KIPP Colorado Schools

(A Component Unit of Denver Public Schools)

Independent Auditor's Reports and Financial Statements

June 30, 2024

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
June 30, 2024

KIPP Colorado Board of Directors
2023-2024

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KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
June 30, 2024

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Independent Auditor's Report

Board of Directors
KIPP Colorado Schools
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of KIPP Colorado Schools (the Organization), as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and OPEB information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining balance sheet, combining schedule of revenues, expenditures and changes in fund balance, and budgetary comparison schedules are presented for purposes of additional analysis and are 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 combining balance sheet, combining schedule of revenues, expenditures and changes in fund balance, and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Forvis Mazars, LLP

Denver, Colorado
October 9, 2024

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2024

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, 2023 to June 30, 2024. 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 Fiscal Years 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 of resources, deferred outflows of resources, 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 Financial Statements.

- The period from July 1, 2023 through June 30, 2024 covers the 22nd year of operation for the Organization. The total fund balance at the end of the year according to the governmental fund balance sheet is $19,502,990 an increase of $214,967 compared to the prior year.

- The net position at the end of the year according to the government-wide financial statements is $12,673,018.

- 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, 2024, KIPP Colorado Schools' net OPEB asset is $107,687.

- For the plan year ended December 31, 2023, the Collective Pension Expense of DPS Division of Colorado PERA had a debit balance of $52,899,000. KIPP Colorado Schools' pension expense is $152,348 as of June 30, 2024.

- For the plan year ended December 31, 2023, the Collective OPEB Expense of the DPS Division of Colorado PERA had a debit balance of $52,899,000. KIPP Colorado Schools' OPEB expense is $243,199 as of June 30, 2024.

- In 2022, the Organization implemented the provisions of GASB Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, the Organization is required to recognize a lease liability and an intangible right-to-use lease asset. As of June 30, 2024, the Organization has recorded a net right-to-use asset and lease liability of $344,279 and $337,083, respectively. There was no impact beginning net position of the Organization as a result of the implementation.

- 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 $27,003,383 compared to $25,021,069 in the prior year. The increase is due to an increase in the amount per student funding.

- The Organization operates six schools in addition to the Regional (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), a high school which opened August 2016 in Green Valley Ranch (KIPP Northeast Denver Leadership Academy, KNDLA), and an elementary school in Southwest Denver which opened August 2018 (KIPP Sunshine Peak Elementary, KSPE).

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 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 deferred outflows of resources and liabilities and deferred inflow of resources, 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 S*tatement 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, 2024, the Organization's assets and deferred outflows exceeded liabilities and deferred inflows by $12,673,018 in the government-wide financial statements. Of the total net position, $1,357,965 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. $725,581 is restricted for capital construction and $35,505 is the Net Investment in Capital Assets. Accordingly, this component of net position is not available to satisfy general operating expenses of the Organization.

Condensed Statement of Net Position

	2024	2023
Assets		
Current (noncapital)	$ 22,116,684	$ 21,018,664
Noncurrent (capital)	372,588	361,742
Total Assets	22,489,272	21,380,406
Deferred Outflows of Resources	9,770,739	8,053,996
Liabilities		
Current	2,506,007	1,730,641
Noncurrent liabilities		
Lease liability due within one year	178,900	149,097
Lease liability due more than one year	158,183	187,097
Net pension and OPEB liability	15,211,469	12,321,945
Total Liabilities	18,054,559	14,388,780
Deferred Inflows of Resources	1,532,434	2,688,381
Net Position		
Net investment in capital assets	35,505	25,548
Restricted for emergencies	1,357,965	1,208,917
Restricted for capital construction	725,581	790,989
Unrestricted	10,553,967	10,331,787
Total Net Position	$ 12,673,018	$ 12,357,241

The increase to deferred outflows of resources is due to a change in actuarial assumptions and other actuarial inputs. The increase in current liabilities is due to timing of year-end invoices and the related last check run of the year. The increase in pension liability and OPEB asset and decrease to deferred inflows of resources is due to a change in the actuarial assumptions and other actuarial inputs.

Condensed Statement of Activities

	2024	2023
Revenues		
Charges for services	$ 190,761	$ 256,148
Grants and contributions	7,877,292	14,686,034
Per pupil revenue	26,996,898	25,021,069
Mill levy	9,171,888	8,059,067
Investment income	1,013,259	505,426
Miscellaneous	379,775	125,726
Total Revenues	45,629,873	48,653,470
Expenses		
Instruction		
General	22,295,471	22,835,286
Allocation of GASB 68 and 75 expense	(17,967)	511,011
Supporting services		
General	23,050,730	17,459,563
Allocation of GASB 68 and 75 expense	(14,138)	263,248
Total Expenses	45,314,096	41,069,108
Change in Net Position	315,777	7,584,362
Net Position, Beginning of Year	12,357,241	4,772,879
Net Position, End of Year	$ 12,673,018	$ 12,357,241

The overall increase in total revenue when comparted to prior year is due to the one-time donation referenced above as well as increases in PPR and Mill Levy revenues on a per student basis, which are partially offset by lower enrollment. The increase in expenses was primarily due to the change in allocation of the GASB 68 and GASB 75 components.

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 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, 2024, the Organization's governmental fund reported an ending fund balance of $19,502,994. This amount represents an increase of $214,971 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 $51,147,538 for the year ended June 30, 2024. Actual budgetary expenditures were $51,062,490.

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 2024.

Capital Asset and Debt Administration

Capital Assets

The Organization's capital assets consist of equipment (transportation vans). There was no depreciation on equipment in 2023-2024 as equipment was fully depreciated and depreciation on buildings and building improvements was $2,599. Total capital asset value at June 30, 2024, net of accumulated depreciation was $28,309.

Lease Assets

The Organization's lease assets consist of building and equipment as a result of implementing GASB 87, *Leases.* Total lease asset value at June 30, 2024, net of accumulated amortization was $344,279.

Long-term Debt

The Organization's lease liability at June 30, 2023 was $337,083 as a result of implementing GASB 87, *Leases.*

Economic Factors and Next Year's Budget

The primary factor driving the budget for the Organization is student enrollment. Total enrollment for the 2022-2023 school year was 2,491. Enrollment for the 2024-2025 school year is projected to be 2,468, including 320 students for KIPP Sunshine Peak Academy, 468 students for KIPP Denver Collegiate High School, 470 students for KIPP Northeast Denver Middle School, 480 students for KIPP Northeast Elementary, 555 students for KIPP Northeast Denver Leadership Academy and 158 students at KIPP Sunshine Peak Elementary. The Organization is aware of projected funding levels for fiscal year 2023-2024 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, 2024

	Governmental Activities
Assets	
Cash and investments	$ 21,287,037
Grants receivable	498,475
Prepaid expenses	223,485
Capital assets, net of accumulated depreciation	28,309
Lease assets, net of accumulated amortization	344,279
Net OPEB asset	107,687
Total assets	22,489,272
Deferred Outflows of Resources	
Pension plan	9,448,647
OPEB	322,092
	9,770,739
Liabilities	
Accounts payable	779,040
Accrued liabilities	1,309,252
Unearned revenue	417,715
Noncurrent liabilities	
Lease liability due within one year	178,900
Due in more than one year	
Lease liability due more than one year	158,183
Net pension liability	15,211,469
Total liabilities	18,054,559
Deferred Inflows of Resources	
Pension plan	1,216,774
OPEB	315,660
	1,532,434
Net Position	
Net investment in capital assets	35,505
Restricted for emergencies	1,357,965
Restricted for capital construction	725,581
Unrestricted	10,553,967
Total net position	$ 12,673,018

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Activities
Year Ended June 30, 2024

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants**	**Governmental Activities**
Primary Government					
Governmental activities					
Instruction	$ 22,295,471	$ 190,761	$ -	$ -	$ (22,104,710)
GASB 68 pension expense	118,224	-	32,909	-	(85,315)
GASB 75 OPEB expense	(136,191)	-	-	-	136,191
Supporting services	23,050,730	-	556,133	-	(22,494,597)
GASB 68 pension expense	92,870	-	25,857	-	(67,013)
GASB 75 OPEB expense	(107,008)	-	-	-	107,008
Total governmental activities	$ 45,314,096	$ 190,761	$ 614,900	$ -	$ (44,508,435)
General Revenues					
Per pupil revenue					$ 26,996,898
District mill levy					9,171,888
Grants and contributions not restricted to specific programs					7,262,392
Investment income					1,013,259
Miscellaneous					379,775
Total general revenues					44,824,212
Change in Net Position					315,777
Net Position, Beginning					12,357,241
Net Position, Ending					$ 12,673,018

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund
June 30, 2024

	General Fund
Assets	
Cash and investments	$ 21,287,037
Grants receivable	498,475
Prepaid expenditures	223,485
Total assets	$ 22,008,997
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 779,040
Accrued liabilities	1,309,252
Unearned revenue	417,715
Total liabilities	2,506,007
Fund Balance	
Nonspendable prepaid expenditures	223,485
Restricted for emergencies	1,357,965
Restricted for capital construction	725,581
Unrestricted, unassigned	17,195,959
Total fund balance	19,502,990
Total liabilities and fund balance	$ 22,008,997

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund (continued)
June 30, 2024

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

Total fund balance of the governmental fund	$ 19,502,990
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	28,309
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	344,279
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund	(1,532,434)
Deferred outflows of resources are not financial resources and, therefore, are not reported in the fund	9,770,739
The net OPEB liability (asset) is not due and payable in the current period and, therefore, is not reported in the governmental fund	107,687
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	(15,211,469)
Long-term lease liabilities are not due and payable in the current period and, therefore, is not reported in the governmental fund	(337,083)
Total net position of governmental activities	$ 12,673,018

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, 2024

	General Fund
Revenues	
Local sources	$ 38,306,928
State sources	2,176,942
Federal sources	5,187,072
Total revenues	45,670,942
Expenditures	
Current	
Instruction	22,362,691
Supporting services	23,093,284
Total expenditures	45,455,975
Net Change in Fund Balance	214,967
Fund Balance, Beginning	19,288,023
Fund Balance, Ending	$ 19,502,990

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund (continued)
Year Ended June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net change in fund balance of the governmental fund	$ 214,967
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 and loss on disposals in the current period.	
Depreciation expense	(2,599)
Lease amortization expense not included in the fund	(183,170)
Repayment of lease liability which does not affect the Statement of Activities	195,728
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) credit	243,199
Pension (expense) credit	(152,348)
Change in net position of governmental activities	$ 315,777

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 two elementary schools, 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 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 tax 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 vehicles and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Organization as assets with an initial, individual cost of $10,000 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 acquisition 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 building improvements	10-25 years

Lease Assets

The Organization has recorded right-to-use lease assets as a result of implementing GASB Statement No 87, *Leases*, in the government-wide financial statements. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease asset into service. The right-to-use assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Subscription Assets

Subscription assets are recorded in accordance with GASB Statement No 96, *Subscription-Based Information Technology Arrangements*, in the government-wide financial statements. The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any payments made prior to the lease term, less payments associated with the contract at the commencement of the subscription term, and capitalizable initial implementation costs. The right-to-use subscription assets are amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset. The adoption of Statement No. 96 had no impact to the financial statements of the Organization as all arrangements were considered immaterial.

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.

Accrued Liabilities

Accrued liabilities represents unused vacation leave which is expected to be used in the year in which it was earned but may be accumulated and carried over to specified limits. Total unused vacation leave liability is due within one year.

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.

Lease Liability

The Organization has recorded a lease liability related to the right-to-use lease assets as a result of implementing GASB Statement No 87, *Leases*, in the government-wide financial statements. The lease liability is calculated as the present value of the remaining lease payments expected to be paid/received during the lease term. The Organization recognizes lease liabilities with an initial individual value of $10,000 or more.

Subscription Liability

Subscription liabilities are recorded in accordance with GASB Statement No 96, *Subscription-Based Information Technology Arrangements*, in the government-wide financial statements. The subscription liability is calculated as the present value of the remaining lease payments expected to be paid/received during the lease term. The Organization recognizes subscription liabilities with an initial individual value of $10,000 or more. The adoption of Statement No. 96 had no impact to the financial statements of the Organization as all arrangements were considered immaterial.

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 2024, 2023, or 2022.

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 liabilities and disclosures of contingent 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, 2024, 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.

At June 30, 2024, the Organization's deposit balances consisted of the following:

Description	Carrying Amount	Bank Balance	Amount Covered Under PDPA
Bank accounts	$ 5,760,724	$ 5,372,659	$ 5,122,659

Investments

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. 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.

- 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, 2024, the Organization had $15,526,313 invested in the Vanguard Federal Money Market Fund and is valued at NAV. The Vanguard Federal Money Market Fund invests in U.S. government securities and seeks to provide current income and preserve shareholders' principal investment by maintaining a share price of $1. The fund generally invests 100% of its assets in governmental securities.

Note 3. Capital Assets

Changes in capital assets for the year ended June 30, 2024 are summarized below.

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets being depreciated				
Vehicles and equipment	$ 181,389	$ -	$ (26,000)	$ 155,389
Building improvements	7,300	-	-	7,300
Buildings	884,518	-	-	884,518
Total capital assets	1,073,207	-	(26,000)	1,047,207
Less accumulated depreciation				
Vehicles and equipment	(181,389)	-	26,000	(155,389)
Building improvements	(5,110)	(730)	-	(5,840)
Buildings	(855,800)	(1,869)	-	(857,669)
Total accumulated depreciation	(1,042,299)	(2,599)	26,000	(1,018,898)
Total capital assets being depreciated, net	$ 30,908	$ (2,599)	$ -	$ 28,309

Depreciation expense was charged to the instructional and supporting services programs in the amounts of $1,869 and $730, respectively.

The Organization has two types of right-to-use leased assets for the year ended June 30, 2024. These assets are right-to-use assets for leased building space and printers. The related leases are discussed in the long-term liability disclosure. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases. Right-to-use asset activity for the Organization for the year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Lease assets - building	$ 148,510	$ -	$ -	$ 148,510
Lease assets - equipment	380,688	196,615	-	577,303
	529,198	196,615	-	725,813
Less accumulated amortization				
Lease assets - building	(77,497)	(38,903)	-	(116,400)
Lease assets - equipment	(120,867)	(144,267)	-	(265,134)
Total accumulated amortization	(198,364)	(183,170)	-	(381,534)
Total lease assets being amortized, net	$ 330,834	$ 13,445	$ -	$ 344,279

Amortization expense was charged to instructional and supporting services programs in the amounts of $102,575 and $80,595, respectively.

Note 4. Long-Term Liabilities

The Organization has entered into two types of agreements to lease building space and printers. The lease liabilities have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease liabilities are measured using an incremental borrowing rate ranging from 4.25% to 7.50% which represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term. There are no variable payment components to any of the leases. A building office space agreement was executed on May 1, 2020 to lease 1,500 rentable square feet of building space that terminates on April 30, 2025. The monthly rent shall be in the amount of $2,838 from May 1, 2020 to April 30, 2021. Monthly rent will then increase by approximately 2.18% annually. An administrative fee of $25 a month is charged each month of the lease. On August 1, 2021, the Organization entered into a second agreement to lease additional office space at the existing building. The monthly rent shall be in the amount of $332.69 from August 1, 2021 to April 30, 2025. Monthly rent will then increase by approximately 2.18% annually.

The Organization also has multiple lease agreements outstanding for printers in use at various locations. The agreements were executed between July 26, 2019 and January 1, 2024, and have a term of 39 months.

As a result of these leases, the Organization has a right-to-use asset with a net book value of $294,941 for the year ended June 30, 2024.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

	Principal	Interest
2025	$ 178,900	$ 19,896
2026	131,148	7,463
2027	27,035	926
	$ 337,083	$ 28,285

Long-term liability activity for the year ended June 30, 2024, is shown in the table below:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Due Within One Year
Lease liabilities	$ 336,194	$ 196,615	$ 195,726	$ 337,083	$ 178,900
Total lease liabilities	$ 336,194	$ 196,615	$ 195,726	$ 337,083	$ 178,900

Note 5. Defined Benefit Pension Plan

The Organization participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP 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.

General Information about the Pension Plan

Plan Description

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

Benefits Provided as of December 31, 2023

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contribution Provisions as of June 30, 2024

Eligible employees of the Organization and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through December 31, 2023	**January 1, 2024 Through June 30, 2024**
Employer Contribution Rate	11.40%	11.40%
Amount of Employer Contribution apportioned to the DPS Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(10.93%)	(9.78%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the DPS Division	9.45%	10.60%

**Contribution rates for the DPS Division 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 $2,471,795 for the year ended June 30, 2024.

The DPS Division is permitted under C.R.S. § 24-51-412 to offset the contribution rate for Pension Certificates of Participation (PCOP). The offset, expressed as a percentage of covered payroll, is equal to the annual assumed payment obligations for PCOPs issued in 1997 and 2008, including subsequent refinancing, by the Denver Public Schools at a fixed effective annual interest rate of 8.50%. At a minimum, the DPS Division employer rate, after applying the PCOP offset, must be sufficient to fund the Denver Public Schools Health Care Trust Fund (DPS HCTF) and the AIR contribution rates as it applies to the DPS Division.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225 million plus an additional amount of $380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to $35 million. Additionally, the newly added C.R.S. § 24-51-414(9) provided compensatory payment of $14.561 million for 2023 only.

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

The net pension liability for the DPS Division was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2023. The Organization’s proportion of the net pension liability was based on the Organization’s contributions to the DPS Division for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the Organization reported a liability of $15,211,469 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Organization as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Organization were as follows:

The Organization’s proportionate share of the net pension liability	$ 15,211,469
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Organization	719,549
Total	$ 15,931,018

At December 31, 2023, the Organization’s proportion was 2.35%, which was an increase of 0.95 percentage points from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Organization recognized pension expense (credit) of $2,319,447 which equals contributions of $2,471,795 plus the GASB 68 expense (credit) of $1,537,517. The pension expense (credit) was offset by revenue and expense in the Governmental Fund of $101,622 and $58,767, respectively, in the Statement of Activities for support from the State as a nonemployer contributing entity. At June 30, 2024, 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	$ 865,689	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	4,028,466	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,252,692	1,216,774
Contributions subsequent to the measurement date	1,301,800	-
Total	$ 9,448,647	$ 1,216,774

$1,301,800 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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,	
2025	$ 860,902
2026	3,034,168
2027	4,143,857
2028	(1,108,854)
	$ 6,930,073

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80 - 11.50%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after December 31, 2006 [1]	Financed by the Annual Increase Reserve

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

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

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

Post-retirement non-disabled mortality assumptions were based on the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubT-2010 Contingent Survivor Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessment. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Sensitivity of the 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 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net pension liability	$ 29,981,322	$ 15,211,469	$ 3,053,266

Pension Plan Fiduciary Net Position

Detailed information about the DPS Division's fiduciary net position is available in PERA's annual comprehensive 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, 2024, 2023, and 2022, the Organization contributed 7.94%, 8.20%, and 8.51% of covered salaries, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2024, 2023, and 2022, the Organization contributed $1,934,551, $1,808,220, and $1,590,589, respectively, to the District for its PCOPs obligation.

Note 7. Defined Benefit Other Postemployment 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). In accordance with GASB 75, the Organization reports its proportion in the plan as if it was a cost-sharing plan. 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive 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 DPS HCTF and the Heath Care Trust Fund (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 health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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 DPS HCTF or the HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the DPS HCTF or the 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% 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 $251,447 for the year ended June 30, 2024.

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

At June 30, 2024, the Organization reported a liability of $(107,687) for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The Organization's proportion of the net OPEB liability was based on the Organization's contributions to the DPS HCTF for the calendar year 2023 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2023, the Organization's proportion was 2.46%, which was an increase of 0.07 percentage points from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Organization recognized OPEB expense of $8,248 which equals contributions of $251,447 less the GASB 75 expense (credit) of $(243,199). At June 30, 2024, 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	$ -	$ 217,169
Changes of assumptions or other inputs	2,804	84,147
Net difference between projected and actual earnings on OPEB plan investments	52,392	-
Changes in proportion and differences between the contributions recognized and proportionate share of contributions	141,740	14,344
Contributions subsequent to the measurement date	125,156	-
Total	$ 322,092	$ 315,660

$125,156 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, 2024. 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,	
2025	$ (26,092)
2026	(21,722)
2027	(6,361)
2028	(44,477)
2029	(16,192)
Thereafter	(3,880)
	$ (118,724)

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80%-11.50%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	7.00% in 2023 gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023 gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,692	$1,406	$579	$481	$1,913	$1,589
70	$1,901	$1,573	$650	$538	$2,149	$1,778
75	$2,100	$1,653	$718	$566	$2,374	$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,469	$5,373	$4,198	$3,487	$6,719	$5,581
70	$7,266	$6,011	$4,715	$3,900	$7,546	$6,243
75	$8,026	$6,319	$5,208	$4,101	$8,336	$6,563

The 2023 Medicare Part A premium is $506 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, 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
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for the DPS Division as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed on a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the DPS HCTF:

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the 2020 experience analysis dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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.

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare rent rate [1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate [1]	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability (asset)	($108,868)	($107,687)	($104,169)

[1] For the January 1, 2024 plan year

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

Based on the above assumptions and methods, the DPS HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net OPEB liability (asset)	$ 43,783	$ (107,687)	$ (104,169)

OPEB Plan Fiduciary Net Position

Detailed information about the DPS HCTF's fiduciary net position is available in PERA's annual comprehensive 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, 2024, 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% of qualifying expenditures. At June 30, 2024, the reserve reported as restricted net position/fund balance totaled $1,357,964.

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, 2024, the Organization paid facility use fees of $1,000.13 per student. The agreements require facility use fees of $1,042.86 per student for the year ending June 30, 2024.

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.

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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
KIPP Colorado Schools' proportion of the net pension liability	2.35%	1.40%	1.69%	2.08%	1.49%	1.30%	1.73%	1.40%	1.16%	0.99%
KIPP Colorado Schools' proportionate share of the net pension liability	$ 15,211,469	$ 12,111,927	$ 100,748	$ 9,347,302	$ 9,810,691	$ 13,320,800	$ 15,464,601	$ 15,296,531	$ 9,436,078	$ 6,169,284
KIPP Colorado Schools' covered payroll	$ 22,696,409	$ 21,271,803	$ 18,279,108	$ 16,361,096	$ 16,108,644	$ 14,355,677	$ 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	67.02%	56.94%	0.55%	57.13%	60.90%	92.79%	132.26%	165.78%	130.02%	105.98%
Plan fiduciary net position as a percentage of the total pension liability	87.03%	81.93%	99.87%	90.14%	84.73%	75.69%	79.51%	74.05%	79.30%	83.94%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,471,795	$ 1,918,932	$ 1,564,011	$ 1,309,559	$ 1,041,606	$ 844,271	$ 580,235	$ 348,523	$ 161,457	$ 141,702
Contributions in relation to the contractually required contribution	2,471,795	1,918,932	1,564,011	1,309,559	1,041,606	844,271	580,235	348,523	161,457	141,702
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KIPP Colorado Schools' covered payroll	$ 24,651,619	$ 20,447,066	$ 18,685,911	$ 17,521,985	$ 16,146,969	$ 15,735,795	$ 12,916,078	$ 10,418,324	$ 8,138,698	$ 6,361,937
Contributions as a percentage of covered payroll	10.03%	9.38%	8.37%	7.47%	6.45%	5.37%	4.49%	3.35%	1.98%	2.23%

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

	2023	2022	2021	2020	2019	2018	2017
KIPP Colorado Schools' proportion of the net OPEB liability	2.46%	2.39%	2.16%	2.91%	2.15%	1.98%	1.72%
KIPP Colorado Schools' proportionate share of the net OPEB liability (asset)	$ (107,687)	$ 210,018	$ 227,596	$ 475,617	$ 791,600	$ 893,017	$ 876,686
KIPP Colorado Schools' covered payroll	$ 22,696,409	$ 21,271,803	$ 18,279,108	$ 16,361,096	$ 16,108,644	$ 14,355,677	$ 11,692,177
KIPP Colorado Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll	-0.47%	0.99%	1.25%	2.91%	4.91%	6.22%	7.50%
Plan fiduciary net position as a percentage of the total OPEB liability	107.26%	85.60%	83.93%	65.43%	46.98%	34.72%	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
Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 251,447	$ 208,560	$ 190,596	$ 178,724	$ 164,699	$ 160,505	$ 131,744
Contributions in relation to the contractually required contribution	251,447	208,560	190,596	178,724	164,699	160,505	131,744
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KIPP Colorado Schools' covered payroll	$ 24,651,619	$ 20,447,066	$ 18,685,911	$ 17,521,985	$ 16,146,969	$ 15,735,795	$ 12,916,078
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	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 – Budgetary Basis
General Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 27,003,383	$ 27,003,383	$ 26,996,898	$ (6,485)
District mill levy	8,119,284	9,038,988	9,171,888	132,900
Student activities	-	20,097	33,607	13,510
Food service fees	523,727	367,135	157,154	(209,981)
Grants and contributions	1,084,463	676,804	556,133	(120,671)
Investment income	200,000	1,027,924	1,013,259	(14,665)
Intercompany	5,689,096	5,689,095	5,687,309	(1,786)
Miscellaneous	-	-	379,775	379,775
Total local sources	42,619,953	43,823,426	43,996,023	172,597
State sources				
Grants	1,010,850	1,708,383	2,176,942	468,559
Total state sources	1,010,850	1,708,383	2,176,942	468,559
Federal sources				
Grants	4,442,119	4,750,371	5,187,072	436,701
Total revenues	48,072,922	50,282,180	51,360,037	1,077,857

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule – Budgetary Basis
General Fund (continued)
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	26,403,445	25,797,510	25,362,178	435,332
Employee benefits	6,841,444	7,071,004	7,107,220	(36,216)
Purchased professional services	1,911,257	2,680,211	2,869,717	(189,506)
Purchased property services	729,301	1,098,079	1,235,432	(137,353)
Other purchased services	6,615,328	6,305,450	6,260,613	44,837
Supplies and materials	1,352,587	1,798,446	1,892,978	(94,532)
Property and equipment	429,464	489,243	442,880	46,363
Intercompany	5,689,096	5,689,095	5,687,309	1,786
Miscellaneous	196,000	218,500	286,743	(68,243)
Total expenditures	50,167,922	51,147,538	51,145,070	2,468
Net Change in Fund Balance	(2,095,000)	(865,358)	214,967	1,080,325
Fund Balance, Beginning	19,288,023	19,288,023	19,288,023	-
Fund Balance, Ending	$ 17,193,023	$ 18,422,665	$ 19,502,990	$ 1,080,325
Appropriated Reserves				
Contingency	$ -	$ -	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	17,193,023	19,288,023	N/A	N/A
	$ 17,193,023	$ 19,288,023		

Reconciliation of Non-GAAP Budgetary Basis to Actual GAAP Basis

Fund balance, ending budgetary basis	$ 19,502,990
Less special funding situation revenue	(101,622)
Plus special funding situation expenditure	101,622
Less intercompany revenues	(5,687,309)
Plus intercompany expenditures	5,687,309
Fund balance, ending GAAP basis	$ 19,502,990

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Notes to Required Supplementary Information
Year Ended June 30, 2024

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 in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

Defined Benefit Pension Plan

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.
- As of the December 31, 2023 measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter

Defined Benefit Other Postemployment Benefit Plan

- There were no changes made to the plan provisions.

2023 Changes in Assumptions or Other Inputs Since 2022

Defined Benefit Pension Plan

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

Defined Benefit Other Postemployment Benefit Plan

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

2022 Changes in Plan Provisions and Assumptions or Other Inputs Since 2021

Defined Benefit Pension Plan

- House Bill (HB) 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars) with reductions to future direct distributions. The July 1, 2023 direct distribution will be reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024 direct distribution will not be reduced from $225 million (actual dollars) due to a negative investment return in 2022.

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter

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

Defined Benefit Other Postemployment Benefit Plan

- There were no changes in plan provisions

- The timing of the retirement decrement was adjusted to middle-of-year

2021 Changes in Plan Provisions and Assumptions or Other Inputs Since 2020

Defined Benefit Pension Plan

- The following changes reflect the anticipated adjustments resulting from the 2021 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2022 and effective July 1, 2023:

  - Member contribution rates increase by 0.50%

  - Employer contribution rates increase by 0.50%

  - Annual Increase (AI) cap is lowered from 1.25% per year to 1.00% per year

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%

2020 Changes in Plan Provisions and Assumptions or Other Inputs Since 2019

Defined Benefit Pension Plan

- House Bill (HB) 20-1379, enacted on June 29, 2020, suspended the $225 million direct distribution payable on July 1, 2020 for the State's 2021-2022 fiscal year
- Price inflation assumption decreased from 2.40% per year to 2.30% per year
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year
- Real wage growth decreased from 1.10% to 0.07%

Defined Benefit Other Postemployment Benefit

- There were no changes made to the plan provisions
- Price inflation assumption decreased from 2.40% per year to 2.30% per year
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year
- Real wage growth decreased from 1.10% to 0.07%

Supplementary Information

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet
June 30, 2024

	KIPP Sunshine Peak Academy	KIPP Denver Collegiate High School	KIPP Northeast Denver Middle School	KIPP Northeast Denver Leadership Academy	KIPP Northeast Elementary School
Assets					
Cash and investments	$ 930,063	$ 1,077,893	$ 1,299,221	$ 3,716,168	$ 1,873,493
Grants receivable	47,905	73,099	52,828	159,197	55,578
Inter-entity receivable	19,135,115	6,760,786	7,726,639	7,944,945	6,879,455
Prepaid expenditures	192,703	-	10,275	-	-
Total assets	$ 20,305,786	$ 7,911,778	$ 9,088,963	$ 11,820,310	$ 8,808,526
Liabilities and Fund Balance					
Liabilities					
Accounts payable	$ 55,905	$ 58,823	$ 85,229	$ 185,321	$ 70,329
Inter-entity payable	16,510,575	6,292,097	7,155,117	7,024,618	5,940,913
Accrued liabilities	126,782	226,413	135,621	195,834	140,264
Unearned revenue	-	-	-	2	-
Total liabilities	16,693,262	6,577,333	7,375,967	7,405,775	6,151,506
Fund Balance					
Nonspendable prepaid expenditures	192,703	-	10,275	-	-
Restricted for emergencies	153,016	211,761	210,191	225,004	206,262
Restricted for capital construction	81,271	234,226	113,710	142,074	154,300
Unrestricted, unassigned	3,185,534	888,458	1,378,820	4,047,457	2,296,458
Total fund balance (deficit)	3,612,524	1,334,445	1,712,996	4,414,535	2,657,020
Total liabilities and fund balance	$ 20,305,786	$ 7,911,778	$ 9,088,963	$ 11,820,310	$ 8,808,526

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet (continued)
June 30, 2024

	KIPP Sunshine Peak Elementary	Central Office	Eliminations	Total
Assets				
Cash and investments	$ (2,440,032)	$ 14,830,231	$ -	$ 21,287,037
Grants receivable	20,870	88,998	-	498,475
Inter-entity receivable	5,083,815	25,453,798	(78,984,553)	-
Prepaid expenditures	-	20,507	-	223,485
Total assets	$ 2,664,653	$ 40,393,534	$ (78,984,553)	$ 22,008,997
Liabilities and Fund Balance				
Liabilities				
Accounts payable	$ 58,976	$ 264,457	$ -	$ 779,040
Inter-entity payable	3,969,840	32,091,393	(78,984,553)	-
Accrued liabilities	72,637	411,701	-	1,309,252
Unearned revenue	-	417,713	-	417,715
Total liabilities	4,101,453	33,185,264	(78,984,553)	2,506,007
Fund Balance				
Nonspendable prepaid expenditures	-	20,507	-	223,485
Restricted for emergencies	101,805	249,926	-	1,357,965
Restricted for capital construction	-	-	-	725,581
Unrestricted, unassigned	(1,538,605)	6,937,837	-	17,195,959
Total fund balance (deficit)	(1,436,800)	7,208,270	-	19,502,990
Total liabilities and fund balance	$ 2,664,653	$ 40,393,534	$ (78,984,553)	$ 22,008,997

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2024

	KIPP Sunshine Peak Academy	KIPP Denver Collegiate High School	KIPP Northeast Denver Middle School	KIPP Northeast Denver Leadership Academy	KIPP Northeast Elementary School
Revenues					
Local sources	$ 5,217,332	$ 7,012,871	$ 6,699,463	$ 8,182,041	$ 6,980,475
State sources	267,658	215,764	475,833	544,794	441,892
Federal sources	946,994	1,125,934	876,898	1,118,108	841,873
Total revenues	6,431,984	8,354,569	8,052,194	9,844,943	8,264,240
Expenditures					
Current					
Instruction	3,008,556	3,961,107	4,357,495	4,572,549	4,195,612
Supporting services	3,250,831	4,383,694	3,700,810	4,128,155	3,682,174
Total expenditures	6,259,387	8,344,801	8,058,305	8,700,704	7,877,786
Excess of Revenues Over Expenditures	172,597	9,768	(6,111)	1,144,239	386,454
Net Change in Fund Balance	172,597	9,768	(6,111)	1,144,239	386,454
Fund Balance, (Deficit) Beginning	3,439,927	1,324,677	1,719,107	3,270,296	2,270,566
Fund Balance, (Deficit) Ending	$ 3,612,524	$ 1,334,445	$ 1,712,996	$ 4,414,535	$ 2,657,020

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, 2024

	KIPP Sunshine Peak Elementary	Central Office	Eliminations	Total
Revenues				
Local sources	$ 2,393,553	$ 7,510,288	$ (5,689,095)	$ 38,306,928
State sources	214,448	16,553	-	2,176,942
Federal sources	264,942	12,323	-	5,187,072
Total revenues	2,872,943	7,539,164	(5,689,095)	45,670,942
Expenditures				
Current				
Instruction	2,263,894	3,478	-	22,362,691
Supporting services	1,268,988	8,367,727	(5,689,095)	23,093,284
Total expenditures	3,532,882	8,371,205	(5,689,095)	45,455,975
Excess of Revenues Over Expenditures	(659,939)	(832,041)	-	214,967
Net Change in Fund Balance	(659,939)	(832,041)	-	214,967
Fund Balance, (Deficit) Beginning	(776,861)	8,040,311	-	19,288,023
Fund Balance, (Deficit) Ending	$ (1,436,800)	$ 7,208,270	$ -	$ 19,502,990

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

Independent Auditor's Report

Board of Directors
KIPP Colorado Schools
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the 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 June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated October 9, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Forvis Mazars, LLP

Denver, Colorado
October 9, 2024