

DENVER JUSTICE HIGH SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2019

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Denver Justice High School
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements governmental activities and each major fund of Denver Justice High School (the "School"), a component unit of the Denver Public School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Denver Justice High School as of June 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 37-41 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.

John Cutler & Associates, LLC

October 18, 2019

Management's Discussion and Analysis
Denver Justice High School
June 30, 2019

As management of Denver Justice High School, we offer readers of Denver Justice High School's financial statements this narrative overview and analysis of the financial activities of the Denver Justice High School for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

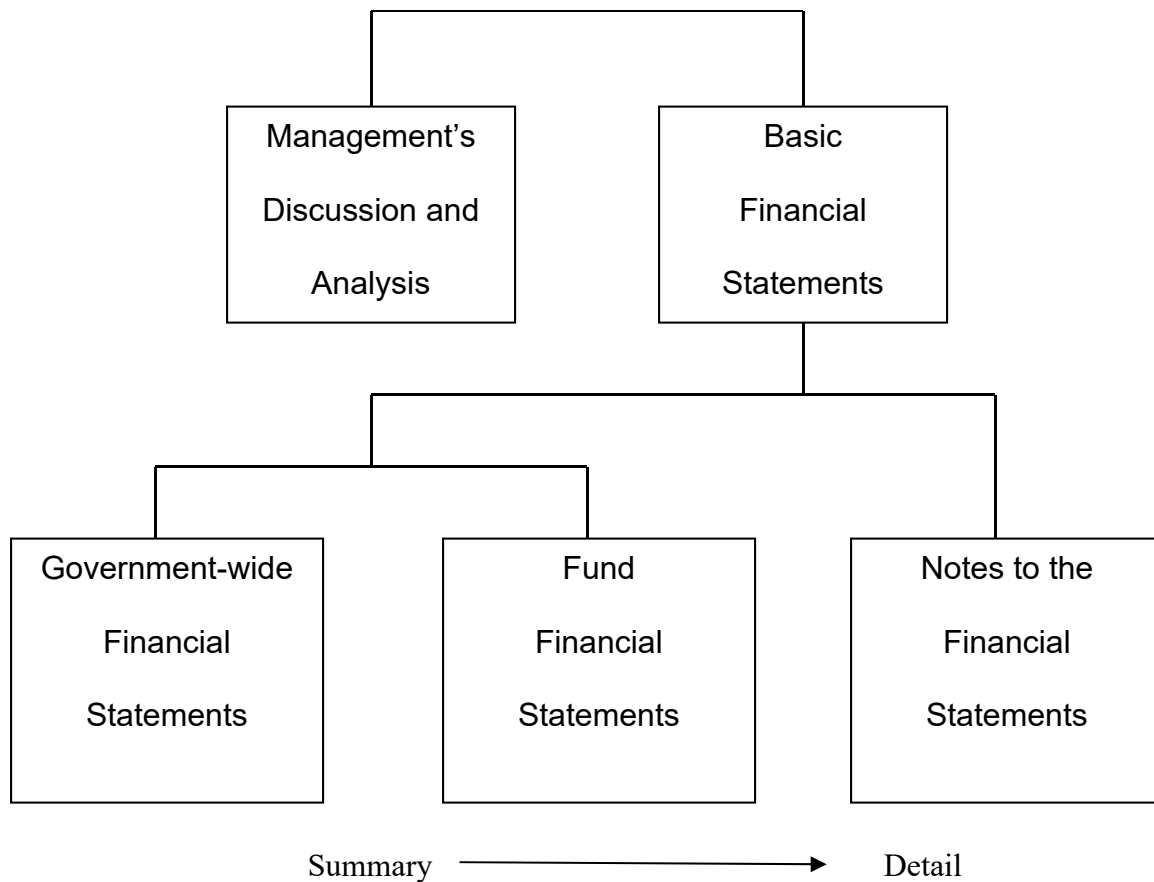
- At June 30, 2019 the school reported a liability of \$754,166. This is the schools share of the net pension liability as deemed by GASB 68.
- The school's total net position increased by \$237,051 leaving a total net position of \$(773,075). This negative fund balance is due to the GASB 68 and is not related to operations of the school.
- As of the close of the current fiscal year, Denver Justice High School's governmental funds reported combined ending fund balances of \$(773,075), a decrease from \$(1,046,427) as stated at year end FY18.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Denver Justice High School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Denver Justice High School.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Pages 3 and 4) are **Fund Financial Statements**.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the budgetary information for the school.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net assets and how they have changed. Net assets are the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide financial statements are on pages 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities on a fund accounting basis. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Denver Justice High School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Management and Discussion Analysis Letter
 Denver Justice High School
 June 30, 2019

Denver Justice High School adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as planned when the budget was adopted.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Net Position of the government type activities is a deficit of \$(773,075) due to the school including the Net Position Liability per GASB No.

Denver Justice High School's Net Position

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash	\$ 81,350	\$ 50,720
Accounts Receivable	\$ 27,032	\$ 37,726
Prepaid Expenses	\$ 7,430	\$ 11,517
Capital Assets, Net of Accumulated Depreciation	\$ 9,331	\$ 11,562
<i>Total Assets:</i>	\$ 125,143	\$ 111,525
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	\$ 205,748	\$ 323,633
Related to OPEB	\$ 4,371	\$ 10,357
<i>Total Deferred Outflows of Resources:</i>	\$ 210,119	\$ 333,990

LIABILITIES

Accounts Payable	\$ 3,050	\$ 6,863
Accrued Salary and Benefits Liability	\$ -	\$ 29,639
Net Pension Liabilities	\$ 703,927	\$ 11,162,235
Net OPEB Liability	\$ 47,189	\$ 63,279
<i>Total Liabilities:</i>	\$ 754,166	\$ 1,216,016

DEFERRED INFLOWS OF RESOURCES

Related to Pensions	\$ 345,723	\$ 273,951
Related to OPEB	\$ 8,448	\$ 1,975
<i>Total Deferred Inflows of Resources:</i>	\$ 354,171	\$ 275,926

NET POSITION

Investment in Capital Assets	\$ 9,331	\$ 11,562
Restricted for Emergencies (Tabor)	\$ 36,500	\$ 33,500
Unrestricted	\$ (818,906)	\$ (1,091,489)
<i>Total Net Position:</i>	\$ (773,075)	\$ (1,046,427)

- The negative fund balance is due to the changes in recording Net Pension Liability according to GASB 68 and is not related to operations at the school.

Denver Justice High School Changes in Net Assets

Denver Justice High School Changes in Net Assets

	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Grants and Donations	\$ 69,809	\$ 118,626
Per Pupil Revenue	\$ 808,467	\$ 740,040
Mill Levy Override	\$ 352,502	\$ 339,614
Other Local Sources	\$ 36,479	\$ 20,611
<i>Total Revenues:</i>	\$ 1,267,257	\$ 1,218,891
<u>Expenses</u>		
Instructional	\$ 567,545	\$ 666,318
Support	\$ 686,712	\$ 640,153
<i>Total Expenses:</i>	\$ 1,254,257	\$ 1,306,471
Change in Fund Balance	\$ 13,000	\$ (87,580)
Fund Balance, Beginning, As Restated	\$ 99,762	\$ 151,041
Fund Balance, Ending	\$ 112,762	\$ 63,461

Governmental activities: Governmental activities increased the School's net assets by \$49,301 for the year ending June 30, 2019.

Financial Analysis of the School's Funds

As noted earlier, **Denver Justice High School** uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Denver Justice High School's general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Denver Justice High School's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$68,832, while total fund balance increased to \$49,301. The School is required by statute to keep an emergency reserve TABOR, which was \$36,500 as of June 30, 2019.

Capital Asset and Debt Administration

Capital assets. Denver Justice High School's investment in capital assets is \$9,331 at June 30, 2019. It consists primarily of Equipment. More details can be found in note 4 of the footnotes to the financial statements.

Long-term Debt. DJHS has no long term-debt.

Economic Factors

The following key economic indicators were considered in the School's budget:

- 94 student funded pupil count for the school year of 2018-2019
- An increase in PPR due to a change in state funding

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Principal, Stephen Parce at Denver Justice High School, 300 E. 9th Avenue, Denver, CO 80203.

BASIC FINANCIAL STATEMENTS

DENVER JUSTICE HIGH SCHOOL

STATEMENT OF NET POSITION

As of June 30, 2019

	Governmental Activities	
	2019	2018
ASSETS		
Cash	\$ 81,350	\$ 50,720
Accounts Receivable	27,032	37,726
Prepaid Expenses	7,430	11,517
Capital Assets, Depreciated, Net of Accumulated Depreciation	9,331	11,562
TOTAL ASSETS	125,143	111,525
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	205,748	323,633
Related to OPEB	4,371	10,357
TOTAL DEFERRED OUTFLOWS OF RESOURCES	210,119	333,990
LIABILITIES		
Accounts Payable	3,050	6,863
Accrued Salaries and Benefits	-	29,639
Noncurrent Liabilities		
Net Pension Liability	703,927	1,116,235
Net OPEB Liability	47,189	63,279
TOTAL LIABILITIES	754,166	1,216,016
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	345,723	273,951
Related to OPEB	8,448	1,975
TOTAL DEFERRED INFLOWS OF RESOURCES	354,171	275,926
NET POSITION		
Investment in Capital Assets	9,331	11,562
Restricted for Emergencies	36,500	33,500
Unrestricted	(818,906)	(1,091,489)
TOTAL NET POSITION	\$ (773,075)	\$ (1,046,427)

The accompanying notes are an integral part of the financial statements.

DENVER JUSTICE HIGH SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Position in Governmental Activities	
		Operating Grants and Contributions	Capital Grants and Contributions	2019	2018
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	\$ 474,217	\$ -	\$ -	\$ (474,217)	\$ (779,684)
Supporting Services	594,957	55,715	14,094	(525,148)	(522,868)
Total Governmental Activities	<u>\$ 1,069,174</u>	<u>\$ 55,715</u>	<u>\$ 14,094</u>	(999,365)	(1,302,552)
GENERAL REVENUES					
Per Pupil Revenue				808,467	740,040
Mill Levy Override				352,502	339,614
Special Funding - PERA				38,968	-
Miscellaneous				36,449	20,605
Interest				30	6
TOTAL GENERAL REVENUES				<u>1,236,416</u>	<u>1,100,265</u>
CHANGE IN NET POSITION				237,051	(202,287)
NET POSITION, Beginning, Restated				<u>(1,010,126)</u>	<u>(844,140)</u>
NET POSITION, Ending				<u>\$ (773,075)</u>	<u>\$ (1,046,427)</u>

The accompanying notes are an integral part of the financial statements.

DENVER JUSTICE HIGH SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	GENERAL FUND	
	2019	2018
ASSETS		
Cash	\$ 81,350	\$ 50,720
Accounts Receivable	27,032	37,726
Prepaid Expenses	7,430	11,517
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 115,812</u>	<u>\$ 99,963</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 3,050	\$ 6,863
Accrued Salaries and Benefits	-	29,639
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>3,050</u>	<u>36,502</u>
FUND BALANCES		
Nonspendable	7,430	11,517
Restricted for Emergencies	36,500	33,500
Unassigned	68,832	18,444
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>112,762</u>	<u>63,461</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,331	11,562
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability of (\$703,927), net OPEB liability of (\$47,189), deferred outflows related to pensions of \$205,748, deferred outflows related to OPEB of \$4,371, deferred inflows related to pensions of (\$345,723), and deferred inflows related to OPEB of (\$8,448).	<u>(895,168)</u>	<u>(1,121,450)</u>
Net position of governmental activities	<u>\$ (773,075)</u>	<u>\$ (1,046,427)</u>

The accompanying notes are an integral part of the financial statements.

DENVER JUSTICE HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	<u>GENERAL FUND</u>	
	<u>2019</u>	<u>2018</u>
REVENUES		
Local Sources	\$ 1,197,448	\$ 1,100,265
State and Federal Sources	<u>69,809</u>	<u>118,626</u>
TOTAL REVENUES	<u>1,267,257</u>	<u>1,218,891</u>
EXPENDITURES		
Current		
Instruction	567,545	666,318
Supporting Services	<u>686,712</u>	<u>640,153</u>
TOTAL EXPENDITURES	<u>1,254,257</u>	<u>1,306,471</u>
CHANGE IN FUND BALANCE	13,000	(87,580)
FUND BALANCE, Beginning, As Restated	<u>99,762</u>	<u>151,041</u>
FUND BALANCE, Ending	<u>\$ 112,762</u>	<u>\$ 63,461</u>

The accompanying notes are an integral part of the financial statements.

DENVER JUSTICE HIGH SCHOOL

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in position - total governmental funds	\$ 13,000
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of depreciation expense.	(2,231)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	<u>226,282</u>
Change in net position of governmental activities	<u><u>\$ 237,051</u></u>

The accompanying notes are an integral part of the financial statements.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Denver Justice High School (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public School District (the “District”) in the State of Colorado. The School began classes in the fall of 2009.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based on the application of these criteria, the School does not include additional organizations within its reporting entity. However, the School is a component unit of the Denver Public School District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to students or others 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. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and the unrestricted resources as they are needed.

The School reports the following major governmental fund:

General Fund— This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time

Assets, Liabilities and Fund Balance/Net Position

Receivables – Receivables are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.

Capital Assets - Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements, 15 years; equipment, 5 years.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- Investment in Capital Assets - This classification is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital assets related debt.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

- Restricted Net Position – This classification represent liquid assets, which have third party limitations on their use. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Unrestricted Net Position - This classification represent assets that do not have any third party limitation on their use. While the school’s management may have categorized and segmented portions for various purposes, the Board has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The School reports Prepaid Expenses as nonspendable at June 30, 2019.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2019.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use the Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Compensated Absences

The School's policy allows employees to accumulate sick and vacation leave. Upon termination of employment, no financial compensation is paid for these unused compensated absences. Therefore, no liability for accumulated sick leave is reported in the financial statements.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The School does not maintain an equity interest in the self-insurance pool. The School funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The School continues to carry commercial insurance for all other risks of loss, including workers compensation. Settled claims resulting from these risks have not exceeded commercial or School coverages in any of the past three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data (Continued)

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

State Compliance

For the year ended June 30, 2019, actual expenditures in the General Fund exceeded budgeted amounts by \$55,689. This may be a violation of state statute.

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Deposits (Continued)

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the School had deposits with financial institutions with a carrying amount of \$81,350. The bank balances with the financial institutions were \$98,525, all of which was covered by federal depository insurance.

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The School had no investments at June 30, 2019.

The School has no policy for managing credit risk.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2019 is summarized below.

	Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Governmental Activities				
Improvements	\$ 4,072	\$ -	\$ -	\$ 4,072
Equipment	<u>21,632</u>	<u>-</u>	<u>-</u>	<u>21,632</u>
Total Capital Assets	<u>25,704</u>	<u>-</u>	<u>-</u>	<u>25,704</u>
Accumulated Depreciation				
Improvements	2,310	271	-	2,581
Equipment	<u>11,832</u>	<u>1,960</u>	<u>-</u>	<u>13,792</u>
Total Accumulated Depreciation	<u>14,142</u>	<u>2,231</u>	<u>-</u>	<u>16,373</u>
Net Capital Assets	<u>\$ 11,562</u>	<u>\$ (2,231)</u>	<u>\$ -</u>	<u>\$ 9,331</u>

Depreciation is charged to the supporting services program of the School.

NOTE 5: DEFINED BENEFIT PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. School 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 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.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Summary of Significant Accounting Policies (Continued)

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

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan (Continued)

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 1 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, School, and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

	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. § 24-51-412	(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. § 24-51-413, 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.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were \$44,484 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.

DENVER JUSTICE HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN(Continued)

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

The School’s proportion of the net pension liability was based on School’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 School reported a liability of \$703,927 for its 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 School as its 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 School were as follows:

School’s proportionate share of the net pension liability	\$ 703,927
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$ 364,701
Total	\$1,067,628

At December 31, 2018, the School’s proportion was 0.06882%, which was a decrease of 0.05569% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized pension income of \$139,199 and revenue of \$38,968 for support from the State as a nonemployer contributing entity. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 43,189	\$ 691
Changes of assumptions or other inputs	\$ 49,821	\$ 15,784
Net difference between projected and actual earnings on pension plan investments	\$ 89,990	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$ 329,248
Contributions subsequent to the measurement date	\$ 22,748	N/A
Total	\$ 205,748	\$ 345,723

\$22,748 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in 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:

Year ended June 30, 2019:	
2020	\$ 64,352
2021	(\$44,341)
2022	(\$72,609)
2023	(\$40,331)
2024	(\$69,794)

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:

DENVER JUSTICE HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN(Continued)

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

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:

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

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

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:

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the 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.

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN(Continued)

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

- 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 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.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the School'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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,044,627	\$ 703,927	\$ 420,382

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.

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. School 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 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.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the School 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.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

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

DENVER JUSTICE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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 School is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from School were \$7,126 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of \$47,189 for its proportionate share of the net OPEB liability. 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 School proportion of the net OPEB liability was based on School 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 School proportion was 0.1044%, which was a decrease of 0.01971% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of \$3,495. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$ 5,476
Changes of assumptions or other inputs	\$ 4	N/A
Net difference between projected and actual earnings on OPEB plan investments	\$ 955	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$2,972
Contributions subsequent to the measurement date	\$ 3,412	N/A
Total	\$ 4,371	\$ 8,448

\$3,412 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

Year ended June 30, 2019:	
2020	(\$ 732)
2021	(\$ 1,469)
2022	(\$ 1,470)
2023	(\$ 420)
2024	(\$ 2,272)
Thereafter	(\$ 1,126)

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:

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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.

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

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

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

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- 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.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

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

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

Sensitivity of the School'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	\$ 47,175	\$ 47,189	\$ 47,204

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 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.

Sensitivity of the School'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:

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 54,025	\$ 47,189	\$ 41,336

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.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Operating Lease

The School entered into a Facilities Use Agreement with Denver Public School District (the "District") for their building. The terms of the agreement will run concurrent with the Charter School Contract.

For the year ended June 30, 2019 the School paid \$29,345 to the District under the terms of the agreement.

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

DENVER JUSTICE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 7: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment.

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2019, the reserve of \$36,500 was recorded as a reservation of fund balance in the General Fund.

NOTE 8: **RESTATEMENT OF NET POSITION**

The beginning net position of the governmental activities was increased by \$36,301 to remove an erroneous liability related to accrued salaries.

NOTE 9: **DEFICIT NET POSITION**

The Net Position of the government type activities is a deficit of \$773,075 due to the School including the Net Pension Liability per GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

DENVER JUSTICE HIGH SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019			VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 916,766	\$ 775,329	\$ 808,467	\$ 33,138	\$ 740,040
Mill Levy Override	353,979	308,091	352,502	44,411	339,614
Other	1,525	7,925	36,479	28,554	20,611
State and Federal Sources					
Grants and Donations	116,017	112,089	69,809	(42,280)	118,626
TOTAL REVENUES	1,388,287	1,203,434	1,267,257	63,823	1,218,891
EXPENDITURES					
Salaries	815,035	680,487	756,747	(76,260)	782,025
Employee Benefits	268,413	184,995	232,947	(47,952)	250,385
Purchased Services	262,866	299,486	232,825	66,661	212,918
Supplies and Materials	25,900	20,600	22,719	(2,119)	42,360
Property	9,000	9,000	7,499	1,501	6,620
Other	7,300	4,000	1,520	2,480	12,163
TOTAL EXPENDITURES	1,388,514	1,198,568	1,254,257	(55,689)	1,306,471
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(227)	4,866	13,000	8,134	(87,580)
CHANGE IN FUND BALANCES	(227)	4,866	13,000	8,134	(87,580)
FUND BALANCE, Beginning	-	-	63,461	63,461	151,041
Restatement of beginning Fund Balance	-	-	36,301	36,301	-
Restated Beginning Fund Balance	-	-	99,762	99,762	151,041
FUND BALANCE, Ending	\$ (227)	\$ 4,866	\$ 112,762	\$ 107,896	\$ 63,461

See the accompanying independent auditors' report.

DENVER JUSTICE HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School's proportionate share of the Net Pension Liability	0.1166%	0.1140%	0.1176%	0.1116%	0.1245%	0.0688%
School's proportionate share of the Net Pension Liability	\$ 606,459	\$ 712,219	\$ 956,594	\$ 1,223,061	\$ 1,116,235	\$ 703,927
State of Colorado Proportionate Share of the Net Pension Liability associated with the School	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,701</u>
Total portion of the Net Pension Liability associated with the School	<u>\$ 606,459</u>	<u>\$ 712,219</u>	<u>\$ 956,594</u>	<u>\$ 1,223,061</u>	<u>\$ 1,116,235</u>	<u>\$ 1,068,628</u>
School's covered payroll	\$ 639,610	\$ 669,759	\$ 726,975	\$ 767,370	\$ 851,534	\$ 758,582
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	94.8%	106.3%	131.6%	159.4%	131.1%	140.9%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	74.1%	79.5%	75.7%

See the accompanying independent auditors' report.

DENVER JUSTICE HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contributions	\$ 31,372	\$ 22,802	\$ 21,946	\$ 37,447	\$ 43,783	\$ 44,484
Contributions in relation to the Statutorily required contributions	<u>31,372</u>	<u>22,802</u>	<u>21,946</u>	<u>37,447</u>	<u>43,783</u>	<u>44,484</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 642,863	\$ 708,691	\$ 730,754	\$ 851,156	\$ 791,987	\$ 698,619
Contributions as a percentage of covered payroll	4.88%	3.22%	3.00%	4.40%	5.53%	6.37%

See the accompanying independent auditors' report.

DENVER JUSTICE HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S OPEB PROPORTIONATE SHARE
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2016</u>	<u>2017</u>	<u>2018</u>
School's proportionate share of the Net OPEB Liability	0.1126%	0.1242%	0.1045%
School's proportionate share of the Net OPEB Liability	\$ 61,353	\$ 63,279	\$ 47,189
School's covered payroll	\$ 767,370	\$ 851,534	\$ 758,582
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	8.00%	7.43%	6.22%
Plan fiduciary net position as a percentage of the total pension liability	25.2%	30.5%	34.7%

See the accompanying independent auditors' report.

DENVER JUSTICE HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S OPEB CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contributions	\$ 8,682	\$ 8,078	\$ 7,126
Contributions in relation to the Statutorily required contributions	<u>8,682</u>	<u>8,078</u>	<u>7,126</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 851,156	\$ 791,987	\$ 698,619
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.