,139,089	54,441,927
Total general fund	<u>119,010,864</u>	<u>122,149,875</u>	<u>94,542,480</u>	<u>106,552,800</u>	<u>98,297,853</u>
All other governmental funds					
Nonspendable:					
Permanent fund	131,371	130,992	128,553	128,806	127,586
Inventory	2,935,450	332,113	3,485,663	3,059,757	16
Prepaid expenses	458,901	1,531,060	509,302	-	-
Restricted for:					
Debt service	160,157,619	130,144,786	140,280,738	109,761,547	109,621,401
Capital projects	443,137,420	470,254,135	87,492,008	202,717,436	428,287,451
Performance-based teacher compensation	8,590,764	11,837,366	18,345,329	31,352,361	44,698,850
Higher education	9,936,855	9,595,895	10,572,551	10,047,631	11,180,577
Non-governmental grantor-designated purposes	1,013,135	1,492,383	6,111,724	9,859,915	9,584,310
State programs	-	-	-	-	-
Federal programs	7,766,488	5,876,870	8,548,506	4,198,266	-
Special revenue fund	-	-	-	-	-
Committed to:					
Capital projects	28,005,130	35,949,286	5,554,771	17,390,944	7,438,353
Pupil activities	2,263,445	3,505,285	3,168,599	-	-
Assigned to:					
Encumbrances	-	-	-	-	-
Debt service	16,447,000	46,598,000	10,963,000	6,964,000	-
Unassigned	(737,940)	(46,913)	(3,344,733)	(3,059,757)	-
Total all other governmental funds	<u>680,105,638</u>	<u>717,201,258</u>	<u>291,816,011</u>	<u>392,420,906</u>	<u>610,938,544</u>
Total fund balances	<u>\$ 799,116,502</u>	<u>\$ 839,351,133</u>	<u>\$ 386,358,491</u>	<u>\$ 498,973,706</u>	<u>\$ 709,236,397</u>

Continued next page

Source: District annual financial reports for the respective years

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

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

	2013	2012	2011	2010	2009
General Fund					
Nonspendable:					
Inventory	\$ 866,501	\$ 847,557	\$ 759,089	\$ 712,880	\$ 611,668
Prepaid expenses	-	-	-	-	-
Restricted for:					
Emergency reserve	-	-	-	-	-
Preschool	-	-	-	2,451,582	2,001,187
Committed to:					
Emergency reserve	20,575,246	18,038,993	1,930,151	1,930,151	1,841,917
Assigned to:					
Special projects	10,737,052	11,752,585	11,276,833	-	-
Subsequent year expenditures	25,054,712	-	-	5,993,049	4,293,617
Unassigned	52,305,933	71,030,433	102,547,665	52,164,268	19,877,018
Total general fund	<u>109,539,444</u>	<u>101,669,568</u>	<u>116,513,738</u>	<u>63,251,930</u>	<u>28,625,407</u>
All other governmental funds					
Nonspendable:					
Permanent fund	123,986	122,225	121,222	121,358	120,368
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Debt service	109,580,300	72,084,732	66,657,069	66,032,136	61,482,392
Capital projects	600,539,662	92,538,729	187,110,425	223,844,534	68,518,779
Performance-based teacher compensation	52,566,684	-	-	-	-
Higher education	9,809,638	-	-	-	-
Non-governmental grantor-designated purposes	9,136,215	-	-	-	-
State programs	1,664,931	-	-	-	-
Federal programs	5,714	-	-	-	-
Special revenue fund	-	77,786,870	82,091,071	85,517,878	84,644,134
Committed to:					
Capital projects	16,273,544	20,816,392	13,429,620	12,977,929	12,320,849
Pupil activities	-	-	-	-	-
Assigned to:					
Encumbrances	-	-	-	75,828,070	69,226,124
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>799,700,674</u>	<u>263,348,948</u>	<u>349,409,407</u>	<u>464,321,905</u>	<u>296,312,646</u>
Total fund balances	<u>\$ 909,240,118</u>	<u>\$ 365,018,516</u>	<u>\$ 465,923,145</u>	<u>\$ 527,573,835</u>	<u>\$ 324,938,053</u>

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

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

	2018	2017	2016	2015	2014
Revenues:					
Taxes	\$ 848,458,684	\$ 717,451,368	\$ 662,087,462	\$ 549,453,629	\$ 549,095,824
Intergovernmental:					
State sources	304,016,976	354,546,283	352,543,848	386,841,732	321,083,838
Federal sources	114,906,618	118,038,010	128,143,943	135,266,941	91,110,827
Charges for services	78,175,058	70,136,444	63,538,071	58,485,884	46,577,962
Investment income	8,440,469	5,697,617	1,703,554	2,191,056	6,646,572
Other local sources	55,720,801	72,195,800	45,033,043	46,432,436	56,121,534
Total revenue	<u>1,409,718,606</u>	<u>1,338,065,522</u>	<u>1,253,049,921</u>	<u>1,178,671,678</u>	<u>1,070,636,557</u>
Expenditures:					
Current:					
Instructional services	563,170,061	533,413,133	580,342,703	545,258,244	524,717,767
Supporting services:					
Pupil support	66,443,705	58,337,272	45,246,471	36,294,290	30,750,759
Instructional support	125,760,427	114,572,496	111,594,016	113,735,903	89,657,359
General administration	7,526,400	6,964,963	6,096,731	5,299,657	5,855,666
School administration	78,617,586	77,079,051	69,544,540	65,203,286	57,265,795
Business services	14,996,029	12,817,546	8,581,051	6,700,984	8,511,434
Operations and maintenance	95,181,985	91,074,789	79,314,548	74,977,466	77,295,764
Pupil transportation	26,546,492	25,164,705	26,012,440	22,571,539	21,759,520
Central services	96,964,007	104,428,614	67,066,399	72,231,405	76,726,379
Other support services	46,450,521	49,799,171	48,582,600	47,742,261	4,570,465
Total support services	<u>558,487,152</u>	<u>540,238,607</u>	<u>462,038,796</u>	<u>444,756,791</u>	<u>372,393,141</u>
Community services	17,638,447	16,515,410	14,366,660	12,899,168	11,600,514
Education for adults	22,244,905	20,508,759	17,828,984	17,810,826	14,504,741
Capital outlay	200,399,726	161,734,202	132,056,762	207,594,348	209,752,895
Debt service:					
Principal	75,815,765	90,105,000	62,663,175	57,125,000	52,638,533
Interest and fiscal charges	141,457,068	118,391,994	106,825,938	284,599,941	115,257,640
Total debt service	<u>217,272,833</u>	<u>208,496,994</u>	<u>169,489,113</u>	<u>341,724,941</u>	<u>167,896,173</u>
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>1,579,213,124</u>	<u>1,480,907,105</u>	<u>1,376,123,018</u>	<u>1,570,044,318</u>	<u>1,300,865,231</u>
Deficiency of revenues under expenditures	(169,494,518)	(142,841,583)	(123,073,097)	(391,372,640)	(230,228,674)
Other financing sources (uses):					
Transfers in	23,722,566	23,172,970	16,052,982	26,513,288	7,384,908
Transfers out	(23,722,566)	(23,256,436)	(16,052,982)	(26,513,288)	(7,384,908)
Proceeds from capital leases	5,468,230	2,271,141	-	-	-
Issuance of certificates of participation	17,710,000	46,175,000	9,680,591	-	-
Issuance of bonds	105,325,000	466,675,000	-	-	25,347,008
Premium on issuance of debt	25,776,657	80,796,550	-	-	-
Payment to refunded debt	-	-	-	-	-
Proceeds from refunding bonds	106,130,000		143,280,000	149,170,000	-
Premium on refunding bonds			26,500,712	24,225,792	-
Face Amount of COPs	-	-	-	-	-
Debt service principal			-	-	-
Payment to Bond Escrow Agent	(131,150,000)	-	(169,003,421)	-	-
Total other financing sources	<u>129,259,887</u>	<u>595,834,225</u>	<u>10,457,882</u>	<u>173,395,792</u>	<u>25,347,008</u>
Special Items	-	-	-	-	-
Change in fund balances	\$ (40,234,631)	\$ 452,992,642	\$ (112,615,215)	\$ (217,976,848)	\$ (204,881,666)
Debt service as a percentage of noncapital expenditures	15.75%	15.89%	13.71%	25.08%	15.39%

Continued next page

Source: School District annual financial reports for the respective years

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

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

	2013	2012	2011	2010	2009
Revenues:					
Taxes	\$ 527,488,569	\$ 451,643,564	\$ 463,701,678	\$ 462,643,068	\$ 423,911,267
Intergovernmental:					
State sources	292,811,118	270,460,213	236,070,398	265,791,329	260,199,560
Federal sources	94,585,766	114,213,045	136,925,043	100,774,555	68,120,464
Charges for services	41,857,571	23,430,483	27,976,147	32,404,095	25,424,643
Investment income	5,346,754	2,010,633	7,476,771	6,649,012	(3,413,079)
Other local sources	42,198,314	54,343,359	49,898,805	29,777,554	35,269,745
Total revenue	<u>1,004,288,092</u>	<u>916,101,297</u>	<u>922,048,842</u>	<u>898,039,614</u>	<u>809,512,600</u>
Expenditures:					
Current:					
Instructional services	474,740,668	445,586,238	450,508,108	453,686,991	409,265,755
Supporting services:					
Pupil support	29,191,916	28,952,897	25,115,010	27,172,134	25,923,928
Instructional support	80,726,483	78,919,561	67,909,790	65,629,241	58,571,811
General administration	6,621,029	6,888,188	4,632,034	4,533,937	4,735,766
School administration	58,420,495	52,621,612	44,306,838	40,502,543	40,227,803
Business services	7,049,603	5,715,778	5,863,130	5,229,648	5,239,973
Operations and maintenance	75,907,378	78,203,626	74,239,981	63,519,295	72,884,805
Pupil transportation	20,626,032	20,319,139	17,786,788	18,695,511	18,426,871
Central services	64,742,988	57,892,081	48,503,467	44,225,123	44,156,298
Other support services	4,045,531	4,628,895	5,273,195	4,623,514	3,741,000
Total support services	<u>347,331,455</u>	<u>334,141,777</u>	<u>293,630,233</u>	<u>274,130,944</u>	<u>273,908,255</u>
Community services	10,465,425	9,491,061	7,259,244	5,813,625	4,740,667
Education for adults	14,775,707	15,908,260	11,716,004	13,447,021	14,881,683
Capital outlay	88,411,292	78,774,655	127,088,070	102,422,277	23,273,190
Debt service:					
Principal	424,254,920	30,492,391	27,070,024	25,512,731	24,078,809
Interest and fiscal charges	243,687,187	102,268,418	133,286,320	90,790,335	97,086,037
Total debt service	<u>667,942,107</u>	<u>132,760,809</u>	<u>160,356,344</u>	<u>116,303,065</u>	<u>121,164,846</u>
Debt issuance costs	<u>7,419,384</u>	<u>760,824</u>	<u>6,791,796</u>	<u>2,370,180</u>	<u>784,744</u>
Total expenditures	<u>1,611,086,038</u>	<u>1,017,423,624</u>	<u>1,057,349,799</u>	<u>968,174,103</u>	<u>848,019,140</u>
Deficiency of revenues under expenditures	(606,797,946)	(101,322,327)	(135,300,957)	(70,134,489)	(38,506,540)
Other financing sources (uses):					
Transfers in	25,776,235	29,807,290	57,609,285	53,296,908	53,125,379
Transfers out	(25,776,235)	(29,807,290)	(57,609,285)	(53,296,908)	(49,383,259)
Proceeds from capital leases	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Issuance of bonds	1,075,390,000	-	30,805,000	274,022,000	151,593,831
Premium on issuance of debt	-	-	-	-	-
Payment to refunded debt	-	-	-	-	1,136,643
Proceeds from refunding bonds	67,220,000	129,870,000	85,390,000	68,020,000	-
Premium on refunding bonds	78,030,437	16,171,251	14,842,531	7,034,063	-
Face Amount of COPs	-	-	792,280,000	-	-
Debt service principal	-	-	(750,000,000)	(26,465,000)	-
Payment to Bond Escrow Agent	(66,816,759)	(145,623,553)	(99,667,264)	(47,890,570)	-
Total other financing sources	<u>1,153,823,678</u>	<u>417,698</u>	<u>73,650,267</u>	<u>274,720,493</u>	<u>156,472,594</u>
Special Items	-	-	-	-	-
Change in fund balances	<u>\$ 547,025,732</u>	<u>\$ (100,904,629)</u>	<u>\$ (61,650,690)</u>	<u>\$ 204,586,004</u>	<u>\$ 117,966,054</u>
Debt service as a percentage of noncapital expenditures	43.87%	14.14%	17.24%	13.43%	14.69%

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)

	2018	2017	2016	2015	2014
Expenditures					
Instructional services	\$ 484,208,616	\$ 437,905,667	\$ 466,866,692	\$ 435,036,390	\$ 418,723,429
Supporting services:					
Pupil support	56,583,981	49,753,091	37,126,952	29,300,812	25,685,836
Instructional support	95,764,566	79,952,672	70,635,195	64,420,077	50,236,006
General administration	7,064,098	6,525,345	5,642,389	4,891,160	5,465,573
School administration	75,888,710	73,368,180	68,299,902	63,290,849	54,895,533
Business services	14,339,316	12,152,815	7,571,069	5,970,739	7,718,542
Operations and maintenance	79,691,394	77,568,148	71,563,249	57,100,385	56,461,321
Pupil transportation	26,546,492	25,102,779	25,724,818	21,942,671	20,913,687
Central services	86,356,839	89,188,409	53,956,802	54,801,151	54,075,641
Other support services	97,898	1,131,085	1,036,037	914,267	705,984
Total support services	<u>442,333,294</u>	<u>414,742,524</u>	<u>341,556,413</u>	<u>302,632,111</u>	<u>276,158,123</u>
Community services	15,120,743	13,587,690	11,021,566	8,555,867	7,790,165
Education for adults	952,581	1,750,462	2,256,856	629,177	1,173,530
Capital outlay	6,387,652	2,092,671	1,467,271	1,270,899	528,674
Debt service:					
Principal payments	21,891,858	18,945,000	14,730,000	13,360,000	9,305,000
Interest and fiscal charges	46,097,937	46,170,414	46,114,624	45,878,257	48,629,712
Issuance costs of debt	-	-	-	-	-
Total expenditures	<u>1,016,992,681</u>	<u>935,194,428</u>	<u>884,013,422</u>	<u>807,362,701</u>	<u>762,308,633</u>
Other financing uses:					
Transfers out	23,176,635	9,775,503	9,926,794	19,727,702	7,067,866
Debt service principal	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Total other financing uses	<u>23,176,635</u>	<u>9,775,503</u>	<u>9,926,794</u>	<u>19,727,702</u>	<u>7,067,866</u>
Total expenditures and other financing uses	<u>\$ 1,040,169,316</u>	<u>\$ 944,969,931</u>	<u>\$ 893,940,216</u>	<u>\$ 827,090,403</u>	<u>\$ 769,376,499</u>

Continued next page

Source: School District annual financial reports for the respective years

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

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

	2013	2012	2011	2010	2009
Expenditures					
Instructional services	\$ 364,156,448	\$ 326,490,335	\$ 333,728,437	\$ 334,898,507	\$ 328,394,419
Supporting services:					
Pupil support	23,591,382	23,623,681	21,399,605	23,068,864	22,523,347
Instructional support	42,541,541	37,443,813	27,893,132	29,519,723	28,463,467
General administration	6,068,298	6,270,835	4,444,726	4,257,703	4,097,106
School administration	55,494,061	50,610,332	39,082,284	35,329,814	35,434,160
Business services	6,560,065	5,249,788	4,933,010	4,021,517	4,089,026
Operations and maintenance	51,263,651	50,770,339	44,906,919	45,369,628	46,564,264
Pupil transportation	19,627,160	19,006,911	16,751,083	17,802,979	17,397,151
Central services	45,444,542	37,757,510	34,067,358	36,593,294	33,411,995
Other support services	719,810	757,315	697,865	681,194	674,673
Total support services	<u>251,310,510</u>	<u>231,490,524</u>	<u>194,175,982</u>	<u>196,644,716</u>	<u>192,655,189</u>
Community services	6,651,925	5,641,526	4,250,529	312,027	389,602
Education for adults	823,417	622,852	1,556,938	-	-
Capital outlay	195,172	1,847,261	1,036,732	172,107	454,071
Debt service:					
Principal payments	401,540,000	3,985,000	2,635,000	2,635,000	335,000
Interest and fiscal charges	188,137,089	52,412,285	82,181,236	82,181,236	65,397,537
Issuance costs of debt	3,633,148	-	6,023,749	-	-
Total expenditures	<u>1,216,447,709</u>	<u>622,489,783</u>	<u>625,588,603</u>	<u>580,094,547</u>	<u>587,625,818</u>
Other financing uses:					
Transfers out	22,505,189	28,240,127	57,399,265	52,727,380	48,600,719
Debt service principal	-	-	750,000,000	-	-
Payment to refunded debt	-	-	-	-	-
Total other financing uses	<u>22,505,189</u>	<u>28,240,127</u>	<u>807,399,265</u>	<u>52,727,380</u>	<u>48,600,719</u>
Total expenditures and other financing uses	<u>\$ 1,238,952,898</u>	<u>\$ 650,729,910</u>	<u>\$ 1,432,987,868</u>	<u>\$ 632,821,927</u>	<u>\$ 636,226,537</u>

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

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

	2018	2017	2016	2015	2014
Revenues:					
Property taxes	\$ 657,100,914	\$ 559,685,741	\$ 495,515,584	\$ 408,845,811	\$ 409,088,016
Intergovernmental:					
State sources	281,166,970	334,508,875	330,071,454	367,131,089	307,706,457
Federal sources	1,047,048	1,051,459	1,021,504	1,017,755	922,508
Charges for services	62,970,356	40,640,410	36,843,509	33,656,565	28,913,976
Investment income	1,967,899	1,243,941	876,883	725,088	659,844
Other local sources	25,694,780	20,344,239	8,669,688	8,708,951	5,899,120
Total revenue	<u>1,029,947,967</u>	<u>957,474,665</u>	<u>872,998,622</u>	<u>820,085,259</u>	<u>753,189,921</u>
Other financing sources:					
Transfers in	1,876,568	12,969,063	8,931,274	6,785,586	67,042
Face amount of refunding COPs	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Capital lease proceeds	5,205,770	2,133,598	-	-	-
Total other financing sources	<u>7,082,338</u>	<u>15,102,661</u>	<u>8,931,274</u>	<u>6,785,586</u>	<u>67,042</u>
Total revenue and other financing sources	<u>\$ 1,037,030,305</u>	<u>\$ 972,577,326</u>	<u>\$ 881,929,896</u>	<u>\$ 826,870,845</u>	<u>\$ 753,256,963</u>

Continued next page

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)**

	2013	2012	2011	2010	2009
Revenues:					
Property taxes	\$ 390,026,018	\$ 343,058,887	\$ 389,289,312	\$ 391,889,529	\$ 362,086,491
Intergovernmental:					
State sources	279,032,257	256,289,344	222,522,302	255,305,800	248,153,540
Federal sources	7,573,147	7,863,578	28,261,677	3,274,570	912,634
Charges for services	23,888,965	6,127,453	13,427,191	9,797,158	4,775,692
Investment income	695,884	708,770	772,199	727,864	1,144,649
Other local sources	7,923,953	20,270,542	15,165,361	6,356,725	8,685,562
Total revenue	<u>709,140,224</u>	<u>634,318,574</u>	<u>669,438,042</u>	<u>667,351,645</u>	<u>625,758,568</u>
Other financing sources:					
Transfers in	3,631,681	1,567,163	13,043,507	96,805	4,209,660
Face amount of refunding COPs	-	-	792,280,000	-	-
Bond proceeds	536,855,000	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources	<u>540,486,681</u>	<u>1,567,163</u>	<u>805,323,507</u>	<u>96,805</u>	<u>4,209,660</u>
Total revenue and other financing sources	<u>\$ 1,249,626,905</u>	<u>\$ 635,885,737</u>	<u>\$ 1,474,761,549</u>	<u>\$ 667,448,451</u>	<u>\$ 629,968,228</u>

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

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

	2017	2016	2015	2014	2013
Vacant property	\$ 259,521	\$ 186,774	\$ 219,528	\$ 181,758	\$ 212,668
Residential property	7,211,589	6,059,029	5,919,659	4,567,603	4,469,706
Commercial property	8,084,596	6,521,348	6,445,053	4,909,533	4,886,510
Industrial property	179,325	143,930	150,606	122,425	124,503
Agricultural property	92	138	79	69	69
Oil and Gas property	-	-	-	-	-
Personal property	887,721	827,331	825,798	765,486	741,538
State assessed property	<u>925,503</u>	<u>920,535</u>	<u>824,187</u>	<u>838,378</u>	<u>829,207</u>
Total taxable assessed value	17,548,347	14,659,085	14,384,910	11,385,252	11,264,201
Total direct tax rate	77.134	81.547	78.127	83.054	83.090
Estimated actual taxable value	\$ 134,744,419	\$ 105,772,919	\$ 100,203,607	\$ 80,891,083	\$ 79,581,379
Assessed value as a percentage of estimated actual value	13.0%	13.9%	14.4%	14.1%	14.2%

Continued next page

Source: December 31, 2017 - City and County of Denver CAFR
(The most current information available)

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

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

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

	2012	2011	2010	2009	2008
Vacant property	\$ 193,826	\$ 194,051	\$ 218,132	\$ 231,563	\$ 210,633
Residential property	4,345,018	4,325,747	4,598,108	4,545,672	4,510,588
Commercial property	4,567,479	4,655,265	5,426,538	5,452,125	4,383,397
Industrial property	120,329	147,433	142,372	144,380	125,108
Agricultural property	55	120	44	44	56
Oil and Gas property	-	-	63	4,020	3,286
Personal property	722,513	726,354	739,224	813,037	792,393
State assessed property	<u>808,218</u>	<u>888,485</u>	<u>835,603</u>	<u>821,502</u>	<u>837,783</u>
Total taxable assessed value	10,757,438	10,937,455	11,960,084	12,012,343	10,863,244
Total direct tax rate	84.071	71.307	66.591	65.139	66.783
Estimated actual taxable value	\$ 76,697,449	\$ 77,142,543	\$ 83,151,295	\$ 82,844,303	\$ 78,563,808
Assessed value as a percentage of estimated actual value	14.0%	14.2%	14.4%	14.5%	13.8%

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

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

Levy / Collection Year	Assessed Valuation	Tax Increment Valuation	Net Assessed Value	Percent Change	
2018	\$ 13,460,852,897	\$ 3,115,797,207	\$ 16,576,650,104	18.80%	
2017	13,221,694,094	239,158,803	13,460,852,897	1.78%	
2016	10,517,386,669	2,704,307,425	13,221,694,094	20.45%	
2015	10,454,481,228	62,905,441	10,517,386,669	0.60%	
2014	10,007,267,892	447,213,336	10,454,481,228	4.28%	
2013*	10,200,816,964	(193,549,072)	10,007,267,892	-1.93%	
2012	11,165,147,081	(964,330,117)	10,200,816,964	-9.45%	
2011	11,270,854,510	(105,707,429)	11,165,147,081	-0.95%	
2010	10,186,126,917	1,084,727,593	11,270,854,510	9.62%	
2009	10,025,025,839	161,101,078	10,186,126,917	1.58%	
Levy / Collection Year	General Fund Mills	Debt Service Mills	Mill Levy Override	Abatement Mills	Total Mill Levy
2018	25.541	9.650	12.547	0.506	48.244
2017	25.541	9.383	14.948	0.524	50.396
2016	25.541	10.250	10.976	0.630	47.397
2015	25.541	10.519	12.466	0.773	49.299
2014	25.541	10.446	12.431	0.881	49.299
2013*	25.541	10.913	12.714	1.320	50.488
2012	25.541	7.958	7.584	1.182	42.265
2011	25.541	6.800	6.884	0.747	39.972
2010	25.541	6.350	6.847	0.524	39.262
2009	26.729	6.193	6.285	0.450	39.657

For Fiscal Year Ended June 30, 2018

Taxing Entity	Mill Levy
City and County of Denver	28.333
Urban Drainage and Flood Control	0.557
Overlapping Mill Levy	28.890
School District #1	48.244
Total Mill Levy	77.134

Source: Certification of Levy for Current Year

* Of the increase in mills from 2012 to 2013, 7.609 mills are due to voter approved 2012 ballot initiatives

Source: The taxing entity mill levy is from the City and County of Denver Assessor's Office

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

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

<u>Tax Year</u>	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Total</u>	<u>Denver County</u>	<u>Police and Firemen Pension</u>	<u>Improvement and Services Districts</u>	<u>Total</u>
2017	38.594	9.650	48.244	18.377	2.598	7.915	77.134
2016	41.013	9.383	50.396	19.709	2.949	8.493	81.547
2015	37.147	10.250	47.397	19.764	2.960	8.006	78.127
2014	38.780	10.519	49.299	21.589	3.438	8.728	83.054
2013	38.853	10.446	49.299	21.618	3.447	8.726	83.090
2012	39.575	10.913	50.488	21.312	3.480	8.791	84.071
2011	34.307	7.958	42.265	17.385	3.331	8.326	71.307
2010	33.172	6.800	39.972	16.035	2.889	7.695	66.591
2009	32.912	6.350	39.262	13.447	2.760	9.670	65.139
2008	33.464	6.193	39.657	13.969	3.007	10.150	66.783

Source: December 31, 2017 - City and County of Denver CAFR
(The most current information available)

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

PRINCIPAL PROPERTY TAX PAYERS
CURRENT COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR (Unaudited)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value
Public Service Co.	\$ 281,847	1	1.61%	\$ 164,862	2	1.52%
Brookfield Properties	244,372	2	1.39%			
CenturyLink, Inc.	148,688	4	0.85%	198,396	1	1.83%
Beacon Capital Partners	126,543	8	0.72%			
Invesco Realty Advisers Inc.	159,599	3	0.91%			
Franklin Street Properties	130,296	6	0.74%			
Taubman Centers Inc.	111,836	9	0.64%			
Columbia-Healthone, LLC	108,776	10	0.61%	74,173	6	0.68%
UBS Realty Investors	128,054	7	0.73%			
Ivanhoe Cambridge Inc.	141,701	5	0.81%			
Republic Plaza Properties				71,621	8	0.66%
Callahan Capital Partners				96,813	4	0.89%
Maguire Properties - Denver Center LLC				63,074	9	0.58%
Frontier Airlines				78,783	5	0.73%
Skywest Airlines				56,395	10	0.52%
United Airlines, Inc.				125,728	3	1.16%
Temple Hoyne Buell Foundation				73,060	7	0.67%
Totals	\$ 1,581,712		9.01%	\$ 1,002,905		9.24%

Source: December 31, 2017 - 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)**

<u>Calendar Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Taxes Collected (Taxes Refunded)</u>	<u>Total Taxes Collected</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
2009	403,951,235	397,020,805	98.28	(2,126,458)	394,894,347	97.76
2010	442,516,290	436,223,046	98.58	2,755,674	438,978,721	99.20
2011	446,293,259	440,916,593	98.80	(4,907,177)	436,009,416	97.70
2012	431,137,524	422,713,147	98.05	(1,432,860)	421,280,287	97.71
2013	505,246,942	502,946,005	99.54	(809,506)	502,136,499	99.38
2014	515,395,470	511,059,056	99.16	460,277	511,519,333	99.25
2015	518,496,645	513,820,030	99.10	(1,163,514)	512,656,516	98.87
2016	626,668,635	621,313,860	99.15	160,185	621,474,045	99.17
2017**	678,373,143	674,714,380	99.46	(620,259)	674,094,120	99.37
2018*	799,723,908	787,136,752	98.43	215,086	787,351,838	98.45

Source: District financial records for the respective years.

* Property taxes are levied on a calendar year basis. Tax collections for 2018 represent collections for January through September 2018.

** Current Tax Collections for 2017 have been updated with the full calendar year figures.

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (Unaudited)

	2018	2017	2016	2015	2014
Assessed value (prior year)	\$ 17,548,347,337	\$ 14,659,085,700	\$ 14,384,909,283	\$ 11,385,251,250	\$ 11,264,201,810
Actual value (prior year)	134,744,419,497	105,772,919,056	100,203,607,405	80,891,082,600	79,581,379,500
Debt limit is greater of:					
20% of assessed value	3,509,669,467	2,931,817,140	2,876,981,857	2,277,050,250	2,252,840,362
or 6% of actual value*	8,084,665,170	6,346,375,143	6,012,216,444	4,853,464,956	4,774,882,770
Debt limit	8,084,665,170	6,346,375,143	6,012,216,444	4,853,464,956	4,774,882,770
Amount of debt applicable to debt limits	1,783,592,000	1,718,072,000	1,321,607,000	1,364,745,175	1,408,510,175
Less: amount reserved for long-term debt	(160,157,619)	(130,144,786)	(140,280,738)	(109,761,547)	(105,629,590)
Net chargeable to bond limit	1,623,434,381	1,587,927,214	1,181,326,262	1,254,983,628	1,302,880,585
Legal debt margin	\$ 6,461,230,789	\$ 4,758,447,929	\$ 4,830,890,182	\$ 3,598,481,328	\$ 3,472,002,185
Total net debt applicable to the limit as a percentage of debt limit	20.08%	25.02%	19.65%	25.86%	27.29%

Continued next page

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

* Section 22-42-104 of the Colorado School Law limits the amount of bonded indebtedness to the greater of 20% of the latest valuation for assessment of the taxable property in such district, as certified by the County Assessor to the Board of County Commissioners, or 6% of the most recent determination of the actual value of the taxable property in the district, as certified by the County Assessor to the Board of County Commissioners.

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

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

	2013	2012	2011	2010	2009
Assessed value (prior year)	\$ 10,757,438,400	\$ 10,937,453,830	\$ 11,960,083,760	\$ 12,012,342,720	\$ 10,863,244,130
Actual value (prior year)	76,697,448,800	77,142,545,500	83,151,295,000	82,844,303,500	78,563,808,200
Debt limit is greater of: 20% of assessed value or 6% of actual value*	2,151,487,680 4,601,846,928	2,187,490,766 4,628,552,730	2,392,016,752 4,989,077,700	2,402,468,544 4,970,658,210	2,172,648,826 4,713,828,492
Debt limit	4,601,846,928	4,628,552,730	4,989,077,700	4,970,658,210	4,713,828,492
Amount of debt applicable to debt limits	1,430,390,175	1,002,395,175	1,032,125,175	1,027,365,175	768,396,601
Less: amount reserved for long-term debt	<u>(102,079,673)</u>	<u>(72,084,732)</u>	<u>(66,657,069)</u>	<u>(66,657,070)</u>	<u>(61,482,392)</u>
Net chargeable to bond limit	<u>1,328,310,502</u>	<u>1,002,395,175</u>	<u>978,012,133</u>	<u>974,285,929</u>	<u>730,069,560</u>
Legal debt margin	<u>\$ 3,273,536,426</u>	<u>\$ 3,698,242,287</u>	<u>\$ 4,011,065,567</u>	<u>\$ 3,996,372,281</u>	<u>\$ 3,983,758,932</u>
Total net debt applicable to the limit as a percentage of debt limit	28.86%	21.66%	19.60%	19.60%	15.49%

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

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

Year	District Population*	Assessed Property Valuation*	General Bonded Debt	Certificates of Participation	Capital Leases	Gross Debt Primary Government
2018	693,292	\$ 17,548,347,337	\$ 1,953,095,785	\$ 1,034,383,784	\$ 5,430,536	\$ 2,992,910,105
2017	693,060	14,659,085,700	1,889,552,488	1,077,242,045	1,253,441	2,968,047,974
2016	682,545	14,384,909,283	1,433,272,568	1,044,456,762	-	2,477,729,330
2015	663,862	11,385,251,250	1,482,464,966	1,049,340,225	-	2,531,805,191
2014	649,495	11,264,201,810	1,513,418,866	1,062,149,172	-	2,575,568,038
2013	634,265	10,757,438,400	1,506,436,908	863,946,953	53,534	2,370,437,395
2012	619,968	10,937,453,830	1,018,114,694	720,556,945	298,454	1,738,970,093
2011	600,158	11,960,083,760	1,069,869,202	718,033,565	530,845	1,788,433,612
2010	610,345	12,012,342,720	1,040,942,999	767,096,484	755,869	1,808,795,352
2009	598,707	10,863,244,130	791,551,951	764,606,178	973,599	1,557,131,728

Continued next page

Source: School District Financials

Source: * December 31, 2017 - City and County of Denver CAFR
(The most current information available)

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

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

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

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

Year	Less Debt Service Funds Available	Net General Bonded Debt	Net General Bonded Debt to Assessed Value	Total Debt Per Capita	Net General Bonded Debt Per Capita	Personal Income (expressed in millions)	Percentage of Personal Income to O/S Debt
2018	\$ 160,157,619	\$ 1,792,938,166	10.22%	\$ 4,317	\$ 2,586	n/a	** n/a
2017	130,144,786	1,759,407,702	12.00%	4,283	2,539	46,612,000	6.37%
2016	140,280,738	1,292,991,830	8.99%	3,630	1,894	46,617,000	5.32%
2015	109,761,547	1,372,703,419	12.06%	3,814	2,068	41,743,000	6.07%
2014	109,621,401	1,403,797,465	12.46%	3,965	2,161	36,999,000	6.96%
2013	109,580,300	1,396,856,608	12.99%	3,737	2,202	35,271,000	6.64%
2012	72,084,732	946,029,962	8.65%	2,805	1,526	33,811,000	5.14%
2011	66,657,070	1,003,212,132	8.39%	2,980	1,672	30,515,000	5.86%
2010	66,657,070	974,285,929	8.11%	2,964	1,596	31,512,000	5.74%
2009	61,482,392	730,069,559	6.72%	2,601	1,219	31,308,000	4.97%

Source: School District Financials

Source: * December 31, 2017 - City and County of Denver CAFR
(The most current information available)

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

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

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

DIRECT AND OVERLAPPING DEBT
(Unaudited)

<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	<u>2,682,582,000</u>	12/31/17	100%	<u>2,682,582,000</u>
School District No. 1 Denver	<u>2,992,910,105</u>	06/30/18	100%*	<u>2,992,910,105</u>
	<u>\$ 5,675,492,105</u>			<u>\$ 5,675,492,105</u>

Source: City and County of Denver 2017 CAFR - December 31, 2017

Source: School District Financials - June 30, 2018

*As per City and County of Denver 2017 CAFR, all overlapping debt for Denver Public Schools is considered overlapping at 100%

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

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

<u>Year Ended June 30,</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Median Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2018	693,292	N/A*	N/A*	35.1	92,686	3.0%
2017	693,060	\$ 46,612	\$ 67,256	34.9	92,331	3.0%
2016	682,545	\$ 46,617	\$ 68,299	34.7	91,429	3.7%
2015	663,862	\$ 41,743	\$ 62,880	34.5	90,150	4.3%
2014	649,495	\$ 36,999	\$ 56,967	34.3	87,398	7.0%
2013	634,265	\$ 35,721	\$ 56,318	34.2	84,424	8.2%
2012	619,968	\$ 33,811	\$ 54,537	33.9	81,870	9.2%
2011	600,158	\$ 30,515	\$ 50,845	33.8	79,423	10.0%
2010	610,345	\$ 31,512	\$ 51,630	33.8	78,352	9.0%
2009	598,707	\$ 31,308	\$ 52,788	33.7	75,269	5.3%

Source: December 31, 2017 - 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	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,387	1	2.8%	9,672	3	2.6%
City and County of Denver	11,190	2	2.6%	10,598	1	2.9%
State of Colorado Central Payroll	10,548	3	2.4%	9,082	4	2.5%
Denver Health & Hospital Authority	6,842	4	1.6%	4,305	7	1.2%
United Airlines, Inc.	6,000	5	1.4%	5,473	5	1.5%
CHC Payroll Agent, Inc. (HCA Health One)	4,303	6	1.0%			
USDA National Finance Center	4,240	7	1.0%	9,942	2	2.7%
University of Denver	4,009	8	0.9%			
University of Colorado Central	3,399	9	0.8%	5,087	6	1.4%
U.S. Postal Service	3,225	10	0.7%	3,750	9	1.0%
Qwest Corporation				4,050	8	1.1%
Frontier Airlines				3,433	10	0.9%
Total	<u>66,143</u>		<u>15.2%</u>	<u>65,392</u>		<u>17.8%</u>

Source: December 31, 2017 - City and County of Denver CAFR
(The most current information available)

Based on 2017 and 2008 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)

	2018	2017	2016	2015	2014
Number of schools participating in:					
Lunch - regular schedule	201	196	190	178	170
Breakfast program	205	196	187	176	164
Student lunches served:					
Free	5,543,297	5,790,913	6,039,463	6,321,861	6,545,540
Reduced	842,383	766,864	710,818	740,182	560,806
Fully paid	1,492,549	1,308,708	1,262,199	1,229,486	1,104,247
Total	<u>7,878,229</u>	<u>7,866,485</u>	<u>8,012,480</u>	<u>8,291,529</u>	<u>8,210,593</u>
Adult lunches served	18,795	21,142	25,558	40,205	47,833
Student breakfasts served:					
Free	4,051,403	4,181,279	4,360,853	4,598,757	3,915,825
Reduced	670,302	613,974	555,004	564,425	365,988
Fully paid	1,277,618	1,226,889	1,143,377	1,080,075	826,957
Total	<u>5,999,323</u>	<u>6,022,142</u>	<u>6,059,234</u>	<u>6,243,257</u>	<u>5,108,770</u>
Number of serving days:					
Regular schedule	173	173.5	173.5	172.5	172.5
Average daily participation:					
Student lunch	45,539	45,340	46,181	48,067	47,598
Adult lunch	109	122	147	233	277
Student breakfast	34,678	34,710	34,924	36,193	29,616
October 1 pupil count	93,403	92,754	91,860	90,591	87,398
Percentage of students daily eating school lunch	48.76%	48.88%	50.27%	53.06%	54.46%
October 1 count of benefits					
Students on free lunch	53,167	53,734	55,505	55,755	56,945
Students on reduced lunch	9,053	8,469	7,430	7,382	6,032
Percentage of students on:					
Free lunch	56.92%	57.93%	60.42%	61.55%	65.16%
Reduced lunch	9.69%	9.13%	8.09%	8.15%	6.90%
Total	<u>66.61%</u>	<u>67.06%</u>	<u>68.51%</u>	<u>69.69%</u>	<u>72.06%</u>

Continued next page

Source: School District Planning Department

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

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

	2013	2012	2011	2010	2009
Number of schools participating in:					
Lunch - regular schedule	167	154	136	135	134
Breakfast program	163	146	121	123	130
Student lunches served:					
Free	6,157,279	6,247,801	5,873,222	5,652,843	5,457,415
Reduced	498,219	531,509	584,553	660,953	621,699
Fully paid	<u>1,009,743</u>	<u>1,097,105</u>	<u>1,127,243</u>	<u>1,037,510</u>	<u>1,081,385</u>
Total	<u>7,665,241</u>	<u>7,876,415</u>	<u>7,585,018</u>	<u>7,351,306</u>	<u>7,160,499</u>
Adult lunches served	50,983	52,596	67,645	62,513	69,207
Student breakfasts served:					
Free	3,200,617	2,660,621	2,074,211	2,140,213	2,058,576
Reduced	282,440	228,977	197,429	229,883	216,230
Fully paid	<u>614,875</u>	<u>527,877</u>	<u>390,855</u>	<u>374,485</u>	<u>398,992</u>
Total	<u>4,097,932</u>	<u>3,417,475</u>	<u>2,662,495</u>	<u>2,744,581</u>	<u>2,673,798</u>
Number of serving days:					
Regular schedule	171	171	170	170	172
Average daily participation:					
Student lunch	44,826	46,061	44,618	43,243	41,631
Adult lunch	298	308	398	368	402
Student breakfast	23,965	19,985	15,662	16,145	15,545
October 1 pupil count	84,424	81,870	79,423	78,352	75,269
Percentage of students daily eating school lunch	53.10%	56.26%	56.18%	55.19%	55.31%
October 1 count of benefits					
Students on free lunch	55,415	53,994	48,545	46,287	40,976
Students on reduced lunch	5,512	5,369	5,520	6,514	5,653
Percentage of students on:					
Free lunch	65.64%	65.95%	61.12%	59.08%	54.44%
Reduced lunch	6.53%	6.56%	6.95%	8.31%	7.51%
Total	<u>72.17%</u>	<u>72.51%</u>	<u>68.07%</u>	<u>67.39%</u>	<u>61.95%</u>

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

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

	2018	2017	2016	2015	2014
All Funds					
Instruction	6,439	6,686	6,948	7,495	6,911
Pupil support	1,173	849	792	533	448
Instructional support	1,160	1,355	1,361	1,133	803
General administration	46	39	40	37	36
School administration	865	833	827	756	37
Business services	124	122	118	131	108
Operation & maintenance	1,089	1,073	964	917	1,011
Pupil transportation	502	527	523	544	579
Central services	537	628	619	589	602
Community services	183	315	246	205	283
Education for adults	163	422	240	130	20
Food services	772	790	675	676	581
	13,053	13,639	13,353	13,146	11,419

	2018	2017
Degree Held		
Bachelor's	3,761	3,730
Master's	4,449	4,421
Doctoral / Master's plus	217	224
Other	630	713

	2013	2012	2011	2010	2009
All Funds					
Instruction	4,893	5,277	6,694	5,117	4,178
Pupil support	386	422	498	539	383
Instructional support	812	786	1,089	743	556
General administration	26	28	26	29	31
School administration	699	705	612	576	556
Business services	114	124	97	81	73
Operation & maintenance	722	717	720	704	673
Pupil transportation	190	190	194	197	195
Central services	384	362	314	353	293
Community services	121	100	139	147	146
Education for adults	77	141	62	56	33
Food services	156	145	146	75	57
	8,579	8,997	10,590	8,616	7,174

Source: School District financial reports for the respective years

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

As of June 30, 2018 the degree held data is for 12,511 actual FTE's (9,993 of whom are full-time and 2,518 of whom are part-time) and reflect degree's disclosed for the respective year

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

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

Enrollment is as of October 1 in fiscal year.

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Elementary & K-8 Schools:**	110	111	121	120	136
Total Square Feet	8,055,067	7,848,747	6,694,908	6,694,908	6,694,908
Total Capacity (Students)	73,575	73,200	67,050	67,050	67,050
Enrollment	45,426	46,002	46,388	48,153	46,658
Middle Schools:**	14	13	29	29	15
Total Square Feet	1,651,073	1,647,064	1,955,193	1,955,193	1,955,193
Total Capacity (Students)	12,325	12,425	14,825	14,825	14,825
Enrollment	12,157	10,185	9,921	9,146	9,738
High Schools:**	43	43	35	27	38
Total Square Feet	5,683,459	5,660,945	4,843,312	4,824,362	4,824,362
Total Capacity (Students)	44,025	44,425	39,050	39,050	39,050
Enrollment	14,786	17,082	16,679	16,053	15,822
Alternative Schools:***	13	14	18	18	13
Total Square Feet	-	-	-	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	1,852	1,884	1,727	1,774	1,613
Charter Schools:***	58	54	60	51	43
Total Square Feet	-	-	-	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	18,763	17,178	16,714	15,024	13,567

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Elementary & K-8 Schools:**	82	82	82	82	82
Total Square Feet	5,651,281	5,596,588	5,401,362	5,345,466	5,345,466
Total Capacity (Students)	42,226	42,226	42,226	49,369	49,369
Enrollment	44,391	39,673	40,119	39,541	36,368
Middle Schools:**	15	14	14	14	14
Total Square Feet	2,114,045	2,114,543	2,026,369	2,026,374	2,026,374
Total Capacity (Students)	14,364	14,364	14,364	15,696	15,696
Enrollment	9,551	8,613	8,610	8,853	8,916
High Schools:**	12	12	12	12	12
Total Square Feet	3,793,938	3,774,707	3,522,950	3,332,506	3,539,700
Total Capacity (Students)	21,385	21,385	21,385	22,901	22,901
Enrollment	15,608	13,492	13,636	13,780	13,839
Alternative Schools:***	4	5	6	6	4
Total Square Feet	263,581	263,581	253,399	46,205	253,399
Total Capacity (Students)	1,006	1,006	1,006	1,550	1,550
Enrollment	1,597	923	861	1,381	1,278
Charter Schools:***	18	18	19	16	9
Total Square Feet	11,414	11,414	53,517	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	11,567	5,391	5,349	5,160	2,766

Sources: School District Research and Planning Office, and Facilities Planning Department

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

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

***Program Count



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SINGLE AUDIT REPORT

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

Board of Education
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, 2018, 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 15, 2018, 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 (the ProComp fund), a blended component unit. Our report also includes a reference to other auditors who audited the financial statements of all component units, except for KIPP Colorado Schools, STRIVE Preparatory Schools and Cesar Chavez Academy Denver, that are included as remaining aggregate discretely presented component units. All component units included as remaining aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for DSST Public Schools, Rocky Mountain Preparatory, KIPP Colorado Schools and STRIVE Preparatory Schools. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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 15, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited School District No. 1 in the City and County of Denver and State of Colorado's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's basic financial statements include the operations of Denver School of Science and Technology, Inc., a discretely presented component unit, which received \$1,565,355 in federal awards, which are not included in the District's schedule of federal expenditures of federal awards for the year ended June 30, 2018. Our audit, described below, did not include the operations of Denver School of Science and Technology, Inc., as that audit was performed separately in accordance with Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
November 15, 2018

**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, 2018

<u>Federal Grantor/Program or Cluster Title</u>	<u>Pass-through Grantor</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
Department of Agriculture				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	Colorado Department of Education	4553	10,553	\$ 9,979,099
National School Lunch Program	Colorado Department of Education	4555	10,555	21,650,407
Donated Commodities	Colorado Department of Education	None	10,555	2,571,771
Summer Food Service Program for Children	Colorado Department of Education	4559	10,559	615,187
<i>Child Nutrition Cluster Subtotal</i>				<u><u>34,816,464</u></u>
Child and Adult Care Food Program	Colorado Department of Education	4558	10,558	32,627
Fresh Fruit and Vegetable Program	Colorado Department of Education	4582	10,582	<u><u>1,276,484</u></u>
Total Department of Agriculture				<u><u>36,125,575</u></u>
Department of Defense				
JROTC Career Academy			12,000	<u><u>784,682</u></u>
Total Department of Defense				<u><u>784,682</u></u>
Department of Justice				
Edward Byrne Memorial Justice Assistance	Colorado Department of Public Safety	7738	16,738	28,738
Grant Program				
Total Department of Justice				<u><u>28,738</u></u>
Department of Labor				
<i>WIA/WIOA Cluster</i>				
WIA/WIOA Youth Activities	City and County of Denver	7259 (Award No. AA253431455A8)	17,259	1,249,499
<i>WIA/WIOA Cluster Subtotal</i>				<u><u>1,249,499</u></u>
YouthBuild			17,274	267,175
Total Department of Labor				<u><u>1,516,674</u></u>

The accompanying notes are an integral part of this schedule

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Expenditures of Federal Awards (continued)**
Year Ended June 30, 2018

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
National Science Foundation				
<i>Research and Development Cluster</i>				
Education and Human Resources	University of Colorado	7076	47.076	19,017
<i>Research and Development Total</i>				19,017
Total National Science Foundation				19,017
Environmental Protection Agency				
Environmental Education Grant	Colorado Department of Public Safety	7951	66.951	3,431
Total Environmental Protection Agency				3,431
Department of Education				
Adult Education - Basic Grants to States	Colorado Department of Education	5002 & 6002	84.002	359,691
<i>Federal Student Financial Aid Cluster</i>				
Federal Supplemental Educational Opportunity Grants			84.007	89,500
Federal Pell Grant Program			84.063	1,555,072
<i>Federal Student Financial Aid Cluster Subtotal</i>				1,644,572
Title I Grants to Local Educational Agencies	Colorado Department of Education	4010, 5010,7010	84.010	30,954,646
<i>Special Education Cluster (IDEA)</i>				
Special Education_ Grants to States	Colorado Department of Education	4027	84.027	16,060,758
Special Education_ Preschool Grants	Colorado Department of Education	4173	84.173	430,443
<i>Special Education Cluster Subtotal</i>				16,491,201
Career and Technical Education --	Colorado Community College System	4048	84.048	1,129,620
Basic Grants to States				

**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, 2018

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Education (continued)				
Indian Education _ Grants to Local Educational Agencies			84.060	160,142
Rehabilitation Services _ Vocational Rehabilitation Grants to States	Colorado Department of Human Services	5126	84.126	42,345
Education for Homeless Children and Youth	Colorado Department of Education	5196	84.196	34,956
Fund for the Improvement of Education			84.215	12,175
Charter Schools	Colorado Department of Education	5282	84.282	994.897
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287	1,461,388
Gaining Early Awareness and Readiness for Undergraduate Programs			84.334	648,726
Teacher Quality Partnership Grants	University of Colorado at Boulder	4336	84.336	362,039
English Language Acquisition State Grants	Colorado Department of Education	4365 & 7365	84.365	1,934,499
Improving Teacher Quality State Grants	Colorado Department of Education	4367	84.367	3,685,639
Teacher Incentive Fund			84.374	2,513,039
School Improvement Grant	Colorado Department of Education	7377	84.377	974,516

**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, 2018

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Teacher Quality Partnership Grants			84.405	140,000
Investing in Innovation (i3) Fund			84.411	443,099
Race to the Top - Early Learning Challenge	Colorado Department of Education	5412	84.412	64,675
Student Support and Academic Enrichment	Colorado Department of Education	4424	84.424	15,164
				<u>64,067,029</u>
Department of Health and Human Services				
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	Denver Health and Hospital Authority	7243	93.243	13,062
Teenage Pregnancy Prevention Program	Colorado Youth Matter	7297	93.297	54,512
TANF Cluster	Colorado Department of Human Services	8558	93.558	275,118
Temporary Assistance for Needy Families (TANF)				
				<u>275,118</u>
Refugee and Entrant Assistance – State Administered Programs	Colorado Department of Human Services	7566	93.566	324,903
Refugee and Entrant Assistance Grants Targeted Assistance Grants	Colorado Department of Human Services	7584	93.584	12,968

The accompanying notes are an integral part of this schedule

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2018**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Health and Human Services (continued)				
Head Start	City and County of Denver	8600 (Award No. 08CH01119-02 08CH01119-03 08CH01119-04)	93,600	1,770,214
Block Grants for Prevention and Treatment of Substance Abuse	Colorado Department of Human Services	7959	93,959	<u>68,648</u>
Corporation for National and Community Service AmeriCorps	Colorado Governor's Commission on Community Service	7006	94,006	<u>60,809</u>
Total Corporation for National and Community Service				<u><u>60,809</u></u>
Total Federal Expenditures				<u><u><u>\$ 105,125,380</u></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, 2018

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the District. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the District through the state of Colorado or other non-federal entities. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

The District's basic financial statements include the operations of the Denver School of Science and Technology, Inc., a discretely presented component unit, which received \$1,565,355 in federal awards which are not included in the District's schedule of expenditures of federal awards for the year ended June 30, 2018.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors. The District utilizes the indirect cost rate established for it by the Colorado Department of Education, therefore it has not used the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. Certain grant programs have not been assigned Catalog of Federal Domestic Assistance (CFDA) numbers by the federal government, or the numbers are not obtainable. These programs are identified in the Schedule by the federal agency number followed by three zeros (for example, 12.000).
4. During the year ended June 30, 2018, the District did not pass through any federal funds to subrecipients.
5. For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
6. The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The District takes possession of all inventory, including commodity items when they reach the District's dock or cold storage facility, and title passes at that time. The majority of commodity items are stored in the district warehouse or off-site cold storage facility. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The District recognized noncash awards of \$2,571,771 for the year ended June 30, 2018.

**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, 2018

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified Qualified Adverse Disclaimer

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

Significant deficiency(ies)? Yes None Reported

Material weakness(es)? Yes No

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

Federal Awards

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

Significant deficiency(ies)? Yes None Reported

Material weakness(es)? Yes No

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

Unmodified Qualified Adverse Disclaimer

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

**School District No. 1 in the
City and County of Denver and State of Colorado**
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

7. The District's major programs were:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster (IDEA)

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

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

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

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2018

Section II – Financial Statement Findings

Reference Number	Findings
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No Findings Noted.

**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, 2018

Section III – Federal Awards Findings

Reference Number	Findings
2018-001	<p>Finding: Supplantation, Nonduplication and Nondisplacement</p> <p>CFDA No. 94.006 - AmeriCorps Corporation for National and Community Service, Passed through the Colorado Governor's Commission on Community Service, Award Number 15ESHCO0010001, Award Year 2017-2018</p> <p>Criteria: In accordance with the grant agreement, the District must comply with the following regulations as outlined in CFR 2540.100.</p> <p class="list-item-l1">(a) Supplantation. Corporation assistance may not be used to replace state and local public funds that had been used to support programs of the type eligible to receive corporation support. For any given program, this condition will be satisfied if the aggregate non-federal public expenditure for that program in the fiscal year that support is to be provided is not less than the previous fiscal year.</p> <p class="list-item-l1">(e) Nonduplication. Corporation assistance may not be used to duplicate an activity that is already available in the locality of a program. And, unless the requirements of paragraph (f) of this section are met, corporation assistance will not be provided to a private nonprofit entity to conduct activities that are the same or substantially equivalent to activities provided by a state or local government agency in which such entity resides.</p> <p class="list-item-l1">(f) (4) Nondisplacement. A participant in a program receiving corporation assistance may not perform any services or duties or engage in activities that would otherwise be performed by an employee as part of the assigned duties of such employee.</p> <p class="list-item-l1">(f) (6) A participant in any program receiving assistance under this chapter may not perform services or duties that have been performed by or were assigned to any (i) Presently employed worker; (ii) Employee who recently resigned or was discharged; [and] (iv) Employee who is on leave (terminal, temporary, vacation, emergency, or sick).</p>

Condition: Beginning in April 2018, Serve Colorado (grantor) conducted a review of Denver Public Schools AmeriCorps program and noted the District was in violation of the above listed grant requirements. Based on the results of this review, the AmeriCorps program was discontinued immediately and the District was required to repay \$200,000.

Questioned costs: \$200,000. Questioned costs were determined by the grantor (Serve Colorado.)

Context: Serve Colorado conducted 10 site visits, various interviews, reviewed staff position descriptions and timesheets noting that the District did not appear to operate the 2017-2018 program in compliance with AmeriCorps grant requirements.

**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, 2018

Reference Number	Findings
	Effect: The District was required to terminate the AmeriCorps program immediately and repay \$200,000.
	Cause: Denver Public Schools enrolled existing paraprofessionals, math fellows, and teacher residents who engaged in efforts that supported math tutoring and student engagement and attendance in AmeriCorps which violated the grant requirements. The AmeriCorps program was administered by a single individual with limited supervisory oversight.
	Identification as a repeat finding: Not Applicable.
	Recommendation: We recommend that the District review and improve its procedures and processes related to grants administration, audits and oversight. In addition, we recommend the District implement increased levels of grant oversight to ensure there is full compliance with all grants.
	Views of responsible officials: The District agrees with the finding. See separate report for planned corrective actions.

**School District No. 1 in the
City and County of Denver and State of Colorado**
Status of Prior Year Audit Findings
Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
2017-001	Student Activity Fund Reconciliations – We recommend that the District re-evaluate and strengthen its current process over this area and closely monitor the performance of reconciliations received until the online system for collection of student activity and fees is implemented. In addition, we also recommend that the District continue to expand outreach to schools regarding this issue to help ensure reconciliations are performed timely and accurately and that senior district leadership and the school board set the tone on the importance of following established process and policies.	Implemented
2017-002	Grants Special Revenue Fund – Revenue recognition – Through the use of the Grant Billing Module, we recommend that the District perform a detailed review over all awards to determine if the receivable or unearned revenue balance is proper to be included or if an entry is needed to correct. In addition, we recommend that the District implement a process to review the reasonableness of the amount recorded against subsequent receipts and expenditures to help ensure the accuracy of the ending balance.	Implemented
2017-003	Child Nutrition Cluster – Special Test and Provisions – Verification of Free and Reduced Price Applications (NSLP) – We recommend the District conduct adequate training to all employees involved in the verification process, which should include a review by management to ensure households exempt from verification requirements are excluded. Additionally, we recommend the District establish monitoring procedures to ensure that not only the correct number of approved applications are selected for verification, but also that the entire verification process is monitored to ensure compliance and that objectives are met.	Implemented



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

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2018

2017-001

Finding: Student Activity Fund Reconciliations

Status: Implemented

Corrective Action: The District has implemented an online bill pay system which allows for the collection of student activity fees which resulted in improvements to the accounting and banking processes. The banking process has been consolidated to one district account and the accounting for the Student Activity Funds resides in the District's ERP system, Lawson. The District identified 14 schools that we refer to as Phase I which were implemented into the new process in January of 2018. As a result, the reconciliation process has been automated. The District identified 99 schools that we refer to as Phase II that will roll out in August 2018. The remainder of the schools that we refer to as Phase III will roll out in January 2019. A member of the Office of the Controller has been assigned to monitor and reconcile the student activity accounts not phased into the online bill pay system.

Identification as a repeat finding: Not applicable

Person Responsible for Implementing: Stephen Clawson, Controller

Implementation Date: Phase I was implemented January 2018, Phase II was implemented in August 2018 and Phase III will be implemented in January 2019



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School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings (continued) Year Ended June 30, 2018

2017-002

Finding: Grants Special Revenue Fund – Revenue Recognition

Status: Implemented

Corrective Action: During FY 2017 the process to ensure all grants went through the system billing process was implemented, and as such the finding was only related to certain grants with start dates prior to July 1, 2017. In FY 2018, the Office of the Controller implemented reconciliation procedures at a contract level to ensure revenue recognition procedures were done within the system and any long outstanding balances were adjusted accordingly. Additional training was provided for District personnel to ensure they understood the accrual process at year end.

Identification as a repeat finding: Not applicable

Person Responsible for Implementing: Stephen Clawson, Controller

Implementation Date: June 30, 2018



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School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings (continued) Year Ended June 30, 2018

2017-003

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

Status: Implemented

Corrective Action: During FY 2018 the District re-hired the former Denver Public Schools Meals Supervisor, who oversaw the department from 2010 to 2015. During the year the new meals supervisor and director attended CDE training for 'Free and Reduced Price Meal and Verification Training' and 'Direct Certification.' Additionally, the meals supervisor and director participated in other CDE trainings related to verification. Further, the Meals Application department has documented and implemented a monitoring control procedure to ensure the correct number of approved applications were selected for verification and properly verified. The updated procedures also ensured that employees involved in the meal application process received proper training and had adequate oversight.

Identification as a repeat finding: Not applicable

Person Responsible for Implementing: Theresa Hafner, Executive Director Enterprise Management

Implementation Date: July 1, 2017



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School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2018

2018-001

Finding: Supplantation, Nonduplication and Nondisplacement

Status: Partially Implemented

Corrective Action: During FY 2018 the District changed program management for increased visibility into federal programs. The AmeriCorps grant has been discontinued. The District has taken measures to ensure there is proper review of grant spend along with checks and balances in place to lead to a strong program management of federal programs. The District has reviewed its procedures and processes related to grants administration. The District provided additional training to grant managers and impacted staff and included targeted training to implement increased levels of grant oversight. The District has assigned an analyst to each federal grant and that person reports directly to the Financial Management office. This ensures the appropriate level of compliance and oversight.

Identification as a repeat finding: Not applicable

Person Responsible for Implementing: Jeremiah Johnson, Associate Director, Grants Management

Implementation Date: December 31, 2018



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