OMAR D. BLAIR CHARTER SCHOOL

A Component Unit of

Denver Public Schools

FINANCIAL STATEMENTS

JUNE 30, 2019

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Independent Auditors' Report

Board of Education
Omar D. Blair Charter School
Denver, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Omar D. Blair Charter School (the School), a component unit of Denver Public Schools, 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.

Auditors' 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 auditors' 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 the major fund of the 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.

Emphasis Of A Matter

Correction of an Error in Previously Issued Financial Statements

As discussed in Note 10, certain accounts related to an error in the School's pension accounting and reporting from a financial statement issued on September 18, 2019 have been corrected. Our opinion is not modified with respect to this matter. As part of our audit of the financial statements, we also audited the adjustments described in Note 10 that were applied to restate those balances. In our opinion, such adjustments were appropriate and have been properly applied.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vi, budgetary comparison information on page 36, schedule of the School's proportionate share of the net pension liability on page 37, schedule of the School's contributions to the pension plan on page 38, schedule of the School's proportionate share of the net OPEB liability on page 39 and the schedule of the School's contributions to the OPEB plan on page 40 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, which 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.

RubinBrown LLP

October 16, 2019

Omar D. Blair
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2019

As management of Omar D. Blair (ODB or the School), we offer readers of Omar D. Blair's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

As of June 30, 2019, net position increased by $1,393,953 to $(998,887). Omar D. Blair's governmental fund reported an ending fund balance of $2,364,017, an increase of $608,361 from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $5,879,243.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the School's assets and liabilities, and deferred inflows and outflows, with the difference being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Denver Public Schools). The governmental activities of ODB include instruction and supporting services.

Fund Financial Statements

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. The School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains one governmental fund and adopts an annually appropriated budget for the fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2019, ODB's net position was $(998,887). This position includes a net pension liability in the amount of $3,213,900, representing the School's proportionate share of the Denver Public Schools Division pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $216,734, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, $129,486 is invested in capital assets and $226,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Omar D. Blair's Net Position

	2018-2019	2017-2018
ASSETS		
Cash and Cash Equivalents	$ 2,730,895	$ 2,245,973
Accounts Receivable	71,627	57,657
Due from Edison	-	-
Capital Assets, Net of Accumulated Depreciation	129,486	141,089
TOTAL ASSETS	2,932,008	2,444,719
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	992,699	950,144
OPEB, Net of Accumulated Amortization	36,430	20,330
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,029,129	970,474
LIABILITIES		
Accounts Payable	19,988	32,225
Accrued Expenses	418,517	515,749
Noncurrent Liabilities		
Net Pension Liability	3,213,900	4,011,526
Net OPEB Liability	216,734	227,412
TOTAL LIABILITIES	3,869,139	4,786,912
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	1,065,462	1,013,704
OPEB, Net of Accumulated Amortization	25,423	7,417
TOTAL DEFERRED INFLOWS OF RESOURCES	1,090,885	1,021,121
NET POSITION		
Investment in Capital Assets	129,486	141,089
Restricted for Emergencies	226,000	237,000
Unrestricted	(1,354,373)	(2,770,929)
TOTAL NET POSITION	$ (998,887)	$ (2,392,840)

Omar D. Blair's Change in Net Position

	2018-2019	2017-2018
REVENUES		
Per Pupil Revenue	$ 5,879,243	$ 6,107,612
Mill Levy Override	1,257,734	1,285,356
Operating Grants and Contributions	689,416	456,379
Capital Grants and Contributions	104,890	101,686
Other	178,230	162,599
TOTAL REVENUE	8,109,513	8,113,632
EXPENSES		
Instruction	3,768,013	4,826,029
Supporting Services	2,947,547	3,841,472
TOTAL EXPENSES	6,715,560	8,667,501
CHANGE IN NET POSITION	1,393,953	(553,869)
NET POSITION, Beginning	(2,392,840)	(1,838,971)
NET POSITION, Ending	$ (998,887)	$ (2,392,840)

Financial Analysis of the Government's Fund

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $2,364,017, an increase of $608,361 from the prior year.

General Fund Budgetary Highlights

ODB recognized $57,409 less revenue than expected and spent $114,471 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Revenues and expenditures were adjusted to align with actual student counts and updated resource assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets for equipment, curriculum, furniture and fixtures, and leasehold improvements. More information regarding capital assets may be found in Note 3 to the financial statements. Depreciation expenses for capital assets are booked under the Facilities program of the School's operations.

The School has no long-term obligations.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Omar D. Blair is student enrollment. Enrollment for the 2018-2019 school year was 692.60 funded students. Enrollment projected for 2019-2020 is 685.00 funded students. This factor was considered when preparing ODB's budget for 2019-2020.

Requests for Information

This financial report is designed to provide a general overview of Omar D. Blair's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School:

Omar D. Blair
4905 Cathay Street
Denver, CO 80249

OMAR D. BLAIR CHARTER SCHOOL

GOVERNMENTAL FUND BALANCE SHEET/ STATEMENT OF NET POSITION
June 30, 2019

Assets And Deferred Outflows Of Resources

	General Fund	Adjustments	Statement Of Net Position
Current Assets			
Cash and cash equivalents	$ 2,730,895	$ —	$ 2,730,895
Accounts receivable	71,627	—	71,627
Total Current Assets	2,802,522	—	2,802,522
Noncurrent Assets			
Capital assets, net	—	129,486	129,486
Total Assets	2,802,522	129,486	2,932,008
Deferred Outflows Of Resources			
Deferred pension outflows	—	992,699	992,699
Deferred OPEB outflows	—	36,430	36,430
Total Deferred Outflows Of Resources	—	1,029,129	1,029,129
Total Assets And Deferred Outflows Of Resources	$ 2,802,522	1,158,615	3,961,137

Liabilities, Deferred Inflows Of Resources And Fund Balance/Net Position

	General Fund	Adjustments	Statement Of Net Position
Liabilities			
Accounts payable	$ 19,988	—	19,988
Accrued expenses	418,517	—	418,517
Net pension liability	—	3,213,900	3,213,900
Net OPEB liability	—	216,734	216,734
Total Liabilities	438,505	3,430,634	3,869,139
Deferred Inflows Of Resources			
Deferred pension inflows	—	1,065,462	1,065,462
Deferred OPEB inflows	—	25,423	25,423
Total Deferred Inflows Of Resources	—	1,090,885	1,090,885
Fund Balance			
Restricted for emergencies	226,000	(226,000)	—
Unassigned	2,138,017	(2,138,017)	—
Total Fund Balance	2,364,017	(2,364,017)	—
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	$ 2,802,522		
Net Position			
Net investment in capital assets		129,486	129,486
Restricted - TABOR amendment		226,000	226,000
Unrestricted		(1,354,373)	(1,354,373)
Total Net Position - As Restated (See Note 10)		$ (998,887)	$ (998,887)

OMAR D. BLAIR CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019

	General Fund	Adjustments	Statement Of Activities
Expenditures/Expenses			
Instructional	$ 4,216,083	$ (448,070)	$ 3,768,013
Facilities	341,659	(36,310)	305,349
Technology	325,675	(34,612)	291,063
Administrative	2,617,735	(278,203)	2,339,532
Depreciation	—	11,603	11,603
Total Expenditures/Expenses	7,501,152	(785,592)	6,715,560
Program Revenues			
Operating grants and contributions	689,417	—	689,417
Capital grants and contributions	104,890	—	104,890
Total Program Revenues	794,307	—	794,307
Net Program Expense	6,706,845	(785,592)	5,921,253
General Revenues			
Per pupil operating	5,879,243	—	5,879,243
Mill levy override	1,257,733	—	1,257,733
Other	178,230	—	178,230
Total General Revenues	7,315,206	—	7,315,206
Excess (Deficiency) Of Revenues Over (Under) Expenditures	608,361	(608,361)	—
Change In Net Position	—	1,393,953	1,393,953
Fund Balance/Net Position - Beginning Of Year	1,755,656	(4,148,496)	(2,392,840)
Fund Balance/Net Position - End Of Year	$ 2,364,017	$ (3,362,904)	$ (998,887)

1. Summary Of Significant Accounting Policies

Reporting Entity

The Omar D. Blair Charter School (the School) is a public school of choice operating in partnership with the Denver Public Schools (DPS) and G&G Consulting Group, LLC. The School offers strong academic programs, centered on a rich and challenging curriculum. A special emphasis is ensuring that all students master the fundamentals of reading and mathematics in the primary grades. The School offers a comprehensive education program designed to work for students of all ethnic, cultural and economic backgrounds. The School serves kindergarten through eighth grade.

The School's Board of Directors is approved by the authorizing body and is authorized to manage the School and the property and affairs of the School.

The School is considered a component unit of DPS and is includable in DPS' basic financial statements. The School is deemed to be fiscally dependent upon DPS because DPS provides the majority of support to the School in the form of per pupil operating revenue.

Component units are legally separate organizations for which an entity is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the School is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the School in that the School approves the budget, levies their taxes or issues their debt.

The School is not financially accountable for any other organization, and no other entities are included in the School's reporting entity.

Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the activities of the School. The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include operating grants and contributions, charges for services and capital contributions and grants that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program are reported separately as general revenues. The School does not allocate indirect expenses.

Major individual governmental funds are reported in 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. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recognized at the time the liability is incurred.

The governmental fund financial statements are reported using the current financial resources measurement focus and accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

For this purpose, the School considers revenues to be available if they are collectible within 60 days of the current fiscal year. Expenditures are recorded the same as under the accrual basis, except for payment of principal and interest, which are recorded when due.

The School presents the following major governmental fund:

> The General Fund is the primary operating fund. It accounts for all general operating financial resources of the School. There are no resources required to be accounted for in another fund.

Governmental accounting standards require the classification of net position into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- *Net Investment In Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

- *Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.

- *Unrestricted* - This is the component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first. The School has not adopted fund balance policies; therefore, the School will follow the guidance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and apply resources in the following order:

- *Nonspendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact

- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation

- *Committed* - includes amounts that can only be used for specific purposes determined by a formal action of the Board of Directors, which is the highest level of decision-making authority for the School. Commitments may be established, modified or rescinded only through approved resolutions.

- *Assigned* - includes amounts intended for a specific purpose, but do not meet the definition of restricted or committed. The School has delegated the authority to the Superintendent, or designee, to assign funds and amounts to be used for specific purposes.

- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

Adjustments

The adjustment columns in the financial statements reconcile the governmental fund to the government-wide presentation. Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balance		$ 2,364,017
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Capital asset cost	$ 685,929	
Less: Accumulated depreciation	(556,443)	129,486
Pension and other postemployment benefits (OPEB) plan accounts, such as deferred outflows/inflows and net pension and OPEB liabilities, are not receivable or payable in the current period and, therefore, not reported in the funds.		
Net pension liability		(3,213,900)
Deferred outflows of resources related to pensions		992,699
Deferred inflows of resources related to pensions		(1,065,462)
Net OPEB liability		(216,734)
Deferred outflows of resources related to OPEB plans		36,430
Deferred inflows of resources related to OPEB plans		(25,423)
Total Net Position		$ (998,887)

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

Change In Fund Balance	$	608,361
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense		(11,603)
Changes in the net pension and OPEB liability and amortization of deferred outflows and inflows related to the pension and OPEB plans do not use current financial resources and, therefore, are not reported as expenses in the governmental funds.		
Pension expense		803,255
OPEB expense		(6,060)
Change In Net Position	$	1,393,953

Cash And Cash Equivalents

The School considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Capital Assets

Capital assets are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. Donated capital assets, if any, are recorded at their acquisition value as of the date received. All assets with a useful life of more than 1 year and a unit cost greater than $5,000 are capitalized.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The School has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The School has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 75.

Pensions

The School participates in the Denver Public Schools Division Trust Fund (the DPS DTF), a single-employer defined benefit pension fund 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 pension, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS DTF 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.

OPEB

The School participates in the Denver Public Schools Health Care Trust Fund (the DPS HCTF), a single-employer defined benefit OPEB fund administered by 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.

Use Of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

2. Cash And Cash Equivalents

Accounts established at financial institutions have insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. 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 statutes. The state regulatory commissioners regulate the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by 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. The market value of the collateral must be equal to at least 102% of the uninsured deposits. The School does not have a formal deposit policy but does follow state statutes.

Under the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement 3,* deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions. Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. As of June 30, 2019, all of the School's deposits were fully insured by FDIC or collateralized through PDPA.

At June 30, 2019, the School had the following balances:

	Book Balance	Bank Balance
Deposits	$ 2,730,895	$ 2,752,878
Total Cash And Cash Equivalents	$ 2,730,895	$ 2,752,878

At June 30, 2019, the School did not have any investments. In addition, the School does not have a formal investment policy.

3. Capital Assets

Changes in the School's capital assets are as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets Being Depreciated				
Computer equipment	$ 147,772	$ —	$ —	$ 147,772
Curriculum	271,892	—	—	271,892
Furniture and fixtures	11,701	—	—	11,701
Leasehold improvements	174,039	—	—	174,039
Other equipment	80,525	—	—	80,525
Total Capital Assets Being Depreciated	685,929	—	—	685,929
Accumulated depreciation	(544,840)	(11,603)	—	(556,443)
Total Capital Assets Being Depreciated, Net	141,089	(11,603)	—	129,486
Total Capital Assets, Net	$ 141,089	$ (11,603)	$ —	$ 129,486

The depreciation of $11,603 is primarily related to facilities expense.

4. Operating Lease

The School's operations are housed in a school facility owned by DPS and leased to the School's charter board under a Facility Use Agreement (the FUA). Under the FUA, DPS charges the School an annually adjusted fee per pupil. The per pupil fee for the year ended June 30, 2019 was $699. The total expense incurred for facility usage for the year ended June 30, 2019 was $391,948.

5. Concentration Of Risk

The School's primary funding comes through DPS as per pupil revenue, which is based on a pupil count. For the fiscal year ending June 30, 2019, this funding accounts for approximately 73% of the School's revenues.

6. Defined Benefit Pension Plan

Summary Of Significant Accounting Policies

Pensions - The School participates in the DPS DTF, a single-employer defined benefit pension fund administered by 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 DTF 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% on July 1, 2019

- Increases employee contribution rates for the DPS Division by a total of two% (to be phased in over a period of three years starting on July 1, 2019)

- As specified in the Colorado Revised Statutes (C.R.S.) § 24-51-413, the State of Colorado (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 DPS DTF, a single-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51, of C.R.S., administrative rules set forth at 8 C.C.R. 1502-1 and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided As Of December 31, 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 DPS benefit structure is the greater of the:

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

- The amount of $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% and then multiplied by years of service credit

- The value of the retiring employee's member contribution account plus a 100% 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% 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% or 100% on eligible amounts, depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 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 C.R.S. Pursuant to SB 18-200, there are no annual increases 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% 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 lessor of an annual increase of 1.5% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's annual increase reserve (AIR) for the DPS Division. The automatic adjustment provision may raise or lower the aforementioned annual increases for a given year by up to one-quarter of 1% based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions As Of June 30, 2019 - Eligible employees, the 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% of their PERA-includable salary period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2019 Through June 30, 2019	January 1, 2018 Through December 31, 2018
Employer contribution rate	**10.15%**	10.15%
Amount of employer contribution apportioned to DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)[1]	**-1.02%**	-1.02%
Pension certificate of participation offset as specified in C.R.S §24-51-12	**-13.48%**	-14.18%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411[1]	**4.50%**	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411[1]	**5.50%**	5.50%
Total Employer Contribution Rate To The DPS DTF[1]	**5.65%**	4.95%

[1]Rates 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 to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund and Judicial 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 DTF 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 DTF. Employer contributions recognized by the DPS DTF from the School were $185,554 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pension

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 School's proportion of the net pension liability was based on the 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 $3,213,900 for its proportionate share of the net pension liability that reflected a reduction of 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 the School were as follows:

The School's proportionate share of the net pension liability	$	3,213,900
The State's proportionate share of the net pension liability as a nonemployer-contributing entity associated with the School		1,665,103
Total	$	4,879,003

At December 31, 2018, the School's proportion was 0.3142%, which was a decrease of 0.1333% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized a pension benefit of $424,782 and revenue of $177,913 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 its pension from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 197,182	$ 3,140
Changes of assumptions or other inputs	227,470	72,064
Net difference between projected and actual earnings on pension plan investments	410,866	—
Changes in proportion and differences between School contributions and proportionate share of contributions	61,948	990,258
School's contributions subsequent to the measurement date	95,233	—
Total	$ 992,699	$ 1,065,462

The amount of $95,233 reported as deferred outflows of resources related to the School's 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:

For The Year Ended June 30,	Amounts Reported As Collective Deferred Outflows And Inflows Of Resources Recognized In Collective Pension Expense (Benefit)
2020	$ (59,881)
2021	66,035
2022	227,316
2023	(65,474)
Total	$ 167,996

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 - 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007, and DPS benefit structure (automatic)	2.00% compounded annually
PERA benefit structure hired after December 31, 2006 (*ad hoc,* substantively automatic)	Financed by AIR

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%
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after December 31, 2006 (*ad hoc,* substantively automatic)	Financed by AIR

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% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% 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 DTF, 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 by the investment consultant 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	10-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%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, 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 the law, the State will provide an annual direct distribution of $225 million, 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. As the *ad hoc* postretirement benefit increases financed by AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the single equivalent interest rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the DPS DTF'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% 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity Of The School's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25% as of the measurement date, as well as if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share Of The Net Pension Liability	$ 4,769,424	$ 3,213,900	$ 1,919,327

Pension Plan Fiduciary Net Position - Detailed information about the DPS DTF's fiduciary net position is available in PERA's comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

7. Defined Benefit OPEB Plan

Summary Of Significant Accounting Policies

OPEB - The School participates in the DPS HCTF, a single-employer defined benefit OPEB fund administered by 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.

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 C.R.S., as amended. Title 24, Article 51, Part 12 of 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 (PERACare), including the administration of the premium subsidies. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The DPS HCTF provides a health care premium subsidy to eligible participating PERA-benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the DPS Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the Heath Care Trust Fund (the 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 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.

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% 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% 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.

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA-reporting agencies of the DPS DTF are required to contribute at a rate of 1.02% 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 the School were $32,014 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 $216,734 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's proportion of the net OPEB liability was based on the School'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 School's proportion was 0.4798%, which was an increase of 0.0336% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of $23,292. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ —	$ 25,155
Changes of assumptions or other inputs	21	—
Net difference between projected and actual earnings on pension plan investments	4,386	—
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,217	268
School's contributions subsequent to the measurement date	16,806	—
Total	$ 36,430	$ 25,423

The amount $16,806 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:

For The Year Ended June 30,	Amounts Reported As Collective Deferred Outflows And Inflows Of Resources Recognized In Collective OPEB Expense (Benefit)
2020	$ 996
2021	996
2022	996
2023	(876)
2024	1,625
Thereafter	2,062
Total	$ 5,799

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25% for 2018, gradually rising to 5.00% in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00%
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 65 or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for the 2018 PERA benefit structure:

Medicare Plan	Costs 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 65 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	Costs 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, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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%
Thereafter	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for the DPS DTF as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS DTF 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% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions for the DPS DTF 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above and further adjustments for credibility.

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

- The 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**	**10-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	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$ 216,672	$ 216,734	$ 216,806

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the DPS HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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%.

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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share Of The Net OPEB Liability	$ 248,133	$ 216,734	$ 189,855

OPEB Plan Fiduciary Net Position - Detailed information about the DPS HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

8. Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees; natural disasters or environmental liabilities due to the nature of its operations. The School maintains commercial insurance for these risks. Amounts settled did not exceed insurance coverage in the last three years.

9. Tax Spending And Debt Limitations

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

The School is a nonprofit entity that operates within the auspices of DPS. DPS calculates and withholds TABOR emergency reserve funds (as described below) from the School.

TABOR requires local governments to establish emergency reserves. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. In compliance with TABOR, 3% of fiscal year 2019 General Fund expenditures, $226,000, have been restricted.

The School's management believes it is assisting DPS in compliance with the provisions of TABOR, as DPS is the governmental unit responsible for compliance. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

10. Restatement

Certain accounts related to an error in the School's pension accounting and reporting from a financial statement issued on September 18, 2019 have been corrected.

Specifically, adjustments to correct the errors resulted in a decrease to the deferred outflows related to pensions and net position totaling $1,020,879. Additionally, in the General Fund, certain revenues and expenses related to the School's recognized share of the State's contribution to the pension plan were recorded incorrectly. The adjustment to correct this error resulted in an increase to revenues and expenses in the General Fund totaling $89,091. This item has no impact on the end-of-year fund balance for the General Fund or net position. The cumulative changes in the government-wide and fund financial statements from both restatements are illustrated in the tables below:

	Statement Of Net Position		
	June 30, 2019 As Previously Stated	**Adjustment**	**June 30, 2019 As Restated**
Deferred pension outflows	$ 2,013,578	$ (1,020,879)	$ 992,699
Net position	21,992	(1,020,879)	(998,887)

	Statement Of Activities		
	For The Year Ended June 30, 2019 As Previously Stated	**Adjustment**	**For The Year Ended June 30, 2019 As Restated**
Expenditures/Expenses			
Instructional	$ 3,133,207	$ 634,806	$ 3,768,013
Facilities	257,855	47,494	305,349
Technology	245,792	45,271	291,063
Administrative	1,957,133	382,399	2,339,532
General Revenues			
Other	89,139	89,091	178,230

	General Fund		
	For The Year Ended June 30, 2019 As Previously Stated	**Adjustment**	**For The Year Ended June 30, 2019 As Restated**
Expenditures - instructional	$ 4,151,516	$ 64,567	$ 4,216,083
General revenues - other	89,139	89,091	178,230

Required Supplementary Information

OMAR D. BLAIR CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Per pupil operating	$ 6,306,373	$ 6,306,373	$ 5,879,243	$ (427,130)
Mill levy override	1,200,107	1,144,572	1,257,733	113,161
Capital funding	99,379	91,352	104,890	13,538
Grant income	481,619	566,825	689,417	122,592
Other	—	57,800	178,230	120,430
Total Revenues	8,087,478	8,166,922	8,109,513	(57,409)
Expenditures				
Instructional	4,413,720	4,226,744	4,216,083	10,661
Facilities	878,568	679,143	341,659	337,484
Technology	217,616	211,989	325,675	(113,686)
Administrative	2,384,877	2,497,747	2,617,735	(119,988)
Total Expenditures	7,894,781	7,615,623	7,501,152	114,471
Net Changes In Fund Balance	$ 192,697	$ 551,299	$ 608,361	$ 57,062

Notes: The basis of budgeting is the same as GAAP.
This schedule is presented on a GAAP basis.

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - DPS DTF
Last Six Calendar Years
For The Years Ended December 31,

	For The Year Ended December 31,					
	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability	**0.3142%**	0.4475%	0.4469%	0.4236%	0.4208%	0.4474%
School's proportionate share of the net pension liability	**$ 3,213,900**	$ 4,011,526	$ 4,895,847	$ 3,446,472	$ 2,628,018	$ 2,326,717
State's proportionate share of the net pension pension liability associated with the School	**1,665,103**	—	—	—	—	—
Total	**$ 4,879,003**	$ 4,011,526	$ 4,895,847	$ 3,446,472	$ 2,628,018	$ 2,326,717
School's covered payroll	**$ 3,360,838**	$ 3,056,959	$ 2,865,520	$ 2,454,897	$ 2,650,961	$ 2,779,634
School's proportionate share of the net pension liability as a percentage of its covered payroll	**95.6%**	131.2%	170.9%	140.4%	99.1%	83.7%
Plan fiduciary net position as a percentage of the total pension liability	**75.69%**	79.51%	74.05%	79.25%	83.94%	86.29%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School is presenting information for those years for which information is available.

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS TO THE PENSION PLAN - DPS DTF
Last Six Fiscal Years
For The Years Ended June 30,

	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 185,554**	$ 145,385	$ 90,578	$ 54,865	$ 49,539	$ 82,901
Contributions in relation to the contractually required contribution	**(185,554)**	(145,385)	(90,578)	(54,865)	(49,539)	(82,901)
Contribution Deficiency	**$ —**	$ —	$ —	$ —	$ —	$ —
School's covered payroll	**$ 3,484,105**	$ 3,237,571	$ 2,876,347	$ 2,866,540	$ 2,564,231	$ 2,761,187
Contributions as a percentage of covered payroll	**5.33%**	4.49%	3.15%	1.91%	1.93%	3.00%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School is presenting information for those years for which information is available.

OMAR D. BLAIR CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - DPS HCTF

Last Two Calendar Years For The Year Ended December 31,

	2018	2017
School's proportion of the net OPEB liability	**0.4798%**	0.4463%
School's proportionate share of the net OPEB liability	**$ 216,734**	$ 227,412
School's covered payroll	**$ 3,360,838**	$ 3,056,959
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	**6.4%**	7.4%
Plan fiduciary net position as a percentage of the total OPEB liability	**34.72%**	30.45%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School is presenting information for those years for which information is available.

OMAR D. BLAIR CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS TO THE OPEB PLAN - DPS HCTF
Last Two Fiscal Years
For The Year Ended June 30,

		2019		2018
Contractually required contribution	$	**32,014**	$	36,436
Contributions in relation to the contractually required contribution		**(32,014)**		(36,436)
Contribution Deficiency	$	—	$	—
School's covered payroll	$	**3,484,105**	$	3,237,571
Contributions as a percentage of covered payroll		**0.92%**		1.13%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School is presenting information for those years for which information is available.

1. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

2. Expenditures/Expenses In Excess Of Appropriation

Colorado's budget law requires that expenditures and transfers for a department or fund cannot exceed the appropriations for that department or fund. Appropriations for a department or fund may be increased, provided unanticipated resources offset them.

The budget is controlled at the category line item level within each division within each fund. However, the legal level of appropriation is at the fund level. If the division expenditures exceed the division budget by more than $500, then the expenditures are deemed to be in excess of the appropriations. In the current year, no fund's expenditures exceeded budget on the fund level.