

Denver School of Science and Technology

Independent Auditor's Report and Financial Statements

June 30, 2021

Denver School of Science and Technology

June 30, 2021

Contents

Independent Auditor's Report.....	1
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Management's Discussion and Analysis	4
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Financial Statements

Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds.....	15
Reconciliation of Balance Sheet.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Notes to Financial Statements	19

Required Supplementary Information

Budgetary Comparison Schedule – General Fund.....	52
Schedule of Proportionate Share of Net Pension Liability	54
Schedule of Contributions – Pension.....	55
Schedule of Proportionate Share of Net OPEB Liability	53
Schedule of Contributions – OPEB	56
Notes to Required Supplementary Information.....	57

Audited Supplementary Information

Combining Statement of Net Position	58
Combining Statement of Activities	59
Combining General Fund Balance Sheet.....	60
Combining Statement of General Fund Balance Sheet Reconciliation	61
Combining Statement of Revenues, Expenditures, and Changes in General Fund Balance.....	62

Denver School of Science and Technology

June 30, 2021

Combining Statement of Revenues, Expenditures, and Changes in General Fund Balance – Reconciliation.....	63
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Other Supplementary Information

Combining DPS Balance Sheet	64
Combining Statement of Revenues, Expenditures, and Changes in DPS Fund Balance	67
Combining APS Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in APS Fund Balance	71
Budgetary Comparison Schedule – Home Office	72
Budgetary Comparison Schedule – Montview Middle School	73
Budgetary Comparison Schedule – Montview High School.....	74
Budgetary Comparison Schedule – Green Valley Ranch Middle School	75
Budgetary Comparison Schedule – Green Valley Ranch High School.....	76
Budgetary Comparison Schedule – Cole Middle School	77
Budgetary Comparison Schedule – Cole High School.....	78
Budgetary Comparison Schedule – College View Middle School.....	79
Budgetary Comparison Schedule – College View High School	80
Budgetary Comparison Schedule – Byers Middle School	81
Budgetary Comparison Schedule – Byers High School	82
Budgetary Comparison Schedule – Conservatory Green Middle School.....	83
Budgetary Comparison Schedule – Conservatory Green High School	84
Budgetary Comparison Schedule – Henry Middle School.....	85
Budgetary Comparison Schedule – Noel Middle School	86
Budgetary Comparison Schedule – Aurora Science and Tech Middle School	87

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor’s Report	88
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Independent Auditor's Report

Board of Directors
Denver School of Science and Technology
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the general fund of Denver School of Science and Technology (DSST Public Schools), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise DSST Public Schools' basic financial statements as listed in the table of contents. We have also audited the financial statements of the governmental activities and the general funds of DSST-Denver (a component unit of School District Number 1 in the City and County of Denver, Colorado (Denver Public Schools or DPS) and DSST-Aurora (a component unit of Joint School District Number 28-J of the Counties of Adams and Arapahoe, Colorado (Aurora Public Schools or APS) as of and for the year ended June 30, 2021, as displayed in DSST Public Schools' audited supplementary information 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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. 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and the general fund of DSST Public Schools, as well as the respective financial position of governmental activities and general funds of DSST-Denver and DSST-Aurora, as of June 30, 2021, 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

The 2020 financial statements, before the governmental activities and discretely presented component unit were restated for the matter discussed in Note 10, were audited by other auditors, and their report thereon, dated September 23, 2020, expressed an unmodified opinion. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DSST Public Schools' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Board of Directors
Denver School of Science and Technology

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 21, 2021, on our consideration of DSST Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DSST Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DSST Public Schools' internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
October 21, 2021

Denver School of Science and Technology

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Our discussion and analysis of the Denver School of Science and Technology, Inc., (DSST or DSST Public Schools) financial performance provides an overview of DSST's financial activities for the twelve months ended June 30, 2021. It should be read in conjunction with the financial statements.

Restatement of the DSST Public Schools Foundation

Upon a review of the financial treatment of the DSST Public Schools Foundation, it was determined that it should be presented as a discretely presented component unit and not a blended component unit as it was reported in the prior year. As such, a prior year restatement was necessary to remove the DSST Public Schools Foundation's net position in the amount of \$10,073,096 from the prior year ending net position. The comparative information presented in the management's discussion and analysis do not reflect that prior year adjustment of fund balance and as such show a discrepancy between beginning net position in 2021 and ending net position in 2020 in the amount of the restatement of \$10,073,096.

Addition of the DSST Building Corporation

DSST purchased a building at 10825 East 47th Avenue in Denver, Colorado in February of 2021 to create a new school campus to house the 6th through 12th grades of DSST: Elevate Middle and High School. In order to acquire the long-term debt necessary to renovate the building into a school, the DSST Building Corporation was created in November of 2020. The DSST Building Corporation is a blended component unit of DSST and is reported in the General Fund in the Fund Financial Statements.

Financial Highlights

As stated in the Government-wide Financial Statements, the assets and deferred outflows or resources of DSST exceeded liabilities and deferred inflows of resources at June 30, 2021 by \$49,307,073. Of this amount, \$32,404,026 is unrestricted. The \$49,307,073 of DSST's total net position represents an increase of \$4,503,306 over the prior year.

DSST's Governmental Fund Financial Statements reported an ending fund balance in fiscal year 2021 of \$57,493,128. The total fund balance in the General Fund increased \$16,782,734 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to DSST's Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains required supplementary information and other supplementary information in addition to the Basic Financial Statements themselves.

Government-wide Financial Statements

All of DSST's services are reported in the Government-wide Financial Statements, including instruction, instructional supporting services, school administration, business services, and operation and maintenance of plant services. Per pupil revenue, mill levy override, federal aid and private contributions finance most of the activities. Additionally, any long term capital assets and debt are reported in these statements.

Denver School of Science and Technology

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Government-wide Financial Statements are designed to provide readers a broad overview of DSST's finances in a manner similar to a private-sector business.

Statement of Net Position presents information on all of DSST's assets, liabilities, and deferred outflows or inflows of resources, with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of DSST is improving or deteriorating.

Statement of Activities presents information showing changes in DSST's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event causing the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, unconditional contributions receivable).

The Government-wide statement of activities distinguish functions of DSST that are principally supported by taxes and revenues from other functions intended to recover all or a significant portion of their costs through user fees and charges. Government-wide Financial Statements can be found on pages 13-14.

Fund Financial Statements

DSST uses fund accounting to record specific sources of funding for particular purposes. A fund is an accounting device used to maintain control over resources that have been segregated for specific activities or objectives. DSST uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds are used to account for essentially the same functions reported as government activities in the Government-wide Financial Statements. All of DSST's activities are included in one governmental fund which focuses on 1) how cash and other financial assets, that can readily be converted to cash, flow in and out and 2) the balances that are available for spending at year-end. Consequently, the Governmental Fund Statements provide a detailed short-term view that helps determine whether more or fewer financial resources can be spent in the near future to finance DSST's programs. Because this information does not encompass the additional long-term focus of the Government-wide Statements, additional information is provided in Figure A-1 to explain the relationship between them.

DSST maintains one governmental fund, the General Fund. As noted earlier, the DSST Public Schools Foundation was reclassified from a blended component unit (special revenue fund) to a discretely presented component unit in the 2020-2021 school year and is not reported on the fund financial statements. General Fund financial information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The basic Governmental Fund Financial Statements can be found on pages 15 through 17 of this report. DSST adopted an annual budget and one amendment for the General Fund and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Denver School of Science and Technology

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Figure A-1. Major Features of DSST's Government-wide and Fund Financial Statements

		Fund Statement
Types of Statements	Government-wide	Governmental Fund
Scope	Entire organization	The activities of DSST that are not proprietary or fiduciary
Required Financial Statements	Statement of Net Position Statement of Activities Reconciliation statements	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used and liabilities that come due during the year, or soon thereafter; no capital assets or long-term liabilities included
Types of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Notes to the Financial Statements

The notes provide additional information essential to a complete understanding of the data provided in the Government-wide and Fund Financial Statements. The notes can be found on pages 19-51 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparisons of the original adopted budget, the final amended budget, and the actual expenditures for the fiscal year. Required supplementary information can be found on pages 52-57 of this report.

The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements. Figure A-1 summarizes the major features of DSST's financial statements, including the portion of the operations covered and the types of information presented.

Government-wide Financial Analysis

As noted earlier, net position can serve as a useful indicator of DSST's financial position. DSST's total net position was \$49,307,073 at June 30, 2021.

\$32,404,026 or 65.7 percent of DSST's net position is unrestricted and are resources available to fund DSST's programs in the following year.

Denver School of Science and Technology

Management's Discussion and Analysis (Unaudited)

June 30, 2021

The remaining balance of net position represents resources subject to external restrictions on how they may be used. A condensed and comparative Statement of Net position is illustrated below.

	2021	2020*	\$ Change	% Change
Assets				
Current assets	\$ 63,429,556	\$ 58,998,830	\$ 4,430,726	7.51%
Capital assets, net	12,683,011	983,822	11,699,189	1189.16%
Total assets	76,112,567	59,982,652	16,129,915	26.89%
Deferred Outflows of Resources	3,944,480	1,735,760	2,208,720	127.25%
Total assets and deferred outflows of resources	<u>\$ 80,057,047</u>	<u>\$ 61,718,412</u>	<u>\$ 18,338,635</u>	<u>29.71%</u>
Liabilities				
Current liabilities	\$ 5,936,428	\$ 4,459,040	\$ 1,477,388	33.13%
Noncurrent liabilities	23,332,792	1,670,065	21,662,727	1297.12%
Total liabilities	29,269,220	6,129,105	23,140,115	377.54%
Deferred Inflows of Resources	1,480,754	1,091,485	389,269	35.66%
Net Position				
Net investment in capital assets	12,683,011	983,822	11,699,189	1189.16%
Restricted	4,220,036	13,941,168	(9,721,132)	-69.73%
Unrestricted	32,404,026	39,572,832	(7,168,806)	-18.12%
Total net position	49,307,073	54,497,822	(5,190,749) *	-9.52%
Total liabilities, deferred inflows of resources and net position	<u>\$ 80,057,047</u>	<u>\$ 61,718,412</u>	<u>\$ 18,338,635</u>	<u>29.71%</u>

*2020 information has not been restated for the correction to remove the Foundation as a blended component unit and present discretely as described in note 10. The change in net position related to current year operations was \$4,882,347 while the total change in net position, including the restatement was \$(5,190,749).

Governmental Activities

The net position of DSST's Governmental Activities increased by \$4,882,347 to \$49,307,073. This was largely due to contributions of \$5,575,064 received in the 2020-2021 fiscal year for expenses related to the purchase of a school building in the 2021-2022 school year as well as the passing of a new Mill Levy by Denver Public Schools that brought in \$2,318,997 in additional revenue. A comparative statement of activities follows.

Denver School of Science and Technology
Management's Discussion and Analysis (Unaudited)
June 30, 2021

	2021	2020*	\$ Change	% Change
Revenues				
Program revenues:				
Charges for services	\$ 425,582	\$ 2,085,184	\$ (1,659,602)	-79.59%
Operating grants and contributions	16,811,826	10,901,240	5,910,586	54.22%
General revenues:				
Per pupil operating revenues	57,626,346	56,133,023	1,493,323	2.66%
Mill levy override	15,955,421	12,148,077	3,807,344	31.34%
General purpose grants	4,983,118	2,626,640	2,356,478	89.71%
Interest	370,122	1,536,613	(1,166,491)	-75.91%
Other	-	267,070	(267,070)	-100.00%
Total revenues	96,172,415	85,697,847	10,474,568	12.22%
Expenses				
Instructional:				
Regular education	40,362,339	34,515,629	5,846,710	16.94%
Special education	8,545,124	7,361,238	1,183,886	16.08%
Supporting services:				
Pupil supporting services	6,093,423	7,007,284	(913,861)	-13.04%
Instructional support	3,836,565	5,493,428	(1,656,863)	-30.16%
School administration	18,228,936	16,695,793	1,533,143	9.18%
Business services	478,680	303,882	174,798	57.52%
Operations and maintenance	6,039,802	4,840,144	1,199,658	24.79%
Pupil transportation	29,063	822,366	(793,303)	-96.47%
Central services	2,330,573	1,929,763	400,810	20.77%
Property	970,706	-	970,706	100.00%
Other support services	4,374,857	2,939,111	1,435,746	48.85%
Total expenses	91,290,068	81,908,638	9,381,430	11.45%
Increase in Net Position	4,882,347	3,789,209	1,093,138	28.85%
Beginning Net Position, previously reported	54,497,822	50,708,613	3,789,209	7.47%
Restatement for Foundation	(10,073,096)	-	(10,073,096) *	NA
Beginning Net Position, as restated	44,424,726	50,708,613	(6,283,887) *	-12.39%
Ending Net Position	\$ 49,307,073	\$ 54,497,822	\$ (5,190,749) *	-9.52%

*2020 information has not been restated for the correction to remove the Foundation as a blended component unit and present discretely as described in note 10. The change in net position related to current year operations was \$4,882,347 while the total change in net position, including the restatement was \$(5,190,749).

Denver School of Science and Technology

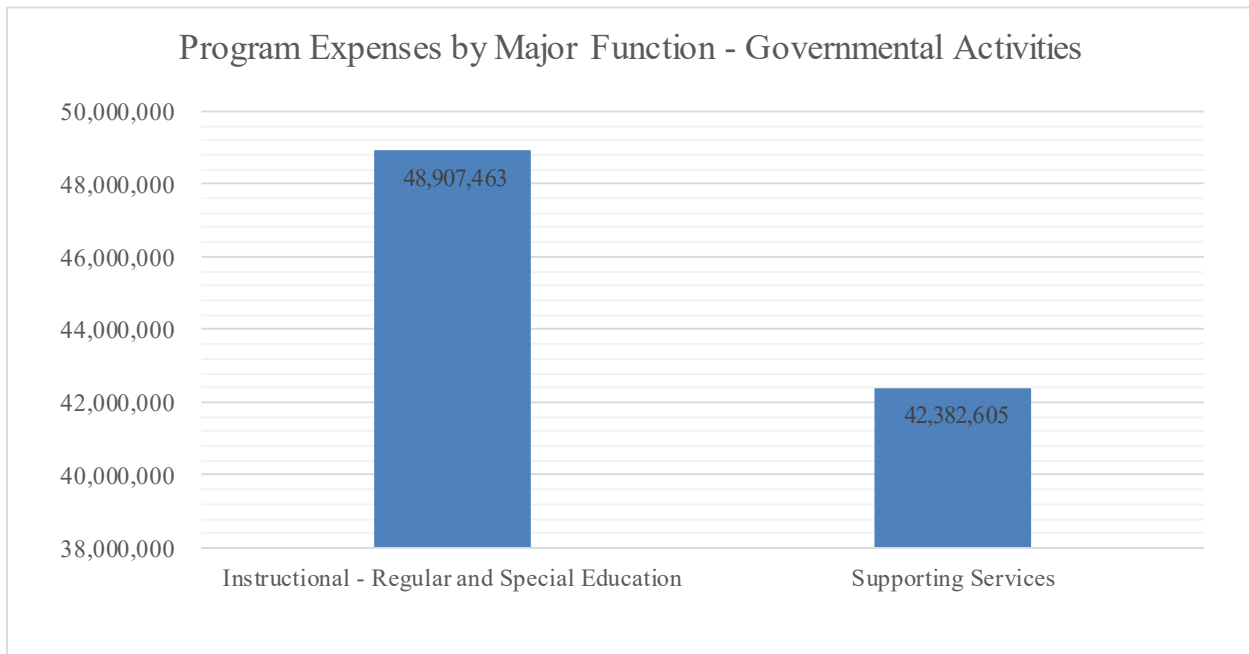
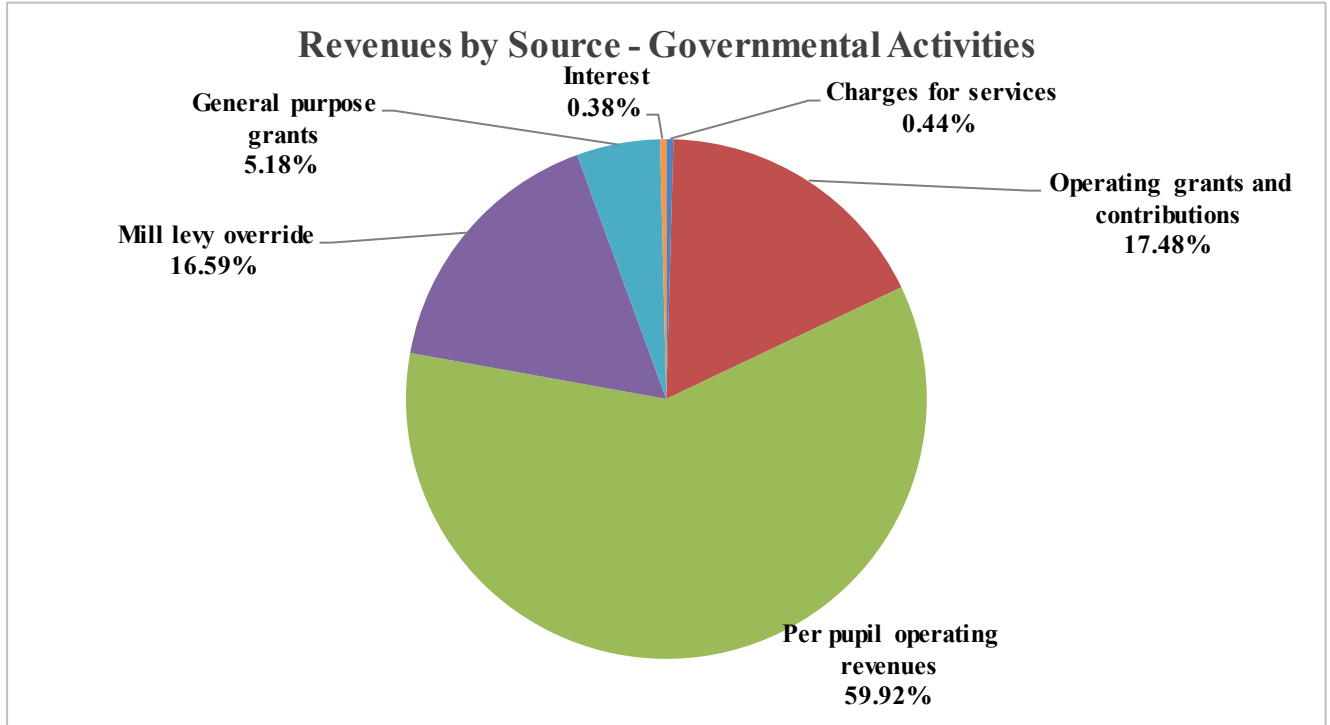
Management's Discussion and Analysis (Unaudited)

June 30, 2021

The total cost of all Governmental Activities for the fiscal year ended June 30, 2021 was \$91,290,068. Funding for these Governmental Activities is by specific program revenue or through general revenues such as per pupil revenues and mill levy overrides. The following is a summary of the governmental activities:

- The total general revenues of all governmental activities was \$78,935,007. The amount paid through Per Pupil Revenue (PPR), which is based on 6,870 students and a rate set by the Colorado State Legislature was \$57,626,346 and represents 73.36 percent of the total of general revenues
- An additional \$15,955,421 or 20.3 percent was received through mill levy overrides which are property taxes approved by the voters in Denver Public Schools and Aurora Public Schools. In November of 2020, Denver Public Schools passed a new mill levy for an approximate \$354 additional dollars per student.
- Revenues from program specific operating grants were \$16,811,826. This includes \$9,434,214 in support from the DSST Public Schools Foundation and \$6,178,336 in Coronavirus Relief Funding and ESSER I revenue.
- Revenues from charges for services were \$425,582 and include voluntarily paid student fees which help pay for school technology, field trips, athletics, and other school specific expenses.
- The cost of all governmental activities was \$91,290,068 which is an increase of \$9,381,430 increase from fiscal year 2020. The increase is due to increases in salaries, stipends, benefit costs, enrollment growth, and increased per pupil expenditures.
- The largest expense is personnel, including teachers, administrators, coaches and substitute teachers totaling \$65,478,697 or 71.73 percent of total expense. Salaries, stipends, and related payroll taxes and benefits are all included in the personnel category.
- Payments to Denver Public Schools and Aurora Public Schools for rent, special education services, administrative services, accounting and general operations total \$11,405,445 or 12.5 percent of total expenses.
- The remaining \$14,405,926 of expenses are for instructional and non-instructional supplies, student activities, printing, copying and miscellaneous expenses.

Denver School of Science and Technology
Management's Discussion and Analysis (Unaudited)
June 30, 2021



Denver School of Science and Technology

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Financial Analysis of DSST's Funds

Governmental Funds

DSST's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. The general governmental operations include a General Fund.

Revenues from the Governmental Funds totaled \$99,762,523 for the fiscal year ended June 30, 2021. State revenues, including Per Pupil Revenue, continued to be the largest source of revenue received by DSST and equaled \$59,117,336.

Expenditures for governmental operations totaled \$102,475,457 during fiscal year 2021, an increase of \$21,141,097, or 26 percent, from fiscal year 2020. \$12,669,895 of this expense was directly related to the purchase and starting of renovations on DSST: Elevate High School, a building purchased in Northeast Denver in February of 2021. Renovations for the 6-12 campus will continue through the 2021-2022 fiscal year and will be complete by August of 2022.

To fund the renovations of DSST: Elevate High School, DSST issued a bond in June of 2021 through the Colorado Education and Cultural Facilities Authority (CECFA) with proceeds totaling \$19,495,668.

The General Fund reported a fund balance of \$57,493,128, an increase of \$16,782,734 from 2020. This large increase was due to the recognition of the proceeds from issuance of debt of \$19,495,668 in June of 2021 and the revenue raised of \$5,575,064 in excess of the amount spent on the building and renovations totaling \$12,669,895. The other large factor was the passing of a new Mill Levy in November of 2020 in Denver Public Schools that brought in \$2,318,997 in excess revenue over budgeted expenses. Out of the total fund balance, \$30,206,986 constitutes unassigned fund balance and \$19,037,255 is reserved for expenses related to the DSST: Elevate High School renovations to be completed in the 2021-2022 fiscal year. Of the remainder of the fund balance, \$3,138,143 is non-spendable, \$3,055,644 is restricted by TABOR, \$1,164,392 is restricted for various uses at the schools and \$890,708 is restricted for debt service.

Capital Assets

DSST has invested \$12,683,011, net of depreciation, in capital assets. This amount represents a net increase (including additions, deductions and depreciation) of \$11,699,189 from the prior year which is almost entirely due to the addition of the DSST: Elevate High School building and the related Construction in Progress to be completed by August of 2022.

Denver School of Science and Technology
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Capital Assets (net of depreciation)				
	Governmental Activities			
	June 30, 2021	June 30, 2020	\$ Change	% Change
Capital assets not being depreciated				
Construction in progress	\$ 1,777,973	\$ -	\$ 1,777,973	100.00%
Capital assets being depreciated				
Building	10,198,971	-	10,198,971	100.00%
Building improvements	193,711	182,909	10,802	5.91%
Vehicles	45,361	80,605	(35,244)	-43.72%
Equipment	466,995	720,308	(253,313)	-35.17%
	<u>\$ 12,683,011</u>	<u>\$ 983,822</u>	<u>\$ 11,699,189</u>	<u>1189.16%</u>

Economic Factors and Next Year's Budget

As part of the budget development process, DSST's management has taken into consideration all the factors that drive charter school's budgets: enrollment, per pupil funding rates, mill levy overrides, personnel costs, facility costs and the local economy.

All of these factors were considered when adopting the 2021-2022 budget. DSST plans on substantial completion of the full renovation of the DSST: Elevate High School building by the end of the 2021-2022 fiscal year which will be approximately \$20,000,000. Other substantial initiatives totaling approximately \$3,500,000 to address learning loss due to the COVID-19 pandemic are budgeted in the 2021-2022 fiscal year and will largely be paid for from one-time federal Elementary and Secondary School Emergency Relief (ESSER) funding.

Denver School of Science and Technology

Statement of Net Position

June 30, 2021

	Governmental Activities	DSST Foundation
Assets		
Cash and cash equivalents	\$ 19,694,150	\$ 3,347,144
Cash held by fiscal agent	20,016,289	-
Investments	-	24,899,337
Restricted permanent endowment	230,432	-
Accounts receivable, net	3,027,429	100,000
Receivable from Foundation	17,323,113	-
Promises to give, net	-	4,196,280
PCOPS credits	2,947,685	-
Prepaid expenses	190,458	-
Capital assets, net of accumulated depreciation	12,683,011	-
Total assets	76,112,567	32,542,761
Deferred Outflows of Resources		
Deferred outflows - pension	3,811,046	-
Deferred outflows - OPEB	133,434	-
Total deferred outflows of resources	3,944,480	-
Current Liabilities		
Accounts payable and accrued expenses	1,923,525	-
Accrued salaries and benefits	4,012,903	-
Payable to schools	-	17,323,113
Long-term Liabilities		
Noncurrent portion of long-term debt	19,495,668	-
Net pension liability	3,703,025	-
Net OPEB liability	134,099	-
Total liabilities	29,269,220	17,323,113
Deferred Inflows of Resources		
Deferred inflows - pension	1,437,571	-
Deferred inflows - OPEB	43,183	-
Total deferred inflows of resources	1,480,754	-
Net Position		
Net investment in capital assets	12,683,011	-
Restricted for		
Emergencies	3,055,645	-
Donations with a specific purpose	1,164,391	7,883,379
Unrestricted	32,404,026	7,336,269
Total net position	\$ 49,307,073	\$ 15,219,648

Denver School of Science and Technology

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position	
					Governmental Activities	DSST Foundation Activities
Primary Government:						
Governmental activities						
Instruction						
Regular education	\$ 40,362,339	\$ 425,582	\$ 15,739,209	\$ -	\$ (24,197,548)	\$ -
Special education	8,545,124	-	-	-	(8,545,124)	-
Total instructional	<u>48,907,463</u>	<u>425,582</u>	<u>15,739,209</u>	<u>-</u>	<u>(32,742,672)</u>	<u>-</u>
Supporting services						
Pupil supporting services	6,093,423	-	20,965	-	(6,072,458)	-
Instructional support	3,836,565	-	458,361	-	(3,378,204)	-
School administration	18,228,936	-	593,291	-	(17,635,645)	-
Business services	478,680	-	-	-	(478,680)	-
Operations and maintenance	6,039,802	-	-	-	(6,039,802)	-
Pupil transportation	29,063	-	-	-	(29,063)	-
Central services	2,330,573	-	-	-	(2,330,573)	-
Property	970,706	-	-	-	(970,706)	-
Other support services	4,374,857	-	-	-	(4,374,857)	-
Total supporting services	<u>42,382,605</u>	<u>-</u>	<u>1,072,617</u>	<u>-</u>	<u>(41,309,988)</u>	<u>-</u>
Total primary government	<u><u>\$ 91,290,068</u></u>	<u><u>\$ 425,582</u></u>	<u><u>\$ 16,811,826</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (74,052,660)</u></u>	<u><u>\$ -</u></u>
Component Unit:						
DSST Foundation	\$ 9,444,229	\$ -	\$ 13,189,155	\$ -		\$ 3,744,926
Total component unit	<u><u>\$ 9,444,229</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,189,155</u></u>	<u><u>\$ -</u></u>		<u><u>\$ 3,744,926</u></u>
General Revenues						
Per pupil revenue					\$ 57,626,346	\$ -
Mill levy override					15,955,421	-
General purpose grants					4,983,118	-
Interest					370,122	1,401,626
Other					-	-
Total general revenues and transfers					<u>78,935,007</u>	<u>1,401,626</u>
Change in net position					4,882,347	5,146,552
Net position, beginning of year, as previously reported					54,497,822	-
Restatement for discrete presentation of DSST Foundation					(10,073,096)	10,073,096
Net position, beginning of year, as restated					<u>44,424,726</u>	<u>10,073,096</u>
Net position, end of year					<u><u>\$ 49,307,073</u></u>	<u><u>\$ 15,219,648</u></u>

Denver School of Science and Technology
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund
Assets	
Cash and equivalents	\$ 19,694,150
Cash held by fiscal agent	20,016,289
Restricted permanent endowment	230,432
Accounts receivable, net	3,027,429
Receivable from Foundation	17,323,113
PCOPS credits	2,947,685
Prepaid expenses	190,458
Total assets	\$ 63,429,556
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 1,923,525
Accrued salaries and benefits	4,012,903
Total liabilities	5,936,428
Fund Balance	
Nonspendable	3,138,143
Restricted	4,220,036
Restricted for debt service	890,708
Restricted for capital projects	19,037,255
Unassigned	30,206,986
Total fund balance	57,493,128
Total liabilities and fund balance	\$ 63,429,556

Denver School of Science and Technology

Reconciliation of Balance Sheet

June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance of the governmental fund	\$ 57,493,128
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. This amount is net of accumulated depreciation of \$3,923,577.	12,683,011
Long-term debt is not due and payable in the current period and, therefore, is not reported in the fund	(19,495,668)
Pension and OPEB related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund	(1,480,754)
Deferred outflows of resources are not financial resources and, therefore, are not reported in the fund	3,944,480
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	(3,703,025)
The net OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	<u>(134,099)</u>
Total net position of governmental activities	<u><u>\$ 49,307,073</u></u>

Denver School of Science and Technology
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2021

	General Fund
Revenues	
Local sources	\$ 31,593,607
State sources	59,117,336
Federal sources	9,051,580
Total revenues	<u>99,762,523</u>
Expenditures	
Current	
Instructional	
Regular education	40,102,157
Special education	8,497,722
Supporting services	
Pupil supporting services	6,047,957
Instructional support	3,818,659
School administration	18,086,323
Business services	478,680
Operations and maintenance	6,039,802
Pupil transportation	29,063
Central services	2,330,573
Property	12,669,895
Other support services	4,374,626
Total expenditures	<u>102,475,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,712,934)</u>
Other financing sources (uses)	
Proceeds from issuance of debt	<u>19,495,668</u>
Net change in fund balance	16,782,734
Fund balance, beginning of year	<u>40,710,394</u>
Fund balance, end of year	<u><u>\$ 57,493,128</u></u>

Denver School of Science and Technology

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2021

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

Net change in fund balance - governmental funds	\$ 16,782,734
Capital outlays to purchase or build capital assets are reported in the governmental fund as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is total capital outlay (\$12,198,891) less depreciation expense (\$499,702) for the year.	11,699,189
Certain deferred inflows of resources represent unavailable revenue under the modified accrual basis of accounting. These revenues are earned under the full accrual basis of accounting in the government-wide statement of activities in the prior year and recognized in the general fund in the current year.	(3,590,108)
The issuance of long-term debt provides current financial resources to the governmental funds. However, issuing debt increases long-term liabilities on the statement of net position, so this transaction has no effect on net position.	(19,495,668)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Pension expense	(501,329)
OPEB expense	(12,471)
Change in net position of governmental activities	<u>\$ 4,882,347</u>

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The accounting policies of Denver School of Science and Technology, Inc. (DSST or DSST Public Schools) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Following is a summary of the more significant accounting policies.

Nature of Operations and Reporting Entity

DSST was formed in 2001, for the purpose of entering into a charter school contract with School District No. 1 in the City and County of Denver (Denver Public Schools). In fiscal year 2019, DSST expanded their charter school network by entering into a charter school contract with Aurora Public Schools. The focus of DSST is science, math and technology. DSST transforms public education by eliminating educational inequity and preparing all students for success in college and the 21st century. DSST is dedicated to providing an outstanding liberal arts education, with a focus on science and technology, to a diverse student population. DSST Public Schools includes eight charter school campuses under one contract with Denver Public Schools (DPS): DSST – Montview, DSST – Green Valley Ranch, DSST – College View, DSST – Cole, DSST – Byers, DSST – Conservatory Green, DSST – Henry, and DSST – Noel. DSST expanded operations into Aurora Public Schools (APS) with one charter school campus: DSST – Aurora Science and Tech.

Based on current GASB pronouncements, DSST Schools are component units of either Denver Public Schools or Aurora Public Schools. As such, the respective collective Schools' financial results are included in both the Denver Public Schools' and Aurora Public Schools' Comprehensive Annual Financial Report with respect to their related charter school campuses. It is the administrative position of the Colorado Department of Education that a charter school has the same relationship to a public school district as does any other school program or school building within a district. A charter school is part of a local school district that is a political subdivision of the State of Colorado. In accordance with Colorado State Statute, Denver Public Schools and Aurora Public Schools have approved the respective charters of DSST for various periods, depending on the Charter Agreement. At the end of the charter period, DSST intends to seek renewal of its charter in accordance with procedures set forth in the state law and school district policy/regulations.

DSST is economically dependent on funding received from Denver Public Schools.

Blended Component Unit

DSST Building Corporation (Building Corp) – In fiscal year 2021, DSST Public Schools created the Building Corp as a legally separate tax-exempt organization to hold a building purchased in February 2021 for use by DSST Public Schools. The Building Corp provides services entirely to DSST Public Schools and is therefore blended into the General Fund. The Building Corp is governed by a Board of Directors, which consists of current members or employees of DSST Public Schools.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Discretely Presented Component Unit

DSST Public Schools Foundation (Foundation) – The Foundation is reported in a separate column as a discretely presented component unit to emphasize that it is legally separate from DSST Public Schools.

The Foundation was formed in 2011 to provide philanthropic support to DSST Public Schools. The Foundation is a legally separate, tax-exempt entity and DSST Public Schools does not appoint the voting majority of the Foundation's board. DSST Public Schools will primarily benefit from the Foundation's activities as the Foundation receives and holds economic resources entirely for the direct benefit of DSST Public Schools. DSST Public Schools is entitled to or has the ability to access a majority of the economic resources received or held by the Foundation, and the economic resources held by the Foundation are significant to DSST Public Schools. Based on these factors and current GASB standards, it has been determined that the Foundation should be discretely presented in the financial statements. Separately issued financial statements are not available for the Foundation.

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 DSST's financial activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. 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 properly not included among program revenues are reported instead as general revenues.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, the operating statement presents increases and decreases in net current assets, and unassigned fund balance is a measure of available spendable resources. This means only current liabilities are generally included on the governmental fund balance sheet.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined; available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end, except grant revenues are recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred and expected to be paid with current available resources.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Major Fund

DSST Public Schools reports one major fund, the general fund, which is the general operating fund of DSST Public Schools. It is used to account for all financial resources except those requirements to be accounted for in other funds.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

Cash and cash equivalents – DSST considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts receivable – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Management has determined all accounts to be fully collectible, thus no allowance was considered necessary.

Investments and investment income – Investments are reported at fair value in accordance with GASB statement No. 72 *Fair Value Measurements and Application*, except for specific investments held in a federal money market fund or local government investment pool, which are reported at net asset value (NAV). See the investments footnote for more information.

Capital assets – Capital assets are reported in the government-wide financial statements. Capital additions over \$5,000 are recorded at cost or, if donated, at acquisition value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are currently expensed.

DSST reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Beneficial interest in assets held by community foundation – At the direction of a donor, DSST established a permanent endowment fund (the Fund) at a community foundation for the purpose of supporting educational technology. DSST granted variance power to the community foundation, which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundation's board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the community foundation for the benefit of DSST Public Schools and is reported at fair value.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Intrafund activity – The effects of intra-entity activity between the home office and individual schools has been eliminated.

Donated services and in-kind contributions – Volunteers contribute significant amounts of time to DSST's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant donated professional services or materials were received during fiscal year 2021.

Income taxes – DSST Public Schools is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been classified as an organization other than a private foundation under Section 509(a)(1). DSST is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, DSST is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. DSST did not have any of this type of activity during the current fiscal year.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been classified as an organization other than a private foundation under Section 509(a)(3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Income from activities not directly related to Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation did not have any of this type of activity during the current fiscal year.

In fiscal year 2021, DSST Public Schools created a third entity, which is blended in the general fund for financial statement purposes – DSST Building Corporation. DSST Building Corporation has applied for exemption under Section 501(c)(3) of the Internal Revenue Code, qualifies for the charitable contribution deduction and is classified as a supporting organization of DSST Public Schools under 509(a)(3). DSST Building Corporation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Income from activities not directly related to DSST Building Corporation's tax-exempt purpose is subject to taxation as unrelated business income. DSST Building Corporation did not have any of this type of activity during the current fiscal year.

Deferred outflows/inflows of resources -- In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. DSST has two items that qualify for reporting in this category. These are shown as pension and OPEB related amounts that include items related to DSST's portion of the Colorado Public Employees Retirement Association (PERA) and Colorado PERA Health Care Trust Fund (HCTF) benefit plans. This includes the difference

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, the change in employer allocation percentage, the difference between the actual contributions and proportionate share of total contributions, as well as the amortization related to the difference, and the related contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position and government fund balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. DSST reports two items on the statement of net position that qualify for reporting in this category – pension and OPEB- related amounts. The pension and OPEB-related amounts include items related to DSST’s portion of the Colorado Public Employees Retirement Association (PERA), and Colorado PERA Health Care Trust Fund (HCTF) benefit plans. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, the difference between the actual contributions and proportionate share of total contributions, as well as the amortization related to the difference, and the related contributions subsequent to the measurement date.

Net position/fund balance – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. When both restricted and unrestricted resources are available for use, it is DSST’s policy to use restricted resources first and the unrestricted resources as they are needed.

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 DSST 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 – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. DSST considers prepaid expenses, including PCOPS credits, as nonspendable, which total \$3,138,143 as of June 30, 2021.

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. Emergency Reserves of \$3,055,645 are restricted because their use is restricted by State Statute for declared emergencies. DSST and the Foundation have donations and promises to give with purpose restrictions of \$1,164,2391 and \$7,883,379, respectively.

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

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

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. DSST did not have any committed resources as of June 30, 2021.

Assigned – This classification includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the Board of Directors, COO, Director of Finance or for specific purposes through the budget process. The assigned designation may be reversed by the Board of Directors. DSST did not have any assigned resources as of June 30, 2021.

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 assigned fund balance amounts.

Risk Management

DSST is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. DSST purchases commercial insurance for these risks of loss, including liability, property, errors and omissions, and workers' compensation. Settled claims did not exceed coverage for the past three years.

Use of Estimates

Preparation of financial statement in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in fund balance/net position during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Annually, the Board of Directors adopts a budget for the Organization as a whole, on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1 for their approval. The budget includes proposed expenditures and the means of financing them. Revisions that alter the total expenditures must be approved by the Board of Directors. All appropriations lapse at fiscal year-end. One budget amendment was approved by the Board of Directors during the year.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Note 2: Cash and Equivalents

Cash and equivalents as of June 30, 2021, consisted of the following:

Deposits

The financial institution holding DSST's cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Interest-bearing transaction accounts were subject to the \$250,000 limit on FDIC insurance per covered institution per entity.

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures*, deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under the Colorado Public Deposit Protection Act (PDPA), as discussed below. Custodial credit risk is the risk that in the event of bank failure, DSST's deposits may not be returned.

Colorado state statutes govern DSST's deposit of cash. The PDPA requires DSST to make deposits only in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

DSST has no policy regarding custodial credit risk for deposits. Cash deposits are held by DSST in a pooled account, the first \$250,000 of which is covered by federal deposit insurance per entity. The amounts in excess of federally insured limits are collateralized with securities held by the financial institution's agent, but not in DSST's name except for amounts related to the Building Corp and Foundation which are considered uninsured.

At June 30, 2021, DSST had cash on deposit balances consisting of the following:

	Carrying Amount	Bank Balance	Amount Covered by FDIC	Amount Covered under PDPA	Uninsured Deposits
Governmental Activities	\$ 14,189,120	\$ 14,625,068	\$ 500,000	\$ 13,091,959	\$ 1,033,109
DSST Foundation	3,347,144	3,347,144	250,000	-	3,097,144

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Note 3: Investments

DSST is required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

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

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk.

Local Government Investment Pool – at June 30, 2021, DSST had \$5,505,030 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle valued at NAV established for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the state Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of the pool consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. COLORADO Trust is comprised of two funds: PRIME and PLUS+. Both funds carry an AAAM from Standards and Poor's. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST is rated AAAM by Standard and Poor's. Investments of COLOTRUST are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no limitations or restrictions on withdrawals. The investment in Colostrust is considered a cash equivalent on the statement of net position.

At June 30, 2021, the Foundation had \$16,697,358 invested in the Vanguard Federal Money Market Fund valued at NAV. The Vanguard Federal Money Market Fund invests in U.S. government securities and seeks to provide current income and preserve shareholders' principal investment by maintaining a share price of \$1. The fund generally invests 100 percent of its assets in governmental securities.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Certain assets and liabilities held by DSST Public Schools and the Foundation are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that DSST Public Schools or the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, DSST Public Schools or the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of an input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to DSST Public Schools' or the Foundation's assessment of the quality, risk or liquidity profile of the asset.

All of the Foundation's investments measured at fair value are comprised of mutual funds with a readily determinable market price. As such, these investments are classified as Level 1. The fair value of DSST Public Schools' beneficial interest in assets held by community foundation is based on the fair value of fund investments as reported by the community foundation. These are Level 3 measurements.

DSST's deposits and investments, like those of other governments, are subject to various risks:

- 1) Interest Rate Risk** – State statutes limit investments in U.S. Treasury Agency securities to an original maturity of five years and corporate securities to an original maturity of three years.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

- 2) Custodial Credit Risk** – The custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, DSST would not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that in the event of the failure of a counterparty to the transaction, DSST would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.
- 3) Concentration Credit Risk** – Colorado statutes specify in which instruments units of local government may invest, which are listed above.

DSST did not have any investments requiring categorization of credit risk as of June 30, 2021. DSST's investment policy follows State statutes. When made, all investments shall be in instruments which mature in less than five years (governmental/agency/ securities) or three years (corporate and bank securities).

The following table presents assets measured at fair value on a recurring basis, except those measured at NAV as identified below, at June 30, 2021:

	Fair Value Measurements Using				Investments Measured at NAV ^(A)
	Total Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
DSST investments measured at fair value					
Permanent endowment - beneficial interest in assets held by community foundation	\$ 230,432	\$ -	\$ -	\$ 230,432	\$ -
DSST investments measured at NAV					
Local government investment pool - COLOTRUST	5,505,030	-	-	-	5,505,030
Total DSST investments	<u>\$ 5,735,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,432</u>	<u>\$ 5,505,030</u>
Foundation investments measured at fair value					
Mutual funds - unrated	\$ 8,201,979	\$ 8,201,979	\$ -	\$ -	\$ -
Foundation investments measured at NAV					
Federal money market fund	16,697,358	-	-	-	16,697,358
Total DSST Foundation investments	<u>\$ 24,899,337</u>	<u>\$ 8,201,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,697,358</u>

^(A)Certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

Denver School of Science and Technology
Notes to Financial Statements
June 30, 2021

Note 4: Foundation Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2021:

Within one year	\$ 2,062,280
In one to five years	<u>2,134,000</u>
	<u><u>\$ 4,196,280</u></u>

At June 30, 2021, one donor accounted for 97 percent of total promises to give.

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2021, is summarized below:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Construction in progress	\$ -	\$ 1,777,973	\$ -	\$ -	\$ 1,777,973
Capital assets being depreciated					
Building	-	10,309,111	-	-	10,309,111
Building improvements	694,158	78,313	-	-	772,471
Vehicles	412,899	-	-	-	412,899
Equipment	2,514,573	33,494	-	-	2,548,067
Software	<u>786,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>786,067</u>
Total capital assets	<u>4,407,697</u>	<u>12,198,891</u>	<u>-</u>	<u>-</u>	<u>16,606,588</u>
Less accumulated depreciation					
Building	-	110,140	-	-	110,140
Building improvements	511,249	67,511	-	-	578,760
Vehicles	332,294	35,244	-	-	367,538
Equipment	1,794,265	286,807	-	-	2,081,072
Software	<u>786,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>786,067</u>
Total accumulated depreciation	<u>3,423,875</u>	<u>499,702</u>	<u>-</u>	<u>-</u>	<u>3,923,577</u>
Capital assets, net	<u><u>\$ 983,822</u></u>	<u><u>\$ 11,699,189</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,683,011</u></u>

All depreciation expense is related to instruction and has been allocated accordingly in the Statement of Activities.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Note 6: Leases

DSST Public Schools leases office and storage space under various operating leases expiring through 2024. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	
2022	\$ 94,079
2023	75,999
2024	26,985
	<u>\$ 197,063</u>

Total rent expense for the year ended June 30, 2021 was \$111,402.

Note 7: Long-term Debt

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Revenue bonds	\$ -	\$ 17,930,000	\$ -	\$ 17,930,000	\$ -
Premium	-	1,565,668	-	1,565,668	N/A
	<u>\$ -</u>	<u>\$ 19,495,668</u>	<u>\$ -</u>	<u>\$ 19,495,668</u>	<u>\$ -</u>

Charter School Revenue Bonds, Series 2021A dated June 15, 2021 in the amount of \$17,930,000 were issued by the Colorado Educational and Cultural Facilities Authority (CECFA) for the purpose of financing the renovations and construction costs associated with the opening of a new school. The building for the new school – Elevate High School – was purchased in February 2021. The bonds are secured by the building purchased as well as pledged revenues. Interest is payable semiannually on August 1 and February 1 at an interest rate of 4 percent through fiscal year 2032 and 3 percent thereafter. Bond principal is payable annually on August 1, with the first payment not due until August 1, 2022. Final maturity is August 1, 2052. In the event of default, the Trustee may declare the principal and accrued interest thereon to be immediately due and payable. No debt service payments were made during the fiscal year. The debt service to maturity is as follows:

Denver School of Science and Technology
Notes to Financial Statements
June 30, 2021

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 362,542	\$ 362,542
2023	100,000	575,500	675,500
2024	365,000	566,200	931,200
2025	380,000	551,300	931,300
2026	395,000	535,800	930,800
2027-2031	2,220,000	2,424,500	4,644,500
2032-2036	2,675,000	1,977,475	4,652,475
2037-2041	3,105,000	1,542,075	4,647,075
2042-2046	3,605,000	1,039,425	4,644,425
2047-2051	4,175,000	457,125	4,632,125
2052-2053	910,000	13,650	923,650
Total	\$ 17,930,000	\$ 10,045,592	\$ 27,975,592

Note 8: Employee Retirement Plans

Defined Benefit Pension Plan

Pensions. DSST participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-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 (FNP) and additions to/deductions from the FNP of the SCHDTF 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. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

Plan description. Eligible employees of the DSST are provided with pensions through the SCHDTF—a cost-sharing multiple-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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Benefits provided as of December 31, 2020. 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 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.

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.

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive postretirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

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, 2021: Eligible employees of, DSST and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	<u>July 1, 2020 Through June 30, 2021</u>
Employer Contribution Rate	10.90%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount apportioned to the SCHDTF**	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	<u>5.50%</u>
Total Employer Contribution Rate to the SCHDTF	<u><u>19.88%</u></u>

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and DSST is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from DSST were \$339,607 for the year ended June 30, 2021.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The DSST proportion of the net pension liability was based on DSST contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, DSST reported a liability of \$3,703,025 for its proportionate share of the net pension liability.

At December 31, 2020, the DSST proportion was .024 percent, which was an increase .013 from .011, its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, DSST recognized pension expense of \$840,936. At June 30, 2021, DSST reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 203,463	\$ -
Changes of assumptions or other inputs	356,221	622,449
Net difference between projected and actual earnings on pension plan investments	-	815,122
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,080,151	-
Contributions subsequent to the measurement date	171,211	-
Total	<u>\$ 3,811,046</u>	<u>\$ 1,437,571</u>

\$171,211 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Year Ending June 30	
2022	\$ 811,905
2023	1,201,292
2024	317,657
2025	(128,590)
2026	-
	<u>\$ 2,202,264</u>

Actuarial assumptions. The total pension liability in the December 31, 2019 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%
Postretirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve (AIR)

¹ Postretirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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.

Postretirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019 to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40 - 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Postretirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve (AIR)

¹ Postretirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The preretirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Postretirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Postretirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Real wage growth decreased from 1.10% to 0.07%.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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, as a nonemployer contributing entity, 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. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

- 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 FNP, 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 FNP 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 SCHDTF's FNP 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.

Sensitivity of the DSST 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 Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net pension liability	\$ 5,051,244	\$ 3,703,035	\$ 2,579,534

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

Defined Benefit Other Postemployment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. DSST participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-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 (FNP) and additions to/deductions from the FNP of the 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 School of Science and Technology

Notes to Financial Statements

June 30, 2021

General Information about the OPEB Plan

Plan description. Eligible employees of DSST are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. 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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The 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 HCTF and the Denver Public Schools Health Care Trust Fund (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.

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 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.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

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 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.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and DSST is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from DSST were \$17,425 for the year ended June 30, 2021.

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

At June 30, 2021, DSST reported a liability of \$134,099 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The DSST proportion of the net OPEB liability was based on DSST contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the DSST proportion was .014 percent, which was an increase of .007 from .007. its proportion measured as of December 31, 2019.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the DSST recognized OPEB expense of \$29,896. At June 30, 2021, DSST 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
Difference between expected and actual experience	\$ 356	\$ 29,481
Changes of assumptions or other inputs	1,002	8,223
Net difference between projected and actual earnings on pension plan investments	-	5,479
Changes in proportion and differences between contributions recognized and proportionate share of contributions	123,291	-
Contributions subsequent to the measurement date	8,785	-
Total	<u>\$ 133,434</u>	<u>\$ 43,183</u>

\$8,785 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, 2022. 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 Ending June 30	
2022	\$ 20,690
2023	21,457
2024	19,981
2025	6,348
2026	12,120
Thereafter	870
	<u>\$ 81,466</u>

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Actuarial assumptions. The total OPEB liability in the December 31, 2019 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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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 in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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 School of Science and Technology

Notes to Financial Statements

June 30, 2021

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the 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.

Postretirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Postretirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Preretirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Preretirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The preretirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Preretirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Postretirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Postretirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Postretirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Postretirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Postretirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the 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 2020 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Real wage growth decreased from 1.10% to 0.07%.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

Sensitivity of the DSST 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
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 130,633	\$ 134,099	\$ 138,134

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, 2020, 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 3.00 percent.
- 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.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net OPEB liability	\$ 153,613	\$ 134,099	\$ 117,426

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

Defined Contribution Plan

With the exception of all employees at the Aurora Public Schools campus, who are members of the PERA, all eligible employees, participate in a DSST sponsored defined contribution plan. The Plan is qualified under section 401(k) of the Internal Revenue Code covering substantially all full-time permanent employees having attained one year of service. Plan participants may contribute a portion of their total compensation to the Plan up to limits prescribed by the Internal Revenue Service. DSST may, but is not required to contribute to the Plan. During the year ended June 30, 2021 DSST contributed \$2,234,383 to the Plan for employees. Plan assets are held by an independent Trustee and are participant directed.

Note 9: Commitments and Contingencies

Pension certificates of participation – Denver Public Schools issued Taxable Pension Certificates of Participation (the PCOPs) in order to fully fund, over time, the unfunded actuarial accrued liability of its pension plan. None of the employees of DSST Public Schools participate in the Denver Public Schools pension plan. As part of the DPS charter agreements with each school except Montview, DSST Public Schools has agreed to pay fees to Denver Public Schools. The

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

payment is calculated based upon a percentage of covered salary. DSST satisfies substantially all of this obligation through the use of prepaid PCOPs credits totaling \$13,018,140 resulting from a land and building sale, related to Montview, from DSST to DPS on June 28, 2013. Approximately \$8,707,000 of the credits have been utilized to pay outstanding PCOPs liabilities through the year ended June 30, 2021. The remaining credits are expected to be utilized over the next 16 years in accordance with an agreed-upon schedule. The PCOP credit balance as of June 30, 2021 is \$2,947,685. Any expense in excess of available credits is paid in cash. DSST Public Schools expensed \$2,783,524 during the year ended June 30, 2021, which represents approximately 8.67 percent of covered salaries, for its obligation relating to the PCOPs.

Claims and judgments – DSST 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, DSST may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited, but DSST believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of DSST.

TABOR Amendment – Colorado voters approved an amendment to the State Constitution, Article X, Section 20 (commonly known as “TABOR”), which limits state and local government taxing authority 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. DSST believes it has complied with the Amendment. As required by the Amendment, DSST has established a reserve for emergencies, representing 3 percent of 2021 budgeted expenditures.

Facility use fees – DSST annually enters into a facility use agreement with Denver Public Schools. The Facility use fee is based on a per-student use fee schedule and anticipated costs of operating the facility. Facility use fees for the year ended June 30, 2021 were \$5,604,348. There are no future minimum commitments under this arrangement.

Note 10: Restatement for Correction of an Error

The Foundation was previously reported as a blended component unit based on an incorrect interpretation of GASB 80, *Blending Requirements for Certain Component Units* which failed to take into account that the Foundation was originally included in the financial reporting entity pursuant to the provision of Statement No. 39, *Determining Whether Certain Organizations Are Component Units* – an amendment of GASB Statement No. 14, thereby requiring discrete presentation. This correction resulted in a restatement of beginning net position and fund balances decreasing governmental activities net position and increasing discretely presented component unit net position by \$10,073,096 and decreasing governmental funds beginning fund balance by \$8,974,274.

Denver School of Science and Technology

Notes to Financial Statements

June 30, 2021

Note 11: Adoption of New Accounting Standards

DSST Public Schools implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The objective of the statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Adoption of GASB No. 84 had no effect on the financial statements.

Required Supplementary Information

Denver School of Science and Technology
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Contributions and grants	\$ -	\$ -	\$ 9,509,042	\$ 9,509,042
Investment income	174,214	174,214	370,122	195,908
Mill levy	12,207,764	12,207,764	15,955,423	3,747,659
Miscellaneous	-	-	-	-
Supporting services	18,561,977	18,561,977	19,551,092	989,115
State sources				
Per pupil revenue	56,296,244	56,296,244	57,626,347	1,330,103
Supporting services	1,278,699	1,278,699	1,490,989	212,290
Federal sources				
Federal grants from Denver Public Schools	7,408,732	7,408,732	8,573,228	1,164,496
Direct federal start-up grant	905,319	905,319	478,352	(426,967)
Total revenues	<u>96,832,949</u>	<u>96,832,949</u>	<u>113,554,595</u>	<u>16,721,646</u>
Expenditures				
Instructional				
Regular education	51,086,214	51,086,214	43,059,566	8,026,648
Special education	-	-	8,598,771	(8,598,771)
Supporting services				
Pupil supporting services	6,726,442	6,726,442	6,049,533	676,909
Instructional support	5,648,265	5,648,265	3,836,327	1,811,938
General administration	2,326,074	2,326,074	-	2,326,074
School administration	14,055,920	14,055,920	18,086,323	(4,030,403)
Business services	14,703,013	14,703,013	11,176,513	3,526,500
Operations and maintenance	6,336,470	6,336,470	6,039,802	296,668
Pupil transportation	897,142	897,142	30,343	866,799
Central services	-	-	2,330,573	(2,330,573)
Property	-	13,000,000	12,669,895	330,105
Other support services	5,469,193	5,469,193	4,389,883	1,079,310
Total expenditures	<u>107,248,733</u>	<u>120,248,733</u>	<u>116,267,529</u>	<u>3,981,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,415,784)</u>	<u>(23,415,784)</u>	<u>(2,712,934)</u>	<u>20,702,850</u>
Other financing sources (uses)				
Proceeds from issuance of debt	-	-	19,495,668	19,495,668
Transfers in	1,855,767	1,855,767	462,179	(1,393,588)
Transfers out	-	-	(462,179)	(462,179)
Total other financing sources (uses)	<u>1,855,767</u>	<u>1,855,767</u>	<u>19,495,668</u>	<u>17,639,901</u>
Net change in fund balances	(8,560,017)	(21,560,017)	16,782,734	38,342,751
Fund balances, beginning of year	<u>40,309,312</u>	<u>40,309,312</u>	<u>40,710,394</u>	<u>401,082</u>
Fund balances, end of year	<u>\$ 31,749,295</u>	<u>\$ 18,749,295</u>	<u>\$ 57,493,128</u>	<u>\$ 38,743,833</u>

Denver School of Science and Technology
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>
DSST-APS's proportion of net pension liability/(asset)	0.00213%	0.02449%	0.02449%
DSST-APS's proportionate of net pension liability/(asset)	\$ 377,321	\$ 1,592,427	\$ 3,703,035
DSST-APS's covered payroll	48,775	625,537	1,305,032
DSST-APS's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	773.6%	254.6%	283.8%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	57.0%	64.5%	67.0%

(1) DSST-APS entered the plan in fiscal year 2019. Information prior to that is not available.

(2) The amounts presented for each year were determined as of December 31, the measurement date used by the plan.

Denver School of Science and Technology
Schedule of Contributions – Pension
Year Ended June 30, 2021

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 22,410	\$ 120,124	\$ 339,607
Contributions in relation to the contractually required contribution	<u>22,410</u>	<u>120,124</u>	<u>339,607</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DSST-APS's covered payroll	\$ 625,537	\$ 1,014,206	\$ 1,708,297
Contributions as a percentage of covered payroll	3.6%	11.8%	19.9%

(1) DSST-APS entered the plan in fiscal year 2019. Information prior to that is not available.

Denver School of Science and Technology
Schedule of Proportionate Share of Net OPEB Liability
Year Ended June 30, 2021

	<u>2019</u>	<u>2020</u>
DSST-APS's proportion of net OPEB liability/(asset)	0.00691 %	0.01411%
DSST-APS's proportionate of net OPEB liability/(asset)	\$ 77,638	\$ 134,099
DSST-APS/s covered payroll	625,537	1,305,032
DSST-APS/s proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	12.4%	10.3%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	64.5%	32.8%

(1) DSST-APS entered the plan in fiscal year 2019. Information prior to that is not available.

(2) The amounts presented for each year were determined as of December 31, the measurement date used by the plan.

Denver School of Science and Technology
Schedule of Contributions – OPEB
Year Ended June 30, 2021

	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 6,335	\$ 17,425
Contributions in relation to the contractually required contribution	<u>6,335</u>	<u>17,425</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
DSST-APS's covered payroll	\$ 1,014,206	\$ 1,708,297
Contributions as a percentage of covered payroll	0.6%	1.0%

(1) DSST-APS entered the plan in fiscal year 2019. Information prior to that is not available.

Denver School of Science and Technology

Notes to Required Supplementary Information

Year Ended June 30, 2021

Note 1: Stewardship, Compliance and Accountability

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. The General Fund budget to actual statement eliminates internal activity between the home office and individual schools with the exception of charges for supporting services.

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.

Note 2: Pension and OPEB Related Disclosures

GASB 68 and GASB 75 require disclosure of DSST – APS’s proportionate share of the net pension liability at the measurement date and contributions to the pension plan for the previous 10-year period. Until a full 10-year trend is compiled, DSST is presenting information for those years for which information is available.

Note 3: Significant Changes Affecting Trends in Actuarial Information

2020 Changes in Assumptions or Other Inputs Since 2019

Defined Benefit Pension Plan

- House Bill (HB) 20-1379, enacted on June 29, 2020, suspended the \$225 million direct distribution payable on July 1, 2020 for the State’s 2020-2021 fiscal year
- Price inflation assumption decreased from 2.40% per year to 2.30% per year
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year
- Real wage growth decreased from 1.10% to 0.07%

Defined Benefit Other Postemployment Benefit

- There were no changes made to plan provisions
- Price inflation assumption decreased from 2.40% per year to 2.30% per year
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year
- Real wage growth decreased from 1.10% to .07%

Audited Supplementary Information

Denver School of Science and Technology

Combining Statement of Net Position

Year Ended June 30, 2021

	Denver Public Schools	Aurora Public Schools	Governmental Activities
Assets			
Cash and cash equivalents	\$ 19,277,552	\$ 416,598	\$ 19,694,150
Cash held by fiscal agent	20,016,289	-	20,016,289
Investments	-	-	-
Restricted permanent endowment	219,397	11,035	230,432
Accounts receivable, net	2,743,069	284,360	3,027,429
Receivable from Foundation	16,493,392	829,721	17,323,113
PCOPS credits	2,947,685	-	2,947,685
Prepaid expenses	185,462	4,996	190,458
Capital assets, net of accumulated depreciation	12,604,451	78,560	12,683,011
 Total assets	 <u>74,487,297</u>	 <u>1,625,270</u>	 <u>76,112,567</u>
Deferred Outflows of Resources			
Deferred outflows - pension	-	3,811,046	3,811,046
Deferred outflows - OPEB	-	133,434	133,434
 Total deferred outflows of resources	 <u>-</u>	 <u>3,944,480</u>	 <u>3,944,480</u>
Current Liabilities			
Accounts payable and accrued expenses	1,800,700	122,825	1,923,525
Accrued salaries and benefits	3,991,565	21,338	4,012,903
Long-term Liabilities			
Noncurrent portion of long-term debt	19,495,668	-	19,495,668
Net pension liability	-	3,703,025	3,703,025
Net OPEB liability	-	134,099	134,099
 Total liabilities	 <u>25,287,933</u>	 <u>3,981,287</u>	 <u>29,269,220</u>
Deferred Inflows of Resources			
Deferred inflows - pension	-	1,437,571	1,437,571
Deferred inflows - OPEB	-	43,183	43,183
 Total deferred inflows of resources	 <u>-</u>	 <u>1,480,754</u>	 <u>1,480,754</u>
Net Position			
Net invested in capital assets	12,604,451	78,560	12,683,011
Restricted for			
Emergencies	2,881,420	174,225	3,055,645
Donations with a specific purpose	1,159,386	5,005	1,164,391
Unrestricted	32,554,107	(150,081)	32,404,026
 Total net position	 <u>\$ 49,199,364</u>	 <u>\$ 107,709</u>	 <u>\$ 49,307,073</u>

Denver School of Science and Technology
Combining Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position		Total Charter Schools
					Denver Public Schools	Aurora Public Schools	
Charter Schools							
Denver Public Schools	\$ 85,633,311	\$ 415,482.00	\$ 15,599,030	\$ -	\$ (69,618,799)	\$ -	\$ (69,618,799)
Aurora Public Schools	5,656,757	10,100	1,212,796	-	-	(4,433,861)	(4,433,861)
Total Charter Schools	<u>\$ 91,290,068</u>	<u>\$ 425,582</u>	<u>\$ 16,811,826</u>	<u>\$ -</u>	<u>\$ (69,618,799)</u>	<u>\$ (4,433,861)</u>	<u>\$ (74,052,660)</u>
General Revenues							
Per pupil revenue					\$ 54,757,279	\$ 2,869,067	\$ 57,626,346
Mill levy override					15,021,500	933,921	15,955,421
General purpose grants					4,822,396	160,722	4,983,118
Interest					362,837	7,285	370,122
Transfers in (out)					(462,179)	462,179	-
Total general revenues and transfers					<u>74,501,833</u>	<u>4,433,174</u>	<u>78,935,007</u>
Change in Net Position					4,883,034	(687)	4,882,347
Net position, beginning of year, as previously reported					44,316,330	108,396	44,424,726
Restatement for discrete presentation of DSST Foundation					-	-	-
Net position, beginning of year, as restated					<u>44,316,330</u>	<u>108,396</u>	<u>44,424,726</u>
Net position, end of year					<u>\$ 49,199,364</u>	<u>\$ 107,709</u>	<u>\$ 49,307,073</u>

Denver School of Science and Technology
Combining General Fund Balance Sheet
June 30, 2021

	Total DPS	Total APS	Total General Fund
Assets			
Cash and equivalents	\$ 19,277,552	\$ 416,598	\$ 19,694,150
Cash held by fiscal agent	20,016,289	-	20,016,289
Restricted permanent endowment	219,397	11,035	230,432
Accounts receivable	2,743,069	284,360	3,027,429
Receivable from Foundation	16,493,392	829,721	17,323,113
PCOPS credits	2,947,685	-	2,947,685
Prepaid expenses	185,462	4,996	190,458
	<u>61,882,846</u>	<u>1,546,710</u>	<u>63,429,556</u>
Total assets	<u>\$ 61,882,846</u>	<u>\$ 1,546,710</u>	<u>\$ 63,429,556</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 1,800,700	\$ 122,825	\$ 1,923,525
Accrued salaries and benefits	3,991,565	21,338	4,012,903
Total liabilities	<u>5,792,265</u>	<u>144,163</u>	<u>5,936,428</u>
Fund Balance			
Nonspendable	3,133,147	4,996	3,138,143
Restricted	4,040,806	179,230	4,220,036
Restricted for debt service	890,708	-	890,708
Restricted for capital projects	19,037,255	-	19,037,255
Unassigned	28,988,665	1,218,321	30,206,986
Total fund balance	<u>56,090,581</u>	<u>1,402,547</u>	<u>57,493,128</u>
Total liabilities and fund balance	<u>\$ 61,882,846</u>	<u>\$ 1,546,710</u>	<u>\$ 63,429,556</u>

Denver School of Science and Technology

Combining General Fund Balance Sheet – Reconciliation

Year Ended June 30, 2021

	<u>DPS</u>	<u>APS</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance of the governmental fund	\$ 56,090,581	\$ 1,402,547
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	12,604,451	78,560
Long-term debt is not due and payable in the current period and, therefore, is not reported in the fund	(19,495,668)	-
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund	-	(1,480,754)
Deferred outflows of resources are not financial resources and, therefore, are not reported in the fund	-	3,944,480
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	-	(3,703,025)
The net OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	<u>-</u>	<u>(134,099)</u>
Total net position of governmental activities	<u>\$ 49,199,364</u>	<u>\$ 107,709</u>

Denver School of Science and Technology
Combining Statement of Revenues, Expenditures,
and Changes in General Fund Balance
Year Ended June 30, 2021

	Total DPS	Total APS	Total General Fund
Revenues			
Local sources			
Contributions and grants	\$ 9,495,891	\$ 13,151	\$ 9,509,042
Investment income	362,837	7,285	370,122
Mill levy	15,021,502	933,921	15,955,423
Supporting services	4,929,656	829,364	5,759,020
States sources			
Per pupil revenue	54,757,280	2,869,067	57,626,347
Supporting services	1,357,941	133,048	1,490,989
Federal sources			
Title fund from School District	8,412,506	160,722	8,573,228
Direct federal start-up grant	231,019	247,333	478,352
Total revenues	94,568,632	5,193,891	99,762,523
Expenditures			
Instructional			
Regular education	38,113,363	1,988,794	40,102,157
Special education	8,366,178	131,544	8,497,722
Supporting services			
Pupil supporting services	5,580,425	467,532	6,047,957
Instructional support	3,808,671	9,988	3,818,659
School administration	16,801,676	1,284,647	18,086,323
Business services	(99,895)	578,575	478,680
Operations and maintenance	5,658,527	381,275	6,039,802
Pupil transportation	29,125	(62)	29,063
Central services	2,212,076	118,497	2,330,573
Property	12,669,895	-	12,669,895
Other support services	4,197,852	176,774	4,374,626
Total expenditures	97,337,893	5,137,564	102,475,457
Excess (deficiency) of revenues over (under) expenditures	(2,769,261)	56,327	(2,712,934)
Other financing sources (uses)			
Proceeds from issuance of debt	19,495,668	-	19,495,668
Transfers in	-	462,179	462,179
Transfers out	(462,179)	-	(462,179)
Total other financing sources (uses)	19,033,489	462,179	19,495,668
Net change in fund balance	16,264,228	518,506	16,782,734
Fund balance, beginning of year	39,826,353	884,041	40,710,394
Fund balance, end of year	\$ 56,090,581	\$ 1,402,547	\$ 57,493,128

Denver School of Science and Technology

Combining Statement of Revenues, Expenditures, and Changes in General Fund Balance – Reconciliation

Year Ended June 30, 2021

	<u>DPS</u>	<u>APS</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - governmental funds	\$ 16,264,228	\$ 518,506
Capital outlays to purchase or build capital assets are reported in the governmental fund as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is total capital outlay less depreciation expense for the year.	11,704,582	(5,393)
Certain deferred inflows of resources represent unavailable revenue under the modified accrual basis of accounting. These revenues are earned under the full accrual basis of accounting in the government-wide statement of activities.	(3,590,108)	-
The issuance of long-term debt provides current financial resources to the governmental funds. However, issuing debt increases long-term liabilities on the statement of net position, so this transaction has no effect on net position.	(19,495,668)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Pension expense	-	(501,329)
OPEB expense	-	(12,471)
Change in net position of governmental activities	<u>\$ 4,883,034</u>	<u>\$ (687)</u>

Other Supplementary Information

Denver School of Science and Technology
Combining DPS Balance Sheet
June 30, 2021

	Home Office	Montview Middle School	Montview High School
Assets			
Cash and cash equivalents	\$ (6,375,703)	\$ 3,163,478	\$ 2,286,172
Cash held by fiscal agent	20,016,289	-	-
Restricted permanent endowment	219,397	-	-
Accounts receivable	232,540	173,490	196,457
Receivable from Foundation	14,061,070	105,859	303,629
PCOPs credits	2,947,685	-	-
Prepaid expenses	175,124	-	1,395
Total assets	<u>31,276,402</u>	<u>3,442,827</u>	<u>2,787,653</u>
Liabilities and fund balance			
Accounts payable	1,718,276	5,307	5,690
Accrued salaries and benefits	365,647	148,174	199,363
Total liabilities	<u>2,083,923</u>	<u>153,481</u>	<u>205,053</u>
Fund balance			
Nonspendable	3,122,809	-	1,395
Restricted	891,348	230,335	283,509
Restricted for debt service	890,708	-	-
Restricted for capital projects	19,037,255	-	-
Assigned	-	-	-
Unassigned	5,250,359	3,059,011	2,297,696
Total fund balance	<u>29,192,479</u>	<u>3,289,346</u>	<u>2,582,600</u>
Total liabilities and fund balance	<u>\$ 31,276,402</u>	<u>\$ 3,442,827</u>	<u>\$ 2,787,653</u>

Denver School of Science and Technology
Combining DPS Balance Sheet
June 30, 2021

Green Valley Ranch Middle School	Green Valley Ranch High School	Cole Middle School	Cole High School	College View Middle School	College View High School
\$ 2,899,687	\$ 2,336,859	\$ 1,815,946	\$ 906,358	\$ 2,049,066	\$ 1,952,104
-	-	-	-	-	-
-	-	-	-	-	-
201,022	221,200	164,700	166,904	231,426	261,813
170,594	231,934	367,490	192,888	110,093	207,222
-	-	-	-	-	-
1,539	-	300	-	613	2,350
<u>3,272,842</u>	<u>2,789,993</u>	<u>2,348,436</u>	<u>1,266,150</u>	<u>2,391,198</u>	<u>2,423,489</u>
4,972	5,776	3,549	15,166	3,890	7,781
<u>271,943</u>	<u>318,363</u>	<u>221,166</u>	<u>302,340</u>	<u>288,667</u>	<u>330,734</u>
<u>276,915</u>	<u>324,139</u>	<u>224,715</u>	<u>317,506</u>	<u>292,557</u>	<u>338,515</u>
1,539	-	300	-	613	2,350
219,671	234,995	185,751	165,565	243,773	287,286
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,774,717</u>	<u>2,230,859</u>	<u>1,937,670</u>	<u>783,079</u>	<u>1,854,255</u>	<u>1,795,338</u>
<u>2,995,927</u>	<u>2,465,854</u>	<u>2,123,721</u>	<u>948,644</u>	<u>2,098,641</u>	<u>2,084,974</u>
<u>\$ 3,272,842</u>	<u>\$ 2,789,993</u>	<u>\$ 2,348,436</u>	<u>\$ 1,266,150</u>	<u>\$ 2,391,198</u>	<u>\$ 2,423,489</u>

Denver School of Science and Technology
Combining DPS Balance Sheet
June 30, 2021

Byers Middle School	Byers High School	Conservatory Green Middle School	Conservatory Green High School	Henry Middle School	Noel Middle School	Total DPS
\$ 2,829,115	\$ 1,257,606	\$ 2,025,163	\$ 1,066,129	\$ (92,982)	\$ 1,158,554	\$ 19,277,552
-	-	-	-	-	-	20,016,289
-	-	-	-	-	-	219,397
132,788	139,497	166,477	176,132	94,979	183,644	2,743,069
171,294	129,980	201,115	30,942	146,160	63,122	16,493,392
-	-	-	-	-	-	2,947,685
105	105	2,200	-	-	1,731	185,462
<u>3,133,302</u>	<u>1,527,188</u>	<u>2,394,955</u>	<u>1,273,203</u>	<u>148,157</u>	<u>1,407,051</u>	<u>61,882,846</u>
4,209	4,757	5,203	8,359	3,275	4,490	1,800,700
<u>236,164</u>	<u>314,919</u>	<u>243,383</u>	<u>349,098</u>	<u>162,612</u>	<u>238,992</u>	<u>3,991,565</u>
<u>240,373</u>	<u>319,676</u>	<u>248,586</u>	<u>357,457</u>	<u>165,887</u>	<u>243,482</u>	<u>5,792,265</u>
105	105	2,200	-	-	1,731	3,133,147
448,232	208,961	213,035	251,117	-	177,228	4,040,806
-	-	-	-	-	-	890,708
-	-	-	-	-	-	19,037,255
-	-	-	-	-	-	-
2,444,592	998,446	1,931,134	664,629	(17,730)	984,610	28,988,665
<u>2,892,929</u>	<u>1,207,512</u>	<u>2,146,369</u>	<u>915,746</u>	<u>(17,730)</u>	<u>1,163,569</u>	<u>56,090,581</u>
<u>\$ 3,133,302</u>	<u>\$ 1,527,188</u>	<u>\$ 2,394,955</u>	<u>\$ 1,273,203</u>	<u>\$ 148,157</u>	<u>\$ 1,407,051</u>	<u>\$ 61,882,846</u>

Denver School of Science and Technology

Combining Statement of Revenues, Expenditures, and Changes in DPS Fund Balance

Year Ended June 30, 2021

	Home Office	Montview Middle School	Montview High School	Green Valley Ranch Middle School
Revenues				
Local sources				
Contributions and grants	\$ 9,392,515	\$ -	\$ 18,798	\$ -
Investment income	362,837	-	-	-
Mill levy	-	933,917	1,443,275	997,777
Miscellaneous	-	-	-	-
Supporting services	12,342,768	479,769	522,706	463,915
State sources				
Per pupil revenue	-	3,934,089	4,819,468	4,063,763
Supporting services	-	95,472	120,129	91,860
Federal sources				
Federal grants from Denver Public Schools	-	722,994	630,932	680,316
Direct federal start-up grant	209,679	-	-	-
Total revenues	22,307,799	6,166,241	7,555,308	6,297,631
Expenditures				
Instructional				
Regular education	5,613,582	2,276,765	3,156,115	2,330,940
Special education	4	652,599	839,376	798,816
Supporting services				
Pupil supporting services	45,818	267,858	428,649	283,918
Instructional support	1,448,000	50,835	165,266	194,028
General administration	-	-	-	-
School administration	10,031,812	462,132	526,123	434,394
Business services	389,360	706,660	909,492	737,993
Operations and maintenance	219,893	394,919	442,969	443,159
Pupil transportation	-	-	11,504	-
Central services	-	159,499	195,387	164,219
Property	12,669,895	-	-	-
Other support services	3,827,641	21,814	45,344	21,720
Total expenditures	34,246,005	4,993,081	6,720,225	5,409,187
Excess (deficiency) of revenues over (under) expenditures	(11,938,206)	1,173,160	835,083	888,444
Other financing sources (uses)				
Proceeds from issuance of debt	19,495,668	-	-	-
Transfers in	-	-	-	-
Transfers out	(462,179)	-	-	-
Total other financing sources	19,033,489	-	-	-
Net change in fund balances	7,095,283	1,173,160	835,083	888,444
Fund balances, beginning of year	22,097,196	2,116,186	1,747,517	2,107,483
Fund balances, end of year	\$ 29,192,479	\$ 3,289,346	\$ 2,582,600	\$ 2,995,927

Denver School of Science and Technology

Combining Statement of Revenues, Expenditures, and Changes in DPS Fund Balance

Year Ended June 30, 2021

Green Valley Ranch High School	Cole Middle School	Cole High School	College View Middle School	College View High School	Byers Middle School	Byers High School
\$ -	\$ 50,578	\$ -	\$ -	\$ -	\$ -	\$ 7,500
-	-	-	-	-	-	-
1,460,100	751,220	962,042	1,090,926	1,507,669	893,768	1,285,419
-	-	-	-	-	-	-
500,687	381,891	445,600	328,050	163,913	442,528	734,343
4,801,361	2,715,476	2,992,387	4,067,115	4,750,105	3,993,658	4,617,908
125,346	61,881	75,225	99,178	134,782	97,796	122,202
732,090	605,326	532,010	872,819	797,907	443,116	455,234
-	-	-	-	-	-	-
<u>7,619,584</u>	<u>4,566,372</u>	<u>5,007,264</u>	<u>6,458,088</u>	<u>7,354,376</u>	<u>5,870,866</u>	<u>7,222,606</u>
3,102,304	1,697,193	2,211,556	2,615,163	3,299,316	2,312,947	3,287,022
693,130	362,450	594,425	481,462	447,580	626,903	688,196
609,047	391,363	536,865	441,082	581,983	369,680	459,130
172,366	98,274	260,208	123,112	205,791	183,784	292,089
-	-	-	-	-	-	-
387,925	597,224	373,664	596,104	521,580	339,303	362,546
909,928	513,958	576,557	772,403	921,632	720,748	856,835
516,587	264,118	250,981	398,273	426,200	407,496	435,423
6,279	325	-	-	6,136	-	46
195,145	106,464	117,919	160,773	188,508	164,589	192,120
-	-	-	-	-	-	-
32,607	15,813	22,502	16,991	18,476	25,265	40,897
<u>6,625,318</u>	<u>4,047,182</u>	<u>4,944,677</u>	<u>5,605,363</u>	<u>6,617,202</u>	<u>5,150,715</u>	<u>6,614,304</u>
994,266	519,190	62,587	852,725	737,174	720,151	608,302
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
994,266	519,190	62,587	852,725	737,174	720,151	608,302
1,471,588	1,604,531	886,057	1,245,916	1,347,800	2,172,778	599,210
<u>\$ 2,465,854</u>	<u>\$ 2,123,721</u>	<u>\$ 948,644</u>	<u>\$ 2,098,641</u>	<u>\$ 2,084,974</u>	<u>\$ 2,892,929</u>	<u>\$ 1,207,512</u>

Denver School of Science and Technology

Combining Statement of Revenues, Expenditures, and Changes in DPS Fund Balance

Year Ended June 30, 2021

Conservatory Green Middle School	Conservatory Green High School	Henry Middle School	Noel Middle School	Eliminations	Total DPS
\$ -	\$ 10,000	\$ 6,500	\$ 10,000	\$ -	\$ 9,495,891
-	-	-	-	-	362,837
949,825	1,386,727	374,035	984,802	-	15,021,502
-	-	-	-	-	-
459,387	803,581	210,291	413,337	(13,763,110)	4,929,656
3,911,990	4,730,905	1,426,795	3,932,260	-	54,757,280
91,386	121,108	34,603	86,973	-	1,357,941
616,292	491,841	318,639	512,990	-	8,412,506
-	-	-	21,340	-	231,019
<u>6,028,880</u>	<u>7,544,162</u>	<u>2,370,863</u>	<u>5,961,702</u>	<u>(13,763,110)</u>	<u>94,568,632</u>
2,163,084	3,329,840	1,150,603	2,515,428	(2,948,495)	38,113,363
749,026	792,864	384,204	356,192	(101,049)	8,366,178
271,530	440,588	193,905	259,009	-	5,580,425
103,255	196,933	103,966	210,764	-	3,808,671
-	-	-	-	-	-
536,280	541,196	525,453	565,940	-	16,801,676
713,989	889,497	262,379	716,507	(10,697,833)	(99,895)
394,177	483,193	152,141	428,998	-	5,658,527
1,995	1,783	2,275	-	(1,218)	29,125
159,144	193,760	56,441	158,108	-	2,212,076
-	-	-	-	-	12,669,895
24,432	37,775	44,441	16,649	(14,515)	4,197,852
<u>5,116,912</u>	<u>6,907,429</u>	<u>2,875,808</u>	<u>5,227,595</u>	<u>(13,763,110)</u>	<u>97,337,893</u>
<u>911,968</u>	<u>636,733</u>	<u>(504,945)</u>	<u>734,107</u>	<u>-</u>	<u>(2,769,261)</u>
-	-	-	-	-	19,495,668
-	-	-	-	-	-
-	-	-	-	-	(462,179)
-	-	-	-	-	19,033,489
911,968	636,733	(504,945)	734,107	-	16,264,228
<u>1,234,401</u>	<u>279,013</u>	<u>487,215</u>	<u>429,462</u>	<u>-</u>	<u>39,826,353</u>
<u>\$ 2,146,369</u>	<u>\$ 915,746</u>	<u>\$ (17,730)</u>	<u>\$ 1,163,569</u>	<u>\$ -</u>	<u>\$ 56,090,581</u>

Denver School of Science and Technology
Combining APS Balance Sheet
June 30, 2021

	Home Office	AST Middle School	Total APS
Assets			
Cash and cash equivalents	\$ (188,394)	\$ 604,992	\$ 416,598
Restricted permanent endowment	11,035	-	11,035
Accounts receivable	1,584	282,776	284,360
Receivable from Foundation	718,433	111,288	829,721
PCOPs credits	-	-	-
Prepaid expenses	4,996	-	4,996
Total assets	<u>547,654</u>	<u>999,056</u>	<u>1,546,710</u>
Liabilities and fund balance			
Accounts payable	21,302	101,523	122,825
Accrued salaries and benefits	18,424	2,914	21,338
Total liabilities	<u>39,726</u>	<u>104,437</u>	<u>144,163</u>
Deferred inflows of resources			
Permanent endowment	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>39,726</u>	<u>104,437</u>	<u>144,163</u>
Fund Balance			
Nonspendable	4,996	-	4,996
Restricted	37,082	142,148	179,230
Assigned	-	-	-
Unassigned	465,850	752,471	1,218,321
Total fund balance	<u>507,928</u>	<u>894,619</u>	<u>1,402,547</u>
Total liabilities and fund balance	<u>\$ 547,654</u>	<u>\$ 999,056</u>	<u>\$ 1,546,710</u>

Denver School of Science and Technology
Combining Statement of Revenues, Expenditures,
and Changes in APS Fund Balance
Year Ended June 30, 2021

	Home Office	AST Middle School	Eliminations	Total APS
Revenues				
Local sources				
Contributions and grants	\$ 3,151	\$ 10,000	\$ -	\$ 13,151
Investment income	6,752	533	-	7,285
Mill levy	-	933,921	-	933,921
Miscellaneous	-	-	-	-
Supporting services	640,611	217,715	(28,962)	829,364
State sources				
Per pupil revenue	-	2,869,067	-	2,869,067
Supporting services	-	133,048	-	133,048
Federal sources				
Federal grants from Aurora Public Schools	-	160,722	-	160,722
Direct federal start-up grant	-	247,333	-	247,333
Total revenues	<u>650,514</u>	<u>4,572,339</u>	<u>(28,962)</u>	<u>5,193,891</u>
Expenditures				
Instructional				
Regular education	421,225	1,576,483	(8,914)	1,988,794
Special education	-	131,544	-	131,544
Supporting services				
Pupil supporting services	-	469,108	(1,576)	467,532
Instructional support	4,133	23,523	(17,668)	9,988
General administration	-	-	-	-
School administration	519,854	764,793	-	1,284,647
Business services	19,009	559,566	-	578,575
Operations and maintenance	10,016	371,259	-	381,275
Pupil transportation	-	-	(62)	(62)
Central services	-	118,497	-	118,497
Property	-	-	-	-
Other support services	113,484	64,032	(742)	176,774
Total expenditures	<u>1,087,721</u>	<u>4,078,805</u>	<u>(28,962)</u>	<u>5,137,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(437,207)</u>	<u>493,534</u>	<u>-</u>	<u>56,327</u>
Other financing sources (uses)				
Transfers in	462,179	-	-	462,179
Transfers out	-	-	-	-
Total other financing sources	<u>462,179</u>	<u>-</u>	<u>-</u>	<u>462,179</u>
Net change in fund balances	24,972	493,534		518,506
Fund balances, beginning of year	<u>482,956</u>	<u>401,085</u>	<u>-</u>	<u>884,041</u>
Fund balances, end of year	<u><u>\$ 507,928</u></u>	<u><u>\$ 894,619</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,402,547</u></u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Home Office
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 9,395,666	\$ 9,395,666
Investment income	174,214	369,589	195,375
Mill levy	-	-	-
Miscellaneous	-	-	-
Supporting services	11,719,308	12,983,379	1,264,071
State sources			
Per pupil revenue	-	-	-
Supporting services	-	-	-
Federal sources			
Federal grants from Denver Public Schools	-	-	-
Direct federal start-up grant	412,319	209,679	(202,640)
Total revenues	<u>12,305,841</u>	<u>22,958,313</u>	<u>10,652,472</u>
Expenditures			
Instructional			
Regular education	4,496,091	6,034,807	(1,538,716)
Special education	-	4	(4)
Supporting services			
Pupil supporting services	637,908	45,818	592,090
Instructional support	3,205,372	1,452,133	1,753,239
General administration	-	-	-
School administration	9,651,485	10,551,666	(900,181)
Business services	3,158,702	408,369	2,750,333
Operations and maintenance	107,000	229,909	(122,909)
Pupil transportation	-	-	-
Central services	-	-	-
Property	13,000,000	12,669,895	330,105
Other support services	5,160,754	3,941,125	1,219,629
Total expenditures	<u>39,417,312</u>	<u>35,333,726</u>	<u>4,083,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,111,471)</u>	<u>(12,375,413)</u>	<u>14,736,058</u>
Other financing sources (uses)			
Proceeds from issuance of debt	-	19,495,668	19,495,668
Transfers in	1,855,767	462,179	(1,393,588)
Transfers out	-	(462,179)	(462,179)
Total other financing sources (uses)	<u>1,855,767</u>	<u>19,495,668</u>	<u>17,639,901</u>
Net change in fund balances	(25,255,704)	7,120,255	32,375,959
Fund balances, beginning of year	<u>22,580,152</u>	<u>22,580,152</u>	<u>-</u>
Fund balances, end of year	<u>\$ (2,675,552)</u>	<u>\$ 29,700,407</u>	<u>\$ 32,375,959</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Montview Middle School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	730,734	933,917	203,183
Miscellaneous	-	-	-
Supporting services	404,052	479,769	75,717
State sources			
Per pupil revenue	3,917,222	3,934,089	16,867
Supporting services	92,354	95,472	3,118
Federal sources			
Federal grants from Denver Public Schools	663,818	722,994	59,176
Direct federal start-up grant	-	-	-
Total revenues	<u>5,808,180</u>	<u>6,166,241</u>	<u>358,061</u>
Expenditures			
Instructional			
Regular education	3,043,805	2,276,765	767,040
Special education	-	652,599	(652,599)
Supporting services			
Pupil supporting services	270,888	267,858	3,030
Instructional support	107,286	50,835	56,451
General administration	161,083	-	161,083
School administration	235,825	462,132	(226,307)
Business services	779,105	706,660	72,445
Operations and maintenance	395,625	394,919	706
Pupil transportation	89,002	-	89,002
Central services	-	159,499	(159,499)
Property	-	-	-
Other support services	10,528	21,814	(11,286)
Total expenditures	<u>5,093,147</u>	<u>4,993,081</u>	<u>100,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>715,033</u>	<u>1,173,160</u>	<u>458,127</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	715,033	1,173,160	458,127
Fund balances, beginning of year	<u>2,116,186</u>	<u>2,116,186</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,831,219</u>	<u>\$ 3,289,346</u>	<u>\$ 458,127</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Montview High School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 18,798	\$ 18,798
Investment income	-	-	-
Mill levy	1,093,339	1,443,275	349,936
Miscellaneous	-	-	-
Supporting services	730,184	522,706	(207,478)
State sources			
Per pupil revenue	4,760,484	4,819,468	58,984
Supporting services	112,857	120,129	7,272
Federal sources			
Federal grants from Denver Public Schools	562,759	630,932	68,173
Direct federal start-up grant	-	-	-
Total revenues	<u>7,259,623</u>	<u>7,555,308</u>	<u>295,685</u>
Expenditures			
Instructional			
Regular education	4,186,654	3,156,115	1,030,539
Special education	-	839,376	(839,376)
Supporting services			
Pupil supporting services	407,071	428,649	(21,578)
Instructional support	207,068	165,266	41,802
General administration	195,725	-	195,725
School administration	354,046	526,123	(172,077)
Business services	959,083	909,492	49,591
Operations and maintenance	479,721	442,969	36,752
Pupil transportation	2,946	11,504	(8,558)
Central services	-	195,387	(195,387)
Property	-	-	-
Other support services	51,714	45,344	6,370
Total expenditures	<u>6,844,028</u>	<u>6,720,225</u>	<u>123,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>415,595</u>	<u>835,083</u>	<u>419,488</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	415,595	835,083	419,488
Fund balances, beginning of year	<u>1,747,517</u>	<u>1,747,517</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,163,112</u>	<u>\$ 2,582,600</u>	<u>\$ 419,488</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Green Valley Ranch Middle School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	767,050	997,777	230,727
Miscellaneous	-	-	-
Supporting services	432,745	463,915	31,170
State sources			
Per pupil revenue	4,003,250	4,063,763	60,513
Supporting services	90,532	91,860	1,328
Federal sources			
Federal grants from Denver Public Schools	573,984	680,316	106,332
Direct federal start-up grant	-	-	-
Total revenues	<u>5,867,561</u>	<u>6,297,631</u>	<u>430,070</u>
Expenditures			
Instructional			
Regular education	3,081,873	2,330,940	750,933
Special education	-	798,816	(798,816)
Supporting services			
Pupil supporting services	369,743	283,918	85,825
Instructional support	186,747	194,028	(7,281)
General administration	163,307	-	163,307
School administration	252,262	434,394	(182,132)
Business services	822,328	737,993	84,335
Operations and maintenance	440,141	443,159	(3,018)
Pupil transportation	90,444	-	90,444
Central services	-	164,219	(164,219)
Property	-	-	-
Other support services	8,925	21,720	(12,795)
Total expenditures	<u>5,415,770</u>	<u>5,409,187</u>	<u>6,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>451,791</u>	<u>888,444</u>	<u>436,653</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	451,791	888,444	436,653
Fund balances, beginning of year	<u>2,107,486</u>	<u>2,107,486</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,559,277</u>	<u>\$ 2,995,929</u>	<u>\$ 436,653</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Green Valley Ranch High School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	1,119,969	1,460,100	340,131
Miscellaneous	-	-	-
Supporting services	702,996	500,687	(202,309)
State sources			
Per pupil revenue	4,624,538	4,801,361	176,823
Supporting services	105,168	125,346	20,178
Federal sources			
Federal grants from Denver Public Schools	643,074	732,090	89,016
Direct federal start-up grant	-	-	-
Total revenues	<u>7,195,745</u>	<u>7,619,584</u>	<u>423,839</u>
Expenditures			
Instructional			
Regular education	3,876,712	3,102,304	774,408
Special education	-	693,130	(693,130)
Supporting services			
Pupil supporting services	621,401	609,047	12,354
Instructional support	176,886	172,366	4,520
General administration	189,683	-	189,683
School administration	235,521	387,925	(152,404)
Business services	946,162	909,928	36,234
Operations and maintenance	510,589	516,587	(5,998)
Pupil transportation	99,406	6,279	93,127
Central services	-	195,145	(195,145)
Property	-	-	-
Other support services	9,626	32,607	(22,981)
Total expenditures	<u>6,665,986</u>	<u>6,625,318</u>	<u>40,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>529,759</u>	<u>994,266</u>	<u>464,507</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	529,759	994,266	464,507
Fund balances, beginning of year	<u>1,471,588</u>	<u>1,471,588</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,001,347</u>	<u>\$ 2,465,854</u>	<u>\$ 464,507</u>

Denver School of Science and Technology

Budgetary Comparison Schedule – Cole Middle School

Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 50,578	\$ 50,578
Investment income	-	-	-
Mill levy	518,408	751,220	232,812
Miscellaneous	-	-	-
Supporting services	491,436	381,891	(109,545)
State sources			
Per pupil revenue	2,680,266	2,715,476	35,210
Supporting services	107,378	61,881	(45,497)
Federal sources			
Federal grants from Denver Public Schools	516,588	605,326	88,738
Direct federal start-up grant	-	-	-
Total revenues	<u>4,314,076</u>	<u>4,566,372</u>	<u>252,296</u>
Expenditures			
Instructional			
Regular education	2,236,151	1,697,193	538,958
Special education	-	362,450	(362,450)
Supporting services			
Pupil supporting services	329,414	391,363	(61,949)
Instructional support	183,422	98,274	85,148
General administration	105,650	-	105,650
School administration	592,074	597,224	(5,150)
Business services	514,812	513,958	854
Operations and maintenance	260,796	264,118	(3,322)
Pupil transportation	62,293	325	61,968
Central services	-	106,464	(106,464)
Property	-	-	-
Other support services	7,501	15,813	(8,312)
Total expenditures	<u>4,292,113</u>	<u>4,047,182</u>	<u>244,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,963</u>	<u>519,190</u>	<u>497,227</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	21,963	519,190	497,227
Fund balances, beginning of year	<u>1,604,531</u>	<u>1,604,531</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,626,494</u>	<u>\$ 2,123,721</u>	<u>\$ 497,227</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Cole High School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	773,434	962,042	188,608
Miscellaneous	-	-	-
Supporting services	375,307	445,600	70,293
State sources			
Per pupil revenue	3,108,196	2,992,387	(115,809)
Supporting services	66,800	75,225	8,425
Federal sources			
Federal grants from Denver Public Schools	437,134	532,010	94,876
Direct federal start-up grant	-	-	-
Total revenues	<u>4,760,871</u>	<u>5,007,264</u>	<u>246,393</u>
Expenditures			
Instructional			
Regular education	2,761,192	2,211,556	549,636
Special education	-	594,425	(594,425)
Supporting services			
Pupil supporting services	571,034	536,865	34,169
Instructional support	197,481	260,208	(62,727)
General administration	124,273	-	124,273
School administration	251,569	373,664	(122,095)
Business services	677,920	576,557	101,363
Operations and maintenance	321,317	250,981	70,336
Pupil transportation	61,558	-	61,558
Central services	-	117,919	(117,919)
Property	-	-	-
Other support services	28,420	22,502	5,918
Total expenditures	<u>4,994,764</u>	<u>4,944,677</u>	<u>50,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(233,893)</u>	<u>62,587</u>	<u>296,480</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(233,893)	62,587	296,480
Fund balances, beginning of year	<u>886,057</u>	<u>886,057</u>	<u>-</u>
Fund balances, end of year	<u>\$ 652,164</u>	<u>\$ 948,644</u>	<u>\$ 296,480</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – College View Middle School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	787,141	1,090,926	303,785
Miscellaneous	-	-	-
Supporting services	250,089	328,050	77,961
State sources			
Per pupil revenue	4,034,628	4,067,115	32,487
Supporting services	93,664	99,178	5,514
Federal sources			
Federal grants from Denver Public Schools	753,884	872,819	118,935
Direct federal start-up grant	-	-	-
Total revenues	<u>5,919,406</u>	<u>6,458,088</u>	<u>538,682</u>
Expenditures			
Instructional			
Regular education	3,103,415	2,615,163	488,252
Special education	-	481,462	(481,462)
Supporting services			
Pupil supporting services	444,336	441,082	3,254
Instructional support	120,977	123,112	(2,135)
General administration	159,908	-	159,908
School administration	380,920	596,104	(215,184)
Business services	812,050	772,403	39,647
Operations and maintenance	391,864	398,273	(6,409)
Pupil transportation	111,970	-	111,970
Central services	-	160,773	(160,773)
Property	-	-	-
Other support services	8,890	16,991	(8,101)
Total expenditures	<u>5,534,330</u>	<u>5,605,363</u>	<u>(71,033)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>385,076</u>	<u>852,725</u>	<u>467,649</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	385,076	852,725	467,649
Fund balances, beginning of year	<u>1,245,916</u>	<u>1,245,916</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,630,992</u>	<u>\$ 2,098,641</u>	<u>\$ 467,649</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – College View High School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	1,156,176	1,507,669	351,493
Miscellaneous	-	-	-
Supporting services	396,641	163,913	(232,728)
State sources			
Per pupil revenue	4,592,819	4,750,105	157,286
Supporting services	99,258	134,782	35,524
Federal sources			
Federal grants from Denver Public Schools	645,532	797,907	152,375
Direct federal start-up grant	-	-	-
Total revenues	<u>6,890,426</u>	<u>7,354,376</u>	<u>463,950</u>
Expenditures			
Instructional			
Regular education	3,884,113	3,299,316	584,797
Special education	-	447,580	(447,580)
Supporting services			
Pupil supporting services	612,346	581,983	30,363
Instructional support	105,563	205,791	(100,228)
General administration	184,121	-	184,121
School administration	344,642	521,580	(176,938)
Business services	941,028	921,632	19,396
Operations and maintenance	450,893	426,200	24,693
Pupil transportation	2,900	6,136	(3,236)
Central services	-	188,508	(188,508)
Property	-	-	-
Other support services	13,069	18,476	(5,407)
Total expenditures	<u>6,538,675</u>	<u>6,617,202</u>	<u>(78,527)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>351,751</u>	<u>737,174</u>	<u>385,423</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	351,751	737,174	385,423
Fund balances, beginning of year	<u>1,347,800</u>	<u>1,347,800</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,699,551</u>	<u>\$ 2,084,974</u>	<u>\$ 385,423</u>

Denver School of Science and Technology

Budgetary Comparison Schedule – Byers Middle School

Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	686,431	893,768	207,337
Miscellaneous	-	-	-
Supporting services	520,671	442,528	(78,143)
State sources			
Per pupil revenue	3,865,131	3,993,658	128,527
Supporting services	97,754	97,796	42
Federal sources			
Federal grants from Denver Public Schools	429,613	443,116	13,503
Direct federal start-up grant	-	-	-
Total revenues	<u>5,599,600</u>	<u>5,870,866</u>	<u>271,266</u>
Expenditures			
Instructional			
Regular education	3,292,623	2,312,947	979,676
Special education	-	626,903	(626,903)
Supporting services			
Pupil supporting services	277,909	369,680	(91,771)
Instructional support	204,198	183,784	20,414
General administration	162,972	-	162,972
School administration	109,066	339,303	(230,237)
Business services	784,000	720,748	63,252
Operations and maintenance	399,766	407,496	(7,730)
Pupil transportation	2,164	-	2,164
Central services	-	164,589	(164,589)
Property	-	-	-
Other support services	32,183	25,265	6,918
Total expenditures	<u>5,264,881</u>	<u>5,150,715</u>	<u>114,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>334,719</u>	<u>720,151</u>	<u>385,432</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	334,719	720,151	385,432
Fund balances, beginning of year	<u>2,172,778</u>	<u>2,172,778</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,507,497</u>	<u>\$ 2,892,929</u>	<u>\$ 385,432</u>

Denver School of Science and Technology

Budgetary Comparison Schedule – Byers High School

Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 7,500	\$ 7,500
Investment income	-	-	-
Mill levy	977,125	1,285,419	308,294
Miscellaneous	-	-	-
Supporting services	798,017	734,343	(63,674)
State sources			
Per pupil revenue	4,497,484	4,617,908	120,424
Supporting services	110,390	122,202	11,812
Federal sources			
Federal grants from Denver Public Schools	472,683	455,234	(17,449)
Direct federal start-up grant	-	-	-
Total revenues	<u>6,855,699</u>	<u>7,222,606</u>	<u>366,907</u>
Expenditures			
Instructional			
Regular education	3,893,676	3,287,022	606,654
Special education	-	688,196	(688,196)
Supporting services			
Pupil supporting services	567,656	459,130	108,526
Instructional support	204,516	292,089	(87,573)
General administration	189,848	-	189,848
School administration	246,718	362,546	(115,828)
Business services	942,273	856,835	85,438
Operations and maintenance	464,291	435,423	28,868
Pupil transportation	28,386	46	28,340
Central services	-	192,120	(192,120)
Property	-	-	-
Other support services	28,357	40,897	(12,540)
Total expenditures	<u>6,565,721</u>	<u>6,614,304</u>	<u>(48,583)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>289,978</u>	<u>608,302</u>	<u>318,324</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	289,978	608,302	318,324
Fund balances, beginning of year	<u>599,210</u>	<u>599,210</u>	<u>-</u>
Fund balances, end of year	<u>\$ 889,188</u>	<u>\$ 1,207,512</u>	<u>\$ 318,324</u>

Denver School of Science and Technology

Budgetary Comparison Schedule – Conservatory Green Middle School

Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ -	\$ -
Investment income	-	-	-
Mill levy	719,741	949,825	230,084
Miscellaneous	-	-	-
Supporting services	504,972	459,387	(45,585)
State sources			
Per pupil revenue	3,823,983	3,911,990	88,007
Supporting services	87,048	91,386	4,338
Federal sources			
Federal grants from Denver Public Schools	535,830	616,292	80,462
Direct federal start-up grant	-	-	-
Total revenues	<u>5,671,574</u>	<u>6,028,880</u>	<u>357,306</u>
Expenditures			
Instructional			
Regular education	2,972,691	2,163,084	809,607
Special education	-	749,026	(749,026)
Supporting services			
Pupil supporting services	286,329	271,530	14,799
Instructional support	24,200	103,255	(79,055)
General administration	158,169	-	158,169
School administration	355,108	536,280	(181,172)
Business services	768,815	713,989	54,826
Operations and maintenance	388,040	394,177	(6,137)
Pupil transportation	138,902	1,995	136,907
Central services	-	159,144	(159,144)
Property	-	-	-
Other support services	34,066	24,432	9,634
Total expenditures	<u>5,126,320</u>	<u>5,116,912</u>	<u>9,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>545,254</u>	<u>911,968</u>	<u>366,714</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	545,254	911,968	366,714
Fund balances, beginning of year	<u>1,234,401</u>	<u>1,234,401</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,779,655</u>	<u>\$ 2,146,369</u>	<u>\$ 366,714</u>

Denver School of Science and Technology

Budgetary Comparison Schedule – Conservatory Green High School

Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 10,000	\$ 10,000
Investment income	-	-	-
Mill levy	1,054,350	1,386,727	332,377
Miscellaneous	-	-	-
Supporting services	689,648	803,581	113,933
State sources			
Per pupil revenue	4,562,387	4,730,905	168,518
Supporting services	99,627	121,108	21,481
Federal sources			
Federal grants from Denver Public Schools	468,194	491,841	23,647
Direct federal start-up grant	20,000	-	(20,000)
Total revenues	<u>6,894,206</u>	<u>7,544,162</u>	<u>649,956</u>
Expenditures			
Instructional			
Regular education	3,977,825	3,329,840	647,985
Special education	-	792,864	(792,864)
Supporting services			
Pupil supporting services	507,089	440,588	66,501
Instructional support	209,949	196,933	13,016
General administration	189,978	-	189,978
School administration	276,653	541,196	(264,543)
Business services	882,778	889,497	(6,719)
Operations and maintenance	514,502	483,193	31,309
Pupil transportation	2,912	1,783	1,129
Central services	-	193,760	(193,760)
Property	-	-	-
Other support services	34,826	37,775	(2,949)
Total expenditures	<u>6,596,512</u>	<u>6,907,429</u>	<u>(310,917)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>297,694</u>	<u>636,733</u>	<u>339,039</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	297,694	636,733	339,039
Fund balances, beginning of year	<u>279,013</u>	<u>279,013</u>	<u>-</u>
Fund balances, end of year	<u>\$ 576,707</u>	<u>\$ 915,746</u>	<u>\$ 339,039</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Henry Middle School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 6,500	\$ 6,500
Investment income	-	-	-
Mill levy	286,675	374,035	87,360
Miscellaneous	-	-	-
Supporting services	233,861	210,291	(23,570)
State sources			
Per pupil revenue	1,476,564	1,426,795	(49,769)
Supporting services	32,832	34,603	1,771
Federal sources			
Federal grants from Denver Public Schools	274,654	318,639	43,985
Direct federal start-up grant	-	-	-
Total revenues	<u>2,304,586</u>	<u>2,370,863</u>	<u>66,277</u>
Expenditures			
Instructional			
Regular education	1,458,972	1,150,603	308,369
Special education	-	384,204	(384,204)
Supporting services			
Pupil supporting services	334,350	193,905	140,445
Instructional support	190,240	103,966	86,274
General administration	59,520	-	59,520
School administration	137,347	525,453	(388,106)
Business services	321,149	262,379	58,770
Operations and maintenance	165,726	152,141	13,585
Pupil transportation	88,260	2,275	85,985
Central services	-	56,441	(56,441)
Property	-	-	-
Other support services	31,514	44,441	(12,927)
Total expenditures	<u>2,787,078</u>	<u>2,875,808</u>	<u>(88,730)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(482,492)</u>	<u>(504,945)</u>	<u>(22,453)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(482,492)	(504,945)	(22,453)
Fund balances, beginning of year	<u>487,215</u>	<u>487,215</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,723</u>	<u>\$ (17,730)</u>	<u>\$ (22,453)</u>

Denver School of Science and Technology
Budgetary Comparison Schedule – Noel Middle School
Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 10,000	\$ 10,000
Investment income	-	-	-
Mill levy	743,906	984,802	240,896
Miscellaneous	-	-	-
Supporting services	192,780	413,337	220,557
State sources			
Per pupil revenue	3,824,900	3,932,260	107,360
Supporting services	83,037	86,973	3,936
Federal sources			
Federal grants from Denver Public Schools	430,985	512,990	82,005
Direct federal start-up grant	38,000	21,340	(16,660)
Total revenues	<u>5,313,608</u>	<u>5,961,702</u>	<u>648,094</u>
Expenditures			
Instructional			
Regular education	2,806,301	2,515,428	290,873
Special education	-	356,192	(356,192)
Supporting services			
Pupil supporting services	319,632	259,009	60,623
Instructional support	210,587	210,764	(177)
General administration	156,831	-	156,831
School administration	256,826	565,940	(309,114)
Business services	772,200	716,507	55,693
Operations and maintenance	458,954	428,998	29,956
Pupil transportation	113,199	-	113,199
Central services	-	158,108	(158,108)
Property	-	-	-
Other support services	8,820	16,649	(7,829)
Total expenditures	<u>5,103,350</u>	<u>5,227,595</u>	<u>(124,245)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>210,258</u>	<u>734,107</u>	<u>523,849</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	210,258	734,107	523,849
Fund balances, beginning of year	<u>429,462</u>	<u>429,462</u>	<u>-</u>
Fund balances, end of year	<u>\$ 639,720</u>	<u>\$ 1,163,569</u>	<u>\$ 523,849</u>

Denver School of Science and Technology

Budgetary Comparison Schedule – Aurora Science and Tech Middle School

Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources			
Contributions and grants	\$ -	\$ 10,000	\$ 10,000
Investment income	-	533	533
Mill levy	793,285	933,921	140,636
Miscellaneous	-	-	-
Supporting services	119,270	217,715	98,445
State sources			
Per pupil revenue	2,524,392	2,869,067	344,675
Supporting services	-	133,048	133,048
Federal sources			
Federal grants from Aurora Public Schools	-	160,722	160,722
Direct federal start-up grant	435,000	247,333	(187,667)
Total revenues	<u>3,871,947</u>	<u>4,572,339</u>	<u>700,392</u>
Expenditures			
Instructional			
Regular education	2,014,120	1,576,483	437,637
Special education	-	131,544	(131,544)
Supporting services			
Pupil supporting services	169,336	469,108	(299,772)
Instructional support	113,773	23,523	90,250
General administration	125,006	-	125,006
School administration	375,858	764,793	(388,935)
Business services	620,608	559,566	61,042
Operations and maintenance	587,245	371,259	215,986
Pupil transportation	2,800	-	2,800
Central services	-	118,497	(118,497)
Property	-	-	-
Other support services	-	64,032	(64,032)
Total expenditures	<u>4,008,746</u>	<u>4,078,805</u>	<u>(70,059)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,799)</u>	<u>493,534</u>	<u>630,333</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(136,799)	493,534	630,333
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (136,799)</u>	<u>\$ 493,534</u>	<u>\$ 630,333</u>

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

Independent Auditor's Report

Board of Directors
Denver School of Science and Technology
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and the general fund of Denver School of Science and Technology (DSST Public Schools), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise DSST Public Schools' basic financial statements as listed in the table of contents. We have also audited the financial statements of the governmental activities and the general funds of DSST-Denver (a component unit of School District Number 1 in the City and County of Denver, Colorado (Denver Public Schools or DPS) and DSST-Aurora (a component unit of Joint School District Number 28-J of the Counties of Adams and Arapahoe, Colorado (Aurora Public Schools or APS) as of and for the year ended June 30, 2021, as displayed in DSST Public Schools' audited supplemental information as listed in the table of contents, and have issued our report thereon dated October 21, 2021. Our report contained an emphasis of matter paragraph regarding a restatement for correction of an error and a reference to the fact that prior year was audited by other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DSST Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DSST Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of DSST Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

Board of Directors
Denver School of Science and Technology

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Denver, Colorado
October 21, 2021