



DENVER  
PUBLIC  
SCHOOLS

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



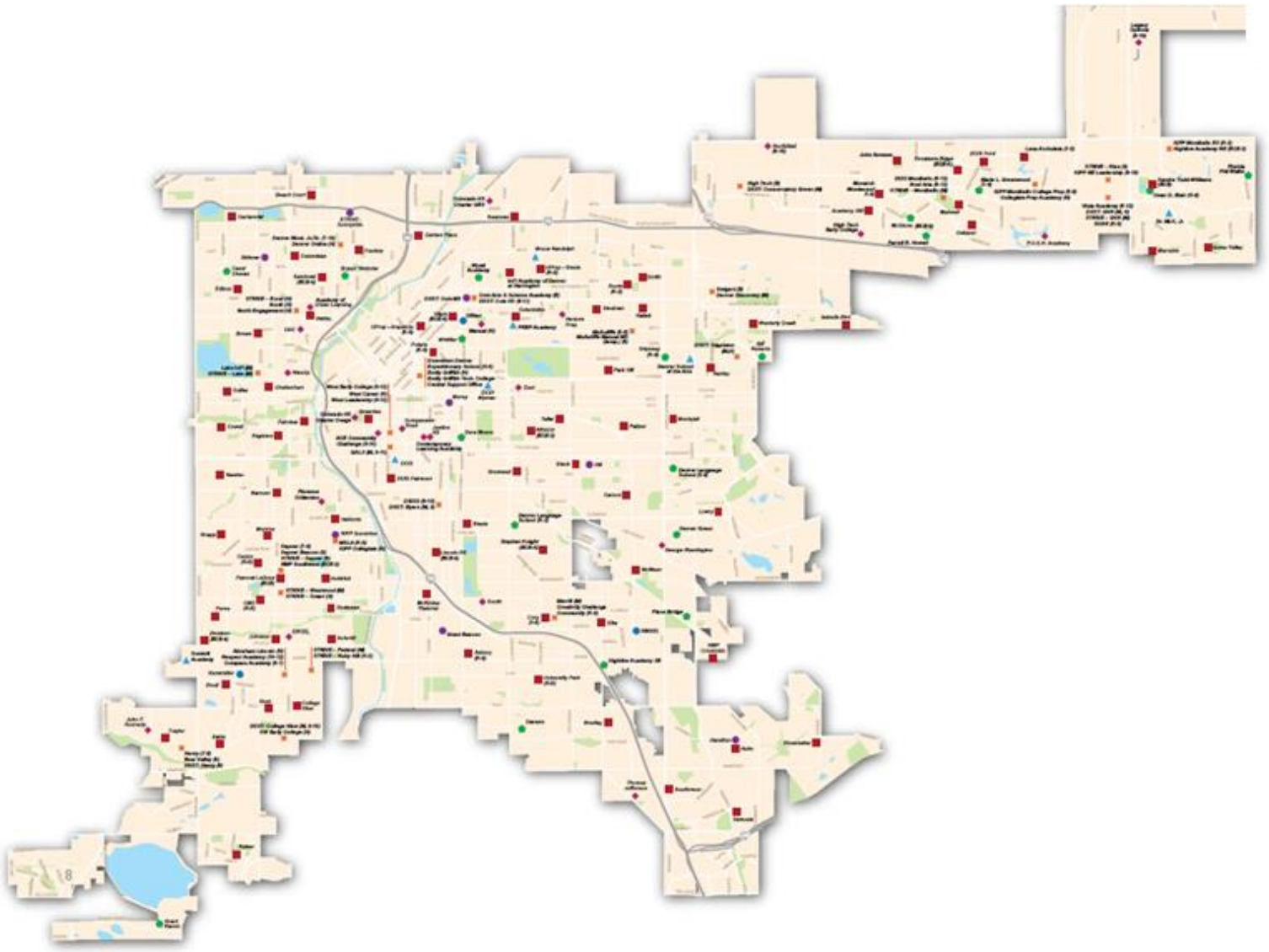
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*By Justin L. Smith at 3:01 pm, Jan 03, 2017*

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

# Denver Public Schools

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



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



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



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**OFFICE OF THE CONTROLLER**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

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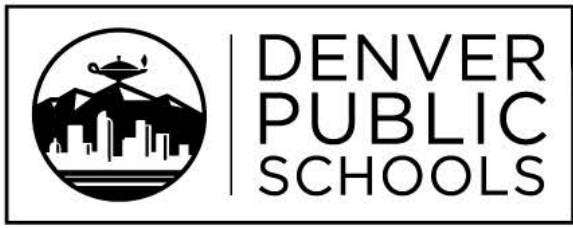
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## INTRODUCTORY SECTION

November 18, 2016

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

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

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

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

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

## **PROFILE OF THE DISTRICT**

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

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

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

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

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

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

## **MAJOR INITIATIVES**

### **Capital Improvements**

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

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

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

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

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

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

ProComp helps attract and retain top quality teachers by:

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

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

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

## **FINANCIAL INFORMATION**

### **Internal Control**

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

### **Single Audit**

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

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

### **Accounting and Budgetary Controls**

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

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

### **PERA Merger**

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

### **Financial Policies**

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

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

The District continually develops and refines forward-looking financial projections as part of its budgetary process and considers it to be a critical component to successfully managing the finances of the District. This is especially true in the current economic environment as the District will continue to face funding challenges related to the declines in state support. As a result, it is paramount that the District reviews its projected financial position to ensure that appropriate 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, 2015. This was the thirty-first consecutive year that the District received this award. This award requires that a government publish an easily readable and efficiently organized CAFR. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. Although the award is applicable only to the June 30, 2015 report, we believe that this report continues to meet the requirements for this award and will be submitted to the GFOA to determine its eligibility for this certificate of achievement for excellence.

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

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

**Acknowledgement**

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

Respectfully submitted,



Mark Ferrandino  
Chief Financial Officer



Stephen A. Clawson, CPA  
Controller



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

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

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

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director

DISTRICT OFFICIALS

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**BOARD OF EDUCATION**

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**SUPERINTENDENT**

Tom Boasberg

**CHIEF OPERATING OFFICER**

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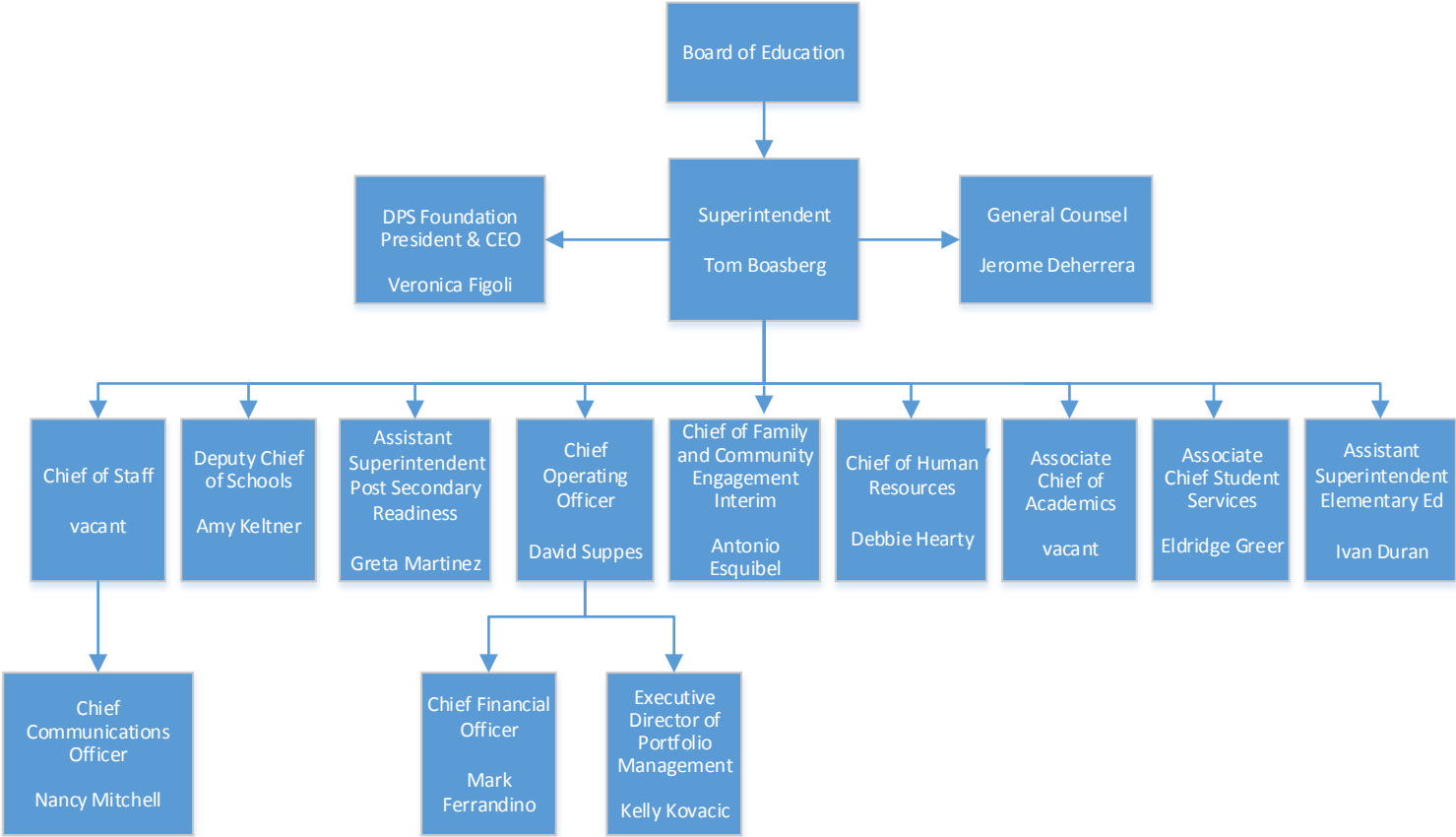
**CHIEF FINANCIAL OFFICER**

Mark Ferrandino

**CONTROLLER**

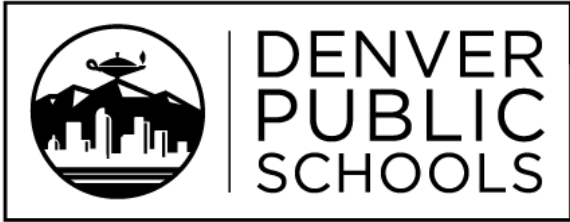
Stephen A. Clawson, CPA

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





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

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust (ProComp) fund or, with the exception of the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, we did not audit the financial statements of the aggregate discretely presented component units, which represent 78.96% of total assets and 72.84% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2016. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the ProComp fund and the aggregate discretely presented component units, insofar as it relates to the amounts included for the ProComp fund and the aggregate discretely presented component units, except for the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Academy 360, Rocky Mountain Preparatory Schools, KIPP Colorado Schools and STRIVE Preparatory Schools, all of which were audited under *Government Auditing Standards*.

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

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

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

***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

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

**Other Matters**

***Required Supplementary Information***

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the combining fund statements – nonmajor funds, agency funds statement of changes in assets and liabilities, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by the Uniform Guidance listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**BKD, LLP**

Denver, Colorado  
November 18, 2016



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

### **Financial Highlights**

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

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

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

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

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

### **Government-wide Statements**

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

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

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The statement of net position includes all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position to the exclusion of fiduciary funds. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

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

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

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

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**Financial Analysis of the District**

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

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

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

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

SCHOOL DISTRICT NO. 1  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

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

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

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

SCHOOL DISTRICT NO. 1  
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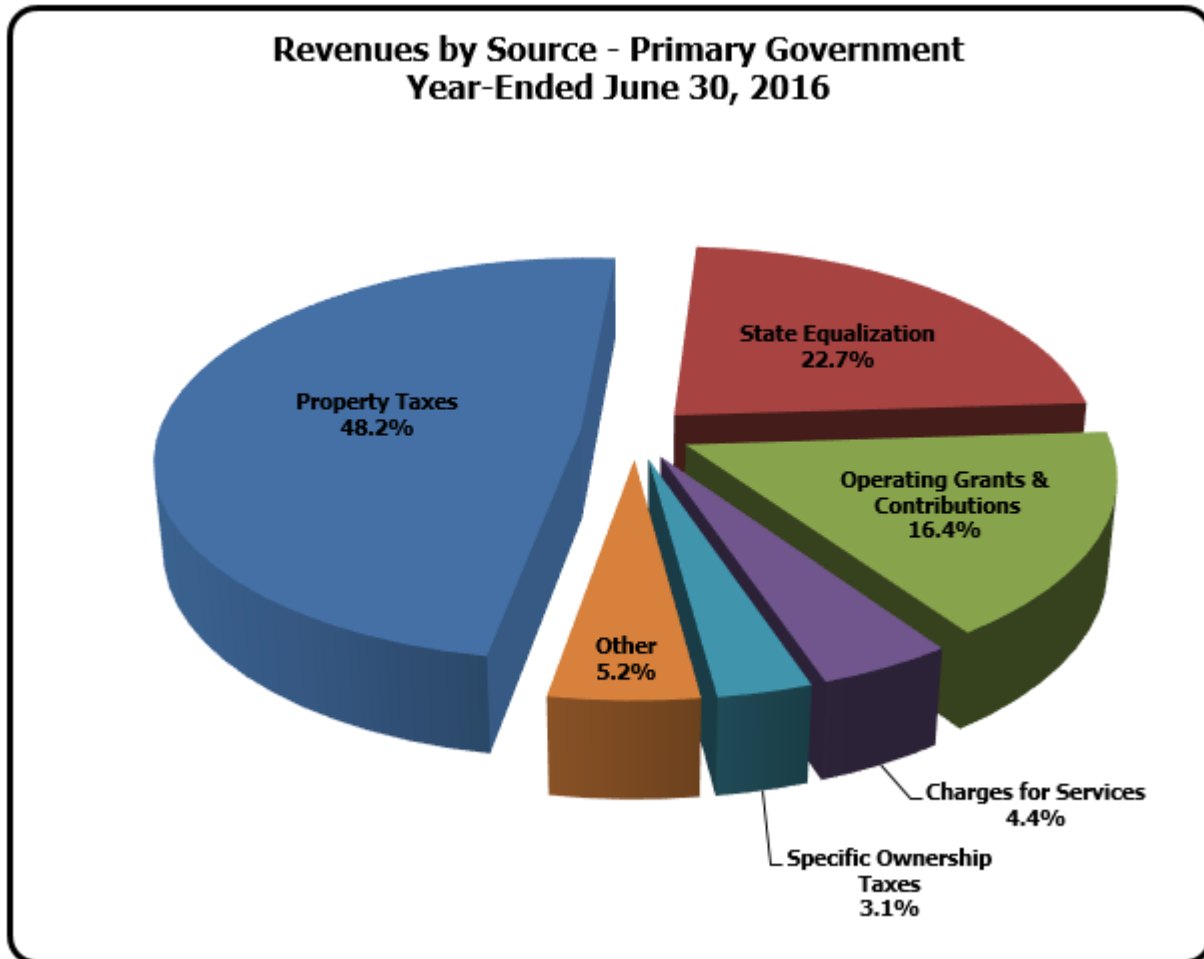
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016

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

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

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



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

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

### **Governmental funds**

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

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

### **Proprietary funds**

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

### **General Fund Budgetary Highlights**

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

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

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

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

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

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**Capital Assets and Debt Administration**

**Capital assets**

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

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

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

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

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

**Long-Term Debt**

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

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

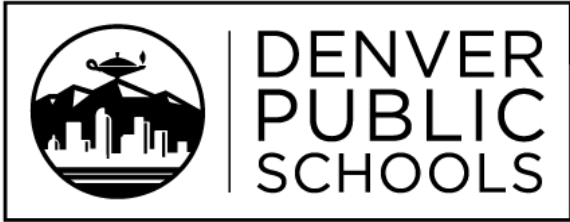
Additional information on the District's long-term debt can be found in Note 6 to the basic financial statements.

**Contacting the District's Financial Management**

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



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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, 2016

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

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

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

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

| Functions/Programs            | Expenses                | Program Revenues        |                                       | Net (Expense)<br>Revenue  |
|-------------------------------|-------------------------|-------------------------|---------------------------------------|---------------------------|
|                               |                         | Charges for<br>Services | Operating Grants<br>and Contributions |                           |
| <b>Primary government</b>     |                         |                         |                                       |                           |
| Governmental activities:      |                         |                         |                                       |                           |
| Instruction:                  |                         |                         |                                       |                           |
| Regular                       | \$ 588,024,597          | \$ 28,983,681           | \$ 92,644,992                         | \$ (466,395,924)          |
| Special education             | 71,273,012              | -                       | 20,421,793                            | (50,851,219)              |
| Vocational                    | 1,970,478               | -                       | 1,461,515                             | (508,963)                 |
| Other                         | 7,605,342               | 821,798                 | 2,637,228                             | (4,146,316)               |
| Total instruction             | <u>668,873,429</u>      | <u>29,805,479</u>       | <u>117,165,528</u>                    | <u>(521,902,422)</u>      |
| Support services:             |                         |                         |                                       |                           |
| Pupil support                 | 45,246,471              | 1,996,401               | 6,406,637                             | (36,843,433)              |
| Instructional support         | 111,594,016             | 5,817,302               | 18,668,274                            | (87,108,440)              |
| General administration        | 6,096,731               | 379,922                 | 1,219,208                             | (4,497,601)               |
| School administration         | 69,544,540              | 3,717,727               | 11,930,538                            | (53,896,275)              |
| Business services             | 8,609,001               | -                       | -                                     | (8,609,001)               |
| Operations and maintenance    | 79,314,548              | 5,318,289               | 17,066,893                            | (56,929,366)              |
| Pupil transportation          | 26,012,440              | -                       | 4,589,941                             | (21,422,499)              |
| Central services              | 134,964,286             | 9,120,534               | 29,268,661                            | (96,575,091)              |
| Other support services        | 48,582,600              | 296,205                 | 950,550                               | (47,335,845)              |
| Community services            | 14,366,660              | 752,542                 | 2,414,978                             | (11,199,140)              |
| Education for adults          | 17,828,984              | -                       | 3,021,453                             | (14,807,531)              |
| Interest on long-term debt    | 128,003,672             | -                       | -                                     | (128,003,672)             |
| Total support services        | <u>690,163,949</u>      | <u>27,398,922</u>       | <u>95,537,133</u>                     | <u>(567,227,894)</u>      |
| Total governmental activities | <u>1,359,037,378</u>    | <u>57,204,401</u>       | <u>212,702,661</u>                    | <u>(1,089,130,316)</u>    |
| Total primary government      | <u>\$ 1,359,037,378</u> | <u>\$ 57,204,401</u>    | <u>\$ 212,702,661</u>                 | <u>\$ (1,089,130,316)</u> |
| <b>Component units</b>        |                         |                         |                                       |                           |
| Charter schools               | \$ 159,701,630          | \$ -                    | \$ 382,705                            | \$ (159,318,925)          |
| DPS Foundation                | 13,760,585              | -                       | 13,425,345                            | (335,240)                 |
| Total component units         | <u>\$ 173,462,215</u>   | <u>\$ -</u>             | <u>\$ 13,808,050</u>                  | <u>\$ (159,654,165)</u>   |

|   | Primary Government<br>Governmental<br>Activities | Component Units        |
|---|--|------------------------|
| Net (expense) revenue                                       | \$ (1,089,130,316)                               | \$ (159,654,165)       |
| General revenues:   |  |                        |
| Property taxes  | 623,495,039                                      | 17,175,328             |
| Specific ownership taxes                                    | 40,303,943                                       | -                      |
| Payment in lieu of taxes                                    | 2,522,094  | -                      |
| State equalization  | 294,025,391                                      | 121,523,363            |
| Interest and investment income                              | 1,958,554  | (2,554)                |
| Other   | 62,368,644                                       | 18,824,766             |
| Total general revenues                                      | <u>1,024,673,665</u>                             | <u>157,520,903</u>     |
| Changes in net position                                     | <u>(64,456,651)</u>                              | <u>(2,133,262)</u>     |
| Net position (deficit) - beginning,<br>as previously stated | (1,192,570,064)                                  | (9,002,000)            |
| Change in reporting entity                                  | -  | 10,922                 |
| Prior period adjustment                                     | -  | 781,691                |
| Net position (deficit) - beginning,<br>as restated          | <u>(1,192,570,064)</u>                           | <u>(8,209,387)</u>     |
| Net position (deficit) - ending                             | <u>\$ (1,257,026,715)</u>                        | <u>\$ (10,342,649)</u> |

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

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016

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

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

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016

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



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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, 2016

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

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

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

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

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

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

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

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

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



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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, 2016

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

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

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

STATEMENT OF NET POSITION  
INTERNAL SERVICE FUND  
JUNE 30, 2016

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|                           | <u>Warehouse<br/>Fund</u> |
|---------------------------|---------------------------|
| <b>ASSETS</b>             |                           |
| Receivables               | <u>\$ 1,798</u>           |
| Total assets              | <u>1,798</u>              |
| <b>LIABILITIES</b>        |                           |
| Current liabilities:      |                           |
| Due to other funds        | <u>591</u>                |
| Total current liabilities | <u>591</u>                |
| <b>NET POSITION</b>       |                           |
| Unrestricted              | <u>1,207</u>              |
| Total net position        | <u><u>\$ 1,207</u></u>    |

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

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

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

---

|                                | Warehouse<br>Fund      |
|--------------------------------|------------------------|
| <b>OPERATING REVENUES</b>      |                        |
| Billings to funds              | \$ 907,766             |
| Other revenue                  | 57,515                 |
| Total operating revenues       | <u>965,281</u>         |
| <b>OPERATING EXPENSES</b>      |                        |
| Cost of goods:                 |                        |
| Purchased                      | 302,736                |
| Salaries and employee benefits | 101,111                |
| Purchased property services    | 232,570                |
| Other purchased services       | 133,765                |
| Supplies                       | 165,456                |
| Other                          | 6,409                  |
| Total operating expenses       | <u>942,047</u>         |
| Operating income               | 23,234                 |
| Total net position - beginning | <u>(22,027)</u>        |
| Total net position - ending    | <u><u>\$ 1,207</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, 2016

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

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

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

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

---

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

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

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

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

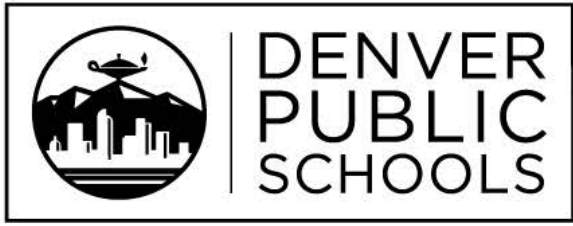
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|   | <u>Private Purpose<br/>Trust Fund</u> |
|---|---------------------------------------|
| <b>ADDITIONS</b>                        |                                       |
| Contributions:                          |                            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

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



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## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **Financial Reporting Entity**

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

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

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

### **Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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The district reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

Additionally, the District reports the following other fund categories:

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

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

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

### **Budgets and Budgetary Accounting**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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

**Use of Estimates**

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

**Deposits and Investments**

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

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

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

**Inventories**

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

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

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

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

### **Capital Assets**

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

### **Due From and Due to Other Funds**

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

### **Indirect Costs**

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

### **Accrued Payroll**

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

### **Compensated Absences**

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

### **Encumbrances**

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

### **Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. In accordance with Section 22-45-103, CRS, the District's bond redemption fund custodian for fiscal year 2015-2016 was Wells Fargo Bank, N.A., third party.

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

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

### **Net Position**

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

### **Fund Balances**

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

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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.

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

**Investments Authorized by Debt Agreements**

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

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

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

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

The District does not hold any investments for the purpose of income or profit. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation is based on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than those within Level 1, that are directly or indirectly observable; and Level 3 inputs are significant unobservable inputs.

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

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

#### **Custodial Credit Risk**

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

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

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

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**Interest Rate Risk**

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

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

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

Other Securities without maturities are as follows:

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

### Reconciliation

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

Cash and investments per footnote presentation:

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

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

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

Cash and investments per the fiduciary statements of net position:

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

### Foreign Currency Rate Risk

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

### Disclosures Relating to Credit Risk

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

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

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

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

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

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

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

### **Concentration of Credit Risk**

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

### 3. REVENUE

#### Property Taxes

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

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

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

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

#### DURA

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

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

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

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

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

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

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

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**4. INTERFUND BALANCES AND TRANSFERS**

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

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

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

## 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.

| <u>Description</u>         | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Buildings and improvements | 5 - 39 years           |
| Furniture and equipment    | 5 years                |
| Computer equipment         | 3 - 5 years            |
| Buses                      | 7 years                |
| Other vehicles             | 5 years                |

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

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

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

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

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

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**6. LONG-TERM LIABILITIES**

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

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

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

**Bonds:**

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

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**Bonds (continued)**

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

**Certificates of Participation:**

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

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**Certificates of Participation (continued)**

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

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

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

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

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

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

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

Annual requirements to maturity are as follows:

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

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

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

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

### **Defeasance of Certificates of Participation**

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

### **Defeasance of General Obligation Bonds**

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

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

### **Forward Delivery Agreements**

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

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**Compensated Absences Payable**

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

**7. SHORT-TERM DEBT**

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

| June 30, 2015 |                      |                      | June 30, 2016 |
|---------------|----------------------|----------------------|---------------|
| Balance       | Borrowed             | Repayment            | Balance       |
| <u>\$0</u>    | <u>\$197,000,000</u> | <u>\$197,000,000</u> | <u>\$0</u>    |

## 8. PENSION PLAN

### Defined Benefit Pension Plan

#### Summary of Significant Accounting Policies

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

#### General Information about the Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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For the year ended June 30, 2016, the district recognized pension expense of \$97,249,638 and the component units recognized pension expense of \$14,247,741. At June 30, 2016, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments                                | \$ 165,590,291                    | \$ -                             |
| Contributions subsequent to the measurement date  | 7,252,687                         | -                                |
| Difference between expected and actual experience   | 33,042,470                        | (95,613)                         |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | -                                 | (6,160,112)                      |
| Changes of assumptions or other inputs  | -                                 | (82,139,834)                     |
| Total   | \$ 205,885,448                    | \$ (88,395,559)                  |

At June 30, 2016, the district's component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments                                | \$ 17,382,420                     | \$ -                             |
| Contributions subsequent to the measurement date  | 988,241                           | -                                |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 10,334,076                        | (3,125,295)                      |
| Difference between expected and actual experience   | 4,129,416                         | (10,003)                         |
| Changes of assumptions or other inputs  | -                                 | (8,503,923)                      |
| Total   | \$ 32,834,153                     | \$ (11,639,221)                  |

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

| <u>District</u>        |            |
|------------------------|------------|
| <b>Year ended:</b>     |            |
| 2017                   | 29,887,917 |
| 2018                   | 29,887,917 |
| 2019                   | 29,887,917 |
| 2020                   | 20,704,098 |
| 2021                   | (130,647)  |
| <br>                   |            |
| <u>Component units</u> |            |
| <b>Year ended:</b>     |            |
| 2017                   | 5,479,954  |
| 2018                   | 5,479,954  |
| 2019                   | 5,479,954  |
| 2020                   | 3,765,669  |
| 2021                   | 1,160      |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Payables to the pension plan**

**Defined Contribution Pension Plan**

Voluntary Investment Program

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

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

### **Other Post-Employment Benefits**

#### **Denver Public Schools Health Care Trust Fund**

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

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

## 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

### Plan Descriptions and Contribution Information

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

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

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

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

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

**Annual OPEB Cost and Net OPEB Obligation**

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

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

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

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

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**Funded Status and Funding Progress – OPEB**

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

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

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

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

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

**10. RISK MANAGEMENT**

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

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

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

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

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

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

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

## **11. RELATED PARTIES**

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

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

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

## 12. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

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

### 13. CERTAIN CONSTITUTIONAL LIMITATIONS

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

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

#### **14. COMPONENT UNITS**

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

##### Change in Reporting Entity and Prior Period Adjustments

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

##### Blended Component Unit

#### **Denver School Facilities Leasing Corporation**

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

##### Discretely Presented Component Units

#### **Denver Public Schools Foundation**

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

#### **Charter Schools**

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

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

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

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

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

Pension Plan

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

Prior Period Adjustment

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

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

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

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

A

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

| Denver School of Science and Technology |                        |                      |                       |                     |                      |                       |                                      |                            |
|---|------------------------|----------------------|-----------------------|---------------------|----------------------|-----------------------|--------------------------------------|----------------------------|
| Community<br>Challenge<br>School        | Byers Middle<br>School | Cole High<br>School  | Cole Middle<br>School | College View<br>HS  | College View<br>MS   | Conservatory<br>Green | Green Valley<br>Ranch High<br>School | Subtotal                   |
| \$ 429,386<br>19,981                    | \$ 1,414,517<br>98,800 | \$ 183,257<br>67,968 | \$ 927,898<br>98,059  | \$ 92,389<br>38,944 | \$ 747,110<br>97,620 | \$ 166,524<br>73,217  | \$ 880,779<br>125,382                | \$ 17,867,521<br>1,743,562 |
| 217                                     | 82,426                 | 66,661               | 29,033                | 68,017              | 33,591               | 60,486                | 21,987                               | 473,415                    |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 54,909                     |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 1,123,480                  |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | -                          |
| 28,967                                  | -                      | -                    | -                     | 250                 | -                    | -                     | 4,999                                | 131,405                    |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 1,717,686                  |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | -                          |
| -                                       | 84,003                 | 26,588               | 90,250                | 11,407              | 45,461               | 30,123                | 21,059                               | 7,958,260                  |
| <u>478,551</u>                          | <u>1,679,746</u>       | <u>344,474</u>       | <u>1,145,240</u>      | <u>211,007</u>      | <u>923,782</u>       | <u>330,350</u>        | <u>1,054,206</u>                     | <u>31,070,238</u>          |
| 364,351                                 | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 2,729,512                  |
| <u>364,351</u>                          | <u>-</u>               | <u>-</u>             | <u>-</u>              | <u>-</u>            | <u>-</u>             | <u>-</u>              | <u>-</u>                             | <u>2,729,512</u>           |
| -                                       | 27,927                 | 44,813               | 25,535                | 48,077              | 17,421               | 16,529                | 13,728                               | 290,396                    |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | -                          |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 4,656,002                  |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 220,256                    |
| 2,112                                   | 247,990                | 159,533              | 252,057               | 80,913              | 188,004              | 163,298               | 269,787                              | 1,546,491                  |
| 5,481                                   | 39,759                 | 39,920               | 40,932                | 29,045              | 239,887              | -                     | 68,944                               | 513,291                    |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 1,000                      |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 62,636                     |
| -                                       | -                      | -                    | -                     | -                   | -                    | 45,471                | -                                    | 176,668                    |
| <u>1,283,000</u>                        | <u>-</u>               | <u>-</u>             | <u>-</u>              | <u>-</u>            | <u>-</u>             | <u>-</u>              | <u>-</u>                             | <u>14,530,090</u>          |
| <u>1,290,593</u>                        | <u>315,676</u>         | <u>244,266</u>       | <u>318,524</u>        | <u>158,035</u>      | <u>445,312</u>       | <u>225,298</u>        | <u>352,459</u>                       | <u>21,996,830</u>          |
| 344,482                                 | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 1,209,330                  |
| <u>344,482</u>                          | <u>-</u>               | <u>-</u>             | <u>-</u>              | <u>-</u>            | <u>-</u>             | <u>-</u>              | <u>-</u>                             | <u>1,209,330</u>           |
| -                                       | 84,003                 | 26,588               | 90,250                | 11,407              | 45,461               | 30,123                | 21,059                               | (567,697)                  |
| 220,958                                 | 98,800                 | 67,968               | 98,059                | 38,944              | 97,620               | 73,217                | 125,382                              | 1,139,948                  |
| -                                       | -                      | -                    | -                     | -                   | -                    | -                     | -                                    | 817,597                    |
| -                                       | -                      | -                    | -                     | -                   | -                    | 500                   | -                                    | 5,116,542                  |
| (1,013,131)                             | 1,181,267              | 5,652                | 638,407               | 2,621               | 335,389              | 1,212                 | 555,306                              | 4,087,200                  |
| <u>\$ (792,173)</u>                     | <u>\$ 1,364,070</u>    | <u>\$ 100,208</u>    | <u>\$ 826,716</u>     | <u>\$ 52,972</u>    | <u>\$ 478,470</u>    | <u>\$ 105,052</u>     | <u>\$ 701,747</u>                    | <u>\$ 10,593,590</u>       |

A

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

| Highline Academy Charter School | Highline Academy Green Valley Ranch | Denver Justice High School | KIPP Colorado Schools | Monarch Montessori of Denver Charter | Odyssey School of Denver | Omar D. Blair Charter School | Pioneer Charter School | Subtotal                   |
|---------------------------------|-------------------------------------|----------------------------|-----------------------|--------------------------------------|--------------------------|------------------------------|------------------------|----------------------------|
| \$ 1,285,003<br>930,550         | \$ 109,795<br>-                     | \$ 56,952<br>-             | \$ 4,408,737<br>-     | \$ 385,984<br>3,132,739              | \$ 727,752<br>-          | \$ 685,237<br>-              | \$ 367,278<br>-        | \$ 13,907,236<br>4,390,920 |
| -                               | 26,200                              | 47,562                     | -                     | 14,529                               | 50                       | -                            | 46,047                 | 402,427                    |
| -                               | -                                   | -                          | 508,708               | -                                    | -                        | -                            | -                      | 508,708                    |
| -                               | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | -                          |
| -                               | 15,848                              | -                          | -                     | -                                    | -                        | 473,260                      | -                      | 489,108                    |
| 4,839                           | 6,940                               | 2,615                      | 50,434                | 22,441                               | 17,137                   | -                            | 4,503                  | 197,370                    |
| -                               | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | -                          |
| 2,645                           | 3,931                               | -                          | -                     | -                                    | 747                      | -                            | -                      | 8,923                      |
| -                               | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | -                          |
| 6,342,553                       | 9,738                               | 2,304                      | 571,030               | 9,535,100                            | 86,658                   | 163,183                      | 71,799                 | 17,021,064                 |
| 8,565,590                       | 172,452                             | 109,433                    | 5,538,909             | 13,090,793                           | 832,344                  | 1,321,680                    | 489,627                | 36,925,756                 |
| 825,847                         | 840,544                             | 281,960                    | 3,718,404             | 695,109                              | 404,581                  | 985,126                      | 821,981                | 11,586,340                 |
| 825,847                         | 840,544                             | 281,960                    | 3,718,404             | 695,109                              | 404,581                  | 985,126                      | 821,981                | 11,586,340                 |
| 488                             | 38,875                              | 3,882                      | 216,525               | 209,178                              | 2,139                    | 14,303                       | 6,962                  | 672,661                    |
| 15,848                          | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | 15,848                     |
| -                               | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | -                          |
| -                               | -                                   | -                          | -                     | 60,969                               | -                        | -                            | -                      | 60,969                     |
| -                               | -                                   | 40,800                     | -                     | 87,807                               | -                        | -                            | 138,335                | 1,502,260                  |
| 6,437                           | 3,344                               | -                          | 327,883               | -                                    | 328                      | -                            | -                      | 377,919                    |
| 1,580                           | 815                                 | -                          | -                     | -                                    | -                        | -                            | -                      | 2,395                      |
| 9,768                           | -                                   | -                          | 80,000                | -                                    | -                        | -                            | -                      | 162,793                    |
| 115,000                         | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | 115,000                    |
| 10,758,309                      | 1,159,247                           | 956,594                    | 9,436,078             | 10,342,698                           | 1,434,386                | 3,446,472                    | 2,626,720              | 47,088,904                 |
| 10,907,430                      | 1,202,281                           | 1,001,276                  | 10,060,486            | 10,700,652                           | 1,436,853                | 3,460,775                    | 2,772,017              | 49,998,749                 |
| 386,603                         | 129,911                             | 107,201                    | 1,057,457             | 171,202                              | 213,082                  | 469,947                      | 575,115                | 3,886,951                  |
| 386,603                         | 129,911                             | 107,201                    | 1,057,457             | 171,202                              | 213,082                  | 469,947                      | 575,115                | 3,886,951                  |
| (701,897)                       | 9,738                               | 2,304                      | 571,030               | 659,131                              | 86,658                   | 163,183                      | 71,799                 | 1,100,645                  |
| 132,000                         | 62,000                              | 27,000                     | 435,123               | 65,000                               | 60,000                   | 471,907                      | 89,000                 | 1,972,161                  |
| -                               | -                                   | -                          | -                     | -                                    | -                        | -                            | -                      | -                          |
| -                               | -                                   | -                          | 3,000                 | -                                    | -                        | -                            | -                      | 12,517                     |
| (1,332,699)                     | (390,934)                           | (746,388)                  | (2,869,783)           | 2,189,917                            | (559,668)                | (2,259,006)                  | (2,196,323)            | (8,458,927)                |
| \$ (1,902,596)                  | \$ (319,196)                        | \$ (717,084)               | \$ (1,860,630)        | \$ 2,914,048                         | \$ (413,010)             | \$ (1,623,916)               | \$ (2,035,524)         | \$ (5,373,604)             |

C

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

NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

| SOAR @<br>Green Valley<br>Ranch | Southwest<br>Early College | STRIVE<br>Preparatory<br>Schools | University Prep<br>- Arapahoe<br>Street | Venture Prep<br>High School | Venture Prep<br>Middle School | Wyatt<br>Academy    | Total                  |
|---------------------------------|----------------------------|----------------------------------|---|-----------------------------|-------------------------------|---------------------|------------------------|
| \$ 538,171                      | \$ 660,192                 | \$ 5,910,884                     | \$ 734,159                              | \$ 607,540                  | \$ -                          | \$ 1,243,569        | \$ 44,723,123          |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 9,103,058              |
| -                               | -                          | 865,817                          | 24,950                                  | -                           | -                             | -                   | 2,684,309              |
| -                               | 19,912                     | 80,544                           | 15,684                                  | -                           | -                             | 56,569              | 926,804                |
| -                               | -                          | 16,620                           | -                                       | -                           | -                             | -                   | 1,140,100              |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 489,108                |
| 47,950                          | 657                        | 108,923                          | 2,265                                   | 16,558                      | -                             | -                   | 545,114                |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 1,717,686              |
| -                               | -                          | 92,083                           | 15,919                                  | 1,761                       | -                             | -                   | 160,848                |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 10,704                 |
| -                               | 13,431                     | -                                | 22,777                                  | 43,029                      | -                             | 1,810,023           | 31,538,643             |
| <u>586,121</u>                  | <u>694,192</u>             | <u>7,074,871</u>                 | <u>815,754</u>                          | <u>668,888</u>              | <u>-</u>                      | <u>3,110,161</u>    | <u>93,039,497</u>      |
| 850,335                         | 287,494                    | 10,032,935                       | 1,416,072                               | 853,676                     | -                             | 1,036,530           | 32,834,154             |
| <u>850,335</u>                  | <u>287,494</u>             | <u>10,032,935</u>                | <u>1,416,072</u>                        | <u>853,676</u>              | <u>-</u>                      | <u>1,036,530</u>    | <u>32,834,154</u>      |
| 42,717                          | 308                        | 573,439                          | 1,615                                   | 22,114                      | -                             | 15,947              | 3,091,803              |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 15,848                 |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 4,656,002              |
| -                               | -                          | -                                | -                                       | -                           | -                             | 8,193               | 318,370                |
| 118,030                         | 44,333                     | -                                | -                                       | 105,810                     | -                             | 238,743             | 3,555,667              |
| -                               | 14,616                     | 7,331                            | -                                       | -                           | -                             | 93,007              | 1,011,293              |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 3,395                  |
| 7,721                           | -                          | -                                | 50,000                                  | -                           | -                             | -                   | 326,372                |
| -                               | -                          | 378,031                          | -                                       | -                           | -                             | 103,277             | 788,236                |
| <u>2,987,590</u>                | <u>1,004,418</u>           | <u>23,742,116</u>                | <u>2,705,031</u>                        | <u>2,033,136</u>            | <u>-</u>                      | <u>4,098,502</u>    | <u>110,810,093</u>     |
| <u>3,156,058</u>                | <u>1,063,675</u>           | <u>24,700,917</u>                | <u>2,756,646</u>                        | <u>2,161,060</u>            | <u>-</u>                      | <u>4,557,669</u>    | <u>124,577,079</u>     |
| 2,324,251                       | 260,310                    | 2,660,666                        | 303,139                                 | 227,844                     | -                             | 455,831             | 11,639,221             |
| <u>2,324,251</u>                | <u>260,310</u>             | <u>2,660,666</u>                 | <u>303,139</u>                          | <u>227,844</u>              | <u>-</u>                      | <u>455,831</u>      | <u>11,639,221</u>      |
| -                               | 13,431                     | -                                | 22,777                                  | 43,029                      | -                             | 1,081,778           | 1,850,263              |
| 115,000                         | 57,000                     | 990,000                          | 85,000                                  | 70,788                      | -                             | 152,000             | 4,943,370              |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 817,597                |
| -                               | -                          | -                                | -                                       | -                           | -                             | -                   | 5,129,059              |
| <u>(4,158,853)</u>              | <u>(412,730)</u>           | <u>(11,243,777)</u>              | <u>(935,736)</u>                        | <u>(980,157)</u>            | <u>-</u>                      | <u>(2,100,587)</u>  | <u>(23,082,938)</u>    |
| <u>\$ (4,043,853)</u>           | <u>\$ (342,299)</u>        | <u>\$ (10,253,777)</u>           | <u>\$ (827,959)</u>                     | <u>\$ (866,340)</u>         | <u>\$ -</u>                   | <u>\$ (866,809)</u> | <u>\$ (10,342,649)</u> |

C

B

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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

A

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

| Denver School of Science and Technology |                     |                    |                    |                          |                            |                                  |                                |                      |
|---|---------------------|--------------------|--------------------|--------------------------|----------------------------|----------------------------------|--------------------------------|----------------------|
| Community Challenge School              | Byers Middle School | Cole High School   | Cole Middle School | College View High School | College View Middle School | Conservatory Green Middle School | Green Valley Ranch High School | Subtotal             |
| \$ 351,572                              | \$ 1,642,128        | \$ 1,067,506       | \$ 1,866,682       | \$ 482,591               | \$ 1,869,958               | \$ 1,215,388                     | \$ 2,307,014                   | \$ 15,128,249        |
| 1,594,673                               | 1,731,072           | 1,302,958          | 1,858,177          | 813,760                  | 1,829,970                  | 1,215,758                        | 2,066,614                      | 16,685,729           |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | -                    |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 81,062               |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 12,567,251           |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 515,512              |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | -                    |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 609,112              |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | -                    |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 584,222              |
| <u>1,946,245</u>                        | <u>3,373,200</u>    | <u>2,370,464</u>   | <u>3,724,859</u>   | <u>1,296,351</u>         | <u>3,699,928</u>           | <u>2,431,146</u>                 | <u>4,373,628</u>               | <u>46,171,137</u>    |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 13,425,345           |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 13,425,345           |
| <u>(1,946,245)</u>                      | <u>(3,373,200)</u>  | <u>(2,370,464)</u> | <u>(3,724,859)</u> | <u>(1,296,351)</u>       | <u>(3,699,928)</u>         | <u>(2,431,146)</u>               | <u>(4,373,628)</u>             | <u>(32,745,792)</u>  |
| 1,012,436                               | 3,227,428           | 2,130,427          | 3,420,060          | 1,079,129                | 3,497,818                  | 2,224,935                        | 3,886,623                      | 28,118,314           |
| 34,379                                  | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 144,755              |
| 355,740                                 | 368,949             | 267,820            | 390,688            | 133,211                  | 403,788                    | 249,481                          | 494,392                        | 4,426,928            |
| 455                                     | -                   | -                  | -                  | -                        | -                          | -                                | -                              | (41,382)             |
| -                                       | 811                 | 475                | 788                | 218                      | 809                        | 517                              | 950                            | 9,782                |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 1,539,563            |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 5,940                |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | 42                             | 177,084              |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | 80,000               |
| <u>1,403,010</u>                        | <u>3,597,188</u>    | <u>2,398,722</u>   | <u>3,811,536</u>   | <u>1,212,558</u>         | <u>3,902,415</u>           | <u>2,474,933</u>                 | <u>4,382,007</u>               | <u>34,460,984</u>    |
| (543,235)                               | 223,988             | 28,258             | 86,677             | (83,793)                 | 202,487                    | 43,787                           | 8,379                          | 1,715,192            |
| (248,938)                               | 1,140,082           | 71,950             | 740,039            | -                        | 275,983                    | 61,265                           | 693,368                        | 8,743,741            |
| -                                       | -                   | -                  | -                  | -                        | -                          | -                                | -                              | -                    |
| -                                       | -                   | -                  | -                  | 136,765                  | -                          | -                                | -                              | 134,657              |
| (248,938)                               | 1,140,082           | 71,950             | 740,039            | 136,765                  | 275,983                    | 61,265                           | 693,368                        | 8,878,398            |
| <u>\$ (792,173)</u>                     | <u>\$ 1,364,070</u> | <u>\$ 100,208</u>  | <u>\$ 826,716</u>  | <u>\$ 52,972</u>         | <u>\$ 478,470</u>          | <u>\$ 105,052</u>                | <u>\$ 701,747</u>              | <u>\$ 10,593,590</u> |

A

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

NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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

C

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

| SOAR @<br>Green Valley<br>Ranch | Southwest<br>Early College | STRIVE<br>Preparatory<br>Schools | University<br>Prep -<br>Arapahoe<br>Street | Venture Prep<br>High School | Venture Prep<br>Middle School | Wyatt<br>Academy    | Total                  |
|---------------------------------|----------------------------|----------------------------------|--|-----------------------------|-------------------------------|---------------------|------------------------|
| \$ 2,524,773                    | \$ 672,006                 | \$ 17,040,974                    | \$ 2,540,521                               | \$ 1,452,522                | \$ -                          | \$ 2,906,284        | \$ 87,139,669          |
| 1,226,197                       | 1,106,832                  | 17,929,983                       | 370,322                                    | 1,333,672                   | -                             | 1,952,130           | 67,612,819             |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 15,122                 |
| -                               | -                          | 3,031                            | -  | -                           | -                             | -                   | 1,244,323              |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 12,567,251             |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 1,423,458              |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 170,496                |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 609,112                |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 2,095,743              |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 584,222                |
| <u>3,750,970</u>                | <u>1,778,838</u>           | <u>34,973,988</u>                | <u>2,910,843</u>                           | <u>2,786,194</u>            | <u>-</u>                      | <u>4,858,414</u>    | <u>173,462,215</u>     |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 13,808,050             |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | 13,808,050             |
| <u>(3,750,970)</u>              | <u>(1,778,838)</u>         | <u>(34,973,988)</u>              | <u>(2,910,843)</u>                         | <u>(2,786,194)</u>          | <u>-</u>                      | <u>(4,858,414)</u>  | <u>(159,654,165)</u>   |
| 3,211,618                       | 1,530,072                  | 24,513,249                       | 2,551,923                                  | 1,987,292                   | -                             | 3,802,814           | 121,523,363            |
| -                               | 51,957                     | -                                | -  | -                           | -                             | 127,669             | 435,015                |
| 525,995                         | 197,819                    | 2,989,060                        | 409,850                                    | 250,587                     | -                             | 518,095             | 17,175,328             |
| 438                             | 117                        | 879                              | 69   | -                           | -                             | 146                 | (30,598)               |
| -                               | -                          | -                                | -  | 715                         | -                             | -                   | 28,044                 |
| -                               | -                          | 3,501,319                        | -  | -                           | -                             | 7,535               | 11,180,606             |
| -                               | 7,333                      | -                                | -  | -                           | -                             | 146,642             | 324,454                |
| 15,789                          | 13,705                     | 128,353                          | 41,742                                     | 39,090                      | -                             | 34,087              | 7,779,706              |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | (895,015)              |
| <u>3,753,840</u>                | <u>1,801,003</u>           | <u>31,132,860</u>                | <u>3,003,584</u>                           | <u>2,277,684</u>            | <u>-</u>                      | <u>4,636,988</u>    | <u>157,520,903</u>     |
| 2,870                           | 22,165                     | (3,841,128)                      | 92,741                                     | (508,510)                   | -                             | (221,426)           | (2,133,262)            |
| <u>(4,046,723)</u>              | <u>(364,464)</u>           | <u>(5,349,405)</u>               | <u>(920,700)</u>                           | <u>(357,830)</u>            | <u>(809,086)</u>              | <u>(645,383)</u>    | <u>(9,002,000)</u>     |
| -                               | -                          | -                                | -  | -                           | -                             | -                   | (200,461)              |
| -                               | -                          | (1,063,244)                      | -  | -                           | 809,086                       | -                   | 993,074                |
| <u>(4,046,723)</u>              | <u>(364,464)</u>           | <u>(6,412,649)</u>               | <u>(920,700)</u>                           | <u>(357,830)</u>            | <u>-</u>                      | <u>(645,383)</u>    | <u>(8,209,387)</u>     |
| <u>\$ (4,043,853)</u>           | <u>\$ (342,299)</u>        | <u>\$ (10,253,777)</u>           | <u>\$ (827,959)</u>                        | <u>\$ (866,340)</u>         | <u>\$ -</u>                   | <u>\$ (866,809)</u> | <u>\$ (10,342,649)</u> |

C

B

## **15. SUBSEQUENT EVENTS**

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



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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, 2016  
 Amount in 000's

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

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

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

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

Amount in 000's

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

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

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

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

Amount in 000's

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

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

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

Amount in 000's

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

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

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

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

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

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

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

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

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

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

**Notes to Schedule**

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

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

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

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**1. BUDGET BASIS OF ACCOUNTING**

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

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

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

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**2. OPEB**

The funded status of the plan is as follows:

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

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

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

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

#### 2015 Changes in Plan Provisions Since 2014

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

#### 2015 Changes in Assumptions or Other Inputs Since 2014

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



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## COMBINING FUND STATEMENTS-NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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



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## OTHER SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE  
 BOND REDEMPTION FUND  
 YEAR ENDED JUNE 30, 2016

Amount in 000's

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

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

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

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

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

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

|   | Original Budget | Final Budget    | Actual           | Variance with Final Budget |
|---|-----------------|-----------------|------------------|----------------------------|
| Beginning Fund Balance                            | \$ 11,261       | \$ 24,355       | \$ 24,355        | \$ -                       |
| <b>REVENUES</b>                                   |                 |                 |                  |                            |
| Federal sources                                   | -               | -               | 6,497            | 6,497                      |
| Local sources                                     | 40,723          | 68,222          | 13,982           | (54,240)                   |
| Total Revenues                                    | <u>40,723</u>   | <u>68,222</u>   | <u>20,479</u>    | <u>(47,743)</u>            |
| <b>EXPENDITURES</b>                               |                 |                 |                  |                            |
| Supplies and materials                            | 3,280           | 3,280           | 2,933            | 347                        |
| Purchased services                                | 7,058           | 7,734           | 6,907            | 827                        |
| Property  | 6,964           | 27,822          | 26,765           | 1,057                      |
| Debt service principal                            | 19,516          | 20,953          | -                | 20,953                     |
| Debt service interest                             | -               | -               | 3,355            | (3,355)                    |
| Other expenses                                    | 51              | 51              | (873)            | 924                        |
| Appropriated reserves                             | 27              | 26,273          | -                | 26,273                     |
| Total expenditures                                | <u>36,896</u>   | <u>86,113</u>   | <u>39,087</u>    | <u>47,026</u>              |
| Excess (deficiency) of revenues over expenditures | <u>3,827</u>    | <u>(17,891)</u> | <u>(18,608)</u>  | <u>(717)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                 |                 |                  |                            |
| Interfund transfers                               | (5,474)         | (5,474)         | 11,280           | 16,754                     |
| Total other financing sources (uses)              | <u>(5,474)</u>  | <u>(5,474)</u>  | <u>11,280</u>    | <u>16,754</u>              |
| Total Appropriation                               | <u>42,370</u>   | <u>91,587</u>   | <u>27,807</u>    | <u>\$ 63,780</u>           |
| Unappropriated reserves                           | <u>\$ 9,614</u> | <u>\$ 989</u>   |                  |                            |
| Net change in fund balance                        |                 |                 | <u>(7,328)</u>   |                            |
| Fund balance - ending                             |                 |                 | <u>\$ 17,027</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, 2016  
Amount in 000's

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

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

BUDGETARY COMPARISON SCHEDULE  
 PUPIL ACTIVITY FUND  
 YEAR ENDED JUNE 30, 2016

Amount in 000's

|   | Original Budget | Final Budget   | Actual          | Variance with Final Budget |
|---|-----------------|----------------|-----------------|----------------------------|
| Beginning Fund Balance                            | \$ 350          | \$ 2,178       | \$ 2,178        | \$ -                       |
| <b>REVENUES</b>                                   |                 |                |                 |                            |
| Local sources                                     | 568             | 874            | 893             | 19                         |
| Total Revenues                                    | <u>568</u>      | <u>874</u>     | <u>893</u>      | <u>19</u>                  |
| <b>EXPENDITURES</b>                               |                 |                |                 |                            |
| Employee salaries                                 | 1,982           | 2,439          | 2,712           | (273)                      |
| Employee benefits                                 | 345             | 439            | 454             | (15)                       |
| Supplies and materials                            | 860             | 903            | 414             | 489                        |
| Purchased services                                | 778             | 938            | 501             | 437                        |
| Property  | 28              | 28             | 58              | (30)                       |
| Other expenses                                    | 952             | 915            | 577             | 338                        |
| Appropriated reserves                             | 279             | 2,196          | -               | 2,196                      |
| Total expenditures                                | <u>5,224</u>    | <u>7,858</u>   | <u>4,716</u>    | <u>3,142</u>               |
| Excess (deficiency) of revenues over expenditures | <u>(4,656)</u>  | <u>(6,984)</u> | <u>(3,823)</u>  | <u>3,161</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                 |                |                 |                            |
| Interfund transfers                               | 4,306           | 4,806          | 4,814           | (8)                        |
| Total other financing sources (uses)              | <u>4,306</u>    | <u>4,806</u>   | <u>4,814</u>    | <u>(8)</u>                 |
| Total Appropriation                               | 918             | 3,052          | (98)            | \$ 3,150                   |
| Unappropriated reserves                           | <u>\$ -</u>     | <u>\$ -</u>    | <u>991</u>      |                            |
| Net change in fund balance                        |                 |                | <u>991</u>      |                            |
| Fund balance - ending                             |                 |                | <u>\$ 3,169</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, 2016  
Amount in 000's

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

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

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

Amount in 000's

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

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

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

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

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

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

---

**1. BUDGET BASIS OF ACCOUNTING**

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

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



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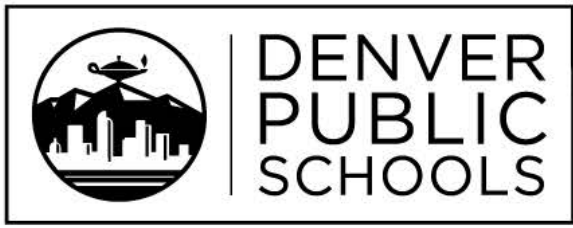
**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0880 – DENVER COUNTY 1  
 Fiscal Year 2015–16  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number                                      | Beg Fund Balance & Prior Per Adj (6880*) | + | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | = | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|---|--|---|---|---|
| <b>Governmental</b>                                     |  |   |  |   |   |   |
| 10 General Fund   | 103,717,790                              |   | 734,452,542                                | 744,526,200                               |   | 93,644,132  |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 0  |   | 0  | 0   |   | 0   |
| 19 Colorado Preschool Program Fund                      | 2,835,012                                |   | 16,963,337                                 | 18,900,001                                |   | 898,348   |
| <b>Sub-Total</b>  | <b>106,552,802</b>                       |   | <b>751,415,879</b>                         | <b>763,426,201</b>                        |   | <b>94,542,480</b>                                     |
| 11 Charter School Fund                                  | 29,267,462                               |   | 190,981,078                                | 182,795,918                               |   | 37,452,622  |
| 20.26-29 Special Revenue Fund                           | 36,335,032                               |   | 42,227,664                                 | 54,866,452                                |   | 23,696,244  |
| 21 Food Service Spec Revenue Fund                       | 0  |   | 42,502,542                                 | 42,361,613                                |   | 140,930   |
| 22 Govt Designated-Purpose Grants Fund                  | 16,945,494                               |   | 132,960,220                                | 130,023,849                               |   | 19,881,866  |
| 23 Pupil Activity Special Revenue Fund                  | 2,177,646                                |   | 5,707,308                                  | 4,716,355                                 |   | 3,168,599   |
| 24 Full Day Kindergarten Mill Levy Override             | 0  |   | 0  | 0   |   | 0   |
| 25 Transportation Fund                                  | 0  |   | 0  | 0   |   | 0   |
| 31 Bond Redemption Fund                                 | 105,761,544                              |   | 304,811,846                                | 274,292,653                               |   | 140,280,738   |
| 39 Certificate of Participation (COP) Debt Service Fund | 0  |   | 0  | 0   |   | 0   |
| 41 Building Fund  | 202,717,436                              |   | 536,425                                    | 115,761,854                               |   | 87,492,007  |
| 42 Special Building Fund                                | 0  |   | 0  | 0   |   | 0   |
| 43 Capital Reserve Capital Projects Fund                | 24,354,943                               |   | 31,759,729                                 | 39,087,600                                |   | 17,027,073  |
| <b>Totals</b>   | <b>528,112,359</b>                       |   | <b>1,502,902,693</b>                       | <b>1,607,332,493</b>                      |   | <b>423,682,559</b>                                    |
| <b>Proprietary</b>                                      |  |   |  |   |   |   |
| 50 Other Enterprise Funds                               | 0  |   | 0  | 0   |   | 0   |
| 64 (63) Risk-Related Activity Fund                      | 0  |   | 0  | 0   |   | 0   |
| 60.65-69 Other Internal Service Funds                   | -22,027                                  |   | 883,499                                    | 860,265                                   |   | 1,207   |
| <b>Totals</b>   | <b>-22,027</b>                           |   | <b>883,499</b>                             | <b>860,265</b>                            |   | <b>1,207</b>  |
| <b>Fiduciary</b>  |  |   |  |   |   |   |
| 70 Other Trust and Agency Funds                         | 0  |   | 0  | 0   |   | 0   |
| 72 Private Purpose Trust Fund                           | 7,900,632                                |   | 3,052,064                                  | 2,298,596                                 |   | 8,654,100   |
| 73 Agency Fund  | 0  |   | 0  | 0   |   | 0   |
| 74 Pupil Activity Agency Fund                           | 2,538,075                                |   | 5,963,266                                  | 5,535,976                                 |   | 2,964,365   |
| 79 GASB 34 Permanent Fund                               | 128,806                                  |   | 2,387                                      | 2,640                                     |   | 128,553   |
| 85 Foundations  | 6,780,109                                |   | 14,459,920                                 | 13,760,585                                |   | 7,479,444   |
| <b>Totals</b>   | <b>17,347,622</b>                        |   | <b>23,476,638</b>                          | <b>21,597,798</b>                         |   | <b>19,226,462</b>                                     |

FINAL

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



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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

### STATISTICAL SECTION

### PAGE

#### **FINANCIAL TRENDS**

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

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|--|-----|
| Net Position by Component .....  | 154 |
| Changes in Net Position .....  | 156 |
| Fund Balances - Governmental Funds .....   | 158 |
| Changes in Fund Balances - Governmental Funds .....                              | 160 |
| Summary of Expenditures by Function and Other Financing Uses – General Fund..... | 162 |

#### **Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

|  |     |
|--|-----|
| Summary of Revenues by Source and Other Financing Sources – General Fund .....                         | 164 |
| Assessed Value and Estimated Actual Value of Taxable Property .....                                    | 166 |
| Property Tax Rates per \$1,000 of Assessed Valuation –<br>Direct and All Overlapping Governments ..... | 168 |
| Principal Property Tax Payers .....  | 169 |
| Property Tax Levies and Collections .....  | 170 |

#### **Debt Capacity**

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

|                                   |     |
|-----------------------------------|-----|
| Legal Debt Margin .....           | 172 |
| Ratios of Outstanding Debt .....  | 174 |
| Direct and Overlapping Debt ..... | 176 |

#### **Demographic and Economic Information**

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

|   |     |
|---|-----|
| Demographic and Economic Statistics ..... | 177 |
| Principal Employers .....                 | 178 |

#### **Operating Information**

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

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| Full-time Equivalent Employees .....         | 182 |
| Capital Asset Information – by Schools ..... | 183 |

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

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (Unaudited)

|   | 2016               | 2015               | 2014             | 2013             | 2012             |
|---|--------------------|--------------------|------------------|------------------|------------------|
| <b>Governmental activities</b>                        |                    |                    |                  |                  |                  |
| Net investment in capital assets                      | \$ 104,965,907     | \$ 118,645,799     | \$ 130,564,763   | \$ 135,651,903   | \$ 145,041,564   |
| Restricted  | 290,705,891        | 391,653,002        | 175,105,064      | 192,765,619      | 254,525,804      |
| Unrestricted (deficit)                                | (1,652,698,513)    | (1,702,868,865)    | (961,343,671)    | (977,859,419)    | (1,051,331,251)  |
| Total governmental activities net position (deficit)  | \$ (1,257,026,715) | \$ (1,192,570,064) | \$ (655,673,844) | \$ (649,441,897) | \$ (651,763,883) |
| <b>Business-type activities*</b>                      |                    |                    |                  |                  |                  |
| Net investment in capital assets                      | \$ -               | \$ -               | \$ 643,501       | \$ 463,179       | \$ 506,458       |
| Unrestricted (deficit)                                | -                  | -                  | (760,348)        | (383,151)        | 1,747,768        |
| Total business-type activities net position (deficit) | \$ -               | \$ -               | \$ (116,847)     | \$ 80,028        | \$ 2,254,226     |
| <b>Primary government</b>                             |                    |                    |                  |                  |                  |
| Net investment in capital assets                      | \$ 104,965,907     | \$ 118,645,799     | \$ 131,208,264   | \$ 136,115,082   | \$ 145,548,022   |
| Restricted  | 290,705,891        | 391,653,002        | 175,105,064      | 192,765,619      | 254,525,804      |
| Unrestricted (deficit)                                | (1,652,698,513)    | (1,702,868,865)    | (962,104,019)    | (978,242,570)    | (1,049,583,483)  |
| Total primary government net position (deficit)       | \$ (1,257,026,715) | \$ (1,192,570,064) | \$ (655,790,691) | \$ (649,361,869) | \$ (649,509,657) |
| <b>Governmental activities</b>                        |                    |                    |                  |                  |                  |
|   | 2011               | 2010               | 2009             | 2008             | 2007             |
| Net investment in capital assets                      | \$ 158,129,481     | \$ 155,415,742     | \$ 156,461,727   | \$ 156,815,186   | \$ 173,129,371   |
| Restricted  | 249,496,173        | 80,477,836         | 75,749,943       | 69,420,889       | 61,730,781       |
| Unrestricted (deficit)                                | (1,008,068,262)    | (871,873,175)      | (894,565,007)    | (880,304,592)    | (536,694,044)    |
| Total governmental activities net position (deficit)  | \$ (600,442,608)   | \$ (635,979,597)   | \$ (662,353,337) | \$ (654,068,517) | \$ (301,833,892) |
| <b>Business-type activities</b>                       |                    |                    |                  |                  |                  |
| Net investment in capital assets                      | \$ 444,862         | \$ 481,124         | \$ 482,212       | \$ 595,253       | \$ 679,532       |
| Unrestricted (deficit)                                | 4,413,742          | 7,361,642          | 7,055,398        | 7,217,883        | 7,469,652        |
| Total business-type activities net position (deficit) | \$ 4,858,604       | \$ 7,842,766       | \$ 7,537,610     | \$ 7,813,136     | \$ 8,149,184     |
| <b>Primary government</b>                             |                    |                    |                  |                  |                  |
| Net investment in capital assets                      | \$ 158,574,343     | \$ 155,896,866     | \$ 156,943,939   | \$ 157,410,439   | \$ 173,808,903   |
| Restricted  | 249,496,173        | 80,477,836         | 75,749,943       | 69,420,889       | 61,730,781       |
| Unrestricted (deficit)                                | (1,003,654,520)    | (864,511,533)      | (887,509,609)    | (873,086,709)    | (529,224,392)    |
| Total primary government net position (deficit)       | \$ (595,584,004)   | \$ (628,136,831)   | \$ (654,815,727) | \$ (646,255,381) | \$ (293,684,708) |

Source: School District annual financial reports for the respective years

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

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



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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)

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

Source: School District annual financial reports for the respective years

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

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

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (Unaudited)

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

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

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

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

Source: District annual financial reports for the respective years

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

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

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

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

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

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

Source: School District annual financial reports for the respective years

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

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

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

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

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

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

Source: School District annual financial reports for the respective years

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

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

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

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

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

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

Source: School District annual financial reports for the respective years

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

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

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

|   | 2015           | 2014           | 2013           | 2012           | 2011           |
|---|----------------|----------------|----------------|----------------|----------------|
| Vacant property   | \$ 219,528     | \$ 181,758     | \$ 212,668     | \$ 193,826     | \$ 194,051     |
| Residential property  | 5,919,659      | 4,567,603      | 4,469,706      | 4,345,018      | 4,325,747      |
| Commercial property   | 6,445,053      | 4,909,533      | 4,886,510      | 4,567,479      | 4,655,265      |
| Industrial property   | 150,606        | 122,425        | 124,503        | 120,329        | 147,433        |
| Agricultural property                                       | 79             | 69             | 69             | 55             | 120            |
| Oil and Gas property  | -              | -              | -              | -              | -              |
| Personal property   | 825,798        | 765,486        | 741,538        | 722,513        | 726,354        |
| State assessed property                                     | <u>824,187</u> | <u>838,378</u> | <u>829,207</u> | <u>808,218</u> | <u>888,485</u> |
| Total taxable assessed value                                | 14,384,910     | 11,385,252     | 11,264,201     | 10,757,438     | 10,937,455     |
| Total direct tax rate                                       | 78.127         | 83.054         | 83.090         | 84.071         | 71.307         |
| Estimated actual taxable value                              | \$ 100,203,607 | \$ 80,891,083  | \$ 79,581,379  | \$ 76,697,449  | \$ 77,142,543  |
| Assessed value as a percentage of<br>estimated actual value | 14.4%          | 14.1%          | 14.2%          | 14.0%          | 14.2%          |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN YEARS (Unaudited)

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

Source: District financial records for the respective years.

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

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



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

LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS (Unaudited)

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

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

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

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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEAR (Unaudited)

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

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

RATIOS OF OUTSTANDING DEBT  
 LAST TEN FISCAL YEARS (Unaudited)

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

Source: School District Financials

Source: \* December 31, 2015 - City and County of Denver CAFR  
 (The most current information available)  
 \*\* Personal income not available this year from data source.

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

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

RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS (Unaudited)

| Year | Less Debt<br>Service Funds<br>Available | Net Debt         | Bonded<br>Debt to<br>Assessed Value | Total<br>Debt<br>Per Capita | Personal<br>Income<br>(expressed in<br>thousands) | Percentage<br>of Personal<br>Income to<br>O/S Debt |
|------|---|------------------|-------------------------------------|-----------------------------|---|--|
| 2016 | \$ 140,280,738                          | \$ 2,337,448,592 | 9.96%                               | \$ 3,630                    | n/a **  | n/a  |
| 2015 | 109,761,547                             | 2,422,043,644    | 13.02%                              | 3,814                       | n/a **  | n/a  |
| 2014 | 109,621,401                             | 2,465,946,637    | 13.44%                              | 3,965                       | 36,999  | 6.96%  |
| 2013 | 109,580,300                             | 2,260,857,095    | 14.00%                              | 3,737                       | 35,721  | 6.64%  |
| 2012 | 72,084,732                              | 1,666,885,361    | 9.31%                               | 2,805                       | 33,811  | 5.14%  |
| 2011 | 66,657,070                              | 1,721,776,542    | 8.95%                               | 2,980                       | 30,515  | 5.86%  |
| 2010 | 66,657,070                              | 1,742,138,282    | 8.67%                               | 2,964                       | 31,512  | 5.74%  |
| 2009 | 61,482,392                              | 1,495,649,336    | 7.29%                               | 2,601                       | 31,308  | 4.97%  |
| 2008 | 53,468,381                              | 1,371,045,375    | 6.22%                               | 2,406                       | 30,949  | 4.60%  |
| 2007 | 49,788,511                              | 1,056,386,204    | 8.00%                               | 1,899                       | 28,902  | 3.83%  |

Source: School District Financials

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

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

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

DIRECT AND OVERLAPPING DEBT (Unaudited)

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

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

Source: School District Financials - June 30, 2016

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS (Unaudited)

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

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

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

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

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

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

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

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

Based on 2015 and 2006 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)

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

Source: School District Planning Department

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

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

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

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

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

|                         | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>  | <u>2012</u>  |
|-------------------------|---------------|---------------|---------------|--------------|--------------|
| <b>All Funds</b>        |               |               |               |              |              |
| Instruction             | 6,948         | 7,495         | 6,911         | 4,893        | 5,277        |
| Pupil support           | 792           | 533           | 448           | 386          | 422          |
| Instructional support   | 1,361         | 1,133         | 803           | 812          | 786          |
| General administration  | 40            | 37            | 36            | 26           | 28           |
| School administration   | 827           | 756           | 37            | 699          | 705          |
| Business services       | 118           | 131           | 108           | 114          | 124          |
| Operation & maintenance | 964           | 917           | 1,011         | 722          | 717          |
| Pupil transportation    | 523           | 544           | 579           | 190          | 190          |
| Central services        | 619           | 589           | 602           | 384          | 362          |
| Community services      | 246           | 205           | 283           | 121          | 100          |
| Education for adults    | 240           | 130           | 20            | 77           | 141          |
| Food services           | 675           | 676           | 581           | 156          | 145          |
|                         | <u>13,353</u> | <u>13,146</u> | <u>11,419</u> | <u>8,579</u> | <u>8,997</u> |
|                         |               |               |               |              |              |
|                         | <u>2011</u>   | <u>2010</u>   | <u>2009</u>   | <u>2008</u>  | <u>2007</u>  |
| <b>All Funds</b>        |               |               |               |              |              |
| Instruction             | 6,694         | 5,117         | 4,178         | 4,043        | 3,899        |
| Pupil support           | 498           | 539           | 383           | 353          | 362          |
| Instructional support   | 1,089         | 743           | 556           | 548          | 541          |
| General administration  | 26            | 29            | 31            | 33           | 26           |
| School administration   | 612           | 576           | 556           | 549          | 550          |
| Business services       | 97            | 81            | 73            | 73           | 72           |
| Operation & maintenance | 720           | 704           | 673           | 629          | 640          |
| Pupil transportation    | 194           | 197           | 195           | 193          | 192          |
| Central services        | 314           | 353           | 293           | 241          | 216          |
| Community services      | 139           | 147           | 146           | 25           | 23           |
| Education for adults    | 62            | 56            | 33            | 60           | 60           |
| Food services           | 146           | 75            | 57            | 147          | 145          |
|                         | <u>10,590</u> | <u>8,616</u>  | <u>7,174</u>  | <u>6,894</u> | <u>6,726</u> |

Source: School District financial reports for the respective years

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

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

Enrollment is as of October 1 in fiscal year.

|  | <u>2016*</u> | <u>2015*</u> | <u>2014*</u> | <u>2013</u> | <u>2012</u> |
|--|--------------|--------------|--------------|-------------|-------------|
| <b>Elementary &amp; K-8 Schools:**</b> | 121          | 120          | 136          | 82          | 82          |
| Total Square Feet                      | 6,694,908    | 6,694,908    | 6,694,908    | 5,651,281   | 5,596,588   |
| Total Capacity (Students)              | 67,050       | 67,050       | 67,050       | 42,226      | 42,226      |
| Enrollment                             | 46,388       | 48,153       | 46,658       | 44,391      | 39,673      |
| <b>Middle Schools:**</b>               | 29           | 29           | 15           | 15          | 14          |
| Total Square Feet                      | 1,955,193    | 1,955,193    | 1,955,193    | 2,114,045   | 2,114,543   |
| Total Capacity (Students)              | 14,825       | 14,825       | 14,825       | 14,364      | 14,364      |
| Enrollment                             | 9,921        | 9,146        | 9,738        | 9551        | 8,613       |
| <b>High Schools:**</b>                 | 35           | 27           | 38           | 12          | 12          |
| Total Square Feet                      | 4,843,312    | 4,824,362    | 4,824,362    | 3,793,938   | 3,774,707   |
| Total Capacity (Students)              | 39,050       | 39,050       | 39,050       | 21,385      | 21,385      |
| Enrollment                             | 16,679       | 16,053       | 15,822       | 15,608      | 13,492      |
| <b>Alternative Schools:***</b>         | 18           | 18           | 13           | 4           | 5           |
| Enrollment                             | 1,727        | 1,774        | 1,613        | 1,597       | 923         |
| <b>Charter Schools:***</b>             | 60           | 51           | 43           | 18          | 18          |
| Enrollment                             | 16,714       | 15,024       | 13,567       | 11,567      | 5,391       |
|  | <u>2011</u>  | <u>2010</u>  | <u>2009</u>  | <u>2008</u> | <u>2007</u> |
| <b>Elementary &amp; K-8 Schools:**</b> | 82           | 82           | 82           | 82          | 82          |
| Total Square Feet                      | 5,401,362    | 5,345,466    | 5,345,466    | 5,345,466   | 5,345,466   |
| Total Capacity (Students)              | 42,226       | 49,369       | 49,369       | 49,369      | 49,369      |
| Enrollment                             | 40,119       | 39,541       | 36,368       | 36,269      | 36,233      |
| <b>Middle Schools:**</b>               | 14           | 14           | 14           | 14          | 14          |
| Total Square Feet                      | 2,026,369    | 2,026,374    | 2,026,374    | 2,026,374   | 2,026,374   |
| Total Capacity (Students)              | 14,364       | 15,696       | 15,696       | 15,696      | 15,696      |
| Enrollment                             | 8,610        | 8,853        | 8,916        | 9,020       | 9,814       |
| <b>High Schools:**</b>                 | 12           | 12           | 12           | 12          | 12          |
| Total Square Feet                      | 3,522,950    | 3,332,506    | 3,539,700    | 3,539,699   | 3,539,700   |
| Total Capacity (Students)              | 21,385       | 22,901       | 22,901       | 22,901      | 22,901      |
| Enrollment                             | 13,636       | 13,780       | 13,839       | 13,865      | 14,493      |
| <b>Alternative Schools:***</b>         | 6            | 6            | 4            | 4           | 5           |
| Total Square Feet                      | 253,399      | 46,205       | 253,399      | 253,399     | 253,399     |
| Total Capacity (Students)              | 1,006        | 1,550        | 1,550        | 1,550       | 1,550       |
| Enrollment                             | 861          | 1,381        | 1,278        | 1,293       | 1,344       |
| <b>Charter Schools:***</b>             | 19           | 16           | 9            | 9           | 9           |
| Total Square Feet                      | 53,517       | -            | -            | -           | -           |
| Total Capacity (Students)              | -            | -            | -            | -           | -           |
| Enrollment                             | 5,349        | 5,160        | 2,766        | 2,585       | 1,970       |

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

\*\* Building Count  
\*\*\*Program Count

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

Single Audit Report

Year Ended June 30, 2016

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of School District No. 1 in the City and County of Denver and State of Colorado (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2016, which contained an emphasis of matter paragraph regarding a change in reporting entity. Our report includes a reference to other auditors who audited the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust Fund, presented as a major fund and Academy 360 and Rocky Mountain Preparatory, presented as discretely presented component units, in accordance with *Government Auditing Standards* as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to other auditors who audited the financial statements of the remaining aggregate discretely presented component units, except for KIPP Colorado Schools and STRIVE Preparatory Schools. Those financial statements were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

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

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

Board of Education  
School District No. 1 in the  
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of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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

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

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

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Denver, Colorado  
November 18, 2016

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

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

### Report on Compliance for Each Major Federal Program

We have audited School District No. 1 in the City and County of Denver and State of Colorado's (the District) compliance of with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

***Other Matters***

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

**Report on Internal Control Over Compliance**

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

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

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-003 and 2016-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-002 to be a significant deficiency.

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

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

*BKD, LLP*

Denver, Colorado  
November 18, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the District. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the District through the state of Colorado or other non-federal entities. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The District utilizes the indirect cost rate established for it by the Colorado Department of Education, therefore has not used the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2016, the District did not pass through any federal funds to subrecipients.
4. The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenditures when used by schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The District recognized noncash awards of \$2,640,900 for the year ended June 30, 2016.

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

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

*Financial Statements*

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

Unmodified       Qualified       Adverse       Disclaimer

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

Significant deficiency(ies)?       Yes       None Reported  
Material Weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements 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

Unmodified: 17.274 YouthBuild

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

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

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

7. The District's major programs were:

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

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

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

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

**Section II – Financial Statement Findings**

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

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

**Section III – Federal Awards Findings**

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

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

| Reference Number | Finding   |
|------------------|---|
| 2016-003         | <p><b>Finding:</b> Procurement and Suspension and Debarment</p> <p><b>Child Nutrition Cluster</b><br/> <b>CFDA No. 10.553 - School Breakfast Program (SBP)</b><br/> <b>CFDA No. 10.555 - National School Lunch Program (NSLP)</b><br/> <b>CFDA No. 10.559 - Summer Food Service Program for Children (SFSP)</b></p> <p><b>United States Department of Agriculture, Passed through the Colorado Department of Education, Award Numbers 4553, 4555, 4559</b></p> <p><b>Criteria:</b> Per 2 CFR 180, all nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are not suspended or debarred. The District must verify that the contracted entity is not suspended or debarred or otherwise excluded from participating in the transaction. The verification can be accomplished by:</p> <ol style="list-style-type: none"> <li>1. Checking the Excluded Parties List System (EPLS).</li> <li>2. Collecting a certification from the entity.</li> <li>3. Adding a clause or condition to the covered transaction with the entity.</li> </ol> <p>If checking of the EPLS system is used, the District should perform this review timely and any time a contract includes provisions for renewal.</p> <p><b>Condition:</b> The District could not provide evidence that a verification was performed, nor was any language to this effect included in the contracts.</p> <p><b>Questioned Costs:</b> \$0. We reviewed the EPLS for the affected vendors noting that none were suspended or debarred. As such, the District did not appear to enter into a contract with an excluded party.</p> <p><b>Context:</b> We tested 12 procurement contracts greater than \$25,000 for internal controls and compliance noting that the District was unable to provide documentation that EPLS status was reviewed during contract extension for four contracts. In addition, certain procurement history could not be located for those contracts. A non-statistical sampling methodology was used to select the sample.</p> <p><b>Effect:</b> By not following procedures, the District risks contracting with a vendor that is suspended or debarred.</p> |

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

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

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

| Reference Number | Finding  |
|------------------|--|
| 2016-004         | <p><b>Finding:</b> Special Tests and Provisions - Schoolwide Programs</p> <p><b>CFDA No. 84.010 - Title I Grants to Local Educational Agencies</b></p> <p><b>United States Department of Education, Passed through the Colorado Department of Education, Award Numbers 4010, 5010, 7010</b></p> <p><b>Criteria:</b> Per 34 CFR Section 200.28(c), a schoolwide program must have a parental involvement policy that includes strategies to increase parental involvement.</p> <p><b>Condition:</b> In some instances, schools did not include parental involvement strategies in their school improvement plan.</p> <p><b>Questioned Costs:</b> \$0. The missing information did not impact the expenditures of the affected schools.</p> <p><b>Context:</b> We tested 25 school improvement plans out of a population of 167, noting that nine school improvement plans did not include the required parental involvement strategies. A non-statistical sampling methodology was used to select the sample.</p> <p><b>Effect:</b> The District did not comply with schoolwide plan documentation requirements.</p> <p><b>Cause:</b> The basic school improvement plan template does not explicitly require a school to address parental involvement strategies, though many schools tested still addressed this requirement. However, the template includes an optional appendix which includes an explicit step to address parental involvement strategies. In most cases, this appendix was not completed, so if the school did not otherwise address parental involvement strategies, the topic was not addressed.</p> <p><b>Identification as a repeat finding:</b> 2010-008, 2011-008, 2012-004, 2013-004, 2014-005, 2015-005</p> <p><b>Recommendation:</b> We recommend the District make completion and submission of the optional appendix mandatory for all schools.</p> <p><b>Views of responsible officials and planned corrective actions:</b> Agree. See separate report for planned corrective actions.</p> |

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

| Reference Number | Summary of Finding  | Status                                  |
|------------------|---|---|
| 2015-001         | <i>Accounts Payable</i> - We recommend that internal controls over accounts payable be strengthened to include a more thorough review of invoices received after the fiscal year through the beginning of the audit. In addition, we recommend that accounts payable technicians receive training on the proper coding to help ensure invoices are recorded to the proper fiscal year.  | Implemented                             |
| 2015-002         | CFDA No. 84.010 - Title I Grants to Local Educational Agencies: <i>Allowable Costs/Activities</i> - During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up of time and effort reporting. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, we recommend the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.  | Implemented                             |
| 2015-003         | Child Nutrition Cluster: <i>Procurement and Suspension and Debarment</i> - We recommend the District establish monitoring procedures to ensure review of the EPLS is formally documented and that documentation of executed contracts is maintained.  | Not Implemented - See finding 2016-003. |
| 2015-004         | CFDA No. 84.367 Title 11A - Improving Teacher Quality State Grants. CFDA No. 84.027 and 84.173 Special Education - Grants to States (IDEA Part B) and Special Education - Preschool Grants (IDEA Preschool) - <i>Allowable Costs/Activities</i> - During fiscal year 2014 and continuing into fiscal year 2015, the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up of time and effort reporting. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, we recommend the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service. | Implemented                             |

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

| Reference<br>Number | Summary of Finding   | Status  |
|---------------------|--|---|
| 2015-005            | CDFA No. 84.010 - Title I Grants to Local Educational Agencies. CFDA No. 84.367 Title 11A - Improving Teacher Quality State Grants - <i>Special Tests and Provisions</i> - We recommend the District establish monitoring procedures to review and approve schoolwide plans on an annual basis including the identification of schools which submit incomplete schoolwide plans and follow up procedures that will be performed to ensure appropriate completion | Partially Implemented - See finding 2016-005 and management's summary schedule of prior audit findings. |
| 2015-006            | CFDA No. 84.010 - Title I Grants to Local Educational Agencies. <i>Special Tests and Provisions</i> - We recommend the District strengthen and maintain internal controls over identifying schools and LEAs needing improvement to help ensure compliance. If the District chooses to use UIP tracking spreadsheets as a control, we recommend that the District make it a mandatory requirement for all schools to use.   | Implemented   |



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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, 2016

### 2015-001

**Finding:** Accounts Payable - BKD recommended that internal controls over accounts payable be strengthened to include a more thorough review of invoices received after the fiscal year through the beginning of the audit. In addition, BKD recommended that accounts payable technicians receive training on the proper coding to help ensure invoices are recorded to the proper fiscal year.

**Status:** Implemented

**Corrective Action:** The District updated the year-end process for recording accounts payable, and based on the results, updated year-end procedures to help ensure accounts payable are properly recorded at year-end. The updated procedures included a detailed review by the Accounts Payable team of all invoices paid through the end of August for proper accruals and continuing reviews by Office of the Controller staff for payments after the cutoff date. There were several large construction payments made in late August and early September that were for fiscal year 2015 that were not identified through this process. Corrective action in fiscal year 2016 included additional training of staff and monitoring procedures to identify invoices for accrual.

**Identification as a repeat finding:** 2014-002

**Person Responsible for Implementing:** Wendy Scheidegger, Director

**Implementation Date:** July 1, 2015



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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, 2016

### 2015-002

**Finding:** Allowable Costs/Activities - During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. BKD recommended the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, BKD recommended the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.

**Questioned Costs:** \$20,804

**Status:** Implemented

**Corrective Action:** During fiscal year 2015-2016, the District completed a comprehensive review of the District's procedures and controls which identified technical and procedural deficiencies including communication and training to end users; revision of language in monthly email notifications; revision of system descriptions to improve understandability; updating system queries to ensure all transactions are captured; validation process on system data, and escalation procedures for any non-responses or exceptions to employee validations.

Corrective action implemented in May 2016 included a revised semi-annual certification, aligned with new Uniform Grants Guidance and to coincide with new DPS consolidated school wide (General Fund and Title I, part a) funding. In fiscal year 2016, the new process ran concurrently with the existing process to pilot, test and cover any missing certification. In fiscal year 2017 this new process will formally replace the existing digital web-based process.

**Identification as a repeat finding:** 2013-002, 2014-004

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

**Implementation Date:** December 31, 2015



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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, 2016

2015-003

**Finding:** Procurement and Suspension and Debarment - BKD recommended the District establish monitoring procedures to ensure review of the EPLS is formally documented and that documentation of executed contracts is maintained.

**Questioned Costs:** \$54,600

**Status:** Partially Implemented

**Corrective Action:** For debarment the vendor continues to self-disclose at time of response to a bid or request for proposal. Enterprise Management runs an EPLS report prior to recommendation of award of RFP, Bid, IFB, or Vendor Agreement Contracts. The printed EPLS form is filed with the physical bid documents. The EPLS report is also saved electronically on the Strategic Sourcing shared drive with the related award letters. Additionally, an EPLS report is run for all single vendor payments of \$50,000 and more. Regarding contracts for all vendors, the Enterprise Management buyer immediately prepares a contract once an item is accepted (completes testing). Two times per year, the Enterprise Management buyer verifies that all vendors being paid by Enterprise Management have a current contract on file.

**Identification as a repeat finding:** 2014-007

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

**Implementation Date:** December 31, 2016



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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, 2016

2015-004

**Finding: Allowable Costs/Activities:** During fiscal year 2014 and continuing into fiscal year 2015 the District started a process of implementing additional procedures to strengthen controls and improve the process for timely follow up. BKD recommended the District continue this process to strengthen controls and to ensure all required certifications are obtained. Furthermore, BKD recommended the District consider changing its follow up policy to allow supervisors to certify time and effort reports for employees that have separated from service.

**Questioned Costs:** IDEA Part B and IDEA Preschool - \$7,810 and Title II-A - \$3,375

**Status:** Implemented

**Corrective Action:** During fiscal year 2015-2016, the District completed a comprehensive review of the District's procedures and controls which identified technical and procedural deficiencies including communication and training to end users; revision of language in monthly email notifications; revision of system descriptions to improve understandability; updating system queries to ensure all transactions are captured; validation process on system data, and escalation procedures for any non-responses or exceptions to employee validations.

Corrective action implemented in May 2016 included a revised semi-annual certification, aligned with new Uniform Grants Guidance and to coincide with new DPS consolidated school wide (General Fund and Title I, part a) funding. In fiscal year 2016, the new process ran concurrently with the existing process to pilot, test and cover any missing certification. In fiscal year 2017 this new process will formally replace the existing digital web-based process.

**Identification as a repeat finding:** 2011-008, 2012-002, 2013-002, 2014-004

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

**Implementation Date:** December 31, 2015



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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, 2016

2015-005

**Finding:** Special Tests and Provisions - BKD recommended the District establish monitoring procedures to review and approve school wide plans on an annual basis including the identification of schools which submit incomplete school wide plans and follow up procedures that will be performed to ensure appropriate completion.

**Questioned Costs:** None

**Status:** Partially Implemented

**Corrective Action:** The District reviewed its policies and procedures related to monitoring compliance with Unified Improvement Planning requirements and established consistent documentation and control procedures for all applicable schools. During fiscal year 2016 the District updated its procedures in order to review, approve and track UIP/school wide plans. The corrective action by the District was implemented to a more robust process including a principal checklist, review of plans, and training for principals.

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

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

**Implementation Date:** December 31, 2016



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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, 2016

2015-006

**Finding:** Special Tests and Provisions - BKD recommended the District strengthen and maintain internal controls over identifying schools and LEAs needing improvement to help ensure compliance. If the District chooses to use UIP tracking spreadsheets as a control, BKD recommended that the District make it a mandatory requirement for all schools to use.

**Questioned Costs:** None

**Status:** Implemented

**Corrective Action:** The District reviewed its policies and procedures related to monitoring compliance with Unified Improvement Planning requirements and established consistent documentation and control procedures for all applicable schools. During fiscal year 2016 the District updated its procedures in order to review, approve and track UIP/school wide plans. The corrective action by the District was implemented to a more robust process including a principal checklist, review of plans, and training for principals.

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

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

**Implementation Date:** December 31, 2015



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## School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2016

2016-001

**Finding:** Student Activity Fund Reconciliations

**Corrective Action:** The District agrees with the finding. During the current Fiscal Year 2016-17, the Office of the Controller is implementing a plan to expand outreach to schools to improve compliance with reconciliation requirements. Additionally, the District is in the proposal phase of implementing an online system for collection of student activity and fees that will also result in improvements to the accounting and banking processes. The new online system is scheduled to go-live for the beginning of Fiscal Year-17-18.

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

**Implementation Date:** June 30, 2017



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## School District No. 1 in the City and County of Denver Corrective Action Plan (continued) Year Ended June 30, 2016

2016-002

**Finding:** Allowable Costs/Activities

CFDA No. 17.274 - YouthBuild

United States Department of Labor, Grant Number YC-25420-14-60-A-8, Award Year 2014

**Questioned Costs:** \$0. As all certifications were received, no questioned costs were identified.

**Corrective Action:** The District agrees with the finding.. During fiscal year 2016, the District implemented additional procedures to strengthen controls for identifying and improving the timely follow up of missing certifications through escalation procedures. In addition, the District tested a new simplified certification process which makes it easier for the end users to certify their time. That process was put into effect on 7/1/16. The District is continuing to address the deficiencies and implement additional controls to ensure that all of the required certifications are obtained in a timely manner. The District is exploring additional opportunities to further simplify and fortify the process using system capabilities that would diminish missing certifications and time lag.

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

**Implementation Date:** July 1, 2016



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## School District No. 1 in the City and County of Denver Corrective Action Plan (continued) Year Ended June 30, 2016

2016-003

**Finding:** Procurement and Suspension and Debarment

Child Nutrition Cluster

CFDA No. 10.553 - School Breakfast Program (SBP)

CFDA No. 10.555 - National School Lunch Program (NSLP)

CFDA No. 10.559 - Summer Food Service Program for Children (SFSP)

United States Department of Agriculture, Passed through the Colorado Department of Education, Award Numbers 4553, 4555, 4559

**Questioned Costs:** \$0. BKD reviewed the EPLS for the affected vendors noting that none were suspended or debarred. As such, the District did not appear to enter into a contract with an excluded party.

**Corrective Action:** The District agrees with the finding. Enterprise Management runs an EPLS report prior to recommendation of award of RFP, Bid, IFB, or Vendor Agreement Contracts. The printed EPLS form is filed with the physical bid documents. The EPLS report is also saved electronically on the Strategic Sourcing shared drive with the related award letters. For debarment, the vendor continues to self-disclose at time of response to a bid or request for proposal. The District will add the self-disclosure to contract renewals, including renewals of overarching agreements, to be implemented by 1/1/2017.

**Person Responsible for Implementing:** Erik Johnson, Executive Director of Finance

**Implementation Date:** January 1, 2017



Department of Financial Services  
720-423-3440  
www.dpsk12.org

## School District No. 1 in the City and County of Denver Corrective Action Plan (continued) Year Ended June 30, 2016

**2016-004**

**Finding:** Special Test and Provisions - Schoolwide Programs

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

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

**Questioned Costs:** None. The missing information did not impact the expenditures of the affected schools.

**Corrective Action:** The District concurs with the finding. The District reviewed its policies and procedures related to monitoring compliance with Unified Improvement Planning/Schoolwide plan requirements and established consistent documentation and control procedures for all applicable schools. During fiscal year 2016 the District updated its procedures in order to review, approve and track UIP/school wide plans. The District has established a consistent control process for all applicable schools including: a principal checklist that includes parent involvement requirements, routine review of plans, and training for principals.

**Person Responsible for Implementing:** Veronica Bradsby, ESEA Title Programs Director

**Implementation Date:** December 31, 2016



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