KIPP Colorado Schools
(A Component Unit of Denver Public Schools)

Independent Auditor's Report and Financial Statements

June 30, 2018

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
June 30, 2018

KIPP Colorado Board of Directors
2017-18

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KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
June 30, 2018

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(A Component Unit of Denver Public Schools)
June 30, 2018

Supplementary Information

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Independent Auditor's Report

Board of Directors
KIPP Colorado Schools
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of KIPP Colorado Schools (the Organization), a component unit of Denver Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
KIPP Colorado Schools

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Organization as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9, during the year ended June 30, 2018, the Organization adopted new accounting guidance, Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying supplementary information, including the combining financial statements and budgetary comparison schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
KIPP Colorado Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 13, 2018

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2018

As management of KIPP Colorado Schools, a charter school management organization (the Organization), we offer readers of the Organization's financial statements this narrative and analysis of the financial activities of KIPP Colorado Schools for the period from July 1, 2017 to June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements and footnotes.

Financial Highlights

- With the implementation of GASB 68 in FY 2014-2015, the government-wide financial statements of the Organization, like those of all Colorado PERA participants, changed significantly. This change consisted of the inclusion of a net pension liability as well as deferred inflows, deferred outflows, and expenses related to the pension plan. While these line items are material and create an overall deficit in the financial presentation on the government-wide financial statements, the GASB standard only impacts the accounting presentation of these pension related items, and does not impact the timing of the funding obligation of the Organization. A review of the governmental fund financial statements presents a more accurate depiction of the flow of funds for the Organization in the fiscal year. For further information on the GASB 68, see the attached statements and Note 5 in the Notes to the Financial Statements.

- The period from July 1, 2017 through June 30, 2018 covers the 15th year of operation for the Organization. The total fund balance at the end of the year according to the governmental fund balance sheet is $5,820,115, a decrease of $305,347 compared to the prior year.

- The net position at the end of the year according to the government-wide financial statements is ($7,184,470). This deficit is driven by the continuing impact of GASB 68.

- The financial results of KIPP Colorado Schools under a Government-wide accounting presentation are also materially impacted by the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* Prior to the implementation of GASB 75, Postemployment Benefits (OPEB) was only reported in the notes disclosure section. With the implementation of GASB 75, postemployment benefits are reported in both the statement of net position and the statement of activities. As of June 30, 2018, KIPP Colorado Schools' net OPEB liability is $876,676.

- The operations of the Organization are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was $16,032,203 compared to $13,911,397 the prior year, an increase driven largely by the enrollment expansion of two schools.

- The Organization operates five schools in addition to the school services team: the original middle school in Southwest Denver (KIPP Sunshine Peak Academy, KSPA), a high school, also in Southwest Denver (KIPP Denver Collegiate, KDC), a second middle school in Green Valley Ranch (KIPP Northeast Denver Middle School, KNDMS), an elementary school which opened August 2016 in Green Valley Ranch (KIPP Northeast Elementary, KNE), and a high school which opened August 2016 in Green Valley Ranch (KIPP Northeast Denver Leadership Academy, KNDLA).

- During 2018, the Organization adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Beginning Net Deficit increased by $696,178 as a result of adopting GASB 75.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Organization's financial statements. The statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all the Organization's assets and liabilities, with the difference between the two being reported as total net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The *statement of activities* presents information showing how the Organization's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Government-wide Financial Analysis

At June 30, 2018, the Organization's liabilities and deferred inflows exceeded assets and deferred outflows by $7,184,470 in the government-wide financial statements. The inclusion of the net pension liability in the government-wide statements creates an overall deficit in the government-wide presentation of the financials. Of the total net position, $690,352 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. $110,617 is restricted for capital construction and $104,848 is the Net Investment in Capital Assets. Accordingly, these net assets are not available to satisfy general operating expenses of the Organization.

Condensed Statement of Net Position

	2018	2017
Assets		
Current (noncapital)	$ 6,298,800	$ 7,112,860
Noncurrent (capital)	104,848	378,258
Total Assets	6,403,648	7,491,118
Deferred Outflows of Resources	7,054,608	6,858,228
Liabilities		
Current	478,685	987,398
Noncurrent (pension) and OPEB	16,341,287	15,296,531
Total Liabilities	16,819,972	16,283,929
Deferred Inflows of Resources	3,822,754	986,543
Net Position (Deficit)		
Net investment in capital assets	104,848	378,258
Restricted for emergencies	690,352	615,599
Restricted for capital construction	110,617	89,674
Unrestricted deficit	(8,090,287)	(4,004,657)
Total Net Position (Deficit)	$ (7,184,470)	$ (2,921,126)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2018

Condensed Statement of Activities

	2018	2017
Revenues		
Charges for services	$ 234,650	$ 173,439
Grants and contributions (unrestricted)	4,320,974	4,573,627
Per pupil revenue	16,032,203	13,911,397
Mill levy	3,967,461	3,053,662
Investment income	30,252	1,513
Miscellaneous	310,412	397,966
Total Revenue	24,895,952	22,111,604
Expenses		
Instruction		
General	12,352,057	10,214,606
Allocation of GASB 68 and 75 expense	1,822,930	1,636,690
Supporting services		
General	13,122,652	10,218,910
Allocation of GASB 68 and 75 expense	1,165,479	1,101,894
Total Expenses	28,463,118	23,172,100
Change in Net Position	(3,567,166)	(1,060,496)
Net Position (Deficit), Beginning of Year, as Previously Reported	(2,921,126)	(1,860,630)
Change in Accounting Principal - GASB 75	(696,178)	-
Net Position (Deficit), Beginning of Year, as Restated	(3,617,304)	(1,860,630)
Net Position (Deficit), End of Year	$ (7,184,470)	$ (2,921,126)

See Note 7 in Notes to the Financial Statements for further information on GASB 75.

The Organization increased the total number of students served from 1,811 to 2,083 (for all combined schools in operation in fiscal year 2018), which explains much of the increase in per pupil revenue as well as overall expenses. Increases in mill levy funding were due to an increase in students.

Financial Analysis of the Organization's Funds

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

As stated previously, as of June 30, 2018, the Organization's governmental fund reported an ending fund balance of $5,820,115. This amount represents a decrease of $305,347 from the previous year.

General Fund Budgetary Highlights

The Organization presents an annual budget to the Board for monitoring and approval.

The Organization budgeted for expenditures of $28,490,682 for the year ended June 30, 2018. Actual budgetary expenditures were $27,563,600.

There was one budget amendment during the year. This amendment incorporated the actual student count and related programming changes following the original budget approval in spring 2017.

Capital Asset and Debt Administration

Capital Assets

The Organization's capital assets consist of modular buildings and equipment (transportation vans). Depreciation on equipment in 2017-2018 was $43,875 and depreciation on buildings was $229,535. Total capital asset value at June 30, 2018, net of accumulated depreciation was $104,848.

Long-term Debt

As of June 30, 2018, the Organization has no long-term debt.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the Organization is student enrollment. Enrollment for the 2017-2018 school year was 2,083. Enrollment for the 2018-2019 school year is projected to be 2,406, including 425 students for KIPP Sunshine Peak Academy, 456 students for KIPP Denver Collegiate High School, 458 students for KIPP Northeast Denver Middle School, 468 students for KIPP Northeast Elementary, 505 students for KIPP Northeast Denver Leadership Academy and 94 students at a newly opening school, KIPP Sunshine Peak Elementary. The Organization is aware of projected funding levels for fiscal 2018-2019 and budgets according to the current estimates provided by the Colorado Department of Education and Denver Public Schools.

Financial Statements

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash	$ 5,628,462
Grants receivable	629,165
Prepaid expenses	41,173
Capital assets, net of accumulated depreciation	104,848
Total assets	6,403,648
Deferred Outflows of Resources	
Pension plan	6,825,277
OPEB	229,331
	7,054,608
Liabilities	
Accounts payable	214,353
Accrued liabilities	264,332
Noncurrent liabilities	
Due in more than one year	
Net pension liability	15,464,601
Net OPEB liability	876,686
Total liabilities	16,819,972
Deferred Inflows of Resources	
Pension plan	3,795,383
OPEB	27,371
	3,822,754
Net Position (Deficit)	
Net investment in capital assets	104,848
Restricted for emergencies	690,352
Restricted for capital construction	110,617
Unrestricted deficit	(8,090,287)
Total net position (deficit)	$ (7,184,470)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Primary Government					
Governmental activities					
Instruction	$ 12,352,057	$ 223,089	$ 1,991,639	$ -	$ (10,137,329)
Allocation of GASB 68 pension expense	1,835,994	-	-	-	(1,835,994)
Allocation of GASB 75 OPEB expense	(13,064)	-	-	-	13,064
Supporting services	13,122,652	11,561	462,434	352,240	(12,296,417)
Allocation of GASB 68 pension expense	1,173,832	-	-	-	(1,173,832)
Allocation of GASB 75 OPEB expense	(8,353)	-	-	-	8,353
Total governmental activities	$ 28,463,118	$ 234,650	$ 2,454,073	$ 352,240	(25,422,155)
General Revenues					
Per pupil revenue					16,032,203
District mill levy					3,967,461
Grants and contributions not restricted to specific programs					1,514,661
Investment income					30,252
Miscellaneous					310,412
Total general revenues					21,854,989
Change in Net Position					(3,567,166)
Net Position (Deficit), July 1, as Previously Reported					(2,921,126)
Change in Accounting Principle - GASB 75					(696,178)
Net Position (Deficit), July 1, as Restated					(3,617,304)
Net Position (Deficit), Ending					$ (7,184,470)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Balance Sheet
Governmental Fund
June 30, 2018

	General Fund
Assets	
Cash	$ 5,628,462
Grants receivable	629,165
Prepaid expenditures	41,173
Total assets	$ 6,298,800
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 214,353
Accrued liabilities	264,332
Total liabilities	478,685
Fund Balance	
Nonspendable prepaid expenditures	41,173
Restricted for emergencies	690,352
Restricted for capital construction	110,617
Unrestricted, unassigned	4,977,973
Total fund balance	5,820,115
Total liabilities and fund balance	$ 6,298,800

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Balance Sheet (continued)
Governmental Fund
June 30, 2018

		General Fund
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance of the governmental fund	$	5,820,115
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund		104,848
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund		(3,822,754)
Deferred outflows of resources are not financial resources and, therefore, are not reported in the fund		7,054,608
The net OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund		(876,686)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund		(15,464,601)
Total net position of governmental activities	$	(7,184,470)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2018

	General Fund
Revenues	
Local sources	$ 22,413,945
State sources	629,231
Federal sources	1,852,776
Total revenues	24,895,952
Expenditures	
Current	
Instruction	12,080,444
Supporting services	13,120,855
Total expenditures	25,201,299
Net Change in Fund Balance	(305,347)
Fund Balance, Beginning	6,125,462
Fund Balance, Ending	$ 5,820,115

KIPP Colorado Schools

(A Component Unit of Denver Public Schools)

Statement of Revenues, Expenditures and Changes in Fund Balance (continued)

Governmental Fund

Year Ended June 30, 2018

	General Fund
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net change in fund balance of the governmental fund	$ (305,347)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Depreciation expense	(273,410)
Some expenses recorded in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
OPEB expense	21,417
Pension expense	(3,009,826)
Change in net position of governmental activities	$ (3,567,166)

Note 1: Summary of Significant Accounting Policies

KIPP Colorado Schools (the Organization) was formed on January 23, 2002, to operate charter schools as provided in the Colorado Charter Schools Act. The Organization is a non-profit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Organization currently operates an elementary school, two middle schools and two high schools in Denver Public Schools (the District).

The accounting policies of the Organization conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The Organization is a component unit of Denver Public Schools (the District). The District granted the charters and provides the majority of the funding to the Organization. As additional schools are authorized, the charter agreement is amended.

The financial reporting entity consists of the Organization, organizations for which the Organization is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Organization. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Organization. Legally separate organizations for which the Organization is financially accountable are considered part of the reporting entity. Financial accountability exists if the Organization appoints a voting majority of the Organization's governing board and is able to impose its will on the Organization, or if the Organization provides benefits to, or imposes financial burdens on, the Organization.

Based on the application of this criteria, the Organization does not include additional organizations within its reporting entity other than the schools it operates.

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 activities of the Organization. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues. A management fee has been charged by the Organization to each of the charter schools. This fee has been eliminated upon consolidation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year if they are expected to be received within one year. All other revenues are considered to be measurable and available only when cash is received by the Organization. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the Organization reports the following major governmental fund:

General Fund

This fund is the general operating fund of the Organization. It is currently used to account for all financial activities of the Organization.

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets

Capital assets, which include buildings and building improvements, are reported in the government-wide financial statements. Capital assets are defined by the Organization as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the government-wide financial statements. Depreciation is provided over the estimated useful lives of the assets using the straight-line method, as follows:

Vehicles and equipment	4-5 years
Buildings and improvements	25 years

Deferred Outflows/Inflows of Resources

Deferred outflows of resources are consumptions of net position that are applicable to a future reporting period and deferred inflows of resources are acquisitions of net position that are applicable to a future reporting period. Both are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the periods(s) to which they relate. Refer to Note 5 and Note 7 for information on deferred outflows/inflows or resources related to pensions and OPEB, respectively.

Unearned Revenues

Unearned revenues include grants collected before qualifying expenditures have been recognized.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as a liability. In the fund financial statements, governmental funds recognize the face amount of debt issued during the current year as other financing sources.

Net Position/Fund Balance

In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The Organization has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the Organization uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters. The Organization carries commercial insurance for risks of loss, including liability, property, errors and omissions, and workers' compensation. Settled claims resulting from these risks have not exceeded the Organization's insurance coverage for fiscal years 2018, 2017 and 2016.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets 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.

Note 2: Cash and Investments

Cash and investments at June 30, 2018, consisted of the following:

Deposits

The financial institution holding the Organization'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.

The Organization's investment policy conforms to state statute for governmental entities. All accounts established at financial institutions should, in the aggregate, total less than $250,000 so as to provide maximum insurance coverage provided by the FDIC. If, however, deposits exceed the $250,000 insurance coverage level, the excess must be (1) fully collateralized at face value with government securities, (2) separately segregated in the Organization's name, and (3) held at a Federal Reserve Bank or another depository.

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, the Organization's deposits may not be returned.

Colorado state statutes govern the Organization's deposit of cash. The PDPA requires the Organization to make deposits only in eligible public depositories as defined by the regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The PDPA requires the eligible depository with public deposits in excess of the federal insurance levels to create single institution collateral pools for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group.

Investments

The Organization 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. 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.

- 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' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At June 30, 2018, the Organization had no investments and its cash balances consisted of the following:

Description	Carrying Amount	Bank Balance	Amount Covered Under PDPA
Checking	$ 5,628,462	$ 5,943,030	$ 5,686,232

Note 3: Capital Assets

Changes in capital assets for the year ended June 30, 2018 are summarized below.

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets being depreciated				
Vehicles and equipment	$ 205,386	$ -	$ -	$ 205,386
Buildings and improvements	819,767	64,751	-	884,518
Capital assets not being depreciated				
Construction in progress	64,751	-	(64,751)	-
Total capital assets	1,089,904	64,751	(64,751)	1,089,904
Less accumulated depreciation				
Vehicles and equipment	(121,414)	(43,875)	-	(165,289)
Buildings and improvements	(590,232)	(229,535)	-	(819,767)
Total accumulated depreciation	(711,646)	(273,410)	-	(985,056)
Total capital assets being depreciated, net	$ 378,258	$ (208,659)	$ (64,751)	$ 104,848

Depreciation expense was charged to the instructional ($271,613) and supporting services ($1,797) programs.

Note 4: Leases

The Organization leases office space under a noncancelable operating lease agreement. The lease expires in February 2020. Rent expense for the lease for the year ended June 30, 2018, was $33,840.

Minimum annual rental payments required under the operating lease for each year ending June 30 are as follows:

2019	$ 33,840
2020	22,560
Total	$ 56,400

Note 5: Defined Benefit Pension Plan

Summary of Significant Accounting Policies

The Organization participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). In accordance with GASB 68, the Organization accounts for and reports its participation in the plan as if it was a cost-sharing employer. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Organization have been determined using the same basis as they are reported by the DPS Division, which uses 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.

During the 2018 legislative session, 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.* Governmental accounting standards require the net pension liability and related amounts of the DPS Division for financial reporting purposes be measured using the plan provisions in effect as of the DPS Division's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability* and June 30, 2018.

General Information about the Pension Plan

Plan Description

Eligible employees of the Organization are provided with pensions through the DPS Division. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division.

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

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

Contribution Provisions as of June 30, 2018

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

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) 1	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(14.18%)	(14.56%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 1	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.50%	5.00%
Total Employer Contribution Rate to the DPS Division	4.95%	4.07%

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

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member, and the Organization is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the Organization were $580,235.

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

At June 30, 2018, the Organization reported a liability of $15,464,601 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Organization's proportion of the net pension liability was based on the Organization's contributions to the DPS Division for the calendar year 2017 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2017, the Organization's proportion was 1.73 percent, which was an increase of 0.33 from its proportion measured as of December 31, 2016 of 1.40 percent.

For the year ended June 30, 2018, the Organization recognized pension expense of $3,590,061. At June 30, 2018, the Organization 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	$ 946,909	$ 28,479
Changes of assumptions or other inputs	2,014,999	787,366
Net difference between projected and actual earnings on pension plan investments	-	2,979,538
Changes in proportion	3,539,650	-
Contributions subsequent to the measurement date	323,719	-
Total	$ 6,825,277	$ 3,795,383

$323,719 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 ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2019	$ 1,682,577
2020	1,413,780
2021	385,154
2022	(775,336)
2023	-
	$ 2,706,175

Actuarial Assumptions

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

Actuarial cost method	Entry age
Price inflation	2.4 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

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

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

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

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

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

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

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term that, including expected inflation, ultimately support a long-term expected 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 3.50 percent.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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

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

Based on the above actuarial cost method and assumptions, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return 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 Organization's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net pension liability	$ 24,335,594	$ 15,464,601	$ 8,122,111

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through 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 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100% funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25% on July 1, 2019.
- Increases employee contribution rates by a total of 2% (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the Organization reported a liability of $15,464,601 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Organizations' proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the DPS Division, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the DPS Division as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (Pro Forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (Pro Forma)
7.25%	$23,311,025

Pension Plan Fiduciary Net Position

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

Note 6: Pension Certificates of Participation

The District issued Taxable Pension Certificates of Participation (PCOPs) to fully fund the unfunded actuarial accrued liability of its pension plan (see Note 5). For the years ended June 30, 2018, 2017 and 2016, the Organization contributed 9.54 percent, 9.95 percent and 9.61 percent of covered salaries, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2018, 2017 and 2016, the Organization contributed $1,239,857, $1,040,576 and $811,189, respectively, to the District for its PCOPs obligation.

Note 7: Defined Benefit Other Post Employment Benefit (OPEB)

Summary of Significant Accounting Policies

The Organization participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Organization is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the Organization were $131,744 for the year ended June 30, 2018.

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

At June 30, 2018, the Organization reported a liability of $876,686 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Organization's proportion of the net OPEB liability was based on the Organization's contributions to the DPS HCTF for the calendar year 2017 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2017, the Organization's proportion was 1.72%, which was an increase of 0.32% from its proportion measured as of December 31, 2016 of 1.40%.

For the year ended June 30, 2018, the Organization recognized OPEB expense of $110,327. At June 30, 2018, the Organization 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	$ -	$ 516
Net difference between projected and actual earnings on OPEB plan investments	-	26,855
Changes in proportion and differences between the Organization's contributions and proportionate share of contributions	162,625	-
Contributions subsequent to the measurement date	66,706	-
Total	$ 229,331	$ 27,371

$66,706 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, 2019. 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	
2019	$ 17,957
2020	17,957
2021	17,957
2022	17,940
2023	24,667
Thereafter	38,776
	$ 135,254

Actuarial Assumptions

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

Actuarial cost method	Entry age
Price inflation	2.4 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017. gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

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

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

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

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

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

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

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

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

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

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

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$875,620	$876,686	$878,114

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, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the DPS HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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 Organization's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net OPEB liability	$ 999,074	$ 876,686	$ 772,070

OPEB Plan Fiduciary Net Position

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

Note 8: Commitments, Contingencies and Compliance

Claims and Judgments

The Organization participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Organization may be required to reimburse the other government. At June 30, 2018, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Organization.

Litigation

The Organization is subject to litigation that arises in the ordinary course of its activities. The Organization anticipates no potential claims resulting from this litigation which would materially affect the financial statements of the Organization.

TABOR Amendment

In November 1992, Colorado voters approved the TABOR Amendment to the state Constitution which limits state and local government taxing powers and imposes spending limitations. The TABOR Amendment is subject to many interpretations, but the Organization believes it is in substantial compliance with the TABOR Amendment. In accordance with the TABOR Amendment, the Organization has established an emergency reserve representing 3 percent of qualifying expenditures. At June 30, 2018, the reserve reported as restricted net position/fund balance totaled $690,352.

Facility Use Agreement

The Organization has approved facility use agreements with the District to utilize educational facilities owned by the District. For the year ended June 30, 2018, the Organization paid facility use fees of $772.89 per student. The agreements require facility use fees of $773.45 per student for the year ending June 30, 2019.

Public School Financial Transparency Act

The Public School Financial Transparency Act requires local education providers to post financial information online, in a downloadable format, for free public access. The Organization believes it is in compliance with this Act and has made such information available via a direct link from the Organization's website to the required information on the District's website.

Note 9: Implementation of New Accounting Standard

Effective July 1, 2017, the Organization implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with other postemployment benefits. The Organization provides its employees with OPEB through the Health Care Trust Fund described in Note 7. Statement No. 75 requires employers participating in such plans, to record their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability. The Organization has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The implementation of GASB 75 resulted in a ($696,178) restatement of net deficit as of July 1, 2017, which was comprised of the following:

Net OPEB liability at July 1, 2017	$ (761,216)
Deferred outflows of resources - employer contributions from January 1, 2017 through June 30, 2017	65,038
Adjustment to beginning net position	$ (696,178)

Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

Required Supplementary Information

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's Proportionate Share of the Net Pension Liability
Years Ended December 31,

	2017	2016	2015	2014
KIPP Colorado Schools' proportion of the net pension liability	1.73%	1.40%	1.16%	0.99%
KIPP Colorado Schools' proportionate share of the net pension liability	$ 15,464,601	$ 15,296,531	$ 9,436,078	$ 6,169,284
KIPP Colorado Schools' covered payroll	$ 11,692,177	$ 9,226,932	$ 7,257,631	$ 5,821,424
KIPP Colorado Schools' proportionate share of the net pension liability as a percentage of its covered payroll	132.26%	165.78%	130.02%	105.98%
Plan fiduciary net position as a percentage of the total pension liability	79.51%	74.05%	79.30%	83.94%

Note: Information is not available prior to 2014. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's Pension Contributions
Years Ended June 30,

	2018	2017	2016	2015
Statutorily required contribution	$ 580,235	$ 348,523	$ 161,457	$ 141,702
Contributions in relation to the statutorily required contribution	580,235	348,523	161,457	141,702
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
KIPP Colorado Schools' covered payroll	$ 12,916,078	$ 10,418,324	$ 8,138,698	$ 6,361,937
Contributions as a percentage of covered payroll	4.49%	3.35%	1.98%	2.23%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's Proportionate Share of the Net OPEB Liability
Year Ended December 31,

		2017
KIPP Colorado Schools' proportion of the net OPEB liability		1.72%
KIPP Colorado Schools' proportionate share of the net OPEB liability	$	876,686
KIPP Colorado Schools' covered payroll	$	11,692,177
KIPP Colorado Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll		7.50%
Plan fiduciary net position as a percentage of the total OPEB liability		30.45%

Note: Information is not available prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's OPEB Contributions
Year Ended June 30,

	2018
Statutorily required contribution	$ 131,744
Contributions in relation to the statutorily required contribution	131,744
Contribution deficiency (excess)	$ -
KIPP Colorado Schools' covered payroll	$ 12,916,078
Contributions as a percentage of covered payroll	1.02%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 15,684,863	$ 16,096,592	$ 16,032,203	$ (64,389)
District mill levy	3,662,637	3,964,235	3,967,461	3,226
Student activities	175,445	243,801	223,089	(20,712)
Food service fees	-	-	11,561	11,561
Grants and contributions	3,091,250	3,041,250	1,838,967	(1,202,283)
Investment income	1,000	1,000	30,252	29,252
Intercompany	2,321,700	2,371,839	2,362,301	(9,538)
Miscellaneous	341,753	390,158	310,412	(79,746)
Total local sources	25,278,648	26,108,875	24,776,246	(1,332,629)
State sources				
Grants	870,451	549,637	629,231	79,594
Total state sources	870,451	549,637	629,231	79,594
Federal sources				
Grants	1,436,838	1,856,070	1,852,776	(3,294)
Total revenues	27,585,937	28,514,582	27,258,253	(1,256,329)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
General Fund (continued)
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	13,108,470	13,381,376	13,219,685	161,691
Employee benefits	3,378,568	3,419,005	3,299,647	119,358
Purchased professional services	579,560	926,071	886,481	39,590
Purchased property services	302,683	313,645	308,368	5,277
Other purchased services	4,865,554	4,951,681	4,882,281	69,400
Supplies and materials	1,165,715	1,415,558	1,451,352	(35,794)
Property and equipment	494,941	625,197	505,969	119,228
Intercompany	2,321,700	2,371,839	2,362,301	9,538
Miscellaneous	1,265,558	1,086,310	647,516	438,794
Total expenditures	27,482,749	28,490,682	27,563,600	927,082
Net Change in Fund Balance	103,188	23,900	(305,347)	(329,247)
Fund Balance, Beginning	5,555,158	5,555,158	6,125,462	570,304
Fund Balance, Ending	$ 5,658,346	$ 5,579,058	$ 5,820,115	$ 241,057
Appropriated Reserves				
Contingency	$ 166,034	$ 54,754	N/A	N/A
Release of appropriated fund balance	100,000	72,000	N/A	N/A
Fund balance reserve	5,392,312	5,452,304	N/A	N/A
	$ 5,658,346	$ 5,579,058		

Reconciliation of Non-GAAP Budgetary Basis to Actual GAAP Basis

Revenues (budgetary)	$ 27,258,253
Less intercompany	(2,362,301)
Total revenues (GAAP basis)	$ 24,895,952
Expenditures (budgetary)	$ 27,563,600
Less intercompany	(2,362,301)
Total expenditures (GAAP basis)	$ 25,201,299

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Notes to Required Supplementary Information
Year Ended June 30, 2018

Note 1: Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

A budget is adopted for the Organization on a basis consistent with generally accepted accounting principles, except for the inclusion of intercompany transactions.

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.

As stipulated in state statutes, expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year-end.

Note 2: Significant Changes Affecting Trends in Actuarial Information

2017 Changes in Assumptions or Other Inputs Since 2016

Defined Benefit Pension Plan

- The single equivalent interest rate (SIER) for the School Division was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (FNP), and the resulting application of the municipal bond rate.
- The municipal bond index rate used in the determination of the SIER for the State, School, and Judicial Divisions changed from 3.86 percent to 3.43 percent on the measurement date.

Defined Benefit Other Post Employment Benefit

- There were no changes made to the actuarial methods or assumptions.

Supplementary Information

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet
June 30, 2018

	KIPP Sunshine Peak Academy	KIPP Denver Collegiate High School	KIPP Northeast Denver Middle School	KIPP Northeast Denver Leadership Academy
Assets				
Cash and investments	$ 3,433,282	$ 667,759	$ 889,894	$ 250,486
Grants receivable	332,673	15,399	98,141	114,496
Inter-entity receivable	627,998	341,205	1,805,716	946,221
Prepaid expenditures	833	19,218	500	6,162
Total assets	$ 4,394,786	$ 1,043,581	$ 2,794,251	$ 1,317,365
Liabilities and Fund Balance				
Liabilities				
Accounts payable	$ 149,288	$ (2,403)	$ (7,287)	$ 49,170
Inter-entity payable	1,860,100	223,260	1,172,520	446,972
Accrued liabilities	45,948	51,681	20,221	34,606
Total liabilities	2,055,336	272,538	1,185,454	530,748
Fund Balance				
Nonspendable prepaid expenditures	833	19,218	500	6,162
Restricted for emergencies	126,043	139,975	138,214	125,382
Restricted for capital construction	110,617	-	-	-
Unrestricted, unassigned	2,101,957	611,850	1,470,083	655,073
Total fund balance	2,339,450	771,043	1,608,797	786,617
Total liabilities and fund balance	$ 4,394,786	$ 1,043,581	$ 2,794,251	$ 1,317,365

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet (continued)
June 30, 2018

	KIPP Northeast Elementary School	Central Office	Eliminations	Total
Assets				
Cash and investments	$ 454,456	$ (67,415)	$ -	$ 5,628,462
Grants receivable	68,456	-	-	629,165
Inter-entity receivable	225,293	425,222	(4,371,655)	-
Prepaid expenditures	62	14,398	-	41,173
Total assets	$ 748,267	$ 372,205	$ (4,371,655)	$ 6,298,800
Liabilities and Fund Balance				
Liabilities				
Accounts payable	$ 6,445	$ 19,140	$ -	$ 214,353
Inter-entity payable	352,086	316,717	(4,371,655)	-
Accrued liabilities	29,558	82,318	-	264,332
Total liabilities	388,089	418,175	(4,371,655)	478,685
Fund Balance				
Nonspendable prepaid expenditures	62	14,398	-	41,173
Restricted for emergencies	105,421	55,317	-	690,352
Restricted for capital construction	-	-	-	110,617
Unrestricted, unassigned	254,695	(115,685)	-	4,977,973
Total fund balance	360,178	(45,970)	-	5,820,115
Total liabilities and fund balance	$ 748,267	$ 372,205	$ (4,371,655)	$ 6,298,800

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2018

	KIPP Sunshine Peak Academy	KIPP Denver Collegiate High School	KIPP Northeast Denver Middle School	KIPP Northeast Denver Leadership Academy
Revenues				
Local sources	$ 4,042,747	$ 4,570,205	$ 4,513,185	$ 4,100,588
State sources	167,928	100,774	99,424	83,035
Federal sources	686,289	247,252	244,764	388,030
Total revenues	4,896,964	4,918,231	4,857,373	4,571,653
Expenditures				
Current				
Instruction	2,301,019	2,741,624	2,476,289	2,403,318
Supporting services	2,432,100	2,149,741	2,284,398	1,962,549
Total expenditures	4,733,119	4,891,365	4,760,687	4,365,867
Net Change in Fund Balance	163,845	26,866	96,686	205,786
Fund Balance, Beginning	2,175,605	744,177	1,512,111	580,831
Fund Balance, Ending	$ 2,339,450	$ 771,043	$ 1,608,797	$ 786,617

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)
Year Ended June 30, 2018

	KIPP Northeast Elementary School	Central Office	Eliminations	Total
Revenues				
Local sources	$ 3,339,830	$ 4,209,691	$ (2,362,301)	$ 22,413,945
State sources	178,070	-	-	629,231
Federal sources	286,441	-	-	1,852,776
Total revenues	3,804,341	4,209,691	(2,362,301)	24,895,952
Expenditures				
Current				
Instruction	2,147,643	10,551	-	12,080,444
Supporting services	1,815,336	4,839,032	(2,362,301)	13,120,855
Total expenditures	3,962,979	4,849,583	(2,362,301)	25,201,299
Net Change in Fund Balance	(158,638)	(639,892)	-	(305,347)
Fund Balance, Beginning	518,816	593,922	-	6,125,462
Fund Balance, Ending	$ 360,178	$ (45,970)	$ -	$ 5,820,115

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Sunshine Peak Academy
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,133,185	$ 3,340,172	$ 3,334,939	$ (5,233)
District mill levy	612,861	635,740	647,776	12,036
Student activities	30,750	34,925	38,890	3,965
Food service fees	-	-	11,561	11,561
Grants and contributions	-	87,000	(9,615)	(96,615)
Investment income	1,000	1,000	19,196	18,196
Miscellaneous	22,529	22,529	-	(22,529)
Total local sources	3,800,325	4,121,366	4,042,747	(78,619)
State sources				
Grants	96,560	109,747	167,928	58,181
Total state sources	96,560	109,747	167,928	58,181
Federal sources				
Grants	490,030	663,263	686,289	23,026
Total revenues	4,386,915	4,894,376	4,896,964	2,588

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule (continued)
KIPP Sunshine Peak Academy
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	2,080,656	2,219,742	2,047,900	171,842
Employee benefits	533,704	563,425	514,804	48,621
Purchased professional services	59,225	119,738	117,905	1,833
Purchased property services	32,983	56,729	56,929	(200)
Other purchased services	1,382,626	1,519,677	1,528,694	(9,017)
Supplies and materials	166,883	202,853	224,412	(21,559)
Property and equipment	89,366	175,394	123,887	51,507
Miscellaneous	41,472	12,918	118,588	(105,670)
Total expenditures	4,386,915	4,870,476	4,733,119	137,357
Net Change in Fund Balance	-	23,900	163,845	139,945
Fund Balance, Beginning	1,605,301	1,605,301	1,605,301	-
Fund Balance, Ending	$ 1,605,301	$ 1,629,201	$ 1,769,146	$ 139,945
Appropriated Reserves				
Contingency	$ 33,973	$ 5,418	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	1,571,328	1,623,783	N/A	N/A
	$ 1,605,301	$ 1,629,201		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Denver Collegiate High School
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,636,742	$ 3,586,022	$ 3,584,722	$ (1,300)
District mill levy	914,027	880,860	891,075	10,215
Student activities	33,225	56,571	78,506	21,935
Grants and contributions	-	-	14,162	14,162
Investment income	-	-	1,740	1,740
Miscellaneous	20,600	47,600	-	(47,600)
Total local sources	4,604,594	4,571,053	4,570,205	(848)
State sources				
Grants	151,285	98,681	100,774	2,093
Total state sources	151,285	98,681	100,774	2,093
Federal sources				
Grants	211,624	231,226	247,252	16,026
Total revenues	4,967,503	4,900,960	4,918,231	17,271

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule (continued)
KIPP Denver Collegiate High School
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	2,349,675	2,410,272	2,428,628	(18,356)
Employee benefits	608,729	606,885	620,434	(13,549)
Purchased professional services	138,576	164,875	139,231	25,644
Purchased property services	47,970	43,970	63,875	(19,905)
Other purchased services	1,440,191	1,366,194	1,382,246	(16,052)
Supplies and materials	145,452	178,833	173,856	4,977
Property and equipment	100,065	93,382	77,342	16,040
Miscellaneous	83,657	36,549	5,753	30,796
Total expenditures	4,914,315	4,900,960	4,891,365	9,595
Net Change in Fund Balance	53,188	-	26,866	26,866
Fund Balance, Beginning	744,177	744,177	744,177	-
Fund Balance, Ending	$ 797,365	$ 744,177	$ 771,043	$ 26,866
Appropriated Reserves				
Contingency	$ 48,657	$ 1,549	N/A	N/A
Release of appropriated fund balance	-	27,000	N/A	N/A
Fund balance reserve	748,708	715,628	N/A	N/A
	$ 797,365	$ 744,177		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Northeast Denver Middle School
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,489,416	$ 3,708,614	$ 3,663,205	$ (45,409)
District mill levy	659,966	682,845	675,891	(6,954)
Student activities	34,350	34,605	29,026	(5,579)
Grants and contributions	127,000	127,000	2,015	(124,985)
Investment income	-	-	5,670	5,670
Miscellaneous	11,205	22,900	137,378	114,478
Total local sources	4,321,937	4,575,964	4,513,185	(62,779)
State sources				
Grants	134,116	94,651	99,424	4,773
Total state sources	134,116	94,651	99,424	4,773
Federal sources				
Grants	224,208	243,458	244,764	1,306
Total revenues	4,680,261	4,914,073	4,857,373	(56,700)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule (continued)
KIPP Northeast Denver Middle School
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	2,237,716	2,243,027	2,204,734	38,293
Employee benefits	592,793	611,947	555,039	56,908
Purchased professional services	77,220	135,068	130,142	4,926
Purchased property services	26,500	35,000	34,587	413
Other purchased services	1,357,414	1,528,491	1,514,808	13,683
Supplies and materials	208,115	200,275	234,910	(34,635)
Property and equipment	110,181	113,546	80,019	33,527
Miscellaneous	70,322	46,719	6,448	40,271
Total expenditures	4,680,261	4,914,073	4,760,687	153,386
Net Change in Fund Balance	-	-	96,686	96,686
Fund Balance, Beginning	1,512,111	1,512,111	1,512,111	-
Fund Balance, Ending	$ 1,512,111	$ 1,512,111	$ 1,608,797	$ 96,686
Appropriated Reserves				
Contingency	$ 35,321	$ 11,719	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	1,476,790	1,500,392	N/A	N/A
	$ 1,512,111	$ 1,512,111		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Northeast Denver Leadership Academy
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,142,188	$ 3,125,125	$ 3,153,217	$ 28,092
District mill levy	789,794	774,411	754,439	(19,972)
Student activities	32,120	56,600	34,715	(21,885)
Grants and contributions	100,000	-	23,650	23,650
Investment income	-	-	955	955
Miscellaneous	249,529	194,529	133,612	(60,917)
Total local sources	4,313,631	4,150,665	4,100,588	(50,077)
State sources				
Grants	83,387	72,688	83,035	10,347
Total state sources	83,387	72,688	83,035	10,347
Federal sources				
Grants	178,755	391,922	388,030	(3,892)
Total revenues	4,575,773	4,615,275	4,571,653	(43,622)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule (continued)
KIPP Northeast Denver Leadership Academy
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	2,110,169	2,131,302	2,017,405	113,897
Employee benefits	540,498	551,247	500,911	50,336
Purchased professional services	102,899	104,350	92,312	12,038
Purchased property services	42,762	42,762	33,590	9,172
Other purchased services	1,322,973	1,316,011	1,303,114	12,897
Supplies and materials	289,960	285,185	285,206	(21)
Property and equipment	110,502	150,438	128,304	22,134
Miscellaneous	56,010	33,980	5,025	28,955
Total expenditures	4,575,773	4,615,275	4,365,867	249,408
Net Change in Fund Balance	-	-	205,786	205,786
Fund Balance, Beginning	580,831	580,831	580,831	-
Fund Balance, Ending	$ 580,831	$ 580,831	$ 786,617	$ 205,786
Appropriated Reserves				
Contingency	$ 15,527	$ -	N/A	N/A
Release of appropriated fund balance	100,000	45,000	N/A	N/A
Fund balance reserve	465,304	535,831	N/A	N/A
	$ 580,831	$ 580,831		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Northeast Elementary School
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,283,332	$ 2,336,659	$ 2,296,120	$ (40,539)
District mill levy	685,989	990,379	998,280	7,901
Student activities	45,000	61,100	38,971	(22,129)
Grants and contributions	50,000	-	4,556	4,556
Investment income	-	-	1,903	1,903
Miscellaneous	16,620	84,600	-	(84,600)
Total local sources	3,080,941	3,472,738	3,339,830	(132,908)
State sources				
Grants	405,103	173,870	178,070	4,200
Total state sources	405,103	173,870	178,070	4,200
Federal sources				
Grants	332,221	277,201	286,441	9,240
Total revenues	3,818,265	3,923,809	3,804,341	(119,468)

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule (continued)
KIPP Northeast Elementary School
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	1,794,436	1,879,656	1,904,792	(25,136)
Employee benefits	504,240	486,596	479,834	6,762
Purchased professional services	51,940	59,115	78,126	(19,011)
Purchased property services	42,968	44,684	28,462	16,222
Other purchased services	1,056,471	1,031,871	1,057,735	(25,864)
Supplies and materials	240,292	300,267	327,120	(26,853)
Property and equipment	75,027	87,637	84,163	3,474
Miscellaneous	52,891	33,983	2,747	31,236
Total expenditures	3,818,265	3,923,809	3,962,979	(39,170)
Net Change in Fund Balance	-	-	(158,638)	(158,638)
Fund Balance, Beginning	518,816	518,816	518,816	-
Fund Balance, Ending	$ 518,816	$ 518,816	$ 360,178	$ (158,638)
Appropriated Reserves				
Contingency	$ 25,056	$ 35,022	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	493,760	483,794	N/A	N/A
	$ 518,816	$ 518,816		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Central Office
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
CMO Fee	$ 2,321,700	$ 2,371,839	$ 2,362,301	$ (9,538)
Student activities	-	-	2,981	2,981
Grants and contributions	2,814,250	2,827,250	1,804,199	(1,023,051)
Investment income	-	-	788	788
Miscellaneous	21,270	18,000	39,422	21,422
Total local sources	5,157,220	5,217,089	4,209,691	(1,007,398)
Federal sources				
Grants	-	49,000	-	(49,000)
Total revenues	5,157,220	5,266,089	4,209,691	(1,056,398)
Expenditures				
Current				
Salaries	2,535,818	2,497,377	2,616,226	(118,849)
Employee benefits	598,604	598,905	628,625	(29,720)
Purchased professional services	149,700	342,925	328,765	14,160
Purchased property services	109,500	90,500	90,925	(425)
Other purchased services	627,579	561,276	457,985	103,291
Supplies and materials	115,013	248,145	205,848	42,297
Property and equipment	9,800	4,800	12,254	(7,454)
Miscellaneous	961,206	922,161	508,955	413,206
Total expenditures	5,107,220	5,266,089	4,849,583	416,506
Net Change in Fund Balance	50,000	-	(639,892)	(639,892)
Fund Balance, Beginning	593,922	593,922	593,922	-
Fund Balance, Ending	$ 643,922	$ 593,922	$ (45,970)	$ (639,892)
Appropriated Reserves				
Contingency	$ 7,500	$ 1,046	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	636,422	592,876	N/A	N/A
	$ 643,922	$ 593,922		