



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2019

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Students First

Integrity

Equity

Collaboration

Accountability

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SCHOOL DISTRICT NO.1

IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

PREPARED BY THE OFFICE OF THE CONTROLLER

Denver Public Schools

The District's financial operations support Denver Public Schools' mission of Every Child Succeeds. Denver Public Schools serves more than 93,000 students in more than 207 schools in the City and County of Denver and is the largest district in the State of Colorado.





School District No. 1 in the City and County of Denver
For the year ended June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Discover a World of Opportunity™

Stephen Clawson, Controller

Mary Cooper, Director of Financial Operations

Patricia Morris, Senior Manager of Accounting Operations

Juan Martinez, Supervisor of Accounting

Medina Steta, Supervisor of Accounting

Claudia Delgado, Senior Accountant

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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 STATE OF COLORADO

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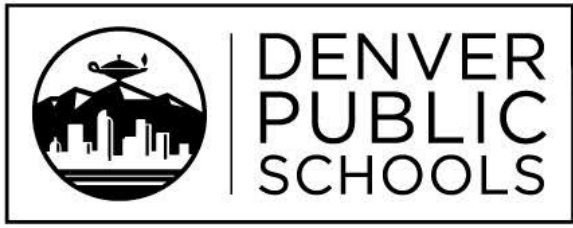
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INTRODUCTORY SECTION



November 22, 2019

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, 2019 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 the 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, 2019 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 2018 Government Finance Officers Association (GFOA) Certificate of Achievement and the 2018 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 the mission of *Every Child Succeeds*. Denver Public Schools (DPS) serves approximately 93,000 students in 207 schools and employees approximately 12,000 people in the City and County of Denver.

Denver County is the most populous county in Colorado with an estimated 716,400 residents. Over 65% of students qualify for free/reduced priced lunch, and approximately 75% of students are ethnic minorities. The on-time graduation rate had reached an all-time high of 70% which is more than a 3.5% increase from last year and the dropout rate decreased by 4%. DPS has continued to have significant achievement gaps when comparing minority students and students in poverty with white and middle class students. Closing this achievement gap is one of the core tenants of the Denver Plan. The FY 2020 Adopted Budget is intended to provide the financial resources necessary to enable educators to further the academic goals of the Denver Plan: Great Schools in Every Neighborhood, School Readiness, Foundation for Success, Ready for College and Career and Support for the Whole Child.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

Local property tax revenue makes up 33% of public school funding in the state. Beginning with the recession in 2008, assessed valuations across the state declined as a result of lower property tax collections while tax receipts from state income and sales/use also declined due to the economic downturn. The state is strained since it is responsible to backfill any funding losses from declines in local property taxes (i.e. State Equalization). Given that K-12 funding makes up close to 40% of the State of Colorado's budget, the state was forced to make a choice between fully funding K-12 education or continuing to fund other vital public services such as Corrections, Healthcare/Medicaid, Higher Education and Human Services. Beginning in FY 2011, the state introduced the "Negative Factor", (which is now titled the Budget Stabilization Factor) to reduce school funding to a level that it could afford. For FY 2020, the Budget Stabilization Factor reduces annual funding for K-12 education by \$572 million below fully funded or \$60 million for DPS.

State statute allows school districts to levy general fund taxes at a general or special override election mill levy. The maximum amount of the revenue increase may not exceed 25% of the District's formula funding, plus a cost of living adjustment from 2002. In 1988, 1998, 2003, 2005, 2012 and 2016 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 override election mill levies are fixed dollar amounts of \$12.1 million, \$17 million and \$20 million respectively. The 2005 override election mill levy, initially set at \$25 million, is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 Override Election mill levy amount for the FY 2020 is forecasted at approximately \$35 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 \$88 million for FY 2020. In future years, the mill rate of 4.86 will remain fixed regardless of changes to assessed valuation. The 2016 Override Election mill levy has a variable mill amount, which can be adjusted annually as long as the total revenue amount for all mills does not exceed the maximum collection amount of 25% of revenue plus cost-of-living adjustment.

The District has been able to limit the impact of these complications on our classrooms by using reserves and by effectively managing costs. As a result of improved economic conditions and a statewide buy-down of the Budget Stabilization Factor of \$100 million, PPR in FY 2020 is expected to grow to \$8,735 from \$8,412 in FY 2019. 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) with state, federal and private grants. The District continues to manage fund balances to ensure that future uncertainties can be addressed without major interruptions to core educational services. In FY 2019, the General Fund fund balance decreased by \$500 thousand.

MAJOR INITIATIVES

Capital Improvements

At an election held in November 2016, District voters approved the issuance of general obligation bonds with a par amount of \$572 million to acquire, construct and improve capital assets. This continues to 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.

With these funds the District has been able to continue the efforts renovating existing schools, classroom cooling and building new schools to meet population growth. In FY 2019, DPS completed work on several campus additions including 150 seats at Del Pueblo, 500 seats for Denver Green School at Paul Sandoval Campus and a new cafeteria at Colorado Heights Campus. The District has invested significant funds in renovating existing facilities –Thomas Jefferson High School and John F. Kennedy High School received multi-million dollar renovations to improve the learning environments. Renovation of the recently acquired Samsonite Campus was started this fiscal year. The District also began work installing light emitting diode (LED) field lights at high schools across the city.

Professional Compensation for Teachers Mill Levy Override

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

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

ProComp helps attract and retain top quality teachers by:

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

In November 2005, Denver voters approved the \$25 million mill levy to pay for the new system which will increase 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 the 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. Additionally, the ProComp mill levy dollars are 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

Pension Funding

In 2018, the Colorado General Assembly passed SB18-200, which funds Colorado PERA \$225 million annually starting in Fiscal Year 2019 until it is fully funded. These funds are allocated proportionally to state, school, judicial and DPS division trust funds. The annual payment in July 2018 allocated to the DPS Division was \$18.6 million. The state funding is considered a special funding situation resulting in a portion of the DPS Divisions' Net Pension Liability to be allocated to the state. See Note 8 to the financial statements for details.

Internal Control

The District's management team is responsible for establishing and maintaining effective internal controls to ensure that 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 the cost of control should not exceed the benefits likely to be derived from its implementation and that 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 the portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

Accounting and Budgetary Controls

The District maintains its records on the full accrual basis for proprietary funds and similar fiduciary fund types and modified accrual basis for all other funds. For financial statement presentation purposes, the modified accrual basis of accounting is followed for all governmental funds. The MD&A and the notes to financial statements expand upon this and other accounting policies.

The financial statements are prepared in accordance with the standards of GASB. All of the District's funds are presented in this report and all opinion units consisting of those funds have been audited by the District's independent auditors, BKD, LLP, except for the ProComp Special Revenue Fund that is audited separately. The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant and be in accordance with generally accepted auditing standards. The auditor's role is to conduct an independent audit and render to outside parties an opinion on the fair presentation of the financial statements. Budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is maintained at the total fund level for each fund.

PERA Merger

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

Financial Policies

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

Long-term Financial Planning

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

OTHER INFORMATION

Independent Audit

The laws of the State of Colorado require that the District's annual financial report be audited by independent certified public accountants. The accounting firm BKD, LLP was selected by the District's Board of Education and has 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 GFOA for the District's CAFR for the fiscal year ended June 30, 2018. This was the thirty-fourth consecutive year that the District received this award. This award requires that a government publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. Although, the award is applicable only to the June 30, 2018 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 ASBO for its CAFR for the fiscal year ended June 30, 2018. This was the nineteenth 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 2018 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,



Erik Johnson
Chief Financial Officer



Stephen A. Clawson, CPA
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

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

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

DISTRICT OFFICIALS

BOARD OF EDUCATION

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

SUPERINTENDENT

Susana Cordova

DEPUTY SUPERINTENDENT OF OPERATIONS

Mark Ferrandino

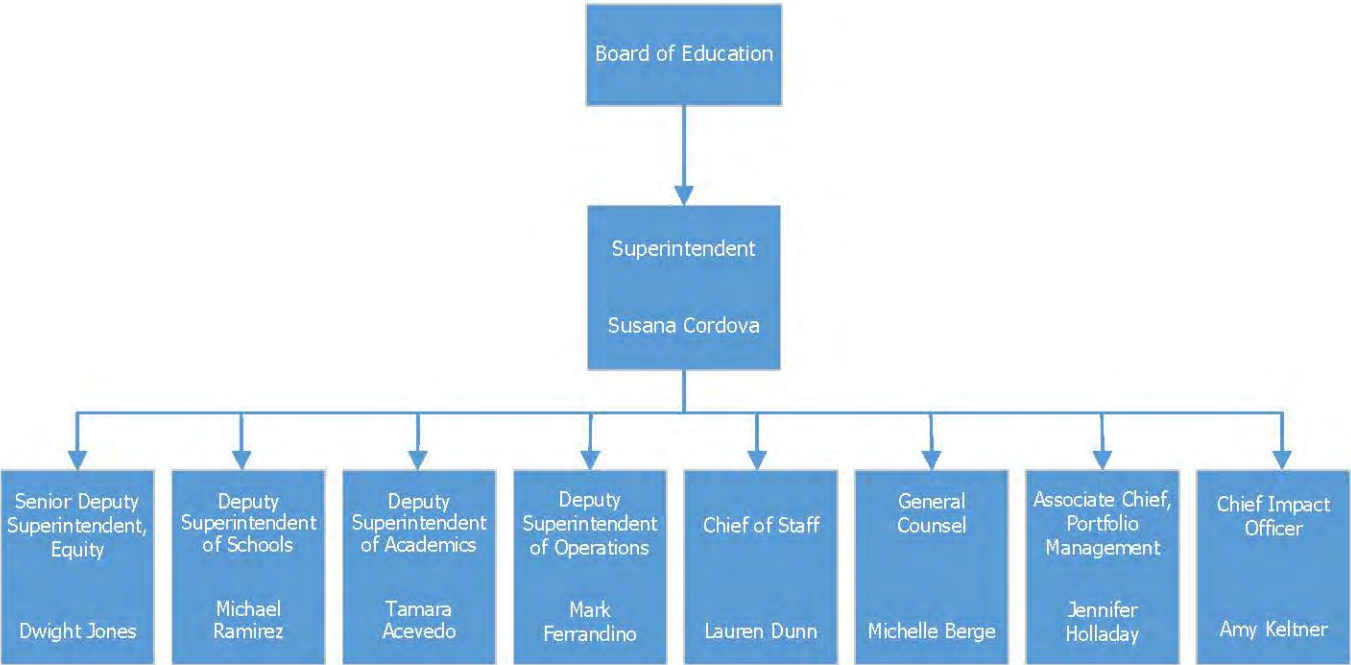
CHIEF FINANCIAL OFFICER

Erik Johnson

CONTROLLER

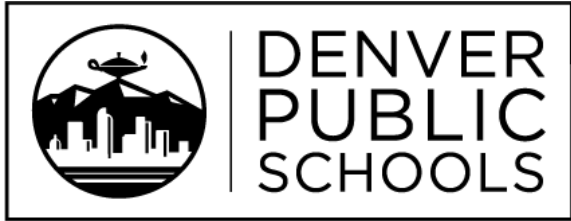
Stephen A. Clawson, CPA

Denver Public School Organization Chart-Senior Leadership Team As of June 30, 2019





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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of School District No. 1 in the City and County of Denver and State of Colorado (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust (ProComp) fund, which is part of the aggregate remaining fund information and represents 39.0% of total assets, and 42.2% of total revenues of the aggregate remaining fund information. Those statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for the ProComp fund is based solely on the reports of the other auditor. With the exception of the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, we also did not audit the financial statements of the aggregate discretely presented component units, which represent 90.4% of total assets and 71.8% of total revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for the aggregate discretely presented component units, except for the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Rocky Mountain Preparatory Schools, KIPP Colorado Schools and STRIVE Preparatory Schools, all of which were audited under *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report November 22, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 22, 2019



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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that is presented in the letter of transmittal, which starts on page 10 of this report.

Financial Highlights

On the statement of net position, as of June 30, 2019, the District's net position for governmental activities is a deficit of \$1,281.3 million. The deficit net position is primarily the result of two factors. The first is the result of the District executing certificates of participation (COPs) 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 COPs with the net proceeds contributed to DPSRS. In April of 2008, the District issued \$750 million in COPs 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 75.7% funded compared to the PERA School division of 57% as of December 31, 2018. Second, in order to fund the District's capital program, the voters of Denver authorized general obligation bonds in November 1998, 2003, 2008, 2012 and 2016 of \$305 million, \$310.8 million, \$454 million, \$466 million and \$572 million respectively. The proceeds of these bonds are used to fund necessary capital and maintenance of the District's facilities. (See additional details in Note 5 and Note 6 to the financial statements).

Long-term liabilities decreased to \$3,644.0 million from \$3,890.1 million in FY 2019 primarily due to a reduction in the net pension liability as well as other miscellaneous assumptions.

On the statement of activities, general revenues accounted for \$1,182.1 million or 77% of total revenues and program revenues were \$349.3 million or 23% of the total revenues of the primary government. The total revenues increased to \$1,531.5 from \$1,432.6, or 7% when compared to prior year, primarily due to increased property taxes. Net position increased \$210.6 million primarily due to state legislation requiring the state to contribute \$225 million annually to PERA with a portion of that contributed to the DPS Division, \$18.6 million in FY 2019. For the Plan Year ending December 31, 2018, the State's proportionate share of the DPS Divisions' net pension liability was \$307.8 million of the total net pension liability of \$1,022.9 million. See Note 8 for additional details.

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.

The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position to the exclusion of fiduciary funds. The statement of activities presents information on how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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, operations and maintenance and administration. Taxes and intergovernmental revenues principally support these activities.

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

Financial Analysis of the District

Increases or decreases in net position may serve as a useful indicator of the District's overall financial position. The District's net position increased \$210.6 million primarily due to changes in the net pension liability. Additionally, there are several other measures that indicate a sustainable financial position, including:

- The District has the largest and most diverse tax base in the State of Colorado with \$16.8 billion of net assessed value.
- General Fund decreased \$503 thousand in FY 2019, with ending fund balance of \$118.5 million.
- In November of 2016, Denver voters approved a mill levy override of \$56.6 million and in the years following by the amount allowed by Colorado State law. The increased funding will go towards expanding early childhood reading programs, providing more mental health professionals and counselors for students, expanding student technology access, providing better training for teachers, developing a more diverse pool of teachers and expanding college and career programs.
- In November of 2016, Denver voters approved a \$572 million bond to invest in critical maintenance, constructing new schools and additions to existing schools, upgrading learning environments in older schools and increasing student technology access.
- The 2016 voted approved general bond obligations were issued in 2017 with the following ratings:
 - Moody's ratings of Aa2
 - Fitch ratings of AA+
 - S&P ratings of AA

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2019

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, equipment and capital leases). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased to \$1,439.5 million in FY 2019 from \$1,373.1 million in FY 2018. The increase is primarily a result of capital spending from the District's general obligation bonds and certificates of participation. The District's capital assets will continue to increase as planned projects are completed in the Capital Reserve and Building Funds. Combined, these funds have available fund balance of \$415.4 million.

Current and other assets decreased to \$946.6 million from \$1.02 billion primarily due to the 2017 bond and COP's spend as described in the capital improvements section of the Transmittal letter.

The following table provides a summary of the District's net position as of June 30, 2019 and 2018, respectively (in millions):

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current and other assets	\$ 946.6	\$ 1,017.4
Capital assets, net	1,439.5	1,373.1
Total assets	<u>2,386.1</u>	<u>2,390.5</u>
Deferred outflow of resources	<u>351.2</u>	<u>358.9</u>
Long-term liabilities	3,644.0	3,890.1
Other liabilities	121.4	140.0
Total liabilities	<u>3,765.4</u>	<u>4,030.1</u>
Deferred inflow of resources	<u>253.2</u>	<u>211.2</u>
Net position:		
Net investment in capital assets	(62.8)	(48.8)
Restricted	616.1	650.6
Unrestricted	(1,834.6)	(2,093.7)
Total net position	<u>\$ (1,281.3)</u>	<u>\$ (1,491.9)</u>

To calculate net investment in capital assets, the original long-term debt was evaluated to ascertain the amount of proceeds spent on capital improvement verses non-capital expenditures. The percentage was then applied to the outstanding long-term debt to determine the amount applicable to capital assets.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

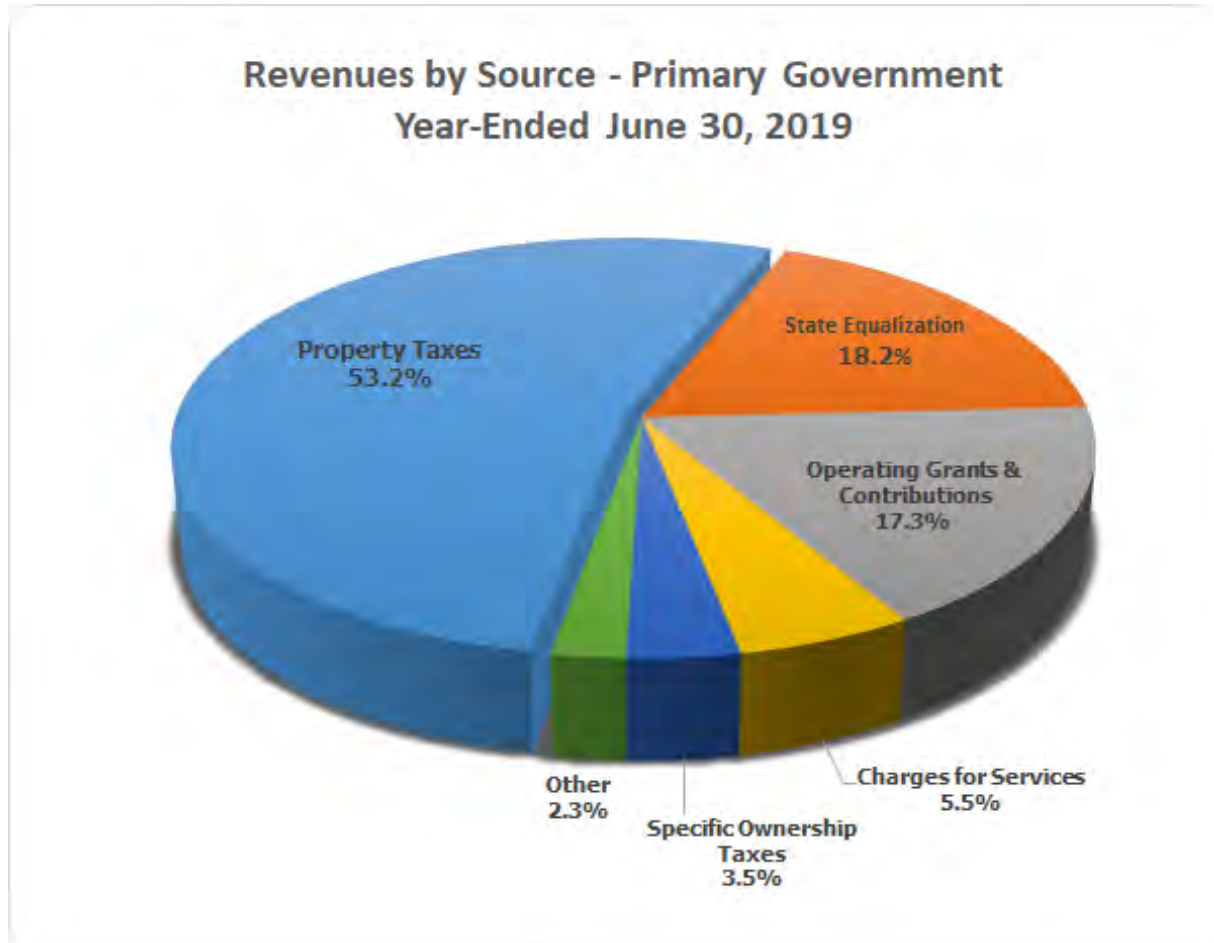
The following table provides a summary of the District's activities for the fiscal years ended June 30, 2019 and 2018, respectively (in millions).

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
REVENUES		
Program revenues		
Charges for services	\$ 84.5	\$ 71.0
Operating grants and contributions	264.8	220.1
General revenues		
Taxes	871.1	851.2
State equalization	279.5	243.2
Investment income	18.1	8.6
Other	13.5	38.5
Total revenues	<u>1,531.5</u>	<u>1,432.6</u>
EXPENSES		
Instruction	605.6	647.0
Support services	586.3	686.2
Interest on long-term debt	129.0	162.9
Total expenses	<u>1,320.9</u>	<u>1,496.1</u>
Change in net position	<u>210.6</u>	<u>(63.5)</u>
Net position - beginning, previously stated	<u>(1,491.9)</u>	<u>(1,357.1)</u>
Change in Accounting Principle	<u>-</u>	<u>(71.3)</u>
Net position - beginning as restated	<u>(1,491.9)</u>	<u>(1,428.4)</u>
Net position - ending	<u>\$ (1,281.3)</u>	<u>\$ (1,491.9)</u>

Most revenues to Colorado's school districts are provided through the Public School Finance Act of 1994 (as amended). The District's adjusted total program funding for FY 2019 was \$737.3 million based on a funded pupil count of 87,644 and per pupil total program funding of \$8,412, compared to total program funding of \$690.4 million funded pupil count of 87,118 and per pupil total program funding of \$7,925 in FY 2018. Of the adjusted total program funding, \$279.5 million was funded through state share compared to \$243.2 million in FY 2018. The remainder was funded through a combination of local property and specific ownership taxes.

The District generated \$814.6 million in property tax revenues in FY 2019 compared to \$796.5 million in FY 2018. Total property tax revenues include School Finance Act mills, override election mills, Tax Abatement mills and Bond Redemption Fund mills. Total expenses for the primary government in FY 2019 were \$1,320.9 million compared to \$1,496.1 million in FY 2018. The difference was primarily due to planned construction spend related to debt issuance in FY 2018.

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 is \$731.1 million compared to \$799.1 million in FY 2018.

The General Fund is the primary operating fund of the District. Fund balance of the General Fund at June 30, 2019 was \$118.5 million, compared to \$119 million as of June 30, 2018. This decrease is primarily due the planned use of fund balance. Constraints on use of the General Fund balance include a restricted cash reserve of \$31 million as required by the Taxpayer Bill of Rights (TABOR) and state statute. Assigned

fund balance includes \$6.8 million use budgeted for subsequent year expenditure and \$25.1 million for special projects.

The Grant Special Revenue Fund balance as of June 30, 2019 was \$17 million compared to \$18.7 million at June 30, 2018. The fund balance is restricted to the District's grant funded programs that generated the fund balance.

The Bond Redemption Fund balance as of June 30, 2019 was \$167.6 million compared to \$160.2 million as of June 30, 2018. The Bond Redemption Fund is restricted for payment of the District's General Obligation Bond debt service as authorized by Denver voters.

The Building Fund as of June 30, 2019 was \$296.8 million compared to \$443.1 million as of June 30, 2018. The Building Fund consists of unspent proceeds from issuance of voter approved general obligation bonds and is restricted for financing projects as described in the respective ballot language.

The Capital Reserve Fund as of June 30, 2019 was \$118.6 million compared to \$44.9 million as of June 30, 2018. The Capital Reserve Fund consists of unspent COPs restricted for financing capital projects and for debt service. Additionally, a portion of Capital Reserve Fund is committed for capital projects by Board authorization and assigned to debt service by Board adoption of the annual budget.

The Building Fund decreased by \$146.3 million and Capital Reserve Funds increased by \$73.7 million respectively, as a result of the COP issuance. The Bond Redemption Fund of \$7.4 million due to timing of upcoming debt service payments. The Grant Special Reserve Fund decreased \$1.7 million, due to spending of funds for their intended purpose.

Proprietary funds

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

General Fund Budgetary Highlights

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

The difference between the General Fund original and final budget for expenditures increased by \$22.5 million to account for additional revenue received due to enrollment changes from original projections, specifically due to a higher enrollment in grades 1-12. Changes also include adjustments to school budgets based on actual enrollment versus previous projections, as well as a \$14 million increase in appropriated reserves.

The major differences between the District's final budget and actual expenditures is an additional \$16.4 million in expense to recognize DPS' share of the State PERA contribution per SB18-200, which is offset partially by lower than expected spending at schools and central departments.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets, net of accumulated depreciation for its governmental activities as of June 30, 2019 amounted to \$1,439.5 million. Investment in capital assets includes land, buildings and improvements, equipment, capital leases and construction in progress with an original cost greater than \$5,000 and an estimated useful life longer than one year.

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, 2019 and 2018, respectively, net of accumulated depreciation, were as follows (in millions).

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Buildings and improvements	\$ 1,207.8	\$ 1,104.0
Construction in progress	68.1	95.0
Land	87.3	87.2
Equipment	71.9	81.6
Capital leases	4.4	5.3
Total	<u>\$ 1,439.5</u>	<u>\$ 1,373.1</u>

(Please see additional details in Note 5 to the financial statements)

Long-Term Debt

At June 30, 2019 and 2018, respectively, the District's long-term debt consisted of the following (in millions).

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
General obligation bonds	\$ 1,860.6	\$ 1,953.1
Certificates of participation	1,091.3	1,034.4
Net pension liability	594.1	791.9
Net OPEB liability	62.7	71.3
Compensated absences	16.9	20.3
Accrued claims liability	12.3	12.2
Capital lease liability	4.6	5.4
Other obligation	1.5	1.5
Total	<u>\$ 3,644.0</u>	<u>\$ 3,890.1</u>

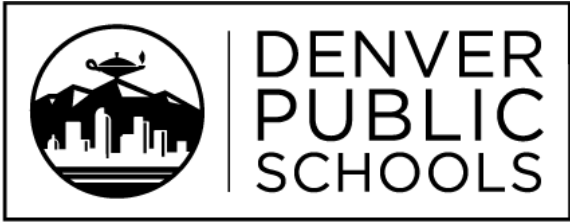
(Please see additional details in Note 6 to the financial statements)

Contacting the District's Financial Management

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



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BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 193,862,604	\$ 89,542,552
Investments	3,982	-
Receivables (net of allowance):		
Taxes	38,347,994	-
Intergovernmental	28,999,025	-
Interest	2,039,145	-
Other	99,277,625	17,047,872
Inventory	3,784,892	165,216
Prepaid items	288,384	956,638
Held by fiscal agents	2,998,429	-
Restricted cash and cash equivalents	119,278,147	1,393,691
Restricted investments	457,790,470	1,842,007
Capital assets:		
Land and construction in progress	155,292,522	38,691,575
Buildings, improvements and equipment, net of acc	1,284,162,303	-
Total assets	<u>2,386,125,522</u>	<u>149,639,551</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	174,943,774	885,296
Related to pensions	171,691,886	32,109,603
Related to OPEB	4,562,261	1,254,947
Total deferred outflows of resources	<u>351,197,921</u>	<u>34,249,846</u>
LIABILITIES		
Accounts and interest payable	58,200,360	7,102,362
Accrued payroll and benefits	57,658,907	7,653,281
Unearned revenue	5,538,367	256,539
Long-term liabilities:		
Due within one year	122,737,039	15,211,666
Due in more than one year	3,521,220,398	102,594,430
Total liabilities	<u>3,765,355,071</u>	<u>132,818,278</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refundings	2,545,559	-
Permanent endowment	-	156,199
Related to pensions	245,635,413	26,011,332
Related to OPEB	5,045,780	844,838
Total deferred inflows of resources	<u>253,226,752</u>	<u>27,012,369</u>
NET POSITION		
Net investment in capital assets	(62,814,668)	11,848,980
Restricted for:		
Debt service	173,213,859	19,677
Performance-based teacher compensation	11,664,070	-
Higher education	11,235,893	-
Non-governmental grantor-designated purposes	817,330	-
Federal programs	4,981,574	-
Permanent fund and nonexpendable	1,920,440	-
Capital projects	381,306,757	209,770
Donor-designated purposes	-	17,782,481
Emergency reserve	31,046,220	8,303,818
Unrestricted (deficit)	(1,834,629,855)	(14,105,976)
Total net position (deficit)	<u>\$ (1,281,258,380)</u>	<u>\$ 24,058,750</u>

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

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Instruction:				
Regular	\$ 515,252,343	\$ 36,530,771	\$ 114,489,070	\$ (364,232,502)
Special education	79,028,142	5,602,870	17,559,645	(55,865,627)
Vocational	748,959	53,099	166,415	(529,445)
Other instruction	10,618,296	752,807	2,359,331	(7,506,158)
Total instruction	<u>605,647,740</u>	<u>42,939,547</u>	<u>134,574,461</u>	<u>(428,133,732)</u>
Support services:				
Pupil support	71,532,274	5,071,434	15,894,102	(50,566,738)
Instructional support	124,605,828	8,834,198	27,686,772	(88,084,858)
General administration	6,123,865	434,165	1,360,691	(4,329,009)
School administration	78,604,576	5,572,840	17,465,531	(55,566,205)
Business services	14,842,975	1,052,325	3,298,032	(10,492,618)
Operations and maintenance	100,668,711	7,134,590	22,360,123	(71,173,998)
Pupil transportation	29,743,657	2,111,276	6,616,832	(21,015,549)
Central services	70,219,410	4,978,356	15,602,391	(49,638,663)
Other support services	51,903,765	3,679,829	11,532,749	(36,691,187)
Community services	15,982,204	1,133,093	3,551,163	(11,297,948)
Education for adults	21,951,395	1,556,291	4,877,487	(15,517,617)
Interest and fiscal charges	129,019,562	-	-	(129,019,562)
Total support services	<u>715,198,222</u>	<u>41,558,397</u>	<u>130,245,873</u>	<u>(543,393,952)</u>
Total governmental activities	<u>1,320,845,962</u>	<u>84,497,944</u>	<u>264,820,334</u>	<u>(971,527,684)</u>
Component units				
Charter Schools	244,740,427	5,689,256	24,826,447	(214,224,724)
DPS Foundation	8,768,670	-	11,301,715	2,533,045
Total component units	<u>\$ 253,509,097</u>	<u>\$ 5,689,256</u>	<u>\$ 36,128,162</u>	<u>\$ (211,691,679)</u>
<u>Primary Government</u>				
Governmental				
Activities				
Net (expense) revenue	\$ (971,527,684)	Component Units		\$ (211,691,679)
General revenues:				
Property taxes	814,556,942			38,211,999
Specific ownership taxes	52,944,185			167,682,745
Payment in lieu of taxes	3,604,926			-
State equalization	279,467,577			-
Interest and investment income	18,101,994			1,767,834
Other	13,456,861			23,838,027
Total general revenues	<u>1,182,132,485</u>			<u>231,500,605</u>
Changes in net position	<u>210,604,801</u>			<u>19,808,926</u>
Net position (deficit) - beginning, as previously stated	<u>(1,491,863,181)</u>			<u>11,251,289</u>
Change in reporting entity	-			(6,974,937)
Correction of error	-			(26,528)
Net position (deficit) - beginning, as restated	<u>(1,491,863,181)</u>			<u>4,249,824</u>
Net position (deficit) - ending	<u>\$ (1,281,258,380)</u>			<u>\$ 24,058,750</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, 2019

	General	Grants Special Revenue	Bond Redemption
ASSETS			
Assets:			
Cash and cash equivalents	179,001,736	-	-
Investments	-	-	-
Receivables (net of allowance):			
Taxes receivable	30,107,594	-	6,788,626
Intergovernmental	-	24,908,006	-
Interest receivable	25,211	-	-
Other	2,990,224	7,715,962	-
Due from other funds	43,404,908	-	-
Inventory	1,107,816	-	-
Prepaid items	-	-	-
Cash with fiscal agents	2,998,429	-	-
Restricted cash and cash equivalents	1,724,263	-	-
Restricted investments	-	-	163,769,516
Total assets	<u>\$ 261,360,181</u>	<u>\$ 32,623,968</u>	<u>\$ 170,558,142</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 47,703,644	\$ 1,382,214	\$ -
Accrued payroll and benefits	55,572,343	89,533	-
Due to other funds	28,684,085	9,139,580	77,596
Unearned revenue	-	4,977,844	-
Total liabilities	<u>131,960,072</u>	<u>15,589,171</u>	<u>77,596</u>
Deferred inflows of resources:			
Property taxes	10,892,058	-	2,848,630
Unavailable revenues - long-term receivables	-	-	-
Total deferred inflows of resources	<u>10,892,058</u>	<u>-</u>	<u>2,848,630</u>
FUND BALANCES:			
Nonspendable:			
Inventory	1,107,816	-	-
Prepaid items	-	-	-
Permanent fund	-	-	-
Restricted for:			
Higher education	-	11,235,893	-
Non-governmental grantor-designated purposes	-	817,330	-
Federal programs	-	4,981,574	-
Performance-based teacher compensation	-	-	-
Debt service	-	-	167,631,916
Capital projects	-	-	-
Emergency reserve	31,046,220	-	-
Committed to:			
Pupil activities	1,266,865	-	-
Assigned to:			
Subsequent year expenditure	6,827,418	-	-
Special projects	25,093,990	-	-
Capital projects	-	-	-
Food service	-	-	-
Unassigned	53,165,742	-	-
Total fund balances	<u>118,508,051</u>	<u>17,034,797</u>	<u>167,631,916</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 261,360,181</u>	<u>\$ 32,623,968</u>	<u>\$ 170,558,142</u>

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

Continued next page

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	-	-	14,860,868	193,862,604
Investments	-	-	3,982	3,982
Receivables (net of allowance):				
Taxes receivable	-	-	1,451,774	38,347,994
Intergovernmental	-	-	4,091,019	28,999,025
Interest receivable	1,679,372	334,562	-	2,039,145
Other	-	88,482,146	89,113	99,277,445
Due from other funds	-	27,875,289	342,127	71,622,324
Inventory	-	-	2,677,076	3,784,892
Prepaid items	-	288,384	-	288,384
Cash with fiscal agents	-	-	-	2,998,429
Restricted cash and cash equivalents	68,467,833	49,086,051	-	119,278,147
Restricted investments	252,974,817	41,046,137	-	457,790,470
Total assets	<u>\$ 323,122,022</u>	<u>\$ 207,112,569</u>	<u>\$ 23,515,959</u>	<u>\$ 1,018,292,841</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 49,085,858
Accrued payroll and benefits	-	-	1,997,031	57,658,907
Due to other funds	26,365,510	-	7,822,222	72,088,993
Unearned revenue	-	-	560,523	5,538,367
Total liabilities	<u>26,365,510</u>	<u>-</u>	<u>10,379,776</u>	<u>184,372,125</u>
Deferred inflows of resources:				
Property taxes	-	-	608,761	14,349,449
Unavailable revenues - long-term receivables	-	88,482,147	-	88,482,147
Total deferred inflows of resources	<u>-</u>	<u>88,482,147</u>	<u>608,761</u>	<u>102,831,596</u>
FUND BALANCES:				
Nonspendable:				
Inventory	-	-	393,196	1,501,012
Prepaid items	-	288,384	-	288,384
Permanent fund	-	-	131,044	131,044
Restricted for:				
Higher education	-	-	-	11,235,893
Non-governmental grantor-designated purposes	-	-	-	817,330
Federal programs	-	-	-	4,981,574
Performance-based teacher compensation	-	-	11,664,070	11,664,070
Debt service	-	5,581,943	-	173,213,859
Capital projects	296,756,512	84,550,245	-	381,306,757
Emergency reserve	-	-	-	31,046,220
Committed to:				
Pupil activities	-	-	332,120	1,598,985
Assigned to:				
Subsequent year expenditure	-	-	-	6,827,418
Special projects	-	-	-	25,093,990
Capital projects	-	28,209,850	-	28,209,850
Food service	-	-	6,992	6,992
Unassigned	-	-	-	53,165,742
Total fund balances	<u>296,756,512</u>	<u>118,630,422</u>	<u>12,527,422</u>	<u>731,089,120</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 323,122,022</u>	<u>\$ 207,112,569</u>	<u>\$ 23,515,959</u>	<u>\$ 1,018,292,841</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 THE STATE OF COLORADO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019

Total fund balances for governmental funds	\$ 731,089,120
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,439,454,825
Deferred outflow of resources related to loss on refundings are not financial resources and therefore, are not reported in the funds.	174,943,774
Deferred outflows of resources related to pensions are not included in the funds.	171,691,886
Deferred outflow of resources related to OPEB are not included in the funds.	4,562,261
Accrued interest payable, are not due and payable in the current period and, therefore are not reported in the funds.	(9,114,502)
Long term liabilities, are not due and payable in the current period and, therefore are not reported in the funds.	(3,643,957,437)
Deferred inflow of resources related to gain on refundings are not financial resources and, therefore are not reported in the funds.	(2,545,559)
Deferred inflows of resources related to pensions are not financial resources and, therefore are not reported in the funds.	(245,635,413)
Deferred inflow of resources related to OPEB are not financial resources and, therefore are not reported in the funds.	(5,045,780)
Deferred inflow of resources related to property taxes and long-term receivables are economic resources and, therefore are recognized in governmental activities.	102,831,596
Internal service funds are used by management to charge costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	466,849
Net position (deficit) of governmental activities	\$ (1,281,258,380)

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

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General	Grants Special Revenue	Bond Redemption
REVENUES			
Taxes	\$ 664,565,675	\$ -	\$ 159,786,625
Intergovernmental:			
Revenue from state sources	339,992,597	16,331,350	-
Revenue from federal sources	1,154,792	69,415,166	-
Charges for services	67,507,804	11,135,179	-
Investment income	2,442,363	-	3,110,876
Other local sources	21,571,968	17,444,412	-
Total revenues	<u>1,097,235,199</u>	<u>114,326,107</u>	<u>162,897,501</u>
EXPENDITURES			
Current:			
Instruction:			
Regular instruction	488,568,430	23,759,202	-
Special education	60,714,441	16,789,712	-
Vocational education	687,223	69,076	-
Other instruction	6,006,164	1,166,446	-
Total instruction	<u>555,976,258</u>	<u>41,784,436</u>	<u>-</u>
Support services:			
Pupil supporting services	58,488,826	11,836,286	-
Instructional support	99,065,785	25,668,387	-
General administration	5,740,240	528,317	-
School administration	78,720,284	2,382,457	-
Business services	15,033,777	173,451	-
Operations and maintenance	86,106,056	223,547	-
Pupil transportation	30,726,808	41,566	-
Central services	61,936,798	2,142,384	-
Other support services	24,650	5,217,536	-
Total support services	<u>435,843,224</u>	<u>48,213,931</u>	<u>-</u>
Community services	14,539,363	1,982,527	-
Education for adults	124,599	22,562,030	-
Capital outlay	1,642,364	1,385,397	-
Debt service:			
Principal payments	24,138,012	-	74,845,000
Interest and fiscal charges	45,508,555	-	80,578,204
Total debt service	<u>69,646,567</u>	<u>-</u>	<u>155,423,204</u>
Total expenditures	<u>1,077,772,375</u>	<u>115,928,321</u>	<u>155,423,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,462,824</u>	<u>(1,602,214)</u>	<u>7,474,297</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	79,467	-	-
Transfers out	(20,440,202)	(79,467)	-
Proceeds from capital leases	395,098	-	-
Total other financing sources (uses)	<u>(19,965,637)</u>	<u>(79,467)</u>	<u>-</u>
Net change in fund balances	<u>(502,813)</u>	<u>(1,681,681)</u>	<u>7,474,297</u>
Fund balance - beginning	119,010,864	18,716,478	160,157,619
Fund balance - ending	<u>\$ 118,508,051</u>	<u>\$ 17,034,797</u>	<u>\$ 167,631,916</u>

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

Continued next page

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 34,177,562	\$ 858,529,862
Intergovernmental:				
Revenue from state sources	-	-	750,931	357,074,878
Revenue from federal sources	-	6,538,176	34,273,518	111,381,652
Charges for services	-	150,000	5,704,961	84,497,944
Investment income	10,509,212	1,949,074	90,469	18,101,994
Other local sources	1,140	14,005,258	302,615	53,325,393
Total revenues	<u>10,510,352</u>	<u>22,642,508</u>	<u>75,300,056</u>	<u>1,482,911,723</u>
EXPENDITURES				
Current:				
Instruction:				
Regular instruction	-	-	20,034,107	532,361,739
Special education	-	-	4,195,924	81,700,077
Vocational education	-	-	17,983	774,282
Other instruction	-	-	3,804,689	10,977,299
Total instruction	<u>-</u>	<u>-</u>	<u>28,052,703</u>	<u>625,813,397</u>
Support services:				
Pupil supporting services	-	-	3,625,662	73,950,774
Instructional support	74,663	-	4,019,996	128,828,831
General administration	14,713	-	47,644	6,330,914
School administration	133,840	-	25,610	81,262,191
Business services	447,718	23,142	999	15,679,087
Operations and maintenance	12,432,896	5,549,512	42,767	104,354,778
Pupil transportation	-	-	-	30,768,374
Central services	2,696,398	4,545,296	1,272,646	72,593,522
Other support services	-	4,843,197	43,573,243	53,658,626
Total support services	<u>15,800,228</u>	<u>14,961,147</u>	<u>52,608,567</u>	<u>567,427,097</u>
Community services	-	-	671	16,522,561
Education for adults	-	-	6,940	22,693,569
Capital outlay	141,091,032	22,736,950	115,108	166,970,851
Debt service:				
Principal payments	-	2,943,309	-	101,926,321
Interest and fiscal charges	-	8,377,583	-	134,464,342
Total debt service	<u>-</u>	<u>11,320,892</u>	<u>-</u>	<u>236,390,663</u>
Total expenditures	<u>156,891,260</u>	<u>49,018,989</u>	<u>80,783,989</u>	<u>1,635,818,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,380,908)</u>	<u>(26,376,481)</u>	<u>(5,483,933)</u>	<u>(152,906,415)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,611,937	4,828,265	20,519,669
Transfers out	-	-	-	(20,519,669)
Proceeds from capital leases	-	84,483,935	-	84,879,033
Total other financing sources (uses)	<u>-</u>	<u>100,095,872</u>	<u>4,828,265</u>	<u>84,879,033</u>
Net change in fund balances	<u>(146,380,908)</u>	<u>73,719,391</u>	<u>(655,668)</u>	<u>(68,027,382)</u>
Fund balance - beginning	<u>443,137,420</u>	<u>44,911,031</u>	<u>13,183,090</u>	<u>799,116,502</u>
Fund balance - ending	<u>\$ 296,756,512</u>	<u>\$ 118,630,422</u>	<u>\$ 12,527,422</u>	<u>\$ 731,089,120</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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net change in fund balance - governmental funds	\$ (68,027,382)
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of capitalized assets is allocated over the estimated useful lives and reported as depreciation expense.	68,561,320
Loss on disposal of capital assets.	(2,238,957)
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.	(84,435,875)
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.	100,620,000
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	19,410,586
Amortization of deferred loss on refunding 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 adjustment to interest expense.	(14,162,963)
Amortization of deferred gain on refunding 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 adjustment to interest expense.	299,478
Some expenses 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:	
Change in compensated absences	3,414,847
Change in capital lease liability	863,143
Change in accrued claims liability	(152,304)
Change in interest payable related to long-term liabilities	(102,321)
Net Pension Credit	164,085,061
Net OPEB Credit	6,496,215
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.	15,650,613
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	323,340
Change in net position of governmental activities	\$ 210,604,801

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

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

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AS OF JUNE 30, 2019

	<u>Warehouse Fund</u>
ASSETS	
Current assets:	
Receivables	\$ 180
Due from other funds	466,669
Total current assets	<u>466,849</u>
NET POSITION	
Unrestricted	<u>466,849</u>
Total net position	<u><u>\$ 466,849</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, 2019

	Warehouse Fund
OPERATING REVENUES	
Billings to funds	\$ 759,831
Other revenue	24,322
Total operating revenues	784,153
OPERATING EXPENSES	
Cost of goods:	
Purchased	195,289
Salaries and employee benefits	46,666
Purchased property services	36,890
Other purchased services	119,984
Supplies	61,984
Total operating expenses	460,813
OPERATING INCOME/CHANGE IN NET POSITION	323,340
Total net position - beginning	143,509
Total net position - ending	\$ 466,849

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, 2019

	Warehouse Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 437,041
Payments to suppliers	(414,147)
Payments to employees	(47,216)
Other receipts	24,322
Net cash provided by operating activities	-
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 323,340
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	3,051
Due from other funds	(325,841)
Accrued payroll	(550)
Net cash provided 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, 2019

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 13,213,554	\$ 4,242,282
Total assets	<u>13,213,554</u>	<u>4,242,282</u>
LIABILITIES		
Accounts payable	61,272	-
Due to student groups	-	4,242,282
Total liabilities	<u>61,272</u>	<u>4,242,282</u>
Net position held in trust	<u>\$ 13,152,282</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

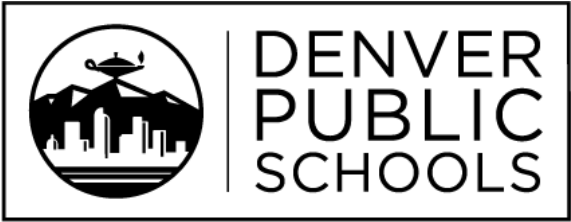
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund
ADDITIONS	
Employer contributions	\$ 2,860,000
Interest income	2,242,339
Total additions	5,102,339
DEDUCTIONS	
Medical and life insurance for retirees	2,431,111
Student scholarships	-
Total deductions	2,431,111
CHANGE IN NET POSITION HELD IN TRUST:	
Operating income / Change in net position	2,671,228
Net position - beginning	10,481,054
Net position - ending	\$ 13,152,282

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. A summary of the significant accounting policies applied in the preparation of the basic financial statements is described below.

Financial Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) display the information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues and reported in this manner. 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. General Fund, Grants Special Revenue, Bond Redemption, Building and Capital Reserve are major governmental funds and 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 fiscal 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 measurement focus means that only current assets and current liabilities are included in these balance sheets.

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.

Governmental Funds

The District reports the following major governmental funds:

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

The Grants Special Revenue Fund is used for the revenues and expenditures related to federal, state, and local grants. Special Revenue funds are used to account for proceeds of special revenue sources that are legally or otherwise restricted to expenditures for specified purposes. Revenue restrictions in this fund are imposed by the grantor for the specific purposes of the grant.

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.

The Building Fund is a capital projects fund and accounts for construction and renovation projects funded by the sale of general obligation bonds.

The Capital Reserve Fund is a capital projects fund and accounts for ongoing capital outlay needs of the District such as repairs and maintenance including proceeds from the issuance of COP's.

The District reports the following nonmajor governmental funds:

The Food Services Special Revenue Fund accounts for the revenue and expenses related to providing students with healthy and nutritious meals. Revenue sources for this fund include federal and state grants and private sources.

The Pupil Activity Special Revenue Fund accounts for the revenue and expenditures of sponsoring athletic events at District middle and high schools.

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

The Permanent 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.

Internal Service and Fiduciary Funds

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

The District has two Fiduciary Funds and includes the Private-Purpose Trust Fund and an Agency Fund. The Private-Purpose Trust Fund accounts for student and employee scholarships and retiree life insurance trusts. The District's postemployment health benefits were transferred to PERACare on January 1, 2010. The Agency Fund of the District represents school-sponsored student activities managed at the school level.

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 and administrative 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.
4. The District's Board of Education or management can modify the budget by line item within the total fund's appropriation.
5. Mill levies must be certified to the City and County of Denver by December 15.
6. Formal budgetary integration is employed as a management control device during the year for all funds.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Revenues are on the modified accrual basis.
8. Total appropriations are as amended.

Use of Estimates

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

Deposits and Investments

For the purposes of the government-wide financial statements, the fund financial statements and the statement 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 three months.

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

1. Retiree Life Insurance which is reported at the cash surrender value.
2. Investments in external investment pool Colorado Surplus Asset Fund Trust (CSAFE) and Colorado Statewide Investment Program (CSIP) Liquid Portfolio are reported at \$1 net asset value per share or amortized cost.
3. Investments in external investment pool Colorado Local Government Liquid Asset Trust (COLOTRUST) and CSIP Term Investments are reported at \$1 net asset value per share.
4. Stocks held by trust which are reported at cost.

Inventories

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

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

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

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

Prepaid Items

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

Capital Assets

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

Due From and Due to Other Funds

A general disbursing account within the General Fund is used on an imprest basis to make expenditures on behalf of all funds. This account is periodically reimbursed by the applicable funds. Interfund balances at June 30, 2019 represent reimbursements and adjustments due but not transferred as of that date.

Indirect Costs

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

Accrued Payroll

The accrued payroll represents payment in arrears earned as of June 30 as well as the liability to teachers and certain other employees who earn their salaries over the school year but are paid over a twelve-month period from August 1 to July 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.

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.

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.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. In accordance with Section 22-45-103, CRS, the District's bond redemption fund custodian for FY 2019 was U.S. Bank.

Deferred Outflows of Resources and Deferred Inflows of Resources

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, the government-wide statements include deferred outflows of resources representing the deferred loss on refunding of the District's certificates of participation and bond obligations and items relating to the District's pension 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 amounts for debt service, performance-based teacher compensation, emergency reserve, higher education, non-governmental grantor-designated purposes, state and federal programs, permanent fund, capital projects and donor-designated purposes.

Fund Balances

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

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

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

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

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

Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned. Positive unassigned fund balance can only be reported in the general fund while negative unassigned fund balance may be reported in any governmental fund.

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

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

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

As of June 30, 2019 the District investments was in compliance with the investment policy.

Investments Authorized by Debt Agreements

The District entered into a forward delivery agreement with US Bank with a maturity date of December 2023. A forward delivery agreement with JP Morgan Chase Bank matured in December 2018. The provisions of the contracts and not the District's investment policy govern the forward delivery investments.

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation is based on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than those within Level 1, that are directly or indirectly observable; and Level 3 inputs are significant unobservable inputs.

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The District has the following recurring fair value measurements as of June 30, 2019:

- Corporate Notes of \$64,082,362 are valued using quoted market price or other observable inputs (Level 2 inputs).
- U.S. Treasury securities of \$152,164,643 are valued using quoted price in active markets for identical assets (Level 1 inputs).
- Federal Agency Bonds/Notes of \$27,783,769 are valued using quoted market price or other observable inputs (Level 2 inputs).
- Repurchase Agreements of \$24,500,000 are valued using pricing models (Level 2 inputs).

Custodial Credit Risk

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

Custodial credit risk is the risk that in the event of a bank failure, the District will not be able to recover its deposits nor the 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 \$6,823,545 and related carrying amount of \$178,106.

Interest Rate Risk

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

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

Type of Security	Fair Value	Maturity			
		30 days or less	12 months or less	1 to 2 years	2 to 7 years
Certificate of Deposit	\$ 36,686,689	\$ -	\$ 28,697,889	\$ 7,988,800	\$ -
Commercial Paper	32,557,689	15,272,130	17,285,559	-	-
U.S. Treasury Notes	152,164,643	23,122,729	40,121,114	88,920,800	-
Corporate Notes	64,082,362	-	56,888,970	7,193,392	-
Federal Agency Bonds/Notes	27,783,769	-	25,749,410	2,034,359	-
External Investment Pools	317,772,687	277,757,687	40,015,000	-	-
Money Market Funds	107,786,968	107,786,968	-	-	-
Repurchase Agreements	24,500,000	-	-	-	24,500,000
Forward Delivery Agreements:					
FHLMC Discount Notes	6,262,000	6,262,000	-	-	-
First American Treasury Obligations	366	366	-	-	-
U.S. Treasury Bills	9,449,000	9,449,000	-	-	-
Retiree Life Insurance	12,161,207	12,161,207	-	-	-
Total	\$ 791,207,380	\$ 451,812,087	\$ 208,757,942	\$ 106,137,351	\$ 24,500,000

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

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	\$ 178,106
Investments	791,207,380
Stocks	3,982
Total	\$ 791,389,468
Cash and investments per government-wide statements of net position:	
Cash and cash equivalents	\$ 193,862,604
Investments	3,982
Restricted cash and cash equivalents	119,278,147
Held by fiscal agent	2,998,429
Restricted investments	457,790,470
Cash and investments per the fiduciary statements of net position:	
Private purpose trust	17,455,836
Total	\$ 791,389,468

Foreign Currency Rate Risk

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

Disclosures Relating to Credit Risk

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

As of June 30, 2019, the money market funds that the District participated in were rated as follows by Standard and Poor’s:

<u>Financial Institution</u>	<u>Fund</u>	<u>Rating On June 30, 2019</u>
Wells Fargo	Government Money Market Fund	AAAm
Wells Fargo	Treasury Plus Money Market Fund	AAAm
MetLife	MetLife General Account	AA-

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

The District invests \$14,077,992 in the Colorado Asset Surplus Fund Trust (CSAFE), \$128,598,745 in COLOTRUST, and \$175,095,950 in Colorado Statewide Investment Program (CSIP) which includes local government investment funds (LGIP). The Colorado Division of Securities regulates these local government investment pools. The District’s position is that these pools are the same as the value of pool shares. Standard and Poor’s rates COLOTRUST as AAAm, CSAFE as AAAm, and CSIP as AAAm. The District has \$2,998,429 in the State of Colorado Treasury (“T-Pool”) as required by the Colorado Workers’ Compensation Act for self-insurance security. The pool is not rated.

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

The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The Trusts may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and at least A-1 or equivalent commercial paper.

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

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

Concentration of Credit Risk

Concentration of credit risk as defined by the Government Accounting Standards Board (GASB) is any investment that represents 5% or more of the total investments to any one issuer. The District's investments do not contain more than a 5% concentration in one issuer as of June 30, 2019.

The District's collateral securities of repurchase agreements contained concentration in Federal National Mortgage Association (FNMA) of \$10,705,000 and U.S. Treasury Obligations of \$13,795,000 representing 1.40% and 1.70% of the total investments respectively as of June 30, 2019. FNMA was rated AA+ by Standard and Poor's.

3. REVENUE

Property Taxes

Property taxes are levied on December 15 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 \$650,695,123 in 2019. In 1988, 1998, 2003, 2005, 2012 and 2016 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 override election mill levies are fixed amounts of \$12.1 million, \$17.0 million and \$20.0 million, respectively. The 2005 override election mill levy initially set at \$25.0 million is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 override election mill levy amount for the 2019 collection year was approximately \$34.1 million. The 2012 override will generate \$69.5 million for the 2019 property tax collection year which results in a levy of 4.133 mills. The 2016 override election mill levy is variable at 3.747 mills and will generate \$63.0 million for the 2019 property tax collection year.

Deferred inflow of resources in the General Fund and ProComp Special Revenue Fund included \$10,892,058 and \$608,761 of property taxes at June 30, 2019. In addition, property taxes levied for the Bond Redemption Fund totaled \$160,974,530 in 2019 and accounted for the entire deferred inflow of resources of \$2,848,630 at June 30, 2019. Property tax revenue is recorded in the General Fund, the ProComp Special Revenue Fund and the Bond Redemption Fund. The taxes receivable are recorded net of an estimated uncollectible amount of \$2,495,650 in the governmental activities, \$1,997,925 in the General Fund and \$497,725 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 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. The Authority and the District entered into the Funding Agreement which provides for the payment of the actual development costs of certain schools and other property identified therein from proceeds of obligations issued by the Authority.

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In accordance with the Funding Agreement, the District has performed work and is eligible for reimbursement with respect to an elementary school, a K-8 school and the acquisition and construction of a District high school and sports field. The District entered into a supplemental agreement with the Authority which included land for an elementary school and construction of a new fire station to accommodate the needs of the growing area. Reimbursement to the District is in accordance with the Redevelopment Plan and Funding Agreement including amendments. The following table summarizes the projects and outstanding reimbursable amounts as of June 30, 2019. The remaining balances are reflected as accounts receivable and deferred inflow of resources in the Capital Reserve Fund.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2019
Stapleton Redevelopment Plan	\$ 74,552,799	\$ 13,521,194	\$ 5,591,846	\$ 82,482,147
	<u>\$ 74,552,799</u>	<u>\$ 13,521,194</u>	<u>\$ 5,591,846</u>	<u>\$ 82,482,147</u>

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

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2019
National Jewish Health	\$ 4,250,000	\$ -	\$ 1,250,000	\$ 3,000,000
I-25 & Broadway (McKinley Thatcher)	3,000,000	-	-	3,000,000
	<u>\$ 7,250,000</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ 6,000,000</u>

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4. INTERFUND BALANCES AND TRANSFERS

Balances of interfund receivables, payables and transfers at June 30, 2019 are as follows:

	Due From	Due To	Transfer In	Transfer Out
Major Funds				
General Fund - Due to Other Funds	\$ 43,404,908	\$ 28,684,085	\$ 79,467	\$ 20,440,202
Grants Special Revenue	-	9,139,580	-	79,467
Bond Redemption	-	77,596	-	-
Building	-	26,365,510	-	-
Capital Reserve	27,875,289	-	15,611,937	-
Subtotal	<u>\$ 71,280,197</u>	<u>\$ 64,266,771</u>	<u>\$ 15,691,404</u>	<u>\$ 20,519,669</u>
Nonmajor Funds				
Food Service	-	5,917,059	1,518,265	-
Pupil Activity Fund	332,120	-	3,310,000	-
ProComp	-	1,905,163	-	-
Permanent	10,007	-	-	-
Subtotal	<u>\$ 342,127</u>	<u>\$ 7,822,222</u>	<u>\$ 4,828,265</u>	<u>\$ -</u>
Internal Service Funds				
	466,669	-	-	-
Total	<u><u>\$ 72,088,993</u></u>	<u><u>\$ 72,088,993</u></u>	<u><u>\$ 20,519,669</u></u>	<u><u>\$ 20,519,669</u></u>

All interfund receivables and payables are the result of sustainability of the capital projects fund, funding for student athletic programs, additional funding support for food services, and other normal business operations. All interfund receivables and payables are expected to be paid in the current fiscal year.



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5. CAPITAL ASSETS

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

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

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

<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	\$ 42,484,597
Special education	6,516,183
Vocational	61,755
Other Instruction	875,521
Supporting services	
Pupil support	5,898,119
Instructional support	10,274,244
General administration	504,937
School administration	6,481,259
Business services	1,223,862
Operations and maintenance	8,300,534
Pupil transportation	2,452,482
Central services	5,789,869
Other support services	4,279,671
Community services	1,317,796
Education for adults	1,809,980
Total Depreciation Expense	<u>\$ 98,270,809</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, 2018	\$ 87,231,235	\$ 1,747,998,974	\$ 254,853,291	\$ 94,995,200	\$ 6,475,479	\$ 2,191,554,179
Additions	-	-	\$ 1,988,317	\$ 164,400,654	\$ 443,158	166,832,129
Transfers	-	175,168,015	16,166,552	(191,334,567)	-	-
Less – Retirements	-	(3,381,591)	(989,579)	-	-	(4,371,170)
Balance June 30, 2019	87,231,235	1,919,785,398	272,018,581	68,061,287	6,918,637	2,354,015,138
Less – Accumulated Depreciation	-	711,941,194	200,130,370	-	2,488,749	914,560,313
Ending net capital assets	<u>\$ 87,231,235</u>	<u>\$ 1,207,844,204</u>	<u>\$ 71,888,211</u>	<u>\$ 68,061,287</u>	<u>\$ 4,429,888</u>	<u>\$ 1,439,454,825</u>
Accumulated depreciation – July 1, 2018		\$ 644,026,496	\$ 173,262,276		\$ 1,132,945	\$ 818,421,717
Increases		69,009,028	27,905,977		1,355,804	98,270,809
Decreases		(1,094,330)	(1,037,883)		-	(2,132,213)
Accumulated depreciation – June 30, 2019		<u>\$ 711,941,194</u>	<u>\$ 200,130,370</u>		<u>\$ 2,488,749</u>	<u>\$ 914,560,313</u>

Net investment in capital assets is estimated by first comparing the total building fund expenditures since 2010 to the capital outlay from the building fund for the same time frame which is 87.62% as of June 30, 2019. Only COPs related to capital items are included below. The related outstanding debt is then calculated as follows:

Capital assets (net)	\$ 1,439,454,825
Outstanding bonds payable	1,860,560,351
Less fund balance restricted for capital	(296,756,512)
Less capital related deferred loss on refunding	(33,326,408)
Plus capital related deferred gain on refunding	2,545,559
Adjusted bonds payable	<u>1,533,022,990</u>
Percent of capitalized assets	87.62%
Bonds payable related to capital assets	<u>\$ 1,343,234,744</u>
Related Debt:	
Bonds payable	\$ 1,343,234,744
Certificates of participation	151,414,480
Capital lease liability	4,567,393
Retainage payable	3,052,876
Total related debt	<u>1,502,269,493</u>
Net investment in capital assets	<u>\$ (62,814,668)</u>

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6. LONG-TERM LIABILITIES

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

	Balance June 30, 2018	Additions	Refunded/ Reductions	Balance June 30, 2019	Due Within One Year
Bonds payable	\$ 1,783,592,000	\$ -	\$ (74,845,000)	\$ 1,708,747,000	\$ 85,235,000
Premiums	169,503,785	-	(17,690,434)	151,813,351	-
Total bonds payable	1,953,095,785	-	(92,535,434)	1,860,560,351	85,235,000
Certificates of participation	1,022,200,000	79,830,000	(25,775,000)	1,076,255,000	29,245,000
Premiums	12,183,784	4,605,875	(1,720,152)	15,069,507	-
Total certificates of participation	1,034,383,784	84,435,875	(27,495,152)	1,091,324,507	29,245,000
Other long-term liabilities:					
Compensated absences	20,331,265	9,778,045	(13,192,892)	16,916,418	2,337,924
Capital Lease Liability	5,430,536	443,158	(1,306,301)	4,567,393	1,400,301
Accrued Claims Liability	12,162,603	6,367,291	(6,214,987)	12,314,907	4,518,814
Net OPEB obligation*	71,326,533	-	(8,663,308)	62,663,225	-
Net Pension Liability*	791,907,488	-	(197,796,852)	594,110,636	-
Other obligation	1,500,000	-	-	1,500,000	-
Total other long-term liabilities	902,658,425	16,588,494	(227,174,340)	692,072,579	8,257,039
Total long-term liabilities	\$ 3,890,137,994	\$ 101,024,369	\$ (347,204,926)	\$ 3,643,957,437	\$ 122,737,039

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

Bonds payable and certificates of participation at June 30, 2019 are comprised of the following:

Bonds:	Amount Issued	Amount Outstanding	Interest Rate	Final Maturity
2005A GO Refunding Bonds	\$ 130,290,000	\$ 115,615,000	5.00% - 5.50%	12/1/2023
2009B GO Qualified School Construction Bonds	24,022,000	24,022,000	1.39%	12/1/2024
2009C GO Taxable Build America New Money bonds	250,000,000	250,000,000	5.664%	12/1/2023
2009F GO Tax-Exempt Refunding Bonds	24,700,000	4,725,000	3.20%-5.00%	12/1/2023
2010A GO Qualified School Construction Bonds	29,260,000	29,260,000	4.73%	9/1/2027
2010B GO Taxable Build America New Money Bonds	1,545,000	1,545,000	4.93%	12/1/2028
2010C GO Tax-Exempt Refunding Bonds	85,390,000	85,390,000	2.50% - 5.00%	12/1/2023
2012A GO Refunding Bonds	129,870,000	61,215,000	3.50% - 5.00%	12/1/2028
2012B GO Tax-Exempt Bonds	428,600,000	173,135,000	3.00% - 5.00%	12/1/2032
2012C GO Taxable Qualified Zone Academy Bonds	16,000,000	16,000,000	3.773%	12/1/2035
2012D GO Taxable Refunding Bonds	67,220,000	3,960,000	1.680% - 3.154%	12/1/2028
2014A GO Bonds	21,400,000	18,645,000	5.00% - 5.50%	12/1/2034
2014B GO Refunding Bonds	149,170,000	130,805,000	3.50% - 5.00%	12/1/2029
2016A GO Refunding Bonds	143,280,000	139,825,000	1.75% - 5.00%	12/1/2031
2017 GO Bonds	466,675,000	466,675,000	4.00% - 5.00%	12/1/2041
2018A GO Bonds	105,325,000	102,420,000	5.00% - 5.50%	12/1/2041
2018B GO Refunding Bonds	106,130,000	85,510,000	2.297% - 3.587%	12/1/2032
Premium	-	151,813,351	-	-
Total bonds payable		\$ 1,860,560,351		

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Certificates of Participation:	Amount Issued	Amount Outstanding	Interest Rate	Final Maturity
2011B Taxable	\$ 396,235,000	\$ 384,680,000	6.22% - 7.017%	12/15/2037
2013B Taxable	536,855,000	488,370,000	2.018% - 4.242%	12/31/2037
2013C	58,740,000	55,780,000	3.25% - 5.00%	12/15/2033
2015B Tax-exempt	8,570,000	8,435,000	2.50% - 5.00%	12/15/2045
2017A	32,080,000	28,980,000	2.00% - 5.00%	12/1/2030
2017B	14,095,000	13,105,000	4.00% - 5.00%	12/1/2025
2017C	10,000,000	9,605,000	2.94%	12/1/2036
2018	7,710,000	7,470,000	3.000% - 5.000%	12/1/2037
2018B	79,830,000	79,830,000	5.000% - 5.250%	12/1/2040
Premium	-	15,069,507	-	-
Total certificates of participation		<u>\$ 1,091,324,507</u>		

In prior years, the registered voters of Denver authorized the School District to issue general obligation bonds. As of June 30, 2019, all previously authorized bonds had been issued.

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

In September of 2015, as authorized by Board resolution, the District executed \$8.6 million Certificates of Participation, Series 2015B. The proceeds were used for the purchase of the 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 explain undivided interests in the right to receive certain revenues payable by the District under an annually renewed Lease Purchase Agreement dated on October 5, 2015.

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

In November of 2017, as authorized by the Board resolution, the District issued \$10 million Refunding Certificate of Participation, Series 2017C. The proceeds for the issuance in combination with the proceeds received from the sale of Emily Griffith Opportunity School properties were used for the refunding of \$35.2 million of 2013A Certificate of Participation.

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

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In October of 2018, as authorized by Board resolution, the District issued \$79.8 million Certificates of Participation, Series 2018B. The proceeds from the 2018B Certificate financed the acquisition, construction and installation of capital improvements for school purposes.

Annual requirements to maturity are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2020	85,235,000	77,292,564	29,245,000	53,565,288
2021	98,750,000	73,584,894	32,310,000	52,472,132
2022	76,040,000	69,865,344	36,480,000	51,139,778
2023	79,480,000	66,195,740	40,435,000	49,570,508
2024	82,425,000	62,290,512	43,215,000	47,792,650
2025-2029	531,317,000	242,077,659	248,245,000	206,092,923
2030-2034	499,605,000	118,754,199	317,140,000	134,963,762
2035-2039	155,900,000	40,397,645	313,980,000	40,742,496
2040-2044	99,995,000	6,548,200	14,180,000	1,167,931
2045-2046	-	-	1,025,000	51,875
Total	<u>\$ 1,708,747,000</u>	<u>\$ 757,006,757</u>	<u>\$ 1,076,255,000</u>	<u>\$ 637,559,343</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 COPs are secured by schools and administrative properties owned and operated by the District.

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

The Building Fund ending fund balance of \$296,756,512 is from the issuance of Series 2017, and 2018 general obligation bonds and related interest earnings. At June 30, 2019, the Building Fund had capital expenditure purchase commitments outstanding of \$75,121,516.

Capital Lease Obligations

The District has multiple equipment lease arrangements for leasing and financing of various equipment. In accordance with generally accepted accounting principles, the leases have been capitalized at the present value of future minimum lease payments and the assets are reflected in the government-wide financial statements and as of June 30, 2019 were:

Capital Lease	Original Amount	Amount Outstanding	Interest Rate	Final Maturity
Garage Equipment	\$ 137,543	\$ 47,080	3.03%	1/15/2020
Ricoh Copiers	5,205,771	3,391,733	3.50%	10/31/2022
Ricoh Copiers	869,705	540,641	6.39%	5/30/2022
Ricoh Copiers	113,411	86,651	3.80%	6/01/2022
Ricoh Copiers	15,363	13,557	3.49%	12/01/2022
Ricoh Copiers	266,324	238,965	3.27%	11/17/2022
Safety and Security	75,096	53,768	3.19%	9/1/2022
Safety and Security	187,364	150,692	3.34%	9/1/2024
Safety and Security	48,060	44,306	4.59%	9/1/2025
Total Capital Lease	\$ 6,918,637	\$ 4,567,393		

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

Year Ending June 30,	Total
2020	\$ 1,551,530
2021	1,503,376
2022	1,486,404
2023	257,674
2024	38,181
2025-2026	27,051
Total Minimum Lease Payments	\$ 4,864,216
Less Interest	296,823
Present Value of Future Minimum Lease Payments	\$ 4,567,393

Defeasance of General Obligation Bonds

In prior years, the District advance refunded a portion of the District’s general obligation bonds with the proceeds from the issuance of new general obligation bonds. The defeased bonds are not considered a liability of the District. At June 30, 2019, \$230,790,000 of refunded 2009F, 2012A, and 2012B bonds are considered in-substance defeased.

Compensated Absences Liability

Compensated absences liability consists of accumulated sick leave time which vests and is payable upon retirement and accumulated vacation leave time which vests and is payable upon retirement or termination. On the fund financial statements, compensated absence amounts are reported as expenditures or expenses when paid. The estimated cost for fiscal year 2020 is \$2,337,924. These expenditures are recognized in the fund where incurred.

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7. SHORT-TERM DEBT

The District participates in the State Treasurer’s Interest-Free Loan Program for Colorado School Districts authorized by Sections 29-15-112 and 22-54-110 of the Colorado Revised Statutes. The loan is secured by ad valorem taxes on real and personal property received by the District on and after March 1, 2019, to and including June 30, 2019. The District borrowed \$349,553,200 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. In June of 2019, the Districts Board of Education authorized participation in the Fiscal Year 2020 State Interest Free Loan Program with a Maximum Principal Amount of \$475,000,000.

June 30, 2018 Balance	Borrowed	Repayment	June 30, 2019 Balance
<u> \$ 0</u>	<u> \$ 349,553,200</u>	<u> \$ 349,553,200</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 administered by the Public Employees' Retirement Association of Colorado ("PERA"). The District's discretely presented component units also participate in the DPS Division, except for the employees of the Denver Public Schools Foundation, Denver School of Science and Technology schools and Ridge View Academy. All assumptions and information contained in this footnote apply to the District and its discretely presented component units that participate in the plan, unless otherwise noted. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the DPS Division are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the DPS Division by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the DPS Division by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. A portion of the direct distribution allocated to the DPS Division is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

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

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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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018 - 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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. The automatic adjustment

provision may raise or lower the aforementioned AI for a given year by up to one-quarter of one percent based on the parameters specified C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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.

Contributions provisions as of June 30, 2019 - Eligible employees and the District are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute eight percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	January 1, 2018 through December 31, 2018	January 1, 2019 through June 30, 2019
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. § 24-51-411	(14.18)%	(13.48)%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the DPS Division	4.95%	5.65%

Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund and Judicial Division Trust Fund. A portion of the direct distribution allocated to the DPS Division is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the District and the discretely

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presented component units were \$34,260,921 and \$4,847,753, respectively, for the year ended June 30, 2019.

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

The net pension liability for the DPS Division was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the DPS Division for the calendar year 2018 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the District and its discretely presented component units reported a liability of \$594,110,636 and \$79,695,199 respectively for their proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District and the discretely presented component units as their proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity and the total portion of the net pension liability that was associated with the District and its component units were as follows:

The District's proportionate share of the net pension liability	\$ 594,110,636
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with DPS	\$ 307,805,513
Discretely presented component units	\$ 79,695,199
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with discretely presented component units	\$ 41,289,652
Total	\$ 1,022,901,000

At December 31, 2018, the District's proportion was 58.08 percent, which was a decrease of 30.25 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District and its discretely presented component units recognized a pension credit of \$129,824,140 and \$11,832,243 respectively, offset by revenue and pension expense of \$32,888,426 and \$4,411,751, respectively, for support from the State as a nonemployer contributing entity.

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At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 75,950,718	\$ -
Contributions subsequent to the measurement date	17,241,276	-
Difference between expected and actual experience	36,451,025	(583,133)
Changes in proportion	-	(231,730,833)
Changes of assumptions or other inputs	42,048,867	(13,321,447)
Total	<u>\$ 171,691,886</u>	<u>\$ (245,635,413)</u>

At June 30, 2019, the District's discretely presented component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 10,188,182	\$ -
Contributions subsequent to the measurement date	2,619,480	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,771,807	(24,146,143)
Difference between expected and actual experience	4,889,614	(78,223)
Changes of assumptions or other inputs	5,640,520	(1,786,966)
Total	<u>\$ 32,109,603</u>	<u>\$ (26,011,332)</u>

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The District and the component units reported \$17,241,276 and \$2,619,480 respectively as deferred outflows of resources from contributions subsequent to the measurement date, that will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District	
Year ended:	
2020	\$ (11,215,512)
2021	(33,167,349)
2022	(51,488,660)
2023	4,686,718
Total	<u>\$ (91,184,803)</u>

Component units	
Year ended:	
2020	\$ 5,386,161
2021	905,775
2022	(3,710,001)
2023	1,892,631
Thereafter	(995,775)
Total	<u>\$ 3,478,791</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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.

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- 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. 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 middle of the year.

Based on the above assumptions and methods, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2018	\$ 4,374,550,000	\$ 3,478,040,000	\$ 896,510,000
Changes for the year:			
Service cost	90,657,000	-	90,657,000
Interest	313,294,000	-	313,294,000
Changes of benefit terms	(318,480,000)	-	(318,480,000)
Differences between expected and actual experience	35,147,000	-	35,147,000
Contributions - employer	-	35,994,000	(35,994,000)
Contributions - nonemployer	-	18,621,000	(18,621,000)
Contributions - employee	-	61,098,000	(61,098,000)
Net investment income	-	(114,070,000)	114,070,000
Benefit payments, including refunds of employee contributions	(287,825,000)	(287,825,000)	-
Administrative expense	-	(2,919,000)	2,919,000
Other changes	-	(4,497,000)	4,497,000
Net changes	(167,207,000)	(293,598,000)	126,391,000
Balances at 6/30/2019	\$ 4,207,343,000	\$ 3,184,442,000	\$ 1,022,901,000

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

Sensitivity of proportionate share of the Net Pension Liability	1% Decrease (6.25)%	Current Discount Rate (7.25%)	1% Increase (8.25)%
District	\$ 881,659,554	\$ 594,110,636	\$ 354,800,271
Nonemployer - District	456,783,056	307,805,513	183,820,105
Component units	118,267,590	79,695,199	47,593,624
Nonemployer - Component units	61,273,800	41,289,652	24,658,000
	\$ 1,517,984,000	\$ 1,022,901,000	\$ 610,872,000

Pension plan fiduciary net position - Detailed information about the DPS Division's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Membership – Benefit recipients and members of PERA consisted of the following as of December 31, 2018. These numbers include all recipients and members for the DPS Division, including those from the District’s discretely presented component units.

Classification	Members
Retirees and beneficiaries	7,156
Terminated employees entitled to benefits but not yet receiving benefits	1,780
Inactive members	12,286
Active members	
Vested general employees	7,309
Non-vested general employees	8,839
Total Actives	16,148
Total	37,370

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District does not match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended 2019, program members contributed \$3,187,277 for the Voluntary Investment Program.

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9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Denver Public Schools provides the following other postemployment benefit plans:

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

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
DPSRLIT				
District	\$ 22,836,371	\$ 51,520	\$ -	\$ 507,712
DPS HCTF				
District	39,826,854	4,510,741	(5,045,780)	3,770,870
DPCU	5,343,146	1,254,981	(844,869)	587,623
Plan Total	45,170,000	5,657,132	(5,999,239)	4,358,493
Combined OPEB				
District	62,663,225	4,562,261	(5,045,780)	4,278,582
DPCU	5,343,146	1,254,981	(844,869)	587,623
Combined OPEB Totals	\$ 68,006,371	\$ 5,817,242	\$ (5,890,649)	\$ 4,866,205

Denver Public Schools Retiree Life Insurance Trust (DPSRLIT)

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

Life Insurance Funding Account (LIFA) Financial Statements

LIFA Statement of Fiduciary Net Position June 30, 2019	LIFA Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2019																														
<p>ASSETS</p> <p><i>Current Assets</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Market value of assets</td> <td style="text-align: right;">\$ 12,161,567</td> </tr> <tr> <td>Contribution receivable¹</td> <td style="text-align: right;"><u>1,770,266</u></td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;"><u><u>13,931,833</u></u></td> </tr> </table> <p>LIABILITIES</p> <p><i>Current liabilities</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Accounts payable</td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;"><u><u>-</u></u></td> </tr> </table> <p>FIDUCIARY NET POSITION – RESTRICTED FOR OPEB</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;"><u><u>\$ 13,931,833</u></u></td> </tr> </table>	Market value of assets	\$ 12,161,567	Contribution receivable ¹	<u>1,770,266</u>	Total assets	<u><u>13,931,833</u></u>	Accounts payable	<u>-</u>	Total liabilities	<u><u>-</u></u>		<u><u>\$ 13,931,833</u></u>	<p>ADDITIONS</p> <p><i>Contributions</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employer contributions</td> <td style="text-align: right;">\$ 4,681,325</td> </tr> </table> <p><i>Investment activity</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net investment income</td> <td style="text-align: right;"><u>333,605</u></td> </tr> <tr> <td>Total additions</td> <td style="text-align: right;"><u><u>5,014,930</u></u></td> </tr> </table> <p>DEDUCTIONS</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Benefit payments</td> <td style="text-align: right;">2,234,262</td> </tr> <tr> <td>Administrave expenses</td> <td style="text-align: right;"><u>56,436</u></td> </tr> <tr> <td>Total deductions</td> <td style="text-align: right;"><u><u>2,290,698</u></u></td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">INCREASE IN FIDUCIARY NET POSITION</td> <td style="text-align: right;">2,724,232</td> </tr> <tr> <td>FIDUCIARY NET POSITION BEGINNING</td> <td style="text-align: right;"><u>11,207,601</u></td> </tr> <tr> <td>FIDUCIARY NET POSITION ENDING</td> <td style="text-align: right;"><u><u>\$ 13,931,833</u></u></td> </tr> </table>	Employer contributions	\$ 4,681,325	Net investment income	<u>333,605</u>	Total additions	<u><u>5,014,930</u></u>	Benefit payments	2,234,262	Administrave expenses	<u>56,436</u>	Total deductions	<u><u>2,290,698</u></u>	INCREASE IN FIDUCIARY NET POSITION	2,724,232	FIDUCIARY NET POSITION BEGINNING	<u>11,207,601</u>	FIDUCIARY NET POSITION ENDING	<u><u>\$ 13,931,833</u></u>
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¹ Contribution receivable includes optional contributions for dividends from retiree LIFA OPEB plan of \$815,502 as well as dividends from the active employee life insurance plan (non-OPEB) of \$954,764.

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Plan Descriptions and Contribution Information - DPSRLIT

The contributions and benefits are provided to certain employees who retired under the provisions of early, regular, or disability retirement who meet the other eligibility requirements. Contributions to the plan are paid from the general fund. Plan participants consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Number Retired	3,087
Number Disabled	<u>146</u>
Total	<u><u>3,233</u></u>

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

Contributions For the year ended June 30, 2019, the District's average contribution rate was \$3.92 per \$1,000 coverage for premiums. MetLife reviews 52 months of past claims experience to predict future claims activity, which is the basis for setting new required contribution rates. Required contribution rates are established on an actuarial basis to account for claims charges, margin and retention charges. To calculate contribution rates, claims data is divided into yearly blocks, which are divided by the required contribution to determine the claim loss ratio. This ratio is then adjusted to reflect the demographics of the current group. The expected claim loss ratio for each year is then averaged into a single claim loss ratio and adjusted for margin and retention charges.

The District's actual contribution amount for the year ended June 30, 2019 was \$4,681,325, which included optional contributions for dividends receivable from retiree LIFA OPEB plan of \$815,502 as well as dividends from the active employee life insurance plan (non-OPEB) of \$954,764. Should the plan structure change or the number of covered employees change by more than 10%, MetLife reserves the right to change plan contribution rates accordingly. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net plan liability.

Net OPEB Liability - DPSRLIT

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal - Level Pay Not applicable since only standard tables are used due to credibility constraints for actual experience.
Last experience study	Not applicable since only standard tables are used due to credibility constraints for actual experience.
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	3.50 percent
Discount rate	3.50 percent

Mortality table - RPH 2006 with generational projection according to Scale MP-2018

Mortality rates were based on the RPH-2006 Healthy Annuitant Total Dataset Mortality Table, and the RPH-2006 Disabled Retiree Mortality Table, both were adjusted separately for males and females. Mortality includes a generational projection for future mortality improvements using Scale MP-2018.

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

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

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

Changes in the Net OPEB Liability - DPSRLIT

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/2018	\$ 37,504,322	\$ 11,207,601	\$ 26,296,721
Changes for the year:	-	-	-
Service Cost	-	-	-
Interest on total OPEB liability	1,288,036	-	1,288,036
Benefit term changes	-	-	-
Difference between expected and actual experience	(620,709)	-	(620,709)
Changes in assumption or other inputs ¹	15,315	-	15,315
Benefit Payments	(1,418,760)	(1,418,760)	-
Contributions ²	-	4,681,325	(4,681,325)
Benefit payments in excess of premiums	-	(815,502)	815,502
Net investment income	-	357,146	(357,146)
Adjustment to reserves	-	(23,541)	23,541
Administrative expenses	-	(56,436)	56,436
Net changes during fiscal year	<u>(736,118)</u>	<u>2,724,232</u>	<u>(3,460,350)</u>
Balances at 6/30/2019	<u>\$ 36,768,204</u>	<u>\$ 13,931,833</u>	<u>\$ 22,836,371</u>

¹ Reflects adjustment to mortality table projection from Scale MP-2017 to MP-2018.

² Includes dividends payable by MetLife for DPS.

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 26,199,568	\$ 22,836,371	\$ 19,934,208

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$507,712. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	51,520	-
Total	\$ 51,520	\$ -

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

District		
Year Ended:		
2020	\$	14,744
2021		14,744
2022		14,744
2023		7,288
Total	\$	51,520

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description Eligible employees of the District are provided with OPEB through the DPS HCTF—a single-employer defined benefit OPEB plan administered by PERA. The DPS HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports

Benefits provided. The DPS HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the Health Care Trust Fund (HCTF) and the DPS HCTF. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

Membership Benefit recipients and members of PERA consisted of the following as of December 31, 2018. These numbers include all recipients and members for the DPS Division, including those from the District’s discretely presented component units.

Classification	Members
Retirees and beneficiaries	7,156
Terminated employees entitled to benefits but not yet receiving benefits	1,780
Inactive members	12,286
Active members	
Vested general employees	7,309
Non-vested general employees	8,839
Total Actives	<u>16,148</u>
Total	<u><u>37,370</u></u>

PERA Benefit Structure - HCTF

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

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

DPS Benefit Structure - HCTF

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

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

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Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the District and its discretely presented component units were \$6,775,804 and \$886,910 for the year ended June 30, 2019.

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

At June 30, 2019 the District reported a liability of \$39,826,854 for its proportionate share of the net OPEB liability and the discretely presented component units reported an aggregate liability of \$5,343,146. The net OPEB liability for the DPS HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District proportion of the net OPEB liability was based on the District's contributions to the DPS HCTF for the calendar year 2018 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2018, the District's proportion was 88.17 percent, which is a decrease of 0.19 percent from its proportion measured as of December 31, 2017, and the discretely presented component units proportion was 11.83 percent, which is an increase of 0.19 from the proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$3,770,870 and the discretely presented component units recognized OPEB expense of \$587,623. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ (4,621,925)
Changes of assumptions or other inputs	3,527	-
Net difference between projected and actual earnings on OPEB plan investments	805,883	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(423,855)
Contributions subsequent to the measurement date	3,701,331	-
Total	<u>\$ 4,510,741</u>	<u>\$ (5,045,780)</u>

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At June 30, 2019, the District's discretely presented components units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ (620,075)
Changes of assumptions or other inputs	473	-
Net difference between projected and actual earnings on OPEB plan investments	108,117	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	690,568	(224,763)
Contributions subsequent to the measurement date	455,789	-
Total	\$ 1,254,947	\$ (844,838)

The District and its component units reported \$3,701,331 and \$455,789, respectively, as deferred outflow of resources from contributions subsequent to the measurement date, that will be recognized as a reduction of the net OPEB liability for the year ended 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

District

Year Ended:

2020	\$ (692,347)
2021	(692,347)
2022	(693,229)
2023	(347,598)
2024	(808,733)
2025	(778,387)
Thereafter	(223,729)
Total	\$ (4,236,370)

**Discretely Presented
Component Units**

Year Ended:

2020	\$ 18,010
2021	(16,969)
2022	(20,128)
2023	42,953
2024	3,598
Thereafter	(73,144)
Total	\$ (45,680)

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Actuarial assumptions The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A Premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2017 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the DPS HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$ 39,815,392	\$ 39,826,854	\$ 39,840,080
Discretely Presented Component Units	\$ 5,341,608	\$ 5,343,146	\$ 5,344,920

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the DPS HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 45,596,766	\$ 39,826,854	\$ 34,887,513
Discretely Presented Component Units	\$ 6,117,234	\$ 5,343,146	\$ 4,680,487

OPEB plan fiduciary net position. Detailed information about the DPS HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/2018	\$ 73,267,000	\$ 22,308,000	\$ 50,959,000
Changes for the year:			
Service cost	1,420,000	-	1,420,000
Interest	5,245,000	-	5,245,000
Differences between expected and actual experience	(6,045,000)	-	(6,045,000)
Changes of assumptions or other inputs	5,000	-	5,000
Benefit payments	(4,693,000) ¹	(4,158,000)	(535,000)
Contributions - employer	-	7,417,000	(7,417,000)
Purchased service transfers	-	205,000	(205,000)
Net investment income	-	(894,000)	894,000
Administrative expense	-	(845,000)	845,000
Other additions and deductions	-	(4,000)	4,000
Balances at 6/30/2019	\$ 69,199,000	\$ 24,029,000	\$ 45,170,000

¹ Includes administrative and other health care claims processing fees.

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 93,000 students, employs approximately 12,000 people to accomplish these functions and provides these services in over 207 facilities located throughout the City and County of Denver. Exposures to loss includes damages 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, 2019 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, 2019 is \$9,983,146 and the amount was based on historical paid and incurred losses. The workers' compensation liability is undiscounted.

The schedule below represents the claims activity for the fiscal year and the liability for accrued claims for property, liability and workers' compensation combined. The goal is to retain the highest level of each loss that makes economic sense. The liability for all claims is \$12,314,907 as of June 30, 2019.

Fiscal Year Ended	Beginning Liability	Current Year Claims and Change In Estimate	Claim Payments	Ending Liability
June 30, 2018	\$ 11,034,754	\$ 6,874,944	\$ 5,747,095	\$ 12,162,603
June 30, 2019	\$ 12,162,603	\$ 6,367,291	\$ 6,214,987	\$ 12,314,907



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11. RELATED PARTIES

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

By contract, the maximum number of students the RMSEL may serve is 400. These students must be residents of one of the five participating school districts. All students at RMSEL are included in the District's enrollment number that is reported to the Colorado Department of Education for funding purposes. The District receives the funding related to the RMSEL students and passes 100% of that funding on to RMSEL along with a portion of state and federal categorical aid as appropriate. That funding was \$3,095,188 for FY 2019. RMSEL purchased special education services from the District for \$111,689 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 pending or potential 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, 2019 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 to estimate the costs associated with the Act, therefore no liability has been accrued. 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, 2019, the District reported a deficit net position of \$1,281,258,380 in the government-wide statements. This deficit can be partially attributed to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requiring the recognition of a long-term liability for pensions and postemployment benefits other than pensions respectively. Liabilities related to the District's Certificates of Participation and General Obligation bonds are to fund retirement and necessary capital and maintenance projects of the District's facilities.

Encumbrances represent a contractual obligation and expenditures are recognized when the goods and services are delivered and/or received. As of June 30, 2019 encumbrances for the governmental funds were:

Fund	Encumbrances
Capital Reserve	\$ 84,051,153
Building	75,121,516
General	59,977,454
Grant Special Revenue Fund	10,574,194
Nonmajor Funds	458,733
Total	\$ 230,183,050

Capital Reserve Fund encumbrances include commitments towards major construction projects such as the addition of a building at Paul Sandoval, Stapleton Park Street and the remodel at Kepner.

Building Fund encumbrances include commitments towards major construction projects such as the Kepner remodel, Samsonite renovation, the addition of a gym at KIPP Sunshine Peak, Holm Remodel and other districtwide projects.

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

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Grant Special Revenue Fund comprises commitments for offsite instructions and apprenticeship programs.

The District leases office facilities, educational facilities, warehouse, parking and office equipment under non-cancellable operating leases. Total expense for such facilities and equipment was \$2,297,280 for the fiscal year ended June 30, 2019. The future minimum operating lease obligations as of June 30, 2019 were as follows:

Year	Governmental Activities
2020	\$ 2,442,480
2021	2,533,329
2022	2,355,936
2023	1,827,610
2024	1,468,168
2025 - 2029	1,112,694
2030 - 2033	686,896
Total Minimum Lease Payments	<u>\$ 12,427,113</u>

13. CERTAIN CONSTITUTIONAL LIMITATIONS

At the general election held November 1992, voters approved the TABOR amendment 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. In November 1999 the Denver voters gave the District approval to exceed the spending limits established in TABOR beginning with the 1999 fiscal year. The amendment also requires that the state and local governments obtain voter approval to create any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years." The amendment exempts from its restrictions the borrowings and fiscal operations of enterprises. Enterprises are defined to include government owned businesses authorized to issue their own revenue bonds and receiving under 10% of their grants from all state and local government sources combined. The amendment also requires the establishment of an emergency reserve equal to three percent of fiscal year spending excluding debt service.

In accordance with TABOR, the District maintains an emergency reserve of 3% of fiscal year spending by designating real property owned by the District in lieu of cash. For FY 2019, spending was \$1,197,112,833 and the 3% emergency reserve was \$35,913,385, which excludes multi-year obligations of \$264,116. 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 \$31,046,220 equal to 3% of budgeted General Fund revenues.

14. COMPONENT UNITS

The District has 28 component units consisting of two blended component units and 26 discretely presented component units. Charter schools are included in the component units as they are fiscally dependent upon revenues derived from the State per pupil revenue funding calculation.

Change in Reporting Entity

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

Blended Component Units

Denver School Facilities Leasing Corporation

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

Denver Public Schools Professional Compensation System for Teachers

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

Discretely Presented Component Units

Denver Public Schools Foundation

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

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

Charter Schools

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

Separately issued financial statements for the District's 25 charter schools are available from the individual charter schools at the addresses noted below:

- 5280 High School, 899 Broadway, Denver, CO 80203
- Academy 360 Charter School, 12505 Elmendorf Place, Denver, CO 80239
- Academy of Urban Learning, 2417 W. 29th Avenue, Denver, CO 80211
- Colorado High School Charter, 1175 Osage Street, Suite #100, Denver, CO 80204
- Compass Academy, 2285 S. Federal Boulevard, Denver, CO, 80219
- Denver Justice High School, 300 E. 9th Avenue, Denver, CO 80203
- Denver Language School, 451 Newport Street, Denver, CO 80220
- Downtown Denver Expeditionary School, 1860 Lincoln Street, Denver CO 80295
- DSST Public Schools, 3401 Quebec St., Suite 7200, Denver, CO 80207
- Early College of Denver, 3001 South Federal Boulevard, Box 114, Denver, CO 80236
- Girls Athletic Leadership Schools, 750 Galapago Street, Denver CO 80204
- Highline Academy Schools, 2170 S. Dahlia Street, Denver, CO 80222
- KIPP Colorado Schools, 1390 Lawrence Street, Suite 200, Denver, CO 80204
- Monarch Montessori of Denver Charter, 4895 Peoria Street, Denver, CO 80239
- Odyssey School of Denver, 6550 E. 21st Avenue, Denver, CO 80207
- Omar D. Blair Charter School, 4905 Cathay Street, Denver, CO 80249
- REACH Charter School, 940 Fillmore Street, Denver, CO 80206
- Ridge View Academy, 28101 East Quincy Avenue, Watkins, CO 80137
- RiseUp Community School, 1801 Federal Boulevard, Denver, CO 80204
- Rocky Mountain Preparatory Schools, 7808 Cherry Creek South Drive, Denver, CO 80231
- ROOTS Elementary School, 3350 Hudson Street, Denver, CO 80207
- SOAR Charter School, 4800 Telluride Street, #4, Denver, CO 80249
- STRIVE Preparatory Schools, 2480 W. 26th Avenue, B-360, Denver, CO 80280
- University Preparatory Schools, 2409 Arapahoe Street, Denver, CO 80205
- Wyatt Academy, 3620 Franklin Street, Denver, CO 80205

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Pension Plan

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

Change in Reporting Entity and Correction of an Error:

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	\$	7,113,023
Adjustments to beginning net position for:		
Changes in reporting entity:		
DSST Public Schools, exclusion of DSST Foundation determined not to be a component unit.		(6,974,534)
School closures:		
ACE Community Challenge School		(1,055,056)
Cesar Chavez Academy Denver		(1,093,652)
Venture Prep High School		(1,989,558)
New school:		
5280 High School - Opening balance		(403)
Correction of an error:		
Denver Justice High School		36,301
Girls Athletic Leadership Schools		<u>(62,829)</u>
Beginning net position, restated	\$	<u>4,249,824</u>



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SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

	Denver Public Schools Foundation	5280 High School	Academy 360 Charter School	Academy of Urban Learning	Colorado High School Charter
ASSETS					
Assets:					
Cash and investments	\$ 10,921,288	\$ 90,175	\$ 517,853	\$ 507,443	\$ 1,460,913
Deposits	-	-	-	-	-
Receivables:					
Accounts	-	62,047	7,283	2,590	178,177
Grants	-	-	-	-	-
Other	2,594,084	-	-	-	-
Inventory	-	-	-	-	-
Prepaid items	-	2,929	37,774	9,215	-
Restricted cash	-	-	-	-	20,398
Restricted investments	1,842,007	-	-	-	-
Capital assets, net	924	654,068	941,207	13,101	6,296,390
Total assets	<u>15,358,303</u>	<u>809,219</u>	<u>1,504,117</u>	<u>532,349</u>	<u>7,955,878</u>
Deferred Outflows of Resources					
Related to pensions	-	517,853	260,358	229,736	1,268,448
Related to OPEB	-	35,020	6,327	8,162	62,960
Loss on refunding	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>552,873</u>	<u>266,685</u>	<u>237,898</u>	<u>1,331,408</u>
LIABILITIES					
Liabilities:					
Accounts payable	35,946	17,836	501	-	31,002
Grants payable	2,654,863	-	-	-	-
Accrued interest	-	-	-	-	4,510
Accrued payroll	-	37,094	78,352	76,431	251,818
Other liabilities	-	-	-	-	44,952
Accrued liabilities	-	-	-	-	-
Unearned revenue	-	-	80,000	15,000	-
Noncurrent liabilities:					
Due within one year	-	311,272	64,120	-	60,172
Due in more than one year	-	58,550	619,768	-	2,758,218
Pension liabilities	-	529,607	890,033	755,621	1,987,328
OPEB liabilities	-	35,500	59,628	50,735	132,440
Total liabilities	<u>2,690,809</u>	<u>989,859</u>	<u>1,792,402</u>	<u>897,787</u>	<u>5,270,440</u>
Deferred Inflows of Resources					
Permanent endowment	-	-	-	-	-
Related to pensions	-	12,395	68,317	284,141	446,483
Related to OPEB	-	4,120	89,107	5,888	15,370
Total deferred inflows of resources	<u>-</u>	<u>16,515</u>	<u>157,424</u>	<u>290,029</u>	<u>461,853</u>
NET POSITION					
Net investment in capital assets	-	654,068	257,319	13,101	-
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Donor-designated purposes	8,849,789	-	-	-	167,093
Emergency reserve	-	52,500	54,200	48,000	156,116
Unrestricted (deficit)	3,817,705	(350,850)	(490,543)	(478,670)	3,231,784
Total net position	<u>\$ 12,667,494</u>	<u>\$ 355,718</u>	<u>\$ (179,024)</u>	<u>\$ (417,569)</u>	<u>\$ 3,554,993</u>

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Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Early College of Denver	Girls Athletic Leadership Schools
\$ 795,569	\$ 81,350	\$ 2,136,012	\$ 1,279,382	\$ 36,468,052	\$ 486,025	\$ 793,681
-	-	-	-	-	-	-
44,577	27,032	33,238	15,043	1,091,121	-	93,325
80,499	-	-	-	-	7,239	5,000
-	-	-	-	10,430,730	-	-
-	7,430	27,411	3,455	259,282	-	48,429
-	-	-	-	168,419	-	-
-	-	-	-	-	-	-
6,047	9,331	43,707	161,876	581,673	-	40,152
<u>926,692</u>	<u>125,143</u>	<u>2,240,368</u>	<u>1,459,756</u>	<u>48,999,277</u>	<u>493,264</u>	<u>980,587</u>
941,715	205,748	930,519	580,079	-	122,257	1,780,501
67,562	4,371	22,490	14,132	-	3,233	93,874
-	-	-	-	-	-	-
<u>1,009,277</u>	<u>210,119</u>	<u>953,009</u>	<u>594,211</u>	<u>-</u>	<u>125,490</u>	<u>1,874,375</u>
96,174	3,050	12,829	331	698,448	796	1,941
-	-	-	-	-	-	-
143,447	-	344,643	164,795	5,730,781	107,035	211,755
-	-	-	-	-	-	-
3,075	-	-	-	-	11,634	32,685
11,163	-	22,874	2,369	-	-	15,080
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,810,554	703,927	3,182,443	1,982,176	-	413,257	3,323,157
121,373	47,189	213,420	132,878	-	27,703	222,772
<u>2,185,786</u>	<u>754,166</u>	<u>3,776,209</u>	<u>2,282,549</u>	<u>6,429,229</u>	<u>560,425</u>	<u>3,807,390</u>
-	-	-	-	156,199	-	-
304,667	345,723	668,204	306,086	-	455,088	1,041,569
14,072	8,448	26,822	33,480	-	15,012	25,846
<u>318,739</u>	<u>354,171</u>	<u>695,026</u>	<u>339,566</u>	<u>156,199</u>	<u>470,100</u>	<u>1,067,415</u>
6,047	9,331	43,707	161,876	581,672	-	-
-	-	-	-	-	-	-
-	-	34,680	-	-	-	-
-	-	-	-	8,765,599	-	-
136,000	36,500	246,000	131,000	3,329,426	31,000	220,000
(710,603)	(818,906)	(1,602,245)	(861,024)	29,737,152	(442,771)	(2,239,843)
<u>\$ (568,556)</u>	<u>\$ (773,075)</u>	<u>\$ (1,277,858)</u>	<u>\$ (568,148)</u>	<u>\$ 42,413,849</u>	<u>\$ (411,771)</u>	<u>\$ (2,019,843)</u>

SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver	Omar D. Blair Charter School
ASSETS					
Assets:					
Cash and investments	\$ 2,836,388	\$ 6,355,079	\$ 503,507	\$ 936,465	\$ 2,730,895
Deposits	-	-	-	-	-
Receivables:					
Accounts	246,773	-	174,531	69,059	71,627
Grants	-	719,817	-	-	-
Other	-	10,226	-	-	-
Inventory	15,542	-	-	1,761	-
Prepaid items	47,105	212,695	15,068	13,550	-
Restricted cash	33,447	-	631,757	-	-
Restricted investments	-	-	-	-	-
Capital assets, net	6,088,533	73,519	10,597,214	124,396	129,486
Total assets	<u>9,267,788</u>	<u>7,371,336</u>	<u>11,922,077</u>	<u>1,145,231</u>	<u>2,932,008</u>
Deferred Outflows of Resources					
Related to pensions	1,434,569	6,210,043	357,089	340,350	992,699
Related to OPEB	30,233	353,166	7,427	9,941	36,430
Loss on refunding	885,296	-	-	-	-
Total deferred outflows of resources	<u>2,350,098</u>	<u>6,563,209</u>	<u>364,516</u>	<u>350,291</u>	<u>1,029,129</u>
LIABILITIES					
Liabilities:					
Accounts payable	224,844	880,979	2,509	18,780	19,988
Grants payable	-	-	-	-	-
Accrued interest	-	-	58,884	-	-
Accrued payroll	-	-	85,705	-	-
Other liabilities	-	-	-	-	-
Accrued liabilities	7,107	297,278	-	6,510	418,517
Unearned revenue	24,803	10,000	250	-	-
Noncurrent liabilities:					
Due within one year	-	-	8,565,000	-	-
Due in more than one year	7,983,000	-	-	-	-
Pension liabilities	4,866,296	13,320,800	1,168,449	1,158,341	3,213,900
OPEB liabilities	326,219	893,017	78,331	77,651	216,734
Total liabilities	<u>13,432,269</u>	<u>15,402,074</u>	<u>9,959,128</u>	<u>1,261,282</u>	<u>3,869,139</u>
Deferred Inflows of Resources					
Permanent endowment	-	-	-	-	-
Related to pensions	1,358,793	3,446,826	540,974	462,566	1,065,462
Related to OPEB	37,858	103,635	14,615	9,011	25,423
Total deferred inflows of resources	<u>1,396,651</u>	<u>3,550,461</u>	<u>555,589</u>	<u>471,577</u>	<u>1,090,885</u>
NET POSITION					
Net investment in capital assets	(1,861,020)	73,519	10,538,330	124,396	129,486
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	-	175,090	-	-	-
Donor-designated purposes	-	-	-	-	-
Emergency reserve	322,000	806,099	73,010	76,000	226,000
Unrestricted (deficit)	(1,672,014)	(6,072,698)	(8,839,464)	(437,733)	(1,354,373)
Total net position	<u>\$ (3,211,034)</u>	<u>\$ (5,017,990)</u>	<u>\$ 1,771,876</u>	<u>\$ (237,337)</u>	<u>\$ (998,887)</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	ROOTS Elementary School	SOAR Charter School	STRIVE Preparatory Schools
\$ 353,676	\$ 1,119,645	\$ 122,736	\$ 7,676,541	\$ 215,395	\$ 1,633,418	\$ 6,343,729
-	-	22,500	-	-	-	-
17,794	105,855	34,149	399,297	20,041	7,515	15,577
-	-	-	-	-	-	280,663
-	-	-	-	-	-	-
4,764	3,131	6,867	24,870	-	14,579	106,013
-	-	-	519,993	19,677	-	182,946
-	-	-	-	-	-	-
-	31,432	73,819	5,949,479	5,229,600	-	-
<u>376,234</u>	<u>1,260,063</u>	<u>260,071</u>	<u>14,570,180</u>	<u>5,484,713</u>	<u>1,655,512</u>	<u>6,928,928</u>
253,961	-	271,800	3,273,456	473,551	548,712	9,555,685
5,904	-	8,198	162,259	20,971	12,722	253,148
-	-	-	-	-	-	-
<u>259,865</u>	<u>-</u>	<u>279,998</u>	<u>3,435,715</u>	<u>494,522</u>	<u>561,434</u>	<u>9,808,833</u>
-	72,361	11,447	293,204	8,750	31,277	738,566
-	-	-	-	-	-	-
60,389	-	-	-	118,661	-	-
-	-	-	-	-	223,449	-
-	-	-	-	20,999	-	139,050
30,000	-	-	-	-	-	15,000
-	23,679	76,385	-	5,590,666	-	389,281
-	-	-	5,850,000	-	-	-
874,178	-	790,595	6,351,741	985,804	1,880,841	24,034,523
58,602	-	52,998	425,798	66,085	126,085	1,611,145
<u>1,023,169</u>	<u>96,040</u>	<u>931,425</u>	<u>12,920,743</u>	<u>6,790,965</u>	<u>2,261,652</u>	<u>26,927,565</u>
-	-	-	-	-	-	-
85,655	-	17,503	1,377,557	394,426	1,563,527	9,752,455
20,683	-	6,150	49,395	7,670	37,968	192,640
<u>106,338</u>	<u>-</u>	<u>23,653</u>	<u>1,426,952</u>	<u>402,096</u>	<u>1,601,495</u>	<u>9,945,095</u>
-	31,432	73,819	99,479	(361,066)	-	-
-	-	-	-	19,677	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
53,500	57,655	49,000	519,993	-	135,000	1,285,119
(546,908)	1,074,936	(537,828)	3,038,728	(872,437)	(1,781,201)	(21,420,018)
<u>\$ (493,408)</u>	<u>\$ 1,164,023</u>	<u>\$ (415,009)</u>	<u>\$ 3,658,200</u>	<u>\$ (1,213,826)</u>	<u>\$ (1,646,201)</u>	<u>\$ (20,134,899)</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019

	University Preparatory Schools	Wyatt Academy	Total
ASSETS			
Assets:			
Cash and investments	\$ 2,368,899	\$ 808,436	\$ 89,542,552
Deposits	-	-	22,500
Receivables:			
Accounts	13,719	300	2,730,670
Grants	144,445	21,999	1,259,662
Other	-	-	13,035,040
Inventory	41,900	-	165,216
Prepaid items	33,502	1,636	956,638
Restricted cash	-	-	1,393,691
Restricted investments	-	-	1,842,007
Capital assets, net	40,854	1,604,767	38,691,575
Total assets	<u>2,643,319</u>	<u>2,437,138</u>	<u>149,639,551</u>
Deferred Outflows of Resources			
Related to pensions	1,073,061	487,413	32,109,603
Related to OPEB	25,977	10,440	1,254,947
Loss on refunding	-	-	885,296
Total deferred outflows of resources	<u>1,099,038</u>	<u>497,853</u>	<u>34,249,846</u>
LIABILITIES			
Liabilities:			
Accounts payable	68,807	4,438	3,274,804
Grants payable	-	-	2,654,863
Accrued interest	-	1,255	183,310
Accrued payroll	1,327	136,260	7,653,281
Other liabilities	-	-	44,952
Accrued liabilities	-	52,530	989,385
Unearned revenue	30,000	-	256,539
Noncurrent liabilities:			
Due within one year	-	131,091	15,211,666
Due in more than one year	-	241,046	17,510,582
Pension liabilities	3,774,472	1,697,719	79,695,762
OPEB liabilities	253,022	113,809	5,343,134
Total liabilities	<u>4,127,628</u>	<u>2,378,148</u>	<u>132,818,278</u>
Deferred Inflows of Resources			
Permanent endowment	-	-	156,199
Related to pensions	459,981	1,552,934	26,011,332
Related to OPEB	38,745	62,880	844,838
Total deferred inflows of resources	<u>498,726</u>	<u>1,615,814</u>	<u>27,012,369</u>
NET POSITION			
Net investment in capital assets	40,854	1,232,630	11,848,980
Restricted for:			
Debt service	-	-	19,677
Capital projects	-	-	209,770
Donor-designated purposes	-	-	17,782,481
Emergency reserve	184,700	75,000	8,303,818
Unrestricted (deficit)	(1,109,551)	(2,366,601)	(14,105,976)
Total net position	<u>\$ (883,997)</u>	<u>\$ (1,058,971)</u>	<u>\$ 24,058,750</u>



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SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019

	Denver Public Schools Foundation	5280 High School	Academy 360 Charter School	Academy of Urban Learning	Colorado High School Charter
Expenses:					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Instruction	-	914,562	935,115	689,238	2,080,600
Supporting services	-	927,040	1,245,120	823,788	2,720,101
Interest	-	-	47,969	-	117,590
Program services	7,541,674	-	-	-	-
Facilities	-	-	-	-	-
Fundraising	641,467	-	-	-	-
Management and general	585,529	-	-	-	-
Total expenses	<u>8,768,670</u>	<u>1,841,602</u>	<u>2,228,204</u>	<u>1,513,026</u>	<u>4,918,291</u>
Program revenues:					
Operating/capital grants and contributions	11,301,715	1,144,843	403,589	204,178	1,362,449
Charges for services	-	-	18,844	-	10,891
Total program revenues	<u>11,301,715</u>	<u>1,144,843</u>	<u>422,433</u>	<u>204,178</u>	<u>1,373,340</u>
Net program expense	<u>2,533,045</u>	<u>(696,759)</u>	<u>(1,805,771)</u>	<u>(1,308,848)</u>	<u>(3,544,951)</u>
General revenues:					
Per pupil revenue	-	828,806	1,472,835	1,093,384	3,573,370
Capital construction funding	-	-	-	-	-
Property tax mill levy override	-	194,607	352,648	487,555	1,577,862
Investment earnings	181,000	-	-	-	-
Interest income	-	-	12,086	4,753	31,935
Insurance proceeds	-	-	-	-	-
Unrestricted grants and contributions	999,408	29,318	-	41,829	-
At-risk supplemental aid	-	-	-	-	(110,013)
Special Item	-	-	-	-	-
Other	-	149	57,408	11,479	21,205
Transfers	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>1,288,408</u>	<u>1,052,880</u>	<u>1,894,977</u>	<u>1,639,000</u>	<u>5,094,359</u>
Change in net position	3,821,453	356,121	89,206	330,152	1,549,408
Net position - beginning	<u>8,846,041</u>	<u>-</u>	<u>(268,230)</u>	<u>(747,721)</u>	<u>2,005,585</u>
Prior period adjustment					
Change in reporting entity	-	(403)	-	-	-
Correction of error	-	-	-	-	-
Net position - beginning, as restated	<u>8,846,041</u>	<u>(403)</u>	<u>(268,230)</u>	<u>(747,721)</u>	<u>2,005,585</u>
Net position - ending	<u>\$ 12,667,494</u>	<u>\$ 355,718</u>	<u>\$ (179,024)</u>	<u>\$ (417,569)</u>	<u>\$ 3,554,993</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Early College of Denver	Girls Athletic Leadership Schools
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,249,780	474,217	3,786,173	2,287,240	35,609,799	395,886	5,073,152
2,664,654	594,957	3,992,232	1,618,511	38,831,417	464,792	2,231,126
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,914,434</u>	<u>1,069,174</u>	<u>7,778,405</u>	<u>3,905,751</u>	<u>74,441,216</u>	<u>860,678</u>	<u>7,304,278</u>
1,361,450	69,809	326,566	199,284	1,358,044	67,934	512,764
19,988	-	711,692	617,594	2,136,460	4,185	170,868
<u>1,381,438</u>	<u>69,809</u>	<u>1,038,258</u>	<u>816,878</u>	<u>3,494,504</u>	<u>72,119</u>	<u>683,632</u>
<u>(3,532,996)</u>	<u>(999,365)</u>	<u>(6,740,147)</u>	<u>(3,088,873)</u>	<u>(70,946,712)</u>	<u>(788,559)</u>	<u>(6,620,646)</u>
2,783,045	808,467	6,056,584	2,931,888	49,821,175	567,608	4,989,755
47,679	-	-	-	-	20,241	106,743
576,729	352,502	973,718	505,422	9,868,427	142,717	833,886
994	-	-	10,347	-	90	-
-	30	33,838	-	1,161,466	-	3,771
-	-	-	-	-	-	-
-	-	176,172	-	-	-	444,251
4,651	-	-	-	-	15,757	4,015
-	38,968	-	-	-	-	-
3,878	36,449	409,371	382,755	8,244,087	-	202,547
-	-	-	-	-	-	-
<u>3,416,976</u>	<u>1,236,416</u>	<u>7,649,683</u>	<u>3,830,412</u>	<u>69,095,155</u>	<u>746,413</u>	<u>6,584,968</u>
(116,020)	237,051	909,536	741,539	(1,851,557)	(42,146)	(35,678)
<u>(452,536)</u>	<u>(1,046,427)</u>	<u>(2,187,394)</u>	<u>(1,309,687)</u>	<u>51,239,940</u>	<u>(369,625)</u>	<u>(1,921,336)</u>
-	-	-	-	(6,974,534)	-	-
-	36,301	-	-	-	-	(62,829)
<u>(452,536)</u>	<u>(1,010,126)</u>	<u>(2,187,394)</u>	<u>(1,309,687)</u>	<u>44,265,406</u>	<u>(369,625)</u>	<u>(1,984,165)</u>
<u>\$ (568,556)</u>	<u>\$ (773,075)</u>	<u>\$ (1,277,858)</u>	<u>\$ (568,148)</u>	<u>\$ 42,413,849</u>	<u>\$ (411,771)</u>	<u>\$ (2,019,843)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver	Omar D. Blair Charter School
Expenses:					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ 11,603
Instruction	7,104,491	13,196,043	944,998	1,298,986	3,768,013
Supporting services	4,605,703	15,500,038	1,223,106	852,542	2,630,595
Interest	248,240	-	478,315	-	-
Program services	-	-	-	-	-
Facilities	-	-	-	-	305,349
Fundraising	-	-	-	-	-
Management and general	-	-	-	-	-
Total expenses	<u>11,958,434</u>	<u>28,696,081</u>	<u>2,646,419</u>	<u>2,151,528</u>	<u>6,715,560</u>
Program revenues:					
Operating/capital grants and contributions	768,235	2,795,103	329,937	212,889	794,307
Charges for services	235,543	483,934	303,008	123,907	-
Total program revenues	<u>1,003,778</u>	<u>3,279,037</u>	<u>632,945</u>	<u>336,796</u>	<u>794,307</u>
Net program expense	<u>(10,954,656)</u>	<u>(25,417,044)</u>	<u>(2,013,474)</u>	<u>(1,814,732)</u>	<u>(5,921,253)</u>
General revenues:					
Per pupil revenue	7,820,503	19,150,103	1,684,545	1,875,882	5,879,243
Capital construction funding	-	-	-	-	-
Property tax mill levy override	1,606,284	5,213,083	387,007	302,840	1,257,733
Investment earnings	-	94,790	-	14,418	-
Interest income	34,495	-	17,270	-	-
Insurance proceeds	-	-	-	-	-
Unrestricted grants and contributions	269,386	3,054,888	-	3,060	-
At-risk supplemental aid	-	-	64,682	-	-
Special Item	-	-	-	-	-
Other	1,435,666	70,660	17,322	62,714	178,230
Transfers	-	-	-	-	-
Total general revenues	<u>11,166,334</u>	<u>27,583,524</u>	<u>2,170,826</u>	<u>2,258,914</u>	<u>7,315,206</u>
Change in net position	211,678	2,166,480	157,352	444,182	1,393,953
Net position - beginning	<u>(3,422,712)</u>	<u>(7,184,470)</u>	<u>1,614,524</u>	<u>(681,519)</u>	<u>(2,392,840)</u>
Prior period adjustment					
Change in reporting entity	-	-	-	-	-
Correction of error	-	-	-	-	-
Net position - beginning, as restated	<u>(3,422,712)</u>	<u>(7,184,470)</u>	<u>1,614,524</u>	<u>(681,519)</u>	<u>(2,392,840)</u>
Net position - ending	<u>\$ (3,211,034)</u>	<u>\$ (5,017,990)</u>	<u>\$ 1,771,876</u>	<u>\$ (237,337)</u>	<u>\$ (998,887)</u>

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

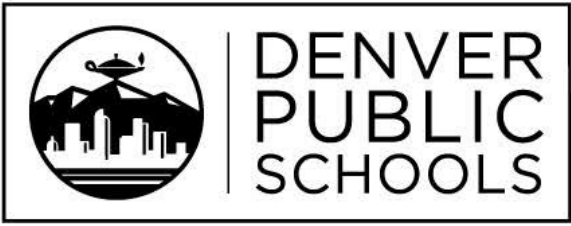
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	ROOTS Elementary School	SOAR Charter School	STRIVE Preparatory Schools
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
994,383	1,590,704	596,030	11,123,743	2,048,456	2,044,744	23,120,623
622,071	1,087,797	913,993	6,348,163	244,960	1,397,453	18,507,618
-	-	3,359	-	-	-	3,750
-	-	-	-	-	-	-
-	-	-	-	577,533	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,616,454</u>	<u>2,678,501</u>	<u>1,513,382</u>	<u>17,471,906</u>	<u>2,870,949</u>	<u>3,442,197</u>	<u>41,631,991</u>
97,355	418,241	236,108	4,488,800	284,338	498,485	4,602,623
111,084	-	26,974	-	10,571	7,136	-
208,439	418,241	263,082	4,488,800	294,909	505,621	4,602,623
<u>(1,408,015)</u>	<u>(2,260,260)</u>	<u>(1,250,300)</u>	<u>(12,983,106)</u>	<u>(2,576,040)</u>	<u>(2,936,576)</u>	<u>(37,029,368)</u>
675,111	1,184,399	902,519	9,520,852	1,428,120	3,531,954	32,301,195
-	-	-	-	50,132	-	-
499,783	572,723	386,825	2,297,415	382,871	871,992	6,831,274
337	419	-	5,894	-	12,096	146,918
-	-	-	-	568	-	-
48,392	-	43,765	-	276,047	-	1,859,873
-	73,215	-	-	-	104,118	-
-	-	-	-	(286,755)	-	-
481,286	18,068	71,435	3,416,071	3,308	66,424	477,927
-	-	-	-	-	-	-
<u>1,704,909</u>	<u>1,848,824</u>	<u>1,404,544</u>	<u>15,240,232</u>	<u>1,854,291</u>	<u>4,586,584</u>	<u>41,617,187</u>
296,894	(411,436)	154,244	2,257,126	(721,749)	1,650,008	4,587,819
<u>(790,302)</u>	<u>1,575,459</u>	<u>(569,253)</u>	<u>1,401,074</u>	<u>(492,077)</u>	<u>(3,296,209)</u>	<u>(24,722,718)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(790,302)	1,575,459	(569,253)	1,401,074	(492,077)	(3,296,209)	(24,722,718)
<u>\$ (493,408)</u>	<u>\$ 1,164,023</u>	<u>\$ (415,009)</u>	<u>\$ 3,658,200</u>	<u>\$ (1,213,826)</u>	<u>\$ (1,646,201)</u>	<u>\$ (20,134,899)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019

	University Preparatory Schools	Wyatt Academy	Total
Expenses:			
Depreciation	\$ -	\$ -	\$ 11,603
Instruction	3,931,125	997,097	127,255,198
Supporting services	4,179,624	1,459,586	115,686,987
Interest	-	4,534	903,757
Program services	-	-	7,541,674
Facilities	-	-	882,882
Fundraising	-	-	641,467
Management and general	-	-	585,529
Total expenses	<u>8,110,749</u>	<u>2,461,217</u>	<u>253,509,097</u>
Program revenues:			
Operating/capital grants and contributions	1,875,060	414,056	36,128,162
Charges for services	694,050	2,527	5,689,256
Total program revenues	<u>2,569,110</u>	<u>416,583</u>	<u>41,817,418</u>
Net program expense	<u>(5,541,639)</u>	<u>(2,044,634)</u>	<u>(211,691,679)</u>
General revenues:			
Per pupil revenue	5,298,207	1,503,195	167,682,745
Capital construction funding	-	53,604	278,399
Property tax mill levy override	1,348,515	387,581	38,211,999
Investment earnings	-	-	467,303
Interest income	-	319	1,300,531
Insurance proceeds	-	131,480	131,480
Unrestricted grants and contributions	208,945	110,028	7,565,362
At-risk supplemental aid	-	70,273	226,698
Special Item	-	-	(247,787)
Other	49,418	58,018	15,775,875
Transfers	-	-	108,000
Total general revenues	<u>6,905,085</u>	<u>2,314,498</u>	<u>231,500,605</u>
Change in net position	1,363,446	269,864	19,808,926
Net position - beginning	<u>(2,247,443)</u>	<u>(1,328,835)</u>	<u>11,251,289</u>
Prior period adjustment			
Change in reporting entity	-	-	(6,974,937)
Correction of error	-	-	(26,528)
Net position - beginning, as restated	<u>(2,247,443)</u>	<u>(1,328,835)</u>	<u>4,249,824</u>
Net position - ending	<u>\$ (883,997)</u>	<u>\$ (1,058,971)</u>	<u>\$ 24,058,750</u>



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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, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 658,345	\$ 661,402	\$ 664,566	\$ 3,164
State sources	318,053	324,056	339,993	15,937
Federal sources	1,042	1,042	1,155	113
Local sources	46,839	48,374	61,072	12,698
Total revenues	<u>1,024,279</u>	<u>1,034,874</u>	<u>1,066,786</u>	<u>31,912</u>
EXPENDITURES				
Employee Salaries	565,986	577,483	556,622	20,861
Employee Benefits	86,293	88,084	110,241	(22,157)
Charter school*	178,435	175,077	173,849	1,228
Supplies and Materials	38,116	54,383	50,295	4,088
Purchased Services	47,303	49,994	77,699	(27,705)
Property	5,407	6,241	6,744	(503)
Other Expenses	39,483	18,311	2,232	16,079
Debt Service Principal	22,920	22,920	24,138	(1,218)
Debt Service Interest	45,319	45,319	45,503	(184)
Appropriated Reserves	80,839	94,820	-	94,820
Total expenditures	<u>1,110,101</u>	<u>1,132,632</u>	<u>1,047,323</u>	<u>85,309</u>
Excess (deficiency) of revenues over expenditures	<u>(85,822)</u>	<u>(97,758)</u>	<u>19,463</u>	<u>117,221</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(3,116)	(2,187)	(20,361)	(18,174)
Other Miscellaneous	-	-	395	395
Total other financing sources (uses)	<u>(3,116)</u>	<u>(2,187)</u>	<u>(19,966)</u>	<u>(17,779)</u>
Net change in fund balance	<u>(88,938)</u>	<u>(99,945)</u>	<u>(503)</u>	<u>99,442</u>
Beginning fund balance	108,004	119,011	119,011	-
Ending fund balance	<u>\$ 19,066</u>	<u>\$ 19,066</u>	<u>\$ 118,508</u>	<u>\$ 99,442</u>

* The Charter School expense is presented net of Charges for Services to Charter Schools as presented in the Fund Financial Statements to align with the budget presentation.



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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, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
State sources	\$ 14,565	\$ 16,302	\$ 16,331	\$ 29
Federal sources	65,830	69,696	69,415	(281)
Local sources	21,995	28,678	28,580	(98)
Total revenues	<u>102,390</u>	<u>114,676</u>	<u>114,326</u>	<u>(350)</u>
EXPENDITURES				
Employee Salaries	34,939	42,260	51,829	(9,569)
Employee Benefits	9,222	10,505	14,125	(3,620)
Charter school	7,722	8,728	11,455	(2,727)
Supplies and Materials	5,382	7,352	6,141	1,211
Purchased Services	31,919	35,480	20,850	14,630
Property	608	1,318	2,770	(1,452)
Other Expenses	14,310	9,980	8,758	1,222
Appropriated Reserves	16,266	17,684	-	17,684
Total expenditures	<u>120,368</u>	<u>133,307</u>	<u>115,928</u>	<u>17,379</u>
Excess (deficiency) of revenues over expenditures	<u>(17,978)</u>	<u>(18,631)</u>	<u>(1,602)</u>	<u>17,029</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	749	(79)	(79)	-
Total other financing sources (uses)	<u>749</u>	<u>(79)</u>	<u>(79)</u>	<u>-</u>
Net change in fund balance	<u>(17,229)</u>	<u>(18,710)</u>	<u>(1,681)</u>	<u>17,029</u>
Beginning fund balance	<u>17,229</u>	<u>18,716</u>	<u>18,716</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 17,035</u>	<u>\$ 17,029</u>

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

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost at end of year	\$ 90,657,000	\$ 91,986,000	\$ 85,988,000	\$ 82,079,000	\$ 76,564,000
Interest	313,294,000	295,838,000	283,862,000	281,752,000	274,862,000
Changes of benefit terms	(318,480,000)	-	-	-	-
Difference between expected and actual experience	35,147,000	(47,121,000)	(2,839,000)	(45,767,000)	(174,000)
Changes of assumptions or other inputs	-	-	205,645,000	(113,772,000)	-
Benefit payments, including refunds of active member contributions and disability premiums	(287,825,000)	(281,844,000)	(272,071,000)	(263,323,000)	(255,434,000)
Net change in total pension liability	(167,207,000)	153,101,000	300,585,000	32,503,000	95,818,000
Total pension liability - beginning	4,374,550,000	4,221,449,000	3,920,864,000	3,888,361,000	3,792,543,000
Total pension liability - ending (a)	4,207,343,000	4,374,550,000	4,221,449,000	3,920,864,000	3,888,361,000
Plan fiduciary net position					
Contributions - employer	35,994,000	27,578,000	17,071,000	8,494,000	18,478,000
Contributions - nonemployer	18,621,000	56,820,000	54,852,000	53,558,000	49,409,000
Contributions - active member (includes purchased service)	61,098,000				
Net investment income	(114,070,000)	548,585,000	218,415,000	49,172,000	182,823,000
Benefit payments (includes refunds and disability premiums)	(287,825,000)	(281,844,000)	(272,071,000)	(263,323,000)	(255,434,000)
Administrative expense	(2,919,000)	(2,857,000)	(2,754,000)	(2,599,000)	(2,377,000)
Other additions and deductions	(4,497,000)	3,781,000	3,135,000	(1,764,000)	(1,547,000)
Net change in plan fiduciary net position	(293,598,000)	352,063,000	18,648,000	(156,462,000)	(8,648,000)
Plan fiduciary net position - beginning	3,478,040,000	3,125,977,000	3,107,329,000	3,263,791,000	3,272,439,000
Plan fiduciary net position - ending (b)	3,184,442,000	3,478,040,000	3,125,977,000	3,107,329,000	3,263,791,000
Collective net pension liability - ending (a)-(b)	\$ 1,022,901,000	\$ 896,510,000	\$ 1,095,472,000	\$ 813,535,000	\$ 624,570,000
Plan fiduciary net position as a percentage					
of the total pension liability	75.69%	79.51%	74.05%	79.25%	83.94%
The District's proportionate share of the net pension liability	\$ 594,110,636				
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with DPS	\$ 307,805,513				
Discretely presented component units	\$ 79,695,199				
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with discretely presented component units	\$ 41,289,652				
Covered payroll	722,040,000	658,198,000	642,177,000	621,115,000	584,319,000
District's net pension liability as a percentage of covered payroll	141.67%	136.21%	170.59%	130.98%	106.89%

Note: Information is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information above is presented as of the measurement date and include information for the reporting entity as a whole.

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

DPS DIVISION SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 57,730,581	\$ 31,585,070	\$ 21,625,469	\$ 12,672,704	\$ 8,102,466
Contributions in relation to the statutorily required contribution	\$ 57,730,581	31,585,070	21,625,469	12,672,704	8,102,466
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	725,751,189	677,633,712	649,296,499	626,445,854	590,847,652
Contributions as a percentage of covered payroll	7.95%	4.66%	3.33%	2.02%	1.37%

2019 contributions include \$18.6 million from the special funding situation with the State of Colorado as a nonemployer contributing entity per SB 18-200.

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, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization method	30 Years, Open	30 Years, Open	30 Years, Open	30 Years, Open	30 Years, Open
Remaining amortization period	30 Years, Open	30 Years, Open	30 Years, Open	30 Years, Open	30 Years, Open
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Inflation	2.40% annually	2.40% annually	2.80% annually	2.80% annually	2.80% annually
	3.50% - 9.70%	3.90% - 9.70%	3.90% - 10.10%	3.90% - 10.85%	3.90% - 10.10%
	Inclusive of wage inflation	Inclusive of wage inflation	Inclusive of wage inflation	Inclusive of wage inflation	Inclusive of wage inflation
Salary increases					
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	2.00%	2.00%	2.00%	2.00%	2.00%
	0.00% as financed by the AIR	0.00% as financed by the AIR	0.00% as financed by the AIR	0.00% as financed by the AIR	0.00% as financed by the AIR
PERA benefit structure hired after 12/31/06					
Investment rate of return	7.25%	7.25%	7.25%	7.50%	7.50%

Mortality Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year and females set back two years.

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

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

DPS Retiree Life Insurance Trust	2019	2018
Total OPEB liability		
Service cost at end of year	\$ -	\$ -
Interest	1,288,036	1,289,505
Changes of benefit terms	-	-
Difference between expected and actual experience	(620,709)	-
Changes of assumptions or other inputs	15,315	194,817
Benefit payments, including refunds of active member contributions and disability premiums	(1,418,760)	(1,631,943)
Net change in total OPEB liability	<u>(736,118)</u>	<u>(147,621)</u>
Total OPEB liability - beginning	<u>37,504,322</u>	<u>37,651,943</u>
Total OPEB liability - ending (a)	<u><u>36,768,204</u></u>	<u><u>37,504,322</u></u>
Plan fiduciary net position		
Contributions - employer	2,860,000 ¹	2,640,000
Contributions - active member (includes purchased service)	-	-
Net investment income	357,146	280,483
Benefit payments (includes refunds and disability premiums)	(2,234,262)	(2,302,539)
Administrative expense	(56,436)	(251,430)
Other additions and deductions	27,518 ²	436,517
Net change in plan fiduciary net position	<u>953,966</u>	<u>803,031</u>
Contributions receivable	1,770,266 ³	1,689,004
Plan fiduciary net position - beginning	<u>11,207,601</u>	<u>8,715,566</u>
Plan fiduciary net position - ending (b)	<u><u>13,931,833</u></u>	<u><u>11,207,601</u></u>
Collective net OPEB liability - ending (a) - (b)	<u><u>\$ 22,836,371</u></u>	<u><u>\$ 26,296,721</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	37.89%	29.88%
Covered payroll	N/A*	N/A*
District's net OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*

¹ The Contribution includes a \$220,000 excess payment

² Other additions and deductions includes \$51,059 prior dividend contributed, not reflected in receivable

³ Includes dividend payable by MetLife for DPS

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

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

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

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

DPS Retiree Life Insurance Trust	2019	2018
Actuarially determined contribution	\$ 2,640,000	\$ 2,640,000
Contributions in relation to the actuarially determined contribution	\$ 4,681,325	\$ 4,329,004
Contribution deficiency (excess)	\$ (2,041,325)	\$ (1,689,004)

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

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

DPS DIVISION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
DPS HEALTHCARE TRUST FUND
YEAR ENDED JUNE 30

DPS Health Care Trust Fund	2019	2018
Total OPEB liability		
Service cost	\$ 1,420,000	\$ 1,591,000
Interest	5,245,000	5,057,000
Changes of benefit terms	-	-
Difference between expected and actual experience	(6,045,000)	(35,000)
Changes of assumptions or other inputs	5,000	
Benefit payments	(4,693,000)	(6,191,000)
Net change in total OPEB liability	<u>(4,068,000)</u>	<u>422,000</u>
Total OPEB liability - beginning	<u>73,267,000</u>	<u>72,845,000</u>
Total OPEB liability - ending (a)	<u><u>69,199,000</u></u>	<u><u>73,267,000</u></u>
Plan fiduciary net position		
Contributions - employer	7,417,000	6,930,000
Other additions (includes purchased service)	(4,000)	242,000
Net investment income	(894,000)	3,305,000
Benefit payments	(4,158,000)	(5,694,000)
Administrative expense	(845,000)	(808,000)
Other deductions	205,000	(4,000)
Net change in plan fiduciary net position	<u>1,721,000</u>	<u>3,971,000</u>
Plan fiduciary net position - beginning	<u>22,308,000</u>	<u>18,337,000</u>
Plan fiduciary net position - ending (b)	<u><u>24,029,000</u></u>	<u><u>22,308,000</u></u>
Collective net OPEB liability - ending (a) - (b)	<u><u>\$ 45,170,000</u></u>	<u><u>\$ 50,959,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	34.72%	30.45%
Covered payroll	722,040,000	658,198,000
District's net OPEB liability as a percentage of covered-employee payroll	6.26%	7.74%

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

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

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

DPS DIVISION SCHEDULE OF OPEB CONTRIBUTIONS
 DPS HEALTHCARE TRUST FUND
 YEAR ENDED JUNE 30

DPS Health Care Trust Fund	2019	2018
Actuarially determined contribution	\$ 4,838,000	\$ 4,476,000
Contributions in relation to the actuarially determined contribution	\$ 7,662,714	\$ 7,079,432
Contribution deficiency (excess)	\$ (2,824,714)	\$ (2,603,432)
Covered payroll	\$ 725,751,189	\$ 677,633,712
Contribution as a percentage of covered payroll	1.06%	1.04%

Note: Information is not available for prior years. In future reports, additional years will be added until 10 years of historical data are presented. Information is presented as of the District and component unit fiscal year end for each year presented. The DPS HCTF was established on January 1, 2010, and received the balance for the Denver Public Schools Retiree Health Benefit Trust.



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1. SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION - PENSIONS

2018 Changes in Plan Provisions Since 2017

- The following changes were made to the plan provisions as part of Senate Bill (SB) 18-200:
 - Member contributions rates increase by 0.75 percent effective July 1, 2019, and additional 0.75 percent effective July 1, 2020 and an additional 0.50 percent effective July 1, 2021.
 - Employer contribution rates increase by 0.25 percent effective July 1, 2019 for the DPS Division.
 - An annual direct distribution of \$225 million (actual dollars) from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial and DPS Divisions proportionally based on payroll.
 - Annual Increase (AI) cap is lowered from 2.00 percent per year to 1.50 percent per year.
 - Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020 increases from three to five years for the DPS Division.
- 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.

2. OPEB

Denver Public Schools Retiree Life Insurance Trust

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

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Discount rate (selected by Denver Public Schools)	3.50 percent discount rate was selected by Denver Public Schools to reflect yields on the plan's trust assets as MetLife is anticipated to set premium levels such that trust assets will be sufficient to pay future benefits.
Healthy mortality	RPH-2006 Healthy Annuitant Total Dataset Mortality Table, separately for males and females. Mortality includes a generational projection for future mortality improvements using Scale MP-2018.
Disabled mortality	RPH-2006 Disabled Retiree Mortality Table, separately for males and females. Mortality includes a generational projection for future mortality improvements using Scale MP-2018
Expense load	None assumed in projected benefit payments. Reflected explicitly in plan fiduciary net position roll-forward
Taxes or assessments	None assumed
Rationale for selected assumptions	The discount rate was selected by Denver Public Schools based on the expected long-term rate of return on plan assets. Mortality tables and their projections are based on recent research by the Society of Actuaries.
Changes since prior year	No administrative expense load is assumed as directed by GASB 75. This change was reflected at the beginning of the year to conform to GASB 75 requirements as of the transition date. The mortality projection table was updated from MP-2017 to MP-2018.

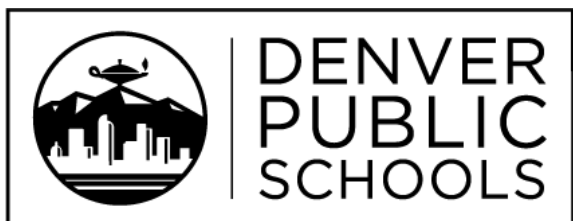
SCHOOL DISTRICT NO.1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

Denver Public Schools Health Care Trust Fund

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A Premiums	3.00 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

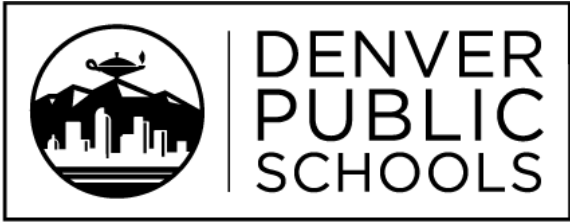


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OTHER SUPPLEMENTARY INFORMATION



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GOVERNMENTAL FUNDS

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	Food Services Special Revenue Fund	Pupil Activity Special Revenue Fund	ProComp Special Revenue Fund	Permanent Fund	Total
ASSETS					
Cash and cash equivalents	\$ 20,562	\$ -	\$ 14,723,251	\$ 117,055	\$ 14,860,868
Investments	-	-	-	3,982	3,982
Taxes receivable	-	-	1,451,774	-	1,451,774
Intergovernmental receivables	4,091,019	-	-	-	4,091,019
Other receivables	89,113	-	-	-	89,113
Due from other funds	-	332,120	-	10,007	342,127
Inventory	2,677,076	-	-	-	2,677,076
Total assets	<u>6,877,770</u>	<u>332,120</u>	<u>16,175,025</u>	<u>131,044</u>	<u>23,515,959</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued payroll and benefits	-	-	1,997,031	-	1,997,031
Due to other funds	5,917,059	-	1,905,163	-	7,822,222
Unearned revenue	560,523	-	-	-	560,523
Total liabilities	<u>6,477,582</u>	<u>-</u>	<u>3,902,194</u>	<u>-</u>	<u>10,379,776</u>
Deferred inflows of resources:					
Property taxes	-	-	608,761	-	608,761
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>608,761</u>	<u>-</u>	<u>608,761</u>
Fund balances:					
Nonspendable:					
Inventory	393,196	-	-	-	393,196
Permanent fund	-	-	-	131,044	131,044
Restricted for:					
Performance-based teacher compensation	-	-	11,664,070	-	11,664,070
Committed to:					
Pupil activities	-	332,120	-	-	332,120
Assigned to:					
Food service	6,992	-	-	-	6,992
Total fund balances	<u>400,188</u>	<u>332,120</u>	<u>11,664,070</u>	<u>131,044</u>	<u>12,527,422</u>
Total liabilities and fund balances	<u>\$ 6,877,770</u>	<u>\$ 332,120</u>	<u>\$ 16,175,025</u>	<u>\$ 131,044</u>	<u>\$ 23,515,959</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Food Services Special Revenue Fund	Pupil Activity Special Revenue Fund	ProComp Special Revenue Fund	Permanent Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ 34,177,562	\$ -	\$ 34,177,562
Intergovernmental:					
Revenue from state sources	750,931	-	-	-	750,931
Revenue from federal sources	34,273,518	-	-	-	34,273,518
Charges for services	5,306,503	398,458	-	-	5,704,961
Investment income	-	-	89,797	672	90,469
Other local sources	53,445	249,170	-	-	302,615
Total revenues	<u>40,384,397</u>	<u>647,628</u>	<u>34,267,359</u>	<u>672</u>	<u>75,300,056</u>
EXPENDITURES					
Instruction:					
Regular instruction	-	34,015	20,000,092	-	20,034,107
Special education	-	-	4,195,924	-	4,195,924
Vocational education	-	-	17,983	-	17,983
Other instruction	-	3,802,167	2,522	-	3,804,689
Total instruction	<u>-</u>	<u>3,836,182</u>	<u>24,216,521</u>	<u>-</u>	<u>28,052,703</u>
Support services:					
Pupil supporting services	-	-	3,625,662	-	3,625,662
Instructional support	-	2,021,637	1,998,359	-	4,019,996
General administration	-	-	47,644	-	47,644
School administration	-	-	25,610	-	25,610
Business services	-	-	-	999	999
Operations and maintenance	42,767	-	-	-	42,767
Central services	-	-	1,272,646	-	1,272,646
Other support services	43,573,243	-	-	-	43,573,243
Total support services	<u>43,616,010</u>	<u>2,021,637</u>	<u>6,969,921</u>	<u>999</u>	<u>52,608,567</u>
Community services	-	-	671	-	671
Education for adults	-	-	6,940	-	6,940
Capital outlay	83,974	31,134	-	-	115,108
Total expenditures	<u>43,699,984</u>	<u>5,888,953</u>	<u>31,194,053</u>	<u>999</u>	<u>80,783,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,315,587)</u>	<u>(5,241,325)</u>	<u>3,073,306</u>	<u>(327)</u>	<u>(5,483,933)</u>
OTHER FINANCING SOURCES					
Transfers in	1,518,265	3,310,000	-	-	4,828,265
Total other financing sources	<u>1,518,265</u>	<u>3,310,000</u>	<u>-</u>	<u>-</u>	<u>4,828,265</u>
Net change in fund balances	<u>(1,797,322)</u>	<u>(1,931,325)</u>	<u>3,073,306</u>	<u>(327)</u>	<u>(655,668)</u>
Fund balances - beginning	2,197,510	2,263,445	8,590,764	131,371	13,183,090
Fund balances - ending	<u>\$ 400,188</u>	<u>\$ 332,120</u>	<u>\$ 11,664,070</u>	<u>\$ 131,044</u>	<u>\$ 12,527,422</u>

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, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 148,855	\$ 148,855	\$ 159,787	\$ 10,932
Local sources	1,000	1,000	3,111	2,111
Total revenues	<u>149,855</u>	<u>149,855</u>	<u>162,898</u>	<u>13,043</u>
EXPENDITURES				
Purchased Services	70	70	147	(77)
Debt Service Principal	74,845	74,845	74,845	-
Debt Service Interest	80,432	80,432	80,432	-
Appropriated Reserves	132,036	154,736	-	154,736
Total expenditures	<u>287,383</u>	<u>310,083</u>	<u>155,424</u>	<u>154,659</u>
Excess (deficiency) of revenues over expenditures	<u>(137,528)</u>	<u>(160,228)</u>	<u>7,474</u>	<u>167,702</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	70	70	-	(70)
Total other financing sources (uses)	<u>70</u>	<u>70</u>	<u>-</u>	<u>(70)</u>
Net change in fund balance	<u>(137,458)</u>	<u>(160,158)</u>	<u>7,474</u>	<u>167,632</u>
Beginning fund balance	<u>137,458</u>	<u>160,158</u>	<u>160,158</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,632</u>	<u>\$ 167,632</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, 2019
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 5,000	\$ 5,000	\$ 10,510	\$ 5,510
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>10,510</u>	<u>5,510</u>
EXPENDITURES				
Employee Salaries	8,015	8,015	7,773	242
Employee Benefits	1,918	1,918	1,856	62
Supplies and Materials	-	-	158	(158)
Purchased Services	-	-	5,919	(5,919)
Property	159,200	159,200	141,093	18,107
Other Expenses	-	-	92	(92)
Appropriated Reserves	30,000	62,462	-	62,462
Total expenditures	<u>199,133</u>	<u>231,595</u>	<u>156,891</u>	<u>74,704</u>
Net change in fund balance	<u>(194,133)</u>	<u>(226,595)</u>	<u>(146,381)</u>	<u>80,214</u>
Beginning fund balance	410,675	443,137	443,137	-
Ending fund balance	<u>\$ 216,542</u>	<u>\$ 216,542</u>	<u>\$ 296,756</u>	<u>\$ 80,214</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, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Federal sources	\$ -	\$ 6,468	\$ 6,538	\$ 70
Local sources	21,177	14,211	16,104	1,893
Total revenues	<u>21,177</u>	<u>20,679</u>	<u>22,642</u>	<u>1,963</u>
EXPENDITURES				
Employee Salaries	90	90	159	(69)
Employee Benefits	22	22	37	(15)
Supplies and Materials	-	-	4,841	(4,841)
Purchased Services	3,400	12,325	9,568	2,757
Property	29,846	61,841	22,862	38,979
Other Expenses	-	-	902	(902)
Debt Service Principal	16,447	10,551	2,943	7,608
Debt Service Interest	-	-	7,707	(7,707)
Appropriated Reserves	2,934	62,148	-	62,148
Total expenditures	<u>52,739</u>	<u>146,977</u>	<u>49,019</u>	<u>97,958</u>
Excess (deficiency) of revenues over expenditures	<u>(31,562)</u>	<u>(126,298)</u>	<u>(26,377)</u>	<u>99,921</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(2,474)	(2,474)	15,612	18,086
Other Miscellaneous	-	83,861	84,484	623
Total other financing sources (uses)	<u>(2,474)</u>	<u>81,387</u>	<u>100,096</u>	<u>18,709</u>
Net change in fund balance	<u>(34,036)</u>	<u>(44,911)</u>	<u>73,719</u>	<u>118,630</u>
Beginning fund balance	34,036	44,911	44,911	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,630</u>	<u>\$ 118,630</u>

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, 2019
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
State sources	\$ 736	\$ 736	\$ 751	\$ 15
Federal sources	37,345	37,345	34,274	(3,071)
Local sources	5,333	5,333	5,360	27
Total revenues	<u>43,414</u>	<u>43,414</u>	<u>40,385</u>	<u>(3,029)</u>
EXPENDITURES				
Employee Salaries	17,359	17,359	18,009	(650)
Employee Benefits	4,090	4,090	4,218	(128)
Supplies and Materials	21,022	21,022	19,819	1,203
Purchased Services	1,349	1,349	1,285	64
Property	200	200	370	(170)
Other Expenses	137	137	-	137
Appropriated Reserves	-	2,198	-	2,198
Total expenditures	<u>44,157</u>	<u>46,355</u>	<u>43,701</u>	<u>2,654</u>
Excess (deficiency) of revenues over expenditures	<u>(743)</u>	<u>(2,941)</u>	<u>(3,316)</u>	<u>(375)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	743	743	1,518	775
Total other financing sources (uses)	<u>743</u>	<u>743</u>	<u>1,518</u>	<u>775</u>
Net change in fund balance	-	(2,198)	(1,798)	400
Beginning fund balance	-	2,198	2,198	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 400</u>

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

BUDGETARY COMPARISON SCHEDULE
 PUPIL ACTIVITY SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 613	\$ 613	\$ 648	\$ 35
Total revenues	<u>613</u>	<u>613</u>	<u>648</u>	<u>35</u>
EXPENDITURES				
Employee Salaries	2,962	2,962	2,885	77
Employee Benefits	598	598	609	(11)
Supplies and Materials	559	559	613	(54)
Purchased Services	2,123	2,123	1,523	600
Property	55	55	37	18
Other Expenses	1,749	507	222	285
Total expenditures	<u>8,046</u>	<u>6,804</u>	<u>5,889</u>	<u>915</u>
Excess (deficiency) of revenues over expenditures	<u>(7,433)</u>	<u>(6,191)</u>	<u>(5,241)</u>	<u>950</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	3,928	3,928	3,310	(618)
Total other financing sources (uses)	<u>3,928</u>	<u>3,928</u>	<u>3,310</u>	<u>(618)</u>
Net change in fund balance	<u>(3,505)</u>	<u>(2,263)</u>	<u>(1,931)</u>	<u>332</u>
Beginning fund balance	3,505	2,263	2,263	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ 332</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, 2019
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 33,824	\$ 33,824	\$ 34,177	\$ 353
Local sources	30	30	90	60
Total revenues	<u>33,854</u>	<u>33,854</u>	<u>34,267</u>	<u>413</u>
EXPENDITURES				
Employee Salaries	28,567	28,567	26,082	2,485
Employee Benefits	5,453	5,453	4,983	470
Supplies and Materials	1	1	7	(6)
Purchased Services	150	150	122	28
Appropriated Reserves	1,500	1,500	-	1,500
Total expenditures	<u>35,671</u>	<u>35,671</u>	<u>31,194</u>	<u>4,477</u>
Net change in fund balance	<u>(1,817)</u>	<u>(1,817)</u>	<u>3,073</u>	<u>4,890</u>
Beginning fund balance	<u>7,425</u>	<u>8,591</u>	<u>8,591</u>	<u>-</u>
Ending fund balance	<u>\$ 5,608</u>	<u>\$ 6,774</u>	<u>\$ 11,664</u>	<u>\$ 4,890</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, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES				
Supplies and Materials	131	131	-	131
Purchased Services	-	-	1	(1)
Total expenditures	<u>131</u>	<u>131</u>	<u>1</u>	<u>130</u>
Net change in fund balance	<u>(131)</u>	<u>(131)</u>	<u>-</u>	<u>131</u>
Beginning fund balance	<u>131</u>	<u>131</u>	<u>131</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 131</u>



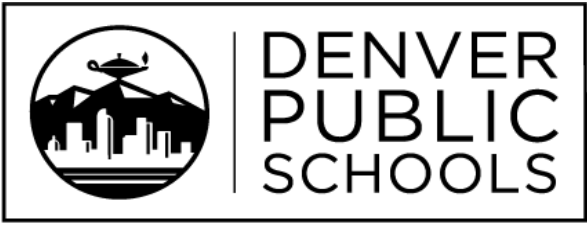
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INTERNAL SERVICE FUND

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

BUDGETARY COMPARISON SCHEDULE
 WAREHOUSE FUND
 YEAR ENDED JUNE 30, 2019
 Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	\$ 529	\$ 529	\$ 784	\$ 255
Total revenues	<u>529</u>	<u>529</u>	<u>784</u>	<u>255</u>
EXPENDITURES				
Employee Salaries	41	41	38	3
Employee Benefits	9	9	8	1
Supplies and Materials	212	212	258	(46)
Purchased Services	267	267	157	110
Appropriated Reserves	-	144	-	144
Total expenditures	<u>529</u>	<u>673</u>	<u>461</u>	<u>212</u>
Net change in fund balance	-	(144)	323	467
Beginning fund balance	-	144	144	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467</u>	<u>\$ 467</u>



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FIDUCIARY FUND

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and investments	\$ 1,832,291	8,335,635	5,925,644	\$ 4,242,282
Due from other funds	1,608,111	-	1,608,111	-
Total Assets	<u>\$ 3,440,402</u>	<u>\$ 8,335,635</u>	<u>\$ 7,533,755</u>	<u>\$ 4,242,282</u>
LIABILITIES				
Accounts payable	\$ 12,667	-	12,667	\$ -
Due to student groups	3,427,735	8,335,635	7,521,088	4,242,282
Total Liabilities	<u>\$ 3,440,402</u>	<u>\$ 8,335,635</u>	<u>\$ 7,533,755</u>	<u>\$ 4,242,282</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, 2019
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Employer contributions	\$ 2,040	\$ 2,040	\$ 2,860	\$ 820
Interest income	132	132	2,242	2,110
Total revenues	<u>2,172</u>	<u>2,172</u>	<u>5,102</u>	<u>2,930</u>
EXPENDITURES				
Medical and life insurance for retirees	2,380	2,380	2,431	(51)
Appropriated Reserves	<u>9,454</u>	<u>10,273</u>	-	<u>10,273</u>
Total expenditures	<u>11,834</u>	<u>12,653</u>	<u>2,431</u>	<u>10,222</u>
Net change in fund balance	<u>(9,662)</u>	<u>(10,481)</u>	<u>2,671</u>	<u>13,152</u>
Beginning fund balance	<u>9,662</u>	<u>10,481</u>	<u>10,481</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,152</u>	<u>\$ 13,152</u>



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Colorado Department of Education
Auditors Integrity Report
 District: 0880 - Denver County 1
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	119,010,864		910,971,515		911,474,328		118,508,051
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	119,010,864		910,971,515		911,474,328		118,508,051
11 Charter School Fund	84,261,009		272,179,784		267,687,888		88,752,905
20.26-29 Special Revenue Fund	8,590,765		34,267,358		31,194,053		11,664,070
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	2,197,509		41,902,662		43,699,983		400,188
22 Govt Designated-Purpose Grants Fund	18,716,479		114,246,639		115,928,322		17,034,797
23 Pupil Activity Special Revenue Fund	2,263,445		3,957,628		5,888,953		332,120
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	180,157,620		162,897,501		155,423,205		167,631,916
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	443,137,419		10,510,352		156,891,259		296,756,512
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	44,911,031		122,738,381		49,018,990		118,630,422
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	883,246,142		1,673,671,819		1,737,206,980		819,710,981
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60.65-69 Other Internal Service Funds	143,509		24,457		-298,883		-466,849
Totals	143,509		24,457		-298,883		-466,849
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	10,481,053		5,102,339		2,431,111		13,152,282
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	3,250,070		8,513,301		7,521,088		4,242,282
79 GASB 34 Permanent Fund	131,372		672		1,000		131,044
85 Foundations	8,846,041		12,590,123		8,768,670		12,667,494
Totals	22,708,536		26,206,435		18,721,869		30,193,102

FINAL



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STATISTICAL SECTION

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

STATISTICAL SECTION
YEAR ENDED JUNE 30, 2019

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

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
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Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
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SCHOOL DISTRICT NO.1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (Unaudited)

	2019	2018	2017	2016	2015
Governmental activities					
Net investment in capital assets	\$ (62,814,668)	\$ (48,797,256)	\$ 148,648,229	\$ 104,965,907	\$ 118,645,799
Restricted	616,186,143	650,615,101	648,556,477	290,705,891	391,653,002
Unrestricted (deficit)	<u>(1,834,629,855)</u>	<u>(2,093,681,026)</u>	<u>(2,154,349,495)</u>	<u>(1,652,698,513)</u>	<u>(1,702,868,865)</u>
Total governmental activities net position (deficit)	<u>(1,281,258,380)</u>	<u>(1,491,863,181)</u>	<u>(1,357,144,789)</u>	<u>(1,257,026,715)</u>	<u>(1,192,570,064)</u>
Business-type activities*					
Net investment in capital assets	-	-	-	-	-
Unrestricted (deficit)	-	-	-	-	-
Total business-type activities net position (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government					
Net investment in capital assets	(62,814,668)	(48,797,256)	148,648,229	104,965,907	118,645,799
Restricted	616,186,143	650,615,101	648,556,477	290,705,891	391,653,002
Unrestricted (deficit)	<u>(1,834,629,855)</u>	<u>(2,093,681,026)</u>	<u>(2,154,349,495)</u>	<u>(1,652,698,513)</u>	<u>(1,702,868,865)</u>
Total primary government net position (deficit)	<u>\$ (1,281,258,380)</u>	<u>\$ (1,491,863,181)</u>	<u>\$ (1,357,144,789)</u>	<u>\$ (1,257,026,715)</u>	<u>\$ (1,192,570,064)</u>
Governmental activities					
Net investment in capital assets	\$ 130,564,763	\$ 135,651,903	\$ 145,041,564	\$ 158,129,481	\$ 155,415,742
Restricted	175,105,064	192,765,619	254,525,804	249,496,173	80,477,836
Unrestricted (deficit)	<u>(961,343,671)</u>	<u>(977,859,419)</u>	<u>(1,051,331,251)</u>	<u>(1,008,068,262)</u>	<u>(871,873,175)</u>
Total governmental activities net position (deficit)	<u>(655,673,844)</u>	<u>(649,441,897)</u>	<u>(651,763,883)</u>	<u>(600,442,608)</u>	<u>(635,979,597)</u>
Business-type activities					
Net investment in capital assets	643,501	463,179	506,458	444,862	481,124
Unrestricted (deficit)	<u>(760,348)</u>	<u>(383,151)</u>	<u>1,747,768</u>	<u>4,413,742</u>	<u>7,361,642</u>
Total business-type activities net position (deficit)	<u>(116,847)</u>	<u>80,028</u>	<u>2,254,226</u>	<u>4,858,604</u>	<u>7,842,766</u>
Primary government					
Net investment in capital assets	131,208,264	136,115,082	145,548,022	158,574,343	155,896,866
Restricted	175,105,064	192,765,619	254,525,804	249,496,173	80,477,836
Unrestricted (deficit)	<u>(962,104,019)</u>	<u>(978,242,570)</u>	<u>(1,049,583,483)</u>	<u>(1,003,654,520)</u>	<u>(864,511,533)</u>
Total primary government net position (deficit)	<u>\$ (655,790,691)</u>	<u>\$ (649,361,869)</u>	<u>\$ (649,509,657)</u>	<u>\$ (595,584,004)</u>	<u>\$ (628,136,831)</u>

Source: School District annual financial reports for the respective years

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

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

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

CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS (Unaudited)

	2019	2018	2017	2016	2015
Expenses:					
Governmental activities:					
Instructional services	\$ 605,647,740	\$ 647,048,830	\$ 661,536,065	\$ 668,873,429	\$ 606,202,845
Supporting services:					
Pupil support	71,532,274	66,443,705	58,337,272	45,246,471	36,294,290
Instructional support	124,605,828	125,760,427	114,572,496	111,594,016	113,735,904
General administration	6,123,865	7,526,400	6,964,963	6,096,731	5,299,658
School administration	78,604,576	78,617,586	77,079,051	69,544,540	65,203,286
Business services	14,842,975	14,882,801	12,957,204	8,609,001	6,971,488
Operations and maintenance	100,668,711	96,681,984	91,074,789	79,314,548	74,977,465
Pupil transportation	29,743,657	26,546,492	25,164,705	26,012,440	22,571,539
Central services	70,219,410	183,402,521	176,020,151	134,964,286	126,422,167
Other support services	51,903,765	46,450,521	51,052,612	48,582,600	47,742,261
Community services	15,982,204	17,638,447	16,515,410	14,366,660	12,899,167
Education for adults	21,951,395	22,244,905	20,508,759	17,828,984	17,810,825
Food services	-	-	-	-	-
Interest on long-term debt	129,019,562	162,850,968	137,843,846	128,003,672	127,899,257
Total governmental activities expenses	1,320,845,962	1,496,095,587	1,449,627,323	1,359,037,378	1,264,030,152
Business-type activities:					
Food services	-	-	-	-	-
Total business-type activities expenses	-	-	-	-	-
Total primary government expenses	1,320,845,962	1,496,095,587	1,449,627,323	1,359,037,378	1,264,030,152
Program revenues:					
Governmental activities:					
Charges for services - Instructional	42,939,547	36,974,879	33,194,921	29,805,479	27,970,405
Charges for services - Other	41,558,397	33,989,449	30,514,695	27,398,922	25,712,014
Operating grants and contributions	264,820,334	220,120,675	214,428,461	212,702,661	221,919,647
Total governmental activities program revenues	349,318,278	291,085,003	278,138,077	269,907,062	275,602,066
Business-type activities:					
Food services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	349,318,278	291,085,003	278,138,077	269,907,062	275,602,066
Net Expenses					
Governmental activities	(971,527,684)	(1,205,010,584)	(1,171,489,246)	(1,089,130,316)	(988,428,086)
Business-type activities	-	-	-	-	-
Total primary government net expense	(971,527,684)	(1,205,010,584)	(1,171,489,246)	(1,089,130,316)	(988,428,086)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	814,556,942	796,450,648	671,768,786	623,495,039	512,100,229
Specific ownership taxes	52,944,185	51,821,726	44,805,199	40,303,943	36,829,683
Payment in lieu of taxes	3,604,926	2,990,033	2,828,616	2,522,094	2,489,581
State equalization	279,467,577	243,213,839	296,486,570	294,025,391	331,479,392
Interest and investment income	18,101,994	8,630,469	5,922,616	1,958,554	2,481,057
Other	13,456,861	38,472,898	49,559,385	62,368,644	35,645,024
Total governmental activities	1,182,132,485	1,141,579,613	1,071,371,172	1,024,673,665	921,024,966
Business-type activities:					
Interest and investment income	-	-	-	-	-
Other	-	-	-	-	-
Total business-type activities	-	-	-	-	-
Total primary government	1,182,132,485	1,141,579,613	1,071,371,172	1,024,673,665	921,024,966
Change in net position					
Governmental activities	210,604,801	(63,430,971)	(100,118,074)	(64,456,651)	(67,403,120)
Business-type activities	-	-	-	-	-
Total primary government	\$ 210,604,801	\$ (63,430,971)	\$ (100,118,074)	\$ (64,456,651)	\$ (67,403,120)

Continued net page

Source: School District annual financial reports for the respective years

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

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (Unaudited)

	2014	2013	2012	2011	2010
Expenses:					
Governmental activities:					
Instructional services	\$ 525,401,180	507,722,226	477,604,430	474,240,486	476,278,700
Supporting services:					
Pupil support	30,804,590	29,638,062	29,312,499	25,659,390	28,246,457
Instructional support	89,761,367	81,086,728	78,847,455	68,357,869	66,549,179
General administration	5,862,233	6,652,309	6,873,428	4,692,577	4,617,620
School administration	57,364,780	58,734,139	52,697,622	44,700,293	40,955,892
Business services	9,069,995	7,487,603	6,442,027	6,276,830	5,383,702
Operations and maintenance	68,752,560	69,409,493	76,815,166	71,715,439	71,085,264
Pupil transportation	22,069,496	22,182,306	22,288,795	20,027,703	21,719,386
Central services	139,191,526	74,998,203	69,071,079	59,338,961	48,963,934
Other support services	4,570,465	4,045,531	4,628,895	5,273,195	4,623,514
Community services	11,611,773	10,497,464	9,483,230	7,289,515	5,813,625
Education for adults	14,527,846	14,790,637	15,775,918	11,622,217	12,240,071
Food services	43,974	96,963	153,482	227,602	105,551
Interest on long-term debt	117,380,359	113,073,282	108,487,396	100,279,347	95,444,496
Total governmental activities expenses	<u>1,096,412,144</u>	<u>1,000,414,946</u>	<u>958,481,422</u>	<u>899,701,424</u>	<u>882,027,391</u>
Business-type activities:					
Food services	38,774,528	36,404,972	34,622,691	32,365,428	27,303,586
Total business-type activities expenses	<u>38,774,528</u>	<u>36,404,972</u>	<u>34,622,691</u>	<u>32,365,428</u>	<u>27,303,586</u>
Total primary government expenses	<u>1,135,186,672</u>	<u>1,036,819,918</u>	<u>993,104,113</u>	<u>932,066,852</u>	<u>909,330,977</u>
Program revenues:					
Governmental activities:					
Charges for services - Instructional	24,268,736	29,467,729	25,542,292	17,205,330	19,913,607
Charges for services - Other	22,309,227	12,389,843	15,989,891	10,770,817	12,490,488
Operating grants and contributions	170,631,292	163,451,886	178,115,194	232,977,735	148,622,734
Total governmental activities program revenues	<u>217,209,255</u>	<u>205,309,458</u>	<u>219,647,377</u>	<u>260,953,882</u>	<u>181,026,829</u>
Business-type activities:					
Food services	4,388,602	4,026,244	3,715,616	3,592,685	3,825,050
Operating grants and contributions	34,152,589	30,190,114	28,273,108	25,787,342	23,779,151
Total business-type activities program revenues	<u>38,541,191</u>	<u>34,216,358</u>	<u>31,988,724</u>	<u>29,380,027</u>	<u>27,604,201</u>
Total primary government program revenues	<u>255,750,446</u>	<u>239,525,816</u>	<u>251,636,101</u>	<u>290,333,909</u>	<u>208,631,030</u>
Net Expenses					
Governmental activities	(879,202,889)	(795,105,488)	(738,834,045)	(638,747,542)	(701,000,564)
Business-type activities	(233,337)	(2,188,614)	(2,633,967)	(2,985,402)	300,615
Total primary government net expense	<u>(879,436,226)</u>	<u>(797,294,102)</u>	<u>(741,468,012)</u>	<u>(641,732,944)</u>	<u>(700,699,949)</u>
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	545,898,621	498,552,760	420,204,686	437,794,905	435,745,405
Specific ownership taxes	33,376,380	30,035,934	27,021,138	25,698,371	26,172,343
Payment in lieu of taxes	2,492,618	2,143,237	2,081,204	1,997,608	2,029,800
State equalization	282,036,930	257,727,049	234,783,298	201,316,796	234,172,686
Interest and investment income	7,214,663	5,904,892	2,486,539	7,476,851	6,649,012
Other	12,430,956	5,867,733	935,905	-	9,426,847
Total governmental activities	<u>883,450,168</u>	<u>800,231,605</u>	<u>687,512,770</u>	<u>674,284,531</u>	<u>714,196,093</u>
Business-type activities:					
Interest and investment income	-	-	-	1,240	4,541
Other	36,462	14,416	29,589	-	-
Total business-type activities	<u>36,462</u>	<u>14,416</u>	<u>29,589</u>	<u>1,240</u>	<u>4,541</u>
Total primary government	<u>883,486,630</u>	<u>800,246,021</u>	<u>687,542,359</u>	<u>674,285,771</u>	<u>714,200,634</u>
Change in net position					
Governmental activities	4,247,279	5,126,117	(51,321,275)	35,536,989	13,195,528
Business-type activities	(196,875)	(2,174,198)	(2,604,378)	(2,984,162)	305,156
Total primary government	<u>\$ 4,050,404</u>	<u>\$ 2,951,919</u>	<u>\$ (53,925,653)</u>	<u>\$ 32,552,827</u>	<u>\$ 13,500,684</u>

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

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

	2019	2018	2017	2016	2015
General Fund					
Nonspendable:					
Inventory	\$ 1,107,816	\$ 892,874	\$ 761,736	\$ 704,168	\$ 824,309
Prepaid expenses	-	-	150,566	142,383	-
Restricted for:					
Emergency reserve	31,046,220	28,893,630	27,033,570	24,910,740	23,587,040
Preschool	-	-	-	-	-
Committed to:					
Pupil Activities	1,266,865	-	-	-	-
Emergency reserve	-	-	-	-	-
Assigned to:					
Special projects	25,093,990	22,869,037	15,923,740	17,397,322	15,920,181
Subsequent year expenditures	6,827,418	17,886,037	8,182,740	1,315,705	4,082,181
Unassigned	53,165,742	48,469,286	70,097,523	50,072,162	62,139,089
Total General Fund	<u>118,508,051</u>	<u>119,010,864</u>	<u>122,149,875</u>	<u>94,542,480</u>	<u>106,552,800</u>
All other governmental funds					
Nonspendable:					
Permanent fund	131,044	131,371	130,992	128,553	128,806
Inventory	393,196	2,935,450	332,113	3,485,663	3,059,757
Prepaid expenses	288,384	458,901	1,531,060	509,302	-
Restricted for:					
Debt service	173,213,859	160,157,619	130,144,786	140,280,738	109,761,547
Capital projects	381,306,757	443,137,420	470,254,135	87,492,008	202,717,436
Performance-based teacher compensation	11,664,070	8,590,764	11,837,366	18,345,329	31,352,361
Higher education	11,235,893	9,936,855	9,595,895	10,572,551	10,047,631
Non-governmental grantor-designated purposes	817,330	1,013,135	1,492,383	6,111,724	9,859,915
State programs	-	-	-	-	-
Federal programs	4,981,574	7,766,488	5,876,870	8,548,506	4,198,266
Special revenue fund	-	-	-	-	-
Committed to:					
Capital projects	-	28,005,130	35,949,286	5,554,771	17,390,944
Pupil activities	332,120	2,263,445	3,505,285	3,168,599	-
Assigned to:					
Encumbrances	-	-	-	-	-
Debt service	-	16,447,000	46,598,000	10,963,000	6,964,000
Food service	6,992	-	-	-	-
Unassigned	-	(737,940)	(46,913)	(3,344,733)	(3,059,757)
Total all other governmental funds	<u>584,371,219</u>	<u>680,105,638</u>	<u>717,201,258</u>	<u>291,816,011</u>	<u>392,420,906</u>
Total fund balances	<u>\$ 702,879,270</u>	<u>\$ 799,116,502</u>	<u>\$ 839,351,133</u>	<u>\$ 386,358,491</u>	<u>\$ 498,973,706</u>

Continued next page

Source: District annual financial reports for the respective years

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

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

	2014	2013	2012	2011	2010
General Fund					
Nonspendable:					
Inventory	\$ 73,575	\$ 866,501	\$ 847,557	\$ 759,089	\$ 712,880
Prepaid expenses	-	-	-	-	-
Restricted for:					
Emergency reserve	-	-	-	-	-
Preschool	-	-	-	-	2,451,582
Committed to:					
Pupil Activities	-	-	-	-	-
Emergency reserve	21,562,473	20,575,246	18,038,993	1,930,151	1,930,151
Assigned to:					
Special projects	12,483,461	10,737,052	11,752,585	11,276,833	-
Subsequent year expenditures	9,736,417	25,054,712	-	-	5,993,049
Unassigned	54,441,927	52,305,933	71,030,433	102,547,665	52,164,268
Total General Fund	<u>98,297,853</u>	<u>109,539,444</u>	<u>101,669,568</u>	<u>116,513,738</u>	<u>63,251,930</u>
All other governmental funds					
Nonspendable:					
Permanent fund	127,586	123,986	122,225	121,222	121,358
Inventory	16	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Debt service	109,621,401	109,580,300	72,084,732	66,657,069	66,032,136
Capital projects	428,287,451	600,539,662	92,538,729	187,110,425	223,844,534
Performance-based teacher compensation	44,698,850	52,566,684	-	-	-
Higher education	11,180,577	9,809,638	-	-	-
Non-governmental grantor-designated purposes	9,584,310	9,136,215	-	-	-
State programs	-	1,664,931	-	-	-
Federal programs	-	5,714	-	-	-
Special revenue fund	-	-	77,786,870	82,091,071	85,517,878
Committed to:					
Capital projects	7,438,353	16,273,544	20,816,392	13,429,620	12,977,929
Pupil activities	-	-	-	-	-
Assigned to:					
Encumbrances	-	-	-	-	75,828,070
Debt service	-	-	-	-	-
Food service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>610,938,544</u>	<u>799,700,674</u>	<u>263,348,948</u>	<u>349,409,407</u>	<u>464,321,905</u>
Total fund balances	<u>\$ 709,236,397</u>	<u>\$ 909,240,118</u>	<u>\$ 365,018,516</u>	<u>\$ 465,923,145</u>	<u>\$ 527,573,835</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)

	2019	2018	2017	2016	2015
Revenues:					
Taxes	\$ 858,529,862	\$ 848,458,684	\$ 717,451,368	\$ 662,087,462	\$ 549,453,629
Intergovernmental:					
State sources	357,074,878	304,016,976	354,546,283	352,543,848	386,841,732
Federal sources	111,381,652	114,906,618	118,038,010	128,143,943	135,266,941
Charges for services	84,497,944	78,175,058	70,136,444	63,538,071	58,485,884
Investment income	18,101,994	8,440,469	5,697,617	1,703,554	2,191,056
Other local sources	53,325,393	55,720,801	72,195,800	45,033,043	46,432,436
Total revenue	<u>1,482,911,723</u>	<u>1,409,718,606</u>	<u>1,338,065,522</u>	<u>1,253,049,921</u>	<u>1,178,671,678</u>
Expenditures:					
Current:					
Instructional services	625,813,397	563,170,061	533,413,133	580,342,703	545,258,244
Supporting services:					
Pupil support	73,950,774	66,443,705	58,337,272	45,246,471	36,294,290
Instructional support	128,828,831	125,760,427	114,572,496	111,594,016	113,735,903
General administration	6,330,914	7,526,400	6,964,963	6,096,731	5,299,657
School administration	81,262,191	78,617,586	77,079,051	69,544,540	65,203,286
Business services	15,679,087	14,996,029	12,817,546	8,581,051	6,700,984
Operations and maintenance	104,354,778	95,181,985	91,074,789	79,314,548	74,977,466
Pupil transportation	30,768,374	26,546,492	25,164,705	26,012,440	22,571,539
Central services	72,593,522	96,964,007	104,428,614	67,066,399	72,231,405
Other support services	53,658,626	46,450,521	49,799,171	48,582,600	47,742,261
Total support services	<u>567,427,097</u>	<u>558,487,152</u>	<u>540,238,607</u>	<u>462,038,796</u>	<u>444,756,791</u>
Community services	16,522,561	17,638,447	16,515,410	14,366,660	12,899,168
Education for adults	22,693,569	22,244,905	20,508,759	17,828,984	17,810,826
Capital outlay	166,970,851	200,399,726	161,734,202	132,056,762	207,594,348
Debt service:					
Principal	101,926,321	75,815,765	90,105,000	62,663,175	57,125,000
Interest and fiscal charges	134,464,342	141,457,068	118,391,994	106,825,938	284,599,941
Total debt service	<u>236,390,663</u>	<u>217,272,833</u>	<u>208,496,994</u>	<u>169,489,113</u>	<u>341,724,941</u>
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>1,635,818,138</u>	<u>1,579,213,124</u>	<u>1,480,907,105</u>	<u>1,376,123,018</u>	<u>1,570,044,318</u>
Deficiency of revenues under expenditures	-	(169,494,518)	(142,841,583)	(123,073,097)	(391,372,640)
Other financing sources (uses):					
Transfers in	20,519,669	23,722,566	23,172,970	16,052,982	26,513,288
Transfers out	(20,519,669)	(23,722,566)	(23,256,436)	(16,052,982)	(26,513,288)
Proceeds from capital leases	84,879,033	5,468,230	2,271,141	-	-
Issuance of certificates of participation	-	17,710,000	46,175,000	9,680,591	-
Issuance of bonds	-	105,325,000	466,675,000	-	-
Premium on issuance of debt	-	25,776,657	80,796,550	-	-
Payment to refunded debt	-	-	-	-	-
Proceeds from refunding bonds	-	106,130,000	-	143,280,000	149,170,000
Premium on refunding bonds	-	-	-	26,500,712	24,225,792
Face Amount of COPs	-	-	-	-	-
Debt service principal	-	-	-	-	-
Payment to Bond Escrow Agent	-	(131,150,000)	-	(169,003,421)	-
Total other financing sources	<u>84,879,033</u>	<u>129,259,887</u>	<u>595,834,225</u>	<u>10,457,882</u>	<u>173,395,792</u>
Special Items	-	-	-	-	-
Change in fund balances	<u>\$ 84,879,033</u>	<u>\$ (40,234,631)</u>	<u>\$ 452,992,642</u>	<u>\$ (112,615,215)</u>	<u>\$ (217,976,848)</u>
Debt service as a percentage of noncapital expenditures	16.09%	15.75%	15.89%	13.71%	25.08%

Continued next page

Source: School District annual financial reports for the respective years

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

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

	2014	2013	2012	2011	2010
Revenues:					
Taxes	\$ 549,095,824	\$ 527,488,569	\$ 451,643,564	\$ 463,701,678	\$ 462,643,068
Intergovernmental:					
State sources	321,083,838	292,811,118	270,460,213	236,070,398	265,791,329
Federal sources	91,110,827	94,585,766	114,213,045	136,925,043	100,774,555
Charges for services	46,577,962	41,857,571	23,430,483	27,976,147	32,404,095
Investment income	6,646,572	5,346,754	2,010,633	7,476,771	6,649,012
Other local sources	56,121,534	42,198,314	54,343,359	49,898,805	29,777,554
Total revenue	<u>1,070,636,557</u>	<u>1,004,288,092</u>	<u>916,101,297</u>	<u>922,048,842</u>	<u>898,039,613</u>
Expenditures:					
Current:					
Instructional services	524,717,767	474,740,668	445,586,238	450,508,108	453,686,991
Supporting services:					
Pupil support	30,750,759	29,191,916	28,952,897	25,115,010	27,172,134
Instructional support	89,657,359	80,726,483	78,919,561	67,909,790	65,629,241
General administration	5,855,666	6,621,029	6,888,188	4,632,034	4,533,937
School administration	57,265,795	58,420,495	52,621,612	44,306,838	40,502,543
Business services	8,511,434	7,049,603	5,715,778	5,863,130	5,229,648
Operations and maintenance	77,295,764	75,907,378	78,203,626	74,239,981	63,519,295
Pupil transportation	21,759,520	20,626,032	20,319,139	17,786,788	18,695,511
Central services	76,726,379	64,742,988	57,892,081	48,503,467	44,225,123
Other support services	4,570,465	4,045,531	4,628,895	5,273,195	4,623,514
Total support services	<u>372,393,141</u>	<u>347,331,455</u>	<u>334,141,777</u>	<u>293,630,233</u>	<u>274,130,946</u>
Community services	11,600,514	10,465,425	9,491,061	7,259,244	5,813,625
Education for adults	14,504,741	14,775,707	15,908,260	11,716,004	13,447,021
Capital outlay	209,752,895	88,411,292	78,774,655	127,088,070	102,422,277
Debt service:					
Principal	52,638,533	424,254,920	30,492,391	27,070,024	25,512,731
Interest and fiscal charges	115,257,640	243,687,187	102,268,418	133,286,320	90,790,335
Total debt service	<u>167,896,173</u>	<u>667,942,107</u>	<u>132,760,809</u>	<u>160,356,344</u>	<u>116,303,066</u>
Debt issuance costs	-	7,419,384	760,824	6,791,796	2,370,180
Total expenditures	<u>1,300,865,231</u>	<u>1,611,086,038</u>	<u>1,017,423,624</u>	<u>1,057,349,799</u>	<u>968,174,106</u>
Deficiency of revenues under expenditures	(230,228,674)	(606,797,946)	(101,322,327)	(135,300,957)	(70,134,489)
Other financing sources (uses):					
Transfers in	7,384,908	25,776,235	29,807,290	57,609,285	53,296,908
Transfers out	(7,384,908)	(25,776,235)	(29,807,290)	(57,609,285)	(53,296,908)
Proceeds from capital leases	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Issuance of bonds	25,347,008	1,075,390,000	-	30,805,000	274,022,000
Premium on issuance of debt	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-
Proceeds from refunding bonds	-	67,220,000	129,870,000	85,390,000	68,020,000
Premium on refunding bonds	-	78,030,437	16,171,251	14,842,531	7,034,063
Face Amount of COPs	-	-	-	792,280,000	-
Debt service principal	-	-	-	(750,000,000)	(26,465,000)
Payment to Bond Escrow Agent	-	(66,816,759)	(145,623,553)	(99,667,264)	(47,890,570)
Total other financing sources	<u>25,347,008</u>	<u>1,153,823,678</u>	<u>417,698</u>	<u>73,650,267</u>	<u>274,720,493</u>
Special Items	-	-	-	-	-
Change in fund balances	<u>\$ (204,881,666)</u>	<u>\$ 547,025,732</u>	<u>\$ (100,904,629)</u>	<u>\$ (61,650,690)</u>	<u>\$ 204,586,004</u>
Debt service as a percentage of noncapital expenditures	15.39%	43.87%	14.14%	17.24%	13.43%

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)

	2019	2018	2017	2016	2015
Expenditures:					
Instructional services	\$ 555,976,258	\$ 484,208,616	\$ 437,905,667	\$ 466,866,692	\$ 435,036,390
Supporting services:					
Pupil support	58,488,826	56,583,981	49,753,091	37,126,952	29,300,812
Instructional support	99,065,785	95,764,566	79,952,672	70,635,195	64,420,077
General administration	5,740,240	7,064,098	6,525,345	5,642,389	4,891,160
School administration	78,720,284	75,888,710	73,368,180	68,299,902	63,290,849
Business services	15,033,777	14,339,316	12,152,815	7,571,069	5,970,739
Operations and maintenance	86,106,056	79,691,394	77,568,148	71,563,249	57,100,385
Pupil transportation	30,726,808	26,546,492	25,102,779	25,724,818	21,942,671
Central services	61,936,798	86,356,839	89,188,409	53,956,802	54,801,151
Other support services	24,650	97,898	1,131,085	1,036,037	914,267
Total support services	<u>435,843,224</u>	<u>442,333,294</u>	<u>414,742,524</u>	<u>341,556,413</u>	<u>302,632,111</u>
Community services	14,539,363	15,120,743	13,587,690	11,021,566	8,555,867
Education for adults	124,599	952,581	1,750,462	2,256,856	629,177
Capital outlay	1,642,364	6,387,652	2,092,671	1,467,271	1,270,899
Debt service:					
Principal payments	24,138,012	21,891,858	18,945,000	14,730,000	13,360,000
Interest and fiscal charges	45,508,555	46,097,937	46,170,414	46,114,624	45,878,257
Issuance costs of debt	-	-	-	-	-
Total expenditures	<u>1,077,772,375</u>	<u>1,016,992,681</u>	<u>935,194,428</u>	<u>884,013,422</u>	<u>807,362,701</u>
Other financing uses:					
Transfers out	20,440,202	23,176,635	9,775,503	9,926,794	19,727,702
Debt service principal	-	-	-	-	-
Total other financing uses	<u>20,440,202</u>	<u>23,176,635</u>	<u>9,775,503</u>	<u>9,926,794</u>	<u>19,727,702</u>
Total expenditures and other financing uses	<u>\$ 1,098,212,577</u>	<u>\$ 1,040,169,316</u>	<u>\$ 944,969,931</u>	<u>\$ 893,940,216</u>	<u>\$ 827,090,403</u>

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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)

	2014	2013	2012	2011	2010
Expenditures:					
Instructional services	\$ 418,723,429	\$ 364,156,448	\$ 326,490,335	\$ 333,728,437	\$ 334,898,507
Supporting services:					
Pupil support	25,685,836	23,591,382	23,623,681	21,399,605	23,068,864
Instructional support	50,236,006	42,541,541	37,443,813	27,893,132	29,519,723
General administration	5,465,573	6,068,298	6,270,835	4,444,726	4,257,703
School administration	54,895,533	55,494,061	50,610,332	39,082,284	35,329,814
Business services	7,718,542	6,560,065	5,249,788	4,933,010	4,021,517
Operations and maintenance	56,461,321	51,263,651	50,770,339	44,906,919	45,369,628
Pupil transportation	20,913,687	19,627,160	19,006,911	16,751,083	17,802,979
Central services	54,075,641	45,444,542	37,757,510	34,067,358	36,593,294
Other support services	705,984	719,810	757,315	697,865	681,194
Total support services	<u>276,158,123</u>	<u>251,310,510</u>	<u>231,490,524</u>	<u>194,175,982</u>	<u>196,644,716</u>
Community services	7,790,165	6,651,925	5,641,526	4,250,529	312,027
Education for adults	1,173,530	823,417	622,852	1,556,938	-
Capital outlay	528,674	195,172	1,847,261	1,036,732	172,107
Debt service:					
Principal payments	9,305,000	401,540,000	3,985,000	2,635,000	2,635,000
Interest and fiscal charges	48,629,712	188,137,089	52,412,285	82,181,236	82,181,236
Issuance costs of debt	-	3,633,148	-	6,023,749	-
Total expenditures	<u>762,308,633</u>	<u>1,216,447,709</u>	<u>622,489,783</u>	<u>625,588,603</u>	<u>616,843,593</u>
Other financing uses:					
Transfers out	7,067,866	22,505,189	28,240,127	57,399,265	52,727,380
Debt service principal	-	-	-	750,000,000	-
Total other financing uses	<u>7,067,866</u>	<u>22,505,189</u>	<u>28,240,127</u>	<u>807,399,265</u>	<u>52,727,380</u>
Total expenditures and other financing uses	<u>\$ 769,376,499</u>	<u>\$ 1,238,952,898</u>	<u>\$ 650,729,910</u>	<u>\$ 1,432,987,868</u>	<u>\$ 669,570,973</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)

	2019	2018	2017	2016	2015
Revenues:					
Property taxes	\$ 664,565,675	\$ 657,100,914	\$ 559,685,741	\$ 495,515,584	\$ 408,845,811
Intergovernmental:					
State sources	339,992,597	281,166,970	334,508,875	330,071,454	367,131,089
Federal sources	1,154,792	1,047,048	1,051,459	1,021,504	1,017,755
Charges for services	67,507,804	62,970,356	40,640,410	36,843,509	33,656,565
Investment income	2,442,363	1,967,899	1,243,941	876,883	725,088
Other local sources	21,571,968	25,694,780	20,344,239	8,669,688	8,708,951
Total revenue	<u>1,097,235,199</u>	<u>1,029,947,967</u>	<u>957,474,665</u>	<u>872,998,622</u>	<u>820,085,259</u>
Other financing sources:					
Transfers in	(79,467)	1,876,568	12,969,063	8,931,274	6,785,586
Face amounts of refunding COPs	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Capital lease proceeds	395,098	5,205,770	2,133,598	-	-
Total other financing sources	<u>315,631</u>	<u>7,082,338</u>	<u>15,102,661</u>	<u>8,931,274</u>	<u>6,785,586</u>
Total revenue and other financing sources	<u>\$ 1,097,550,830</u>	<u>\$ 1,037,030,305</u>	<u>\$ 972,577,326</u>	<u>\$ 881,929,896</u>	<u>\$ 826,870,845</u>

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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)

	2014	2013	2012	2011	2010
Revenues:					
Property taxes	\$ 409,088,016	\$ 390,026,018	\$ 343,058,887	\$ 389,289,312	\$ 391,889,529
Intergovernmental:					
State sources	307,706,457	279,032,257	256,289,344	222,522,302	255,305,800
Federal sources	922,508	7,573,147	7,863,578	28,261,677	3,274,570
Charges for services	28,913,976	23,888,965	6,127,453	13,427,191	9,797,158
Investment income	659,844	695,884	708,770	772,199	727,864
Other local sources	5,899,120	7,923,953	20,270,542	15,165,361	6,356,725
Total revenue	<u>753,189,921</u>	<u>709,140,224</u>	<u>634,318,574</u>	<u>669,438,042</u>	<u>667,351,646</u>
Other financing sources:					
Transfers in	67,042	3,631,681	1,567,163	13,043,507	96,805
Face amounts of refunding COPs	-	-	-	792,280,000	-
Bond proceeds	-	536,855,000	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources	<u>67,042</u>	<u>540,486,681</u>	<u>1,567,163</u>	<u>805,323,507</u>	<u>96,805</u>
Total revenue and other financing sources	<u>\$ 753,256,963</u>	<u>\$ 1,249,626,905</u>	<u>\$ 635,885,737</u>	<u>\$ 1,474,761,549</u>	<u>\$ 667,448,451</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

	2018	2017	2016	2015	2014
Vacant property	\$ 231,259	\$ 259,521	\$ 186,774	\$ 219,528	\$ 181,758
Residential property	7,428,065	7,211,589	6,059,029	5,919,659	4,567,603
Commercial property	8,224,419	8,084,596	6,521,348	6,445,053	4,909,533
Industrial property	175,198	179,325	143,930	150,606	122,425
Agricultural property	356	92	138	79	69
Oil and Gas property	-	-	-	-	-
Personal property	918,036	887,721	827,331	825,798	765,486
State assessed property	947,791	925,503	920,535	824,187	838,378
Total taxable assessed value	17,925,124	17,548,347	14,659,085	14,384,910	11,385,252
Total direct tax rate	77.365	77.134	81.547	78.127	83.054
Estimated actual taxable value	\$ 139,408,175	\$ 134,744,419	\$ 105,772,919	\$ 100,203,607	\$ 80,891,083
Assessed value as a percentage of estimated actual value	12.9%	13.0%	13.9%	14.4%	14.1%

Continued next page

Source: December 31, 2018 - City and County of Denver CAFR
 (The most current information available)

Taxable assessed values are reported net of tax-exempt property

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

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

	2013	2012	2011	2010	2009
Vacant property	\$ 212,668	\$ 193,826	\$ 194,051	\$ 218,132	\$ 231,563
Residential property	4,469,706	4,345,018	4,325,747	4,598,108	4,545,672
Commercial property	4,886,510	4,567,479	4,655,265	5,426,538	5,452,125
Industrial property	124,503	120,329	147,433	142,372	144,380
Agricultural property	69	55	120	44	44
Oil and Gas property	-	-	-	63	4,020
Personal property	741,538	722,513	726,354	739,224	813,037
State assessed property	829,207	808,218	888,485	835,603	821,502
Total taxable assessed value	11,264,201	10,757,438	10,937,455	11,960,084	12,012,343
Total direct tax rate	83.090	84.071	71.307	66.591	65.139
Estimated actual taxable value	\$ 79,581,379	\$ 76,697,449	\$ 77,142,543	\$ 83,151,295	\$ 82,844,303
Assessed value as a percentage of estimated actual value	14.2%	14.0%	14.2%	14.4%	14.5%

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

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

Levy Collection Year	Assessed Valuation	Tax Increment Valuation	Net Assessed Value	Percent Change
2019	\$ 16,576,650,104	\$ 247,611,012	\$ 16,824,261,116	1.47%
2018	13,460,852,897	3,115,797,207	16,576,650,104	18.80%
2017	13,221,694,094	239,158,803	13,460,852,897	1.78%
2016	10,517,386,669	2,704,307,425	13,221,694,094	20.45%
2015	10,454,481,228	62,905,441	10,517,386,669	0.60%
2014	10,007,267,892	447,213,336	10,454,481,228	4.28%
2013*	10,200,816,964	(193,549,072)	10,007,267,892	-1.93%
2012	11,165,147,081	(964,330,117)	10,200,816,964	-9.45%
2011	11,270,854,510	(105,707,429)	11,165,147,081	-0.95%
2010	10,186,126,917	1,084,727,593	11,270,854,510	9.62%

Levy Collection Year	General Fund Mills	Debt Service Mills	Mill Levy Override	Abatement Mills	Total Mill Levy
2019	25.541	9.568	12.829	0.306	48.244
2018	25.541	9.650	12.547	0.506	48.244
2017	25.541	9.383	14.948	0.524	50.396
2016	25.541	10.250	10.976	0.630	47.397
2015	25.541	10.519	12.466	0.773	49.299
2014	25.541	10.446	12.431	0.881	49.299
2013*	25.541	10.913	12.714	1.320	50.488
2012	25.541	7.958	7.584	1.182	42.265
2011	25.541	6.800	6.884	0.747	39.972
2010	25.541	6.350	6.847	0.524	39.262

For Fiscal Year Ended June 30, 2019

Taxing Entity	Mill Levy
City and County of Denver	28.301
Urban Drainage and Flood Control	0.820
Overlapping Mill Levy	29.121
School District #1	48.244
Total Mill Levy	77.365

Source: Certification of Levy for Current Year

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

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

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

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

<u>Tax Year</u>	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Total</u>	<u>Denver County</u>	<u>Police and Firemen Pension</u>	<u>Improvement and Services Districts</u>	<u>Total</u>
2018	38.676	9.568	48.244	18.355	2.594	8.172	77.365
2017	38.594	9.650	48.244	18.377	2.598	7.915	77.134
2016	41.013	9.383	50.396	19.709	2.949	8.493	81.547
2015	37.147	10.250	47.397	19.764	2.960	8.006	78.127
2014	38.780	10.519	49.299	21.589	3.438	8.728	83.054
2013	38.853	10.446	49.299	21.618	3.447	8.726	83.090
2012	39.575	10.913	50.488	21.312	3.480	8.791	84.071
2011	34.307	7.958	42.265	17.385	3.331	8.326	71.307
2010	33.172	6.800	39.972	16.035	2.889	7.695	66.591
2009	32.912	6.350	39.262	13.447	2.760	9.670	65.139

Source: December 31, 2018 - 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 TAXPAYERS
 CURRENT COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR (Unaudited)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value
Public Service Co.	\$ 317,104	1	1.77%	\$ 164,173	2	1.37%
Brookfield Properties	244,362	2	1.36%	100,794	5	0.84%
Invesco Realty Advisers Inc.	171,639	3	0.74%			
Beacon Capital Partners	132,488	4	0.73%			
Franklin Streen Properties	130,327	5	0.67%			
CenturyLink, Inc.	120,087	6	0.63%			
Taubman Centers Inc.	112,529	7	0.60%			
Kroenke Sports Enterprises	107,660	8	0.59%			
Columbia-Healthone, LLC	105,401	9	0.59%			
Ivanhoe Cambridge Inc.	104,048	10	0.58%			
LBA Realty Fund II Co. IV				103,374	4	0.86%
UBS Realty Investors				94,428	7	0.79%
Qwest Corp				205,363	1	1.71%
Callahan Capital Partners				143,326	3	1.19%
United Airlines, Inc.				100,583	6	0.84%
MPG Office Trust, Inc.				91,581	8	0.76%
Frontier Airlines				89,295	9	0.74%
Broadreach Capital Partners				82,149	10	0.68%
Totals	<u>\$ 1,545,645</u>		<u>8.26%</u>	<u>\$ 1,175,066</u>		<u>9.78%</u>

Source: December 31, 2018 - 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>
2010	442,516,290	436,223,046	98.58	2,755,674	438,978,721	99.20
2011	446,293,259	440,916,593	98.80	(4,907,177)	436,009,416	97.70
2012	431,137,524	422,713,147	98.05	(1,432,860)	421,280,287	97.71
2013	505,246,942	502,946,005	99.54	(809,506)	502,136,499	99.38
2014	515,395,470	511,059,056	99.16	460,277	511,519,333	99.25
2015	518,496,645	513,820,030	99.10	(1,163,514)	512,656,516	98.87
2016	626,668,635	621,313,860	99.15	160,185	621,474,045	99.17
2017	678,373,143	674,714,380	99.46	(620,259)	674,094,120	99.37
2018**	799,723,908	793,052,267	99.17	557,110	793,609,377	99.24
2019*	811,669,653	801,384,252	98.73	(3,576,855)	797,807,397	98.29

Source: District financial records for the respective years

* Property taxes are levied on a calendar year basis. Tax collections for 2019 represent collections for January through September 2019.

** Current Tax Collections for 2018 have been updated with the full calendar year figures.

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

LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS (Unaudited)

	2019	2018	2017	2016	2015
Assessed value (prior year)	\$ 17,925,134,030	\$ 17,548,347,337	\$ 14,659,085,700	\$ 14,384,909,283	\$ 11,385,251,250
Actual value (prior year)	139,408,174,638	134,744,419,497	105,772,919,056	100,203,607,405	80,891,082,600
Debt limit is greater of:					
20% of assessed value	3,585,026,806	3,509,669,467	2,931,817,140	2,876,981,857	2,277,050,250
or 6% of actual value*	8,364,490,478	8,084,665,170	6,346,375,143	6,012,216,444	4,853,464,956
Debt limit	8,364,490,478	8,084,665,170	6,346,375,143	6,012,216,444	4,853,464,956
Amount of debt applicable to debt limits	1,708,747,000	1,783,592,000	1,718,072,000	1,321,607,000	1,364,745,175
Less: amount reserved for long-term debt	<u>(167,631,916)</u>	<u>(160,157,619)</u>	<u>(130,144,786)</u>	<u>(140,280,738)</u>	<u>(109,761,547)</u>
Net chargeable to bond limit	<u>1,541,115,084</u>	<u>1,623,434,381</u>	<u>1,587,927,214</u>	<u>1,181,326,262</u>	<u>1,254,983,628</u>
Legal debt margin	<u>\$ 6,823,375,394</u>	<u>\$ 6,461,230,789</u>	<u>\$ 4,758,447,929</u>	<u>\$ 4,830,890,182</u>	<u>\$ 3,598,481,328</u>
Total net debt applicable to the limit as a percentage of debt limit	18.42%	20.08%	25.02%	19.65%	25.86%

Continued next page

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

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (Unaudited)

	2014	2013	2012	2011	2010
Assessed value (prior year)	\$ 11,264,201,810	\$ 10,757,438,400	\$ 10,937,453,830	\$ 11,960,083,760	\$ 12,012,342,720
Actual value (prior year)	79,581,379,500	76,697,448,800	77,142,545,500	83,151,295,000	82,844,303,500
Debt limit is greater of:					
20% of assessed value	2,252,840,362	2,151,487,680	2,187,490,766	2,392,016,752	2,402,468,544
or 6% of actual value*	4,774,882,770	4,601,846,928	4,628,552,730	4,989,077,700	4,970,658,210
 Debt limit	 4,774,882,770	 4,601,846,928	 4,628,552,730	 4,989,077,700	 4,970,658,210
Amount of debt applicable to debt limits	1,408,510,175	1,430,390,175	1,002,395,175	1,032,125,175	1,027,365,175
Less: amount reserved for long-term debt	<u>(105,629,590)</u>	<u>(102,079,673)</u>	<u>(72,084,732)</u>	<u>(66,657,069)</u>	<u>(66,657,070)</u>
Net chargeable to bond limit	<u>1,302,880,585</u>	<u>1,328,310,502</u>	<u>1,002,395,175</u>	<u>978,012,133</u>	<u>974,285,929</u>
 Legal debt margin	 <u>\$ 3,472,002,185</u>	 <u>\$ 3,273,536,426</u>	 <u>\$ 3,698,242,287</u>	 <u>\$ 4,011,065,567</u>	 <u>\$ 3,996,372,281</u>
 Total net debt applicable to the limit as a percentage of debt limit	 27.29%	 28.86%	 21.66%	 19.60%	 19.60%

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

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

Year	District Population*	Assessed Property Valuation*	General Bonded Debt	Certificates of Participation	Capital Leases	Gross Debt Primary Government
2019	716,492	\$ 17,925,134,030	\$ 1,860,560,351	\$ 1,091,324,507	\$ 4,567,393	\$ 2,956,452,251
2018	693,292	17,548,347,337	1,953,095,785	1,034,383,784	5,430,536	2,992,910,105
2017	693,060	14,659,085,700	1,889,552,488	1,077,242,045	1,253,441	2,968,047,974
2016	682,545	14,384,909,283	1,433,272,568	1,044,456,762	-	2,477,729,330
2015	663,862	11,385,251,250	1,482,464,966	1,049,340,225	-	2,531,805,191
2014	649,495	11,264,201,810	1,513,418,866	1,062,149,172	-	2,575,568,038
2013	634,265	10,757,438,400	1,506,436,908	863,946,953	53,534	2,370,437,395
2012	619,968	10,937,453,830	1,018,114,694	720,556,945	298,454	1,738,970,093
2011	600,158	11,960,083,760	1,069,869,202	718,033,565	530,845	1,788,433,612
2010	610,345	12,012,342,720	1,040,942,999	767,096,484	755,869	1,808,795,352

Continued next page

Source: School District Financials

Source: * December 31, 2018 - City and County of Denver CAFR
 (The most current information available)

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

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

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

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

Year	Less Debt Service Funds Available	Net General Bonded Debt	Net General Bonded Debt to Assessed Value	Total Debt Per Capita	Net General Bonded Debt Per Capita	Personal Income (expressed in millions)	Percentage of Personal Income to O/S Debt
2019	\$ 173,213,859	\$ 1,687,346,492	9.41%	\$ 4,126	\$ 2,355	n/a	** n/a
2018	160,157,619	1,792,938,166	10.22%	4,317	2,586	47,289,000	6.33%
2017	130,144,786	1,759,407,702	12.00%	4,283	2,539	46,612,000	6.37%
2016	140,280,738	1,292,991,830	8.99%	3,630	1,894	46,617,000	5.32%
2015	109,761,547	1,372,703,419	12.06%	3,814	2,068	41,743,000	6.07%
2014	109,621,401	1,403,797,465	12.46%	3,965	2,161	36,999,000	6.96%
2013	109,580,300	1,396,856,608	12.99%	3,737	2,202	35,271,000	6.64%
2012	72,084,732	946,029,962	8.65%	2,805	1,526	33,811,000	5.14%
2011	66,657,070	1,003,212,132	8.39%	2,980	1,672	30,515,000	5.86%
2010	66,657,070	974,285,929	8.11%	2,964	1,596	31,512,000	5.74%

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

DIRECT AND OVERLAPPING DEBT
 (Unaudited)

<u>Taxing Body</u>	<u>Total Debt Outstanding</u>	<u>Outstanding As of</u>	<u>Percent Overlapping</u>	<u>Share of Debt</u>
Overlapping Debt				
City and County of Denver	<u>2,785,002,000</u>	12/31/18	100%	<u>2,785,002,000</u>
School District No. 1 Denver	<u>2,956,452,251</u>	06/30/19	100%*	<u>2,956,452,251</u>
	<u>\$ 5,741,454,251</u>			<u>\$ 5,741,454,251</u>

Source: City and County of Denver 2018 CAFR - December 31, 2018

Source: School District Financials - June 30, 2019

*As per City and County of Denver 2018 CAFR, all overlapping debt for Denver Public Schools is considered overlapping at 100%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (Unaudited)

Year Ended June 30,	Population	Total Personal Income	Median Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2019	716,492	N/A*	N/A*	35.4	93,356	3.0%
2018	693,292	\$ 47,289	\$ 69,862	35.1	92,686	3.0%
2017	693,060	\$ 46,612	\$ 67,256	34.9	92,331	3.0%
2016	682,545	\$ 46,617	\$ 68,299	34.7	91,429	3.7%
2015	663,862	\$ 41,743	\$ 62,880	34.5	90,150	4.3%
2014	649,495	\$ 36,999	\$ 56,967	34.3	87,398	7.0%
2013	634,265	\$ 35,721	\$ 56,318	34.2	84,424	8.2%
2012	619,968	\$ 33,811	\$ 54,537	33.9	81,870	9.2%
2011	600,158	\$ 30,515	\$ 50,845	33.8	79,423	10.0%
2010	610,345	\$ 31,512	\$ 51,630	33.8	78,352	9.0%

Source: December 31, 2018 - 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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Public School District #1	12,652	1	2.7%	11,187	1	3.1%
City and County of Denver	11,279	2	2.4%	9,895	2	2.7%
State of Colorado Central Payroll	10,225	3	2.2%	8,522	4	2.4%
Denver Health & Hospital Authority	6,921	4	1.5%	4,808	6	1.3%
United Airlines, Inc.	6,177	5	1.3%	4,903	5	1.4%
CHC Payroll Agent, Inc. (HCA Health One)	4,485	6	1.0%	-	-	-
USDA National Finance Center	4,137	7	0.9%	8,546	3	2.4%
University of Denver	4,120	8	0.9%	-	-	-
University of Colorado Central	3,218	9	0.7%	3,332	9	0.9%
U.S. Postal Service	3,186	10	0.7%	-	-	-
Qwest Corporation	-	-	-	4,177	7	1.1%
Frontier Airlines	-	-	-	3,352	8	0.9%
King Soopers	-	-	-	2,553	10	0.7%
Total	66,400		14.3%	61,275		16.9%

Source: December 31, 2018 - City and County of Denver CAFR
 (The most current information available)
 Based on 2018 and 2009 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)

	2019	2018	2017	2016	2015
Number of schools participating in:					
Lunch - regular schedule	201	201	196	190	178
Breakfast program	201	205	196	187	176
Student lunches served:					
Free	5,188,252	5,543,297	5,790,913	6,039,463	6,321,861
Reduced	755,021	842,383	766,864	710,818	740,182
Fully paid	1,657,770	1,492,549	1,308,708	1,262,199	1,229,486
Total	<u>7,601,043</u>	<u>7,878,229</u>	<u>7,866,485</u>	<u>8,012,480</u>	<u>8,291,529</u>
Adult lunches served	19,463	18,795	21,142	25,558	40,205
Student breakfasts served:					
Free	3,569,110	4,051,403	4,181,279	4,360,853	4,598,757
Reduced	544,058	670,302	613,974	555,004	564,425
Fully paid	1,233,206	1,277,618	1,226,889	1,143,377	1,080,075
Total	<u>5,346,374</u>	<u>5,999,323</u>	<u>6,022,142</u>	<u>6,059,234</u>	<u>6,243,257</u>
Number of serving days:					
Regular schedule	174.5	173	173.5	173.5	172.5
Average daily participation:					
Student lunch	43,559	45,539	45,340	46,181	48,067
Adult lunch	112	109	122	147	233
Student breakfast	30,638	34,678	34,710	34,924	36,193
October 1 pupil count	93,356	93,403	92,754	91,860	90,591
Percentage of students daily eating school lunch	46.66%	48.76%	48.88%	50.27%	53.06%
October 1 count of benefits					
Students on free lunch	51,467	53,167	53,734	55,505	55,755
Students on reduced lunch	8,235	9,053	8,469	7,430	7,382
Percentage of students on:					
Free lunch	55.13%	56.92%	57.93%	60.42%	61.55%
Reduced lunch	8.82%	9.69%	9.13%	8.09%	8.15%
Total	<u>63.95%</u>	<u>66.61%</u>	<u>67.06%</u>	<u>68.51%</u>	<u>69.69%</u>

Continued next page

Source: School District Planning Department

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

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

	2014	2013	2012	2011	2010
Number of schools participating in:					
Lunch - regular schedule	170	167	154	136	135
Breakfast program	164	163	146	121	123
Student lunches served:					
Free	6,545,540	6,157,279	6,247,801	5,873,222	5,652,843
Reduced	560,806	498,219	531,509	584,553	660,953
Fully paid	1,104,247	1,009,743	1,097,105	1,127,243	1,037,510
Total	<u>8,210,593</u>	<u>7,665,241</u>	<u>7,876,415</u>	<u>7,585,018</u>	<u>7,351,306</u>
Adult lunches served	47,833	50,983	52,596	67,645	62,513
Student breakfasts served:					
Free	3,915,825	3,200,617	2,660,621	2,074,211	2,140,213
Reduced	365,988	282,440	228,977	197,429	229,883
Fully paid	826,957	614,875	527,877	390,855	374,485
Total	<u>5,108,770</u>	<u>4,097,932</u>	<u>3,417,475</u>	<u>2,662,495</u>	<u>2,744,581</u>
Number of serving days:					
Regular schedule	172.5	171	171	170	170
Average daily participation:					
Student lunch	47,598	44,826	46,061	44,618	43,243
Adult lunch	277	298	308	398	368
Student breakfast	29,616	23,965	19,985	15,662	16,145
October 1 pupil count	87,398	84,424	81,870	79,423	78,352
Percentage of students daily eating school lunch	54.46%	53.10%	56.26%	56.18%	55.19%
October 1 count of benefits					
Students on free lunch	56,945	55,415	53,994	48,545	46,287
Students on reduced lunch	6,032	5,512	5,369	5,520	6,514
Percentage of students on:					
Free lunch	65.16%	65.64%	65.95%	61.12%	59.08%
Reduced lunch	6.90%	6.53%	6.56%	6.95%	8.31%
Total	<u>72.06%</u>	<u>72.17%</u>	<u>72.51%</u>	<u>68.07%</u>	<u>67.39%</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)

	2019	2018	2017	2016	2015
All Funds					
Instruction	6,575	6,439	6,686	6,948	7,495
Pupil support	1,177	1,173	849	792	533
Instructional support	1,240	1,160	1,355	1,361	1,133
General administration	58	46	39	40	37
School administration	849	865	833	827	756
Business services	128	124	122	118	131
Operation & maintenance	1,115	1,089	1,073	964	917
Pupil transportation	469	502	527	523	544
Central services	561	537	628	619	589
Community services	171	183	315	246	205
Education for adults	343	163	422	240	130
Food services	764	772	790	675	676
	13,450	13,053	13,639	13,353	13,146

	2019	2018	2017
Degree Held			
Bachelor's	3,834	3,761	3,730
Master's	4,271	4,449	4,421
Doctoral / Master's plus	211	217	224
Other	620	630	713

	2014	2013	2012	2011	2010
All Funds					
Instruction	6,911	4,893	5,277	6,694	5,117
Pupil support	448	386	422	498	539
Instructional support	803	812	786	1,089	743
General administration	36	26	28	26	29
School administration	37	699	705	612	576
Business services	108	114	124	97	81
Operation & maintenance	1,011	722	717	720	704
Pupil transportation	579	190	190	194	197
Central services	602	384	362	314	353
Community services	283	121	100	139	147
Education for adults	20	77	141	62	56
Food services	581	156	145	146	75
	11,419	8,580	8,997	10,591	8,617

Source: School District financial reports for the respective years. Full-time equivalent employees are the number of budgeted employees for the respective years.

As of June 30, 2019 the degree held data is for 12,339 actual FTE's (9,877 of whom are full-time and 2,462 of whom are part-time) and reflect degree's disclosed for the respective year.

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

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

Enrollment is as of October 1 in fiscal year.

	2019	2018	2017	2016	2015
Elementary & K-8 Schools:**	111	110	111	121	120
Total Square Feet	8,176,304	8,055,067	7,848,747	6,694,908	6,694,908
Total Capacity (Students)	74,214	73,575	73,200	67,050	67,050
Enrollment	43,994	45,426	46,002	46,388	48,153
Middle Schools:**	14	14	13	29	29
Total Square Feet	1,651,073	1,651,073	1,647,064	1,955,193	1,955,193
Total Capacity (Students)	12,325	12,325	12,425	14,825	14,825
Enrollment	9,271	12,157	10,185	9,921	9,146
High Schools:**	43	43	43	35	27
Total Square Feet	5,683,459	5,683,459	5,660,945	4,843,312	4,824,362
Total Capacity (Students)	44,025	44,025	44,425	39,050	39,050
Enrollment	18,711	14,786	17,082	16,679	16,053
Alternative Schools:***	14	13	14	18	18
Total Square Feet	-	-	-	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	1,791	1,852	1,884	1,727	1,774
Charter Schools:***	58	58	54	60	51
Total Square Feet	-	-	-	-	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	19,589	18,763	17,178	16,714	15,024
	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Elementary & K-8 Schools:**	136	82	82	82	82
Total Square Feet	6,694,908	5,651,281	5,596,588	5,401,362	5,345,466
Total Capacity (Students)	67,050	42,226	42,226	42,226	49,369
Enrollment	46,658	44,391	39,673	40,119	39,541
Middle Schools:**	15	15	14	14	14
Total Square Feet	1,955,193	2,114,045	2,114,543	2,026,369	2,026,374
Total Capacity (Students)	14,825	14,364	14,364	14,364	15,696
Enrollment	9,738	9,551	8,613	8,610	8,853
High Schools:**	38	12	12	12	12
Total Square Feet	4,824,362	3,793,938	3,774,707	3,522,950	3,332,506
Total Capacity (Students)	39,050	21,385	21,385	21,385	22,901
Enrollment	15,822	15,608	13,492	13,636	13,780
Alternative Schools:***	13	4	5	6	6
Total Square Feet	-	263,581	263,581	253,399	46,205
Total Capacity (Students)	-	1,006	1,006	1,006	1,550
Enrollment	1,613	1,597	923	861	1,381
Charter Schools:***	43	18	18	19	16
Total Square Feet	-	11,414	11,414	53,517	-
Total Capacity (Students)	-	-	-	-	-
Enrollment	13,567	11,567	5,391	5,349	5,160

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

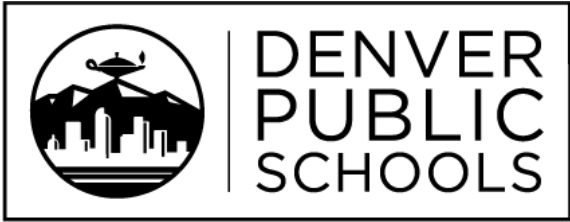
* The District has changed the presentation of this schedule. For the Alternative and Charter Schools located in DPS owned buildings, square footage and capacity are reflected in the K-12 building data and enrollment data is reflected within the Alternative and Charter Schools program categories.

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

*** Program Count



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SINGLE AUDIT REPORT

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

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

We have audited, in accordance with the 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, 2019, 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 22, 2019 which contained an emphasis of matter paragraph regarding a change in reporting entity. Our report includes a reference to other auditors who audited the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust Fund (the ProComp fund), a blended component unit. Our report also includes a reference to other auditors who audited the financial statements of all component units, except for KIPP Colorado Schools and STRIVE Preparatory Schools, that are included as remaining aggregate discretely presented component units. The component units included as remaining aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Rocky Mountain Preparatory, KIPP Colorado Schools and STRIVE Preparatory Schools. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Findings

The District's response to the findings identified in our audit are described in the schedule of findings and questioned costs. 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.

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 22, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited School District No. 1 in the City and County of Denver and State of Colorado's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's basic financial statements include the operations of Denver School of Science and Technology, Inc., a discretely presented component unit, which received \$974,697 in federal awards, which are not included in the District's schedule of federal expenditures of federal awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of Denver School of Science and Technology, Inc., as that audit was performed separately in accordance with Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

BKD, LLP

Denver, Colorado
November 22, 2019

**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, 2019**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Agriculture				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	Colorado Department of Education	4553	10.553	\$ 8,992,929
National School Lunch Program	Colorado Department of Education	4555	10.555	20,722,614
Donated Commodities	Colorado Department of Human Services	None	10.555	2,562,521
Summer Food Service Program for Children	Colorado Department of Education	4559	10.559	685,185
<i>Child Nutrition Cluster Subtotal</i>				<u>32,963,249</u>
Child and Adult Care Food Program	Colorado Department of Education	4558	10.558	31,214
Fresh Fruit and Vegetable Program	Colorado Department of Education	4582	10.582	1,310,269
Total Department of Agriculture				<u>34,304,732</u>
Department of Defense				
JROTC Career Academy			12.000	840,941
Total Department of Defense				<u>840,941</u>
Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Department of Public Safety	2017-DJ-17-03-50-3	16.738	3,205
Total Department of Justice				<u>3,205</u>
Department of Labor				
<i>WIA/WIOA Cluster</i>				
WIA/WIOA Youth Activities	City and County of Denver	OEDEV-201735302-00	17.259	(7,539)
WIA/WIOA Youth Activities	City and County of Denver	OEDEV-201842412-00	17.259	1,318,592
<i>WIA/WIOA Cluster Subtotal</i>				<u>1,311,053</u>
YouthBuild			17.274	301,963
Total Department of Labor				<u>1,613,016</u>

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2019**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	CO Department of Transportation	411013587	20.205	41,566
<i>Highway Planning and Construction Total</i>				<u>41,566</u>
Total Department of Transportation				<u>41,566</u>
National Science Foundation				
<i>Research and Development Cluster</i>				
Education and Human Resources	University of Colorado	1555897	47.076	35,596
<i>Research and Development Total</i>				<u>35,596</u>
Total National Science Foundation				<u>35,596</u>
Environmental Protection Agency				
Environmental Education Grants	Colorado Department of Public Safety	96851901	66.951	6,546
Total Environmental Protection Agency				<u>6,546</u>
Department of Education				
Adult Education - Basic Grants to States	Colorado Department of Education	5002	84.002	353,205
Adult Education - Basic Grants to States	Colorado Department of Education	6002	84.002	100,856
<i>Adult Education-Basic Grants to States Subtotal</i>				<u>454,061</u>
<i>Federal Student Financial Aid Cluster</i>				
Federal Supplemental Educational Opportunity Grants			84.007	90,000
Federal Pell Grant Program			84.063	1,546,278
<i>Federal Student Financial Aid Cluster Subtotal</i>				<u>1,636,278</u>

**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, 2019**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Education (Continued)				
Title I Grants to local Educational Agencies	Colorado Department of Education	4010	84.010A	29,248,332
Title I Grants to local Educational Agencies	Colorado Department of Education	5010	84.010A	1,436,530
Title I Grants to local Educational Agencies	Colorado Department of Education	6010	84.010A	3,966
Title I Grants to local Educational Agencies	Colorado Department of Education	7010	84.010A	421,066
<i>Title I Grants to Local Educational Agencies Subtotal</i>				31,109,894
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	Colorado Department of Education	4027	84.027	17,363,869
Special Education Preschool Grants	Colorado Department of Education	4173	84.173	368,117
<i>Special Education Cluster Subtotal</i>				17,731,986
Career and Technical Education -- Basic Grants to States	Colorado Community College System	1830	84.048	834
Career and Technical Education -- Basic Grants to States	Colorado Community College System	1869	84.048	839,627
Career and Technical Education -- Basic Grants to States	Colorado Community College System	1906	84.048	497,797
<i>Career and Technical Education--Basis Grants to States Subtotal</i>				1,338,258
Indian Education Grants to Local Education Agencies			84.060	170,785
Education for Homeless Children and Youth	Colorado Department of Education	5196	84.196	36,540
Charter Schools	Colorado Department of Education	5282	84.282	609,623
Charter Schools	Colorado Department of Education	5282	84.282A	1,049,400
<i>Charter Schools Subtotal</i>				1,659,023

**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, 2019**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Education (Continued)				
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287	594,265
Twenty-First Century Community Learning Centers	Colorado Department of Education	6287	84.287	531,462
Twenty-First Century Community Learning Centers	Colorado Department of Education	5287	84.287C	367,479
<i>Twenty- First Century Community Learning Centers Subtotal</i>				1,493,206
Gaining Early Awareness and Readiness for Undergraduate Programs			84.334	95,552
Teacher Quality Partnership Grants	University of Colorado at Boulder	FY15.733.001	84.336	387,715
English Language Acquisition State Grants	Colorado Department of Education	4365	84.365A	1,869,225
English Language Acquisition State Grants	Colorado Department of Education	7365	84.365A	93,019
<i>English Language Acquisition State Grants Subtotal</i>				1,962,244
Supporting Effective Instruction State Grants	Colorado Department of Education	4367	84.367A	3,269,698
Teacher and School Leader Incentive Grants			84.374	67,931
School Improvement Grant	Colorado Department of Education	7377	84.377A	1,388,699
Education Innovation and Research			84.411B	18,204
Student Support and Academic Enrichment Program	Colorado Department of Education	4424	84.424	946,018
Total Department of Education				63,766,092

**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, 2019**

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Department of Health and Human Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Denver Health and Hospital Authority	E4573-2A	93.243	12,647
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families (TANF)	Colorado Department of Human Services	18 IHGA 104544	93.558	78,104
Temporary Assistance for Needy Families (TANF)	Colorado Department of Human Services	19 IHGA 112363	93.558	197,991
<i>TANF Cluster Subtotal</i>				<u>276,095</u>
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	Colorado Department of Human Services	19 IHGA 112363	93.566	306,901
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	Colorado Department of Human Services	19 IHGA 104544	93.566	58,297
<i>Refugee and Entrant Assistance State/Replacement Designee Administered Programs Subtotal</i>				<u>365,198</u>
Refugee and Entrant Assistance Discretionary Grants	Colorado Department of Human Services	19 IHGA 129622	93.576	24,531
Head Start	City and County of Denver	MOEAI-201840635-00	93.600	1,947,455
Block Grants for Prevention and Treatment of Substance Abuse	Colorado Department of Human Services	19 IHJA 108972	93.959	89,121
Total Department of Health and Human Services				<u>2,715,047</u>
Total Federal Expenditures				<u>\$ 103,326,741</u>

**School District No. 1 in the
City and County of Denver and State of Colorado
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

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

The District's basic financial statements include the operations of the Denver School of Science and Technology, Inc., a discretely presented component unit, which received \$974,697 in federal awards which are not included in the District's schedule of expenditures of federal awards for the year ended June 30, 2019.

2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors. The District utilizes the indirect cost rate established for it by the Colorado Department of Education, therefore it has not used the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. Certain grant programs have not been assigned Catalog of Federal Domestic Assistance (CFDA) numbers by the federal government, or the numbers are not obtainable. These programs are identified in the Schedule by the federal agency number followed by three zeros (for example, 12.000).
4. During the year ended June 30, 2019, the District did not pass through any federal funds to subrecipients.
5. For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
6. Commodities donated to the District by the U.S Department of Agriculture (USDA) are valued based on the USDA's Donated Commodity Price List. The commodities are recognized as revenue when received. The District takes possession of all inventory, including commodity items when they reach the District's dock or cold storage facility, and title passes at that time. The majority of commodity items are stored in the district warehouse or off-site cold storage facility. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The District recognized noncash awards of \$2,562,521 for the year ended June 30, 2019.

**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, 2019**

7. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified Qualified Adverse Disclaimer

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

Significant deficiency(ies)? Yes None Reported

Material weakness(es)? Yes No

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

Federal Awards

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

Significant deficiency(ies)? Yes None Reported

Material weakness(es)? Yes No

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

Unmodified Qualified Adverse Disclaimer

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

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019**

7. The District's major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

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, 2019**

Section II – Financial Statement Findings

Reference Number	Finding
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2019-001 **Finding: Revenue Recognition**

Criteria or Specific Requirement: Governmental Accounting Standards Board (GASB) Statement No. 33 (GASB 33), Accounting and Financial Reporting for Nonexchange Transactions, required that on the modified accrual basis, revenues should be recognized when all applicable eligibility requirements are met and the resources are available. Eligibility requirements are conditions established by enabling legislation or the provider that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider does not have a liability, the recipient does not have a receivable, and the recognition of expenses or revenues for resources transmitted in advance should be deferred. Eligibility requirements for government-mandated and voluntary nonexchange transactions comprise one or more of the following: a. The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider. b. Time requirements specified by enabling legislation or the provider have been met. c. The provider offers resources on a reimbursement basis and the recipient has incurred allowable costs under the applicable program. d. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Condition: The District has several multi-year agreements with an outside agency, with each agreement having unique terms and conditions. In the prior year the District over-reported revenue in which eligibility requirements had not yet been met.

Effect: The conditions noted above resulted in an adjustment of \$1.1 million, which the District elected not to record.

Cause: The District did not identify eligibility requirements to the agreement added through multiple amendments. As such, the eligibility requirements within the agreement were not laid out in a concise manner and the District erroneously reported revenue in the prior year.

Identification as a repeat finding: Not Applicable

Recommendation: We recommend that the District compile a summary listing of all such agreements and applicable terms. In addition, we recommend the Controller's Office review all agreement at the time of inception for any eligibility requirement which the District may be subject to. Furthermore, a member of the Controller's Office should be present at the discussion of any new agreements.

Views of responsible officials: The District agrees with the finding. See separate report for planned corrective actions.

**School District No. 1 in the
City and County of Denver and State of Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019**

Section III – Federal Awards Findings

Reference Number	Findings
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No Findings Noted.

**School District No. 1 in the
City and County of Denver and State of Colorado
Status of Prior Year Audit Findings
Year Ended June 30, 2019**

Reference Number	Summary of Finding	Status
2018-001	<i>Supplantation, Nonduplication and Nondisplacement</i> - We recommend that the District review and improve its procedures and processes related to grants administration, audits and oversight. In addition, we recommend the district implement increased levels of grant oversight to ensure there is full compliance with all grants.	Implemented.



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

School District No. 1 in the City and County of Denver Summary Schedule of Prior Audit Findings Year Ended June 30, 2019

2018-001

Finding: Supplantation, Nonduplication and Nondisplacement

Status: Implemented

Corrective Action: During FY 2018 the District enrolled existing paraprofessionals, math fellows and teacher residents who engaged in efforts that supported math tutoring and student engagement and attendance in AmeriCorps which violated the grant requirements. As a result the AmeriCorps grant was discontinued. The District took measures to ensure proper review of grant spend along with checks and balances that led to a strong program management of federal programs. The District reviewed its procedures and processes related to grants administration. The District provided additional training to grant managers and impacted staff and included targeted training that implemented increased levels of grant oversight. The District assigned an analyst to each federal grant and that person reports directly to the Department of Financial Services. This ensures the appropriate level of compliance and oversight.

Identification as a repeat finding: Not applicable

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

Implementation Date: December 31, 2018



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School District No. 1 in the City and County of Denver Corrective Action Plan Year Ended June 30, 2019

2019-001

Finding: Revenue Recognition

Corrective Action: During fiscal year 2018 the District entered into an agreement with an outside agency that provides funding of various projects in the Stapleton Urban Redevelopment area. The new agreement between DPS and the outside authority was to construct a fire station in the Stapleton area as well as to purchase land to build a new elementary school. The District has several multi-year agreements with this outside agency and each agreement has unique terms and conditions. After additional review it was deemed that the agreement entered into in fiscal year 2018 was an amendment to an existing agreement and revenue should have been deferred in fiscal year 2018 instead of recognized in the period the District received it. The District has assigned a team within Financial Services to review any new agreements to ensure appropriate level of oversight.

Identification as a repeat finding: Not applicable

Person Responsible for Implementing: Stephen Clawson, Controller, Financial Services

Implementation Date: June 30, 2019



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