COLORADO HIGH SCHOOL CHARTER

BASIC FINANCIAL STATEMENTS

June 30, 2018

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Colorado High School Charter
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colorado High School Charter (the "School"), component unit of the Denver Public School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedules of the school's proportionate share, and schedules of the school's contributions on pages 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

November 13, 2018

Management's Discussion and Analysis

As management of Colorado High School Charter, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Colorado High School Charter for the fiscal year ended June 30, 2018.

Financial Highlights

The assets of Colorado High School Charter exceeded its liabilities at the close of the most recent fiscal year by $2,005,585 (net assets). The School's total assets at the end of the year were $5,716,549.

In FY18, the School completed renovations of the Osage campus. The total cost of the renovations was $1,101,614 and was paid for by a combination of grants and reserves.

In FY18, our GES campus received its own charter from Denver Public Schools. In FY17 it operated as a satellite campus to our original Osage campus. Colorado High School Charter now has a Network contract with DPS. As a result, the Supplemental information includes financial information by campus and for our home office. Surpluses and accumulated fund balance from the Osage campus are being used to fund the GES campus in its formation and startup years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Colorado High School Charter's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements. 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements to give the reader a more detailed view of the school's financial performance.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Colorado High School Charter's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods (e.g., items purchased but not paid for). The government-wide financial statements include Colorado High School Charter's instruction and supporting services.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Colorado High School Charter, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of CHSC's funds are governmental funds.

Governmental funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Colorado High School Charter maintains two governmental funds, the General Fund and the Building Corporation Fund. The Building Corporation Fund was established to account for the two 501(c)2 organizations that hold title to the buildings occupied by the Schools and the related mortgages.

Colorado High School Charter adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided for the funds to demonstrate compliance with this budget.

Instruction vs. Support Expenses. Under the Colorado Department of Education Chart of Accounts for use by Colorado Public School Districts, Colorado High School Charter is required to identify expenses directly related to *Instruction* vs. *Support*.

Instruction service programs include direct activities between staff and students and can include teaching activities and the assistance of paraprofessionals or classroom assistants. *Support* service programs are those activities which facilitate and enhance instruction and may include student and teacher support resources and activities, administrative functions and centralized operations for the benefit of students, staff and the school community.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. Current Assets and Current Liabilities did not change materially from the prior year. Capital Assets increased $1.1M due to the renovation of the Osage building.

Colorado High School Charter's Net Assets:

	2017-18	**2016-17**
Assets		
Current Assets	$1,474,852	$1,484,324
Capital Assets, net of depreciation	4,241,697	3,140,933
Total Assets	5,716,549	4,625,257
Liabilities		
Current Liabilities	(305,759)	(283,672)
Noncurrent Liabilities	(1,960,308)	(2,003,159)
Total Liabilities	(2,266,067)	(2,286,832)
Long-term liabilities and related assets, related to pensions (Note 8)	(1,444,897)	(1,065,436)
Net Assets		
Restricted	263,663	100,926
Unrestricted	1,741,922	1,172,063
Total Net Assets	$ 2,005,585	$ 1,272,989

Colorado High School Charter's Change in Net Assets:

	2017-18	2016-17
Revenues:		
Operating Grants and Contributions	$ 773,635	$ 168,322
Per Pupil Operating Revenue	3,015,114	2,141,578
Mill Levy Override	1,174,525	1,074,816
Capital Construction	100,232	77,605
Investment Earnings	20,836	14,233
Other	10,480	18,274
Total Revenues	5,094,822	3,494,828
Expenses:		
Instructional	1,708,270	1,284,980
Supporting Services	2,477,734	1,793,117
Interest on Long-term Debt	101,220	63,961
Total Expenses	4,287,224	3,142,058
Increase (Decrease) in Net Assets	807,597	352,770
Net Assets, beginning of year, restated	1,197,988	920,219
Net Assets, end of year	$ 2,005,585	$ 1,272,989

Colorado High School's funded pupil count was 230 in FY16, 280 in FY17 and 380 in FY18.

<u>Financial Analysis of the School's Funds</u>

Governmental funds. Unreserved fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year Colorado High School Charter's governmental fund had an ending unreserved fund balance of $1,740,153, an increase of $568,090 over the prior year.

General Fund Budgetary Highlights

The District approves a budget in June based on enrollment projections for the following school year. In January, after enrollment stabilizes, adjustments are made to the budget. The Board approves budget amendments as needed throughout the year. Expenditures were under budget for the year in compliance with State statute.

Capital Assets

Colorado High School Charter's investment in capital assets as of June 30, 2018, amounts to $4,241,697, (net of accumulated depreciation). This investment in capital assets consists of the building space purchased for both of its campuses, school renovations and equipment. In FY18, capital assets increased by $1,101,614 due to the renovations of the Osage building. The detail of this investment is in Note 4 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of Colorado High School Charter's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CHSC Business Manager, 1175 Osage Street, Suite #100, Denver, Colorado 80204.

BASIC FINANCIAL STATEMENTS

COLORADO HIGH SCHOOL CHARTER

STATEMENT OF NET POSITION
As of June 30, 2018

	Governmental Activities	
	2018	2017
ASSETS		
Cash and Investments	$ 1,363,440	$ 1,384,949
Restricted Cash	19,432	13,035
Accounts Receivable	84,048	24,886
Inventory	2,932	-
Deposits	5,000	61,453
Capital Assets, Not Depreciated	400,865	243,917
Capital Assets, Depreciated		
Net of Accumulated Depreciation	3,840,832	2,897,016
TOTAL ASSETS	5,716,549	4,625,256
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,440,806	699,843
Related to OPEB	49,762	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,490,568	699,843
LIABILITIES		
Accounts Payable	46,077	116,059
Accrued Salaries and Benefits	251,114	158,862
Accrued Interest	8,568	8,752
Noncurrent Liabilities		
Accrued Compensated Absences	29,591	31,060
Loan Payable		
Due in One Year	44,826	41,382
Due in More than One Year	1,885,891	1,930,717
Net Pension Liability	2,251,323	1,658,325
Net OPEB Liability	127,629	-
TOTAL LIABILITIES	4,645,019	3,945,157
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	552,528	106,953
Related to OPEB	3,985	-
TOTAL DEFERRED INFLOWS OF RESOURCES	556,513	106,953
NET POSITION		
Restricted for Emergencies	130,181	100,926
Restricted for Mill Levy	133,482	55,472
Unrestricted	1,741,922	1,116,591
TOTAL NET POSITION	$ 2,005,585	$ 1,272,989

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

COLORADO HIGH SCHOOL CHARTER

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2018	2017
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	$ 1,708,270	$ 8,537	$ 773,635	$ -	$ (926,098)	$ (1,184,194)
Supporting Services	2,477,734	-	-	100,232	(2,377,502)	(1,647,976)
Interest on Long-term Debt	101,220	-	-	-	(101,220)	(63,961)
Total Governmental Activities	$ 4,287,224	$ 8,537	$ 773,635	$ 100,232	(3,404,820)	(2,896,131)
GENERAL REVENUES						
Per Pupil Revenue					3,015,114	2,141,578
Mill Levy Override					1,174,524	1,074,816
Interest					20,836	14,233
Miscellaneous					1,943	18,274
TOTAL GENERAL REVENUES					4,212,417	3,248,901
CHANGE IN NET POSITION					807,597	352,770
NET POSITION, Beginning, Restated					1,197,988	920,219
NET POSITION, Ending					$ 2,005,585	$ 1,272,989

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

COLORADO HIGH SCHOOL CHARTER

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	TOTAL GOVERNMENTAL FUNDS 2018	2017
ASSETS		
Cash and Investments	$ 1,363,440	$ 1,384,949
Restricted Cash	19,432	13,035
Accounts Receivable	84,048	24,886
Inventory	2,932	-
Deposits	5,000	61,453
TOTAL ASSETS	$ 1,474,852	$ 1,484,323
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 46,077	$ 116,059
Accrued Salaries and Benefits	251,114	158,862
TOTAL LIABILITIES	297,191	274,921
FUND BALANCES		
Nonspendable	7,932	61,453
Restricted for Emergencies	130,181	100,926
Restricted for Mill Levy Override	133,482	55,472
Restricted for Debt Service	19,432	(97,777)
Unassigned	886,634	1,089,328
TOTAL FUND BALANCES	1,177,661	1,209,402
TOTAL LIABILITIES AND FUND BALANCES		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,241,697	3,140,933
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes loans payable ($1,930,717), accrued interest payable ($8,568), accrued compensated absences ($29,591), net pension liability of ($2,251,323), net OPEB liability of ($127,629), deferred outflows related to pensions of $1,440,806, deferred outflows related to OPEB of $49,762, deferred inflows related to pensions of ($552,528), and deferred inflows related to OPEB ($3,985).	(3,413,773)	(3,077,346)
Net Position of governmental funds	$ 2,005,585	$ 1,272,989

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

COLORADO HIGH SCHOOL CHARTER

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	TOTAL GOVERNMENTAL FUNDS	
	2018	2017
REVENUES		
Local Sources	$ 4,776,552	$ 3,270,199
State and Federal Sources	323,284	234,041
TOTAL REVENUES	5,099,836	3,504,240
EXPENDITURES		
Current		
Instruction	1,580,733	1,108,045
Supporting Services	2,384,670	3,205,001
Capital Outlay	1,023,572	-
Debt Service		
Principal	41,382	19,345
Interest	101,220	55,209
TOTAL EXPENDITURES	5,131,577	4,387,600
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,741)	(883,360)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Debt	-	1,019,000
Transfers In	1,784,411	532,850
Transfers Out	(1,784,411)	(532,850)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,019,000
NET CHANGE IN FUND BALANCES	(31,741)	135,640
FUND BALANCES, Beginning	1,209,402	1,073,762
FUND BALANCES, Ending	$ 1,177,661	$ 1,209,402

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

COLORADO HIGH SCHOOL CHARTER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	$ (31,741)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This amount is that capital outlay $1,277,213, exceeded depreciation expense ($171,434), and loss on disposal of assets ($5,015) for the year.	1,100,764
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include debt payments of $41,382 change in accrued interest of $184, and change in accrued compensated absences of $1,469.	43,035
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	(304,461)
Change in net position of governmental activities	$ 807,597

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Colorado High School Charter (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public School District (the "District") in the State of Colorado. The School began classes in the fall of 2002. Effective July 1 2017, the School operates as a network at two campuses, Colorado High School Osage Campus and Colorado High School GES.

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

Reporting Entity

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

Colorado High School Promise, Inc.

The School includes the Colorado High School Promise, Inc. ("CHSP") within its reporting entity. The CHSP was formed to support and assist the School to perform its function and to carry out its purpose, specifically to assist in the financing of the School's facilities. The CHSP is blended into the School's financial statements as a debt service fund. Separate financial statements are not available for this entity.

GES Building Holding Corporation

The School includes the GES Building Holding Corporation ("GES BHC") within its reporting entity. The GES BHC was formed to support and assist the School to perform its function and to carry out its purpose, specifically to assist in the financing of the School's GES facility. The GES BHC is blended into the School's financial statements as a debt service fund Separate financial statements are not available for this entity.

The School is a component unit of the Denver Public School District.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements

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

The statement of net position presents information on all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resource) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted. Over time, increases or decrease in net position may serve as useful indicators of whether the School's financial position is improving or deteriorating.

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

Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

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.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

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

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

The School reports the following major governmental funds:

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

Deferred Outflows/Inflows of Resources

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Deferred Outflows/Inflows of Resources

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are reported at fair value.

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

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings, 35 years, building improvements, 10 years, and vehicles and equipment, 5 years.

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School considers Prepaid Expenses, Deposits, and Inventory as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The School has classified unspent Mill Levy Override funds as restricted as their use is restricted by DPS. The School also reports amounts restricted for debt service as restricted in the Building Corporation Fund.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2018.

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

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Compensated Absences

The School does not distinguish between personal days and sick days. The number of personal days is specific in each employee's employment agreement. At the end of each school year, employees may choose to carry forward up to two years of accumulated time off to the next school year. Employees are compensated for unused personal days that are not carried forward, at the end of each school year, at their hourly pay rate. Personal days are prorated for employees who work part of a year or work part-time.

These compensated absences are recognized when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for accrued compensated absences.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial coverage for these risks of loss. The School has not experienced losses in excess of insured amounts in the last three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for all funds on a basis consistent with generally accepted accounting principles.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

NOTE 3: ***CASH AND INVESTMENTS***

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

Petty Cash	$ 2,038
Deposits	257,466
Investments	1,123,368
Total	**$ 1,382,872**

Deposits

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

Deposits (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2018, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

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

At June 30, 2018, the School had deposits with financial institutions with a carrying amount of $257,466. The bank balances with the financial institutions were $297,382. Of this amount, $269,427 was covered by federal depository insurance and $27,955 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The School has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

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

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments (Continued)

- Guaranteed investment contracts

The School has a policy for managing credit risk or interest rate risk.

Local Government Investment Pools

The School had invested $1,123,368 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

At June 30, 2018, the School does not hold any investments that require fair value categorization.

Restricted Cash and Investments

Cash in the amount of $19,432 is restricted in the CHS Building Corporation for future debt service on the School's facilities.

NOTE 4: ***CAPITAL ASSETS***

Capital Assets activity for the year ended June 30, 2018 is summarized below.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	$ 243,917	$ 400,865	$ 243,917	$ 400,865
Capital Assets, Being Depreciated				
Buildings	2,969,666	-	-	2,969,666
Building Improvements	-	1,101,614	-	1,101,614
Equipment	65,736	18,651	19,815	64,572
Total Capital Assets, Being Depreciated	3,035,402	1,120,265	19,815	4,135,852
Accumulated Depreciation				
Buildings	90,522	50,808	-	141,330
Building Improvements	-	110,161	-	110,161
Equipment	47,864	10,465	14,800	43,529
Total Accumulated Depreciation	138,386	171,434	14,800	295,020
Total Capital Assets, Depreciated, Net	2,897,016	948,831	5,015	3,840,832
Net Capital Assets	**$ 3,140,933**	**$ 1,349,696**	**$ 248,932**	**$ 4,241,697**

Depreciation has been charged to the supporting services program of the School.

NOTE 5: ***LONG-TERM DEBT***

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018	Due In One Year
Loan Payable – NRB	$ 953,099	$ -	$ 20,362	$ 932,737	$ 21,621
Loan Payable – PSCU	1,019,000	-	21,020	997,980	23,205
Compensated Absences	31,060	-	1,469	29,591	-
Total	**$ 2,003,159**	**$ -**	**$ 42,851**	**$ 1,960,308**	**$ 44,826**

Compensated absences are expected to be liquidated from the resources in the General Fund.

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Loan Payable – New Resource Bank

In July 2015, the Colorado High School Building Corporation entered into a loan agreement with New Resource Bank. Proceeds in the amount of $990,000 were used to purchase the School's Osage building. The School is required to transfer funds to the Building Corporation for the use of the building. The Building Corporation is required to make payments of principal and interest to the bank. Interest accrues at a rate of 5.65% per year. The loan matures in July, 2025.

Loan Payable – Public Service Credit Union

In May 2017, the Colorado High School Building Corporation entered into a loan agreement with Public Service Credit Union. Proceeds in the amount of $1,019,000 were used to purchase the School's GES Campus building. The School is required to transfer funds to the Building Corporation for the use of the building. The Building Corporation is required to make payments of principal and interest to the bank. Interest accrues at a rate of 4.50% per year. The loan matures in June 2027.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 44,826	$ 97,987	$ 142,813
2020	47,181	95,774	142,955
2021	49,948	93,152	143,100
2022	52,604	90,640	143,244
2023	55,630	87,758	143,388
2024-2027	1,680,528	241,824	1,922,352
Totals	**$ 1,930,717**	**$ 707,135**	**$ 2,637,852**

NOTE 6: ***ACCRUED SALARIES AND BENEFITS***

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2018, were $251,114 in the General Fund.

NOTE 7: ***PENSION PLAN***

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

- For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* Governmental accounting standards require the net pension liability and related amounts of the DPS Division for financial reporting purposes be measured using the plan provisions in effect as of the DPS Division's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled C*hanges between the measurement date of the net pension liability and June 30, 2018.*

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

Benefits provided as of December 31, 2017. 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.

NOTE 7: ***PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

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

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

NOTE 7: ***PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

Contribution Provisions as of June 30, 2018. Eligible employees and the School are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary.

NOTE 7: *PENSION PLAN* (Continued)

General Information about the Pension Plan (Continued)

The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(14.56%)	(14.18%)
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	5.00%	5.00%
Total Employer Contribution Rate to the DPS Division	4.07%	4.95%

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

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were $77,589 for the year ended June 30, 2018.

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

At June 30, 2018 the School reported a liability of $2,251,323 for its proportionate share of the net pension liability. The net pension liability for the DPS Division was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The School's proportion of the net pension liability was based on the School's contributions to the DPS Division for the calendar year 2017 relative to the total contributions of participating employers to the DPS Division.

NOTE 7: ***PENSION PLAN*** (Continued)

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

At December 31, 2017, the School's proportion was 0.25112%, which was an increase of 0.09974% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the School recognized pension expense of $375,189. At June 30, 2018, the School 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	$137,850	$4,146
Changes in assumptions or other inputs	$293,342	$114,624
Net difference between projected and actual earnings on pension plan investments	N/A	$433,758
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$971,252	N/A
Contributions subsequent to the measurement date	$38,362	N/A
Total	$1,440,806	$552,528

$38,362 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	$348,926
2020	$322,494
2021	$220,903
2022	($42,407)

NOTE 7: ***PENSION PLAN*** (Continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

NOTE 7: ***PENSION PLAN*** (Continued)

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

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

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

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

NOTE 7: ***PENSION PLAN*** (Continued)

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

Asset Class	**Target Allocation**	**10 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

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

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

NOTE 7: *PENSION PLAN* (Continued)

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

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

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

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

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

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

NOTE 7: ***PENSION PLAN*** (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$3,542,755	$2,251,323	$1,182,410

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

Changes between the measurement date of the net pension liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

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

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

NOTE 7: ***PENSION PLAN*** (Continued)

Changes between the measurement date of the net pension liability and June 30, 2018 (continued)

- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the other divisions eligible for the direct distribution.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018 the School reported a liability of $2,251,323 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the School's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the DPS Division, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the DPS Division as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$ 1,631,087

NOTE 7: ***PENSION PLAN*** (Continued)

Defined Contribution Pension Plan

Taxable Pension Certificates of Participation (PCOPs)

The District issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. Full funding of the UALL reduced the employer contribution rate from the full funding rate of 15.75% to the normal cost rate of 4.98%. This rate is based upon actuarially determined contribution requirements, the approval and recommendation of the Plan's Board and approval of the District's Board of Education. The School contributed 10.80%, 9.95%, and 9.84% of covered payroll for the fiscal year ended June 30, 2018, 2017, and 2016, respectively, to the District to cover its obligation relating to the PCOPs.

During the fiscal year ended June 30, 2018, 2017, and 2016 the School made contributions totaling $171,587, $129,326 and $80,976, respectively, to the District towards its PCOPs obligation.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

OPEB. The School participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

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

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

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the School were $17,736 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of $127,629 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year 2017 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2017, the School's proportion was 0.25045%, which was an increase of 0.09905% from its proportion measured as of December 31, 2016.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

For the year ended June 30, 2018, the School recognized OPEB expense of $24,587. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	N/A	$75
Net difference between projected and actual earnings on OPEB plan investments	N/A	$3,910
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$41,857	N/A
Contributions subsequent to the measurement date	$7,905	N/A
Total	$49,762	$3,985

$7,905 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	$11,143
2020	$11,143
2021	$11,143
2022	$4,472
2023	($14)
Thereafter	($15)

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

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

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

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

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

NOTE 8: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$127,473	$127,629	$127,837

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

Based on the above assumptions and methods, the projection test indicates the DPS HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$145,446	$127,629	$112,399

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

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

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

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

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2018, the reserve of $130,181 was recorded as a reservation of fund balance in the General Fund.

NOTE 10: ***RESTATEMENT OF NET POSITION***

The beginning net position of the government activities was decreased by $75,001 as the School implemented Governmental Accounting Standard Board (GASB) Statement No. 75.

NOTE 11: ***RESTATEMENT OF FUND BALANCES***

The beginning balance of the Corporation was increased and the beginning balance of the General Fund was decreased by $63,256 to correctly state prior period activity in these funds.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO HIGH SCHOOL CHARTER

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 2,770,286	$ 3,015,114	$ 3,015,114	$ -
Mill Levy Override	850,102	1,174,524	1,174,524	-
Tuition and Fees	12,250	8,537	8,537	-
Grants and Donations	2,000	550,584	550,583	(1)
Interest	5,000	20,836	20,836	-
Other	-	3,708	6,958	3,250
State and Federal Sources				
Grants and Donations	316,740	323,283	323,284	1
TOTAL REVENUES	3,956,378	5,096,586	5,099,836	3,250
EXPENDITURES				
Salaries	1,920,154	2,150,896	2,150,901	(5)
Employee Benefits	476,152	489,843	490,043	(200)
Purchased Services	774,715	900,736	975,638	(74,902)
Supplies and Materials	127,052	317,314	343,596	(26,282)
Property	935,000	1,151,936	1,023,572	128,364
Other	-	-	5,225	(5,225)
Debt Service				
Principal	-		41,382	(41,382)
Interest	149,868	41,382	101,220	(59,838)
Appropriated Reserves	-	101,220	-	101,220
TOTAL EXPENDITURES	4,382,941	5,153,327	5,131,577	21,750
CHANGE IN FUND BALANCES	(426,563)	(56,741)	(31,741)	25,000
FUND BALANCE, Beginning	1,084,733	1,329,730	1,209,402	(120,328)
FUND BALANCE, Ending	$ 658,170	$ 1,272,989	$ 1,177,661	$ (95,328)

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

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

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

	2013	2014	2015	2016	2017
School's proportionate share of the Net Pension Liability	0.1269%	0.1255%	0.1258%	0.1514%	0.2511%
School's proportionate share of the Net Pension Liability	$ 660,075	$ 783,947	$ 1,023,562	$ 1,658,325	$ 2,251,323
School's covered-employee payroll	$ 691,764	$ 739,744	$ 822,922	$ 1,000,420	$ 1,702,132
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	95.4%	106.0%	124.4%	165.8%	132.3%
Plan fiduciary net position as a percentage of the total pension liability	86.3%	83.9%	79.3%	74.1%	79.5%

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

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

Years Ended June 30,

	2014	2015	2016	2017	2018
Statutorily required contributions	$ 35,855	$ 24,476	$ 24,700	$ 57,751	$ 77,589
Contributions in relation to the Statutorily required contributions	35,855	24,476	24,700	57,751	77,589
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 732,542	$ 751,082	$ 822,922	$ 1,322,546	$ 1,738,795
Contributions as a percentage of covered-employee payroll	4.89%	3.26%	3.00%	4.37%	4.46%

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

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

	2016	2017
School's proportionate share of the Net OPEB Liability	0.1514%	0.2505%
School's proportionate share of the Net OPEB Liability	$ 82,528	$ 127,629
School's covered-employee payroll	$ 1,000,420	$ 1,702,132
School's proportionate share of the Net OPEB Liability as a percentage of its covered-employee payroll	8.2%	7.5%
Plan fiduciary net position as a percentage of the total OPEB liability	74.1%	79.5%

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018
Statutorily required contributions	$ 13,490	$ 17,736
Contributions in relation to the Statutorily required contributions	13,490	17,736
Contribution deficiency (excess)	$ -	$ -
School's covered-employee payroll	$ 1,322,546	$ 1,738,795
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

COLORADO HIGH SCHOOL CHARTER

COMBINING BALANCE SHEET
June 30, 2018

	Osage Campus	GES Campus	Home Office	Building Corporation
ASSETS				
Cash and Investments	$ 954,857	$ 408,583	$ -	$ -
Restricted Cash	-	-	-	19,432
Accounts Receivable	36,667	47,381	-	-
Inventory	727	2,205	-	-
Due from Other Funds	765,733	-	-	-
Deposits	-	-	-	5,000
TOTAL ASSETS	$ 1,757,984	$ 458,169	$ -	$ 24,432
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 32,254	$ 13,823	$ -	$ -
Accrued Salaries and Benefits	177,048	74,066	-	-
Due to Other Funds	-	765,733	-	-
TOTAL LIABILITIES	209,302	853,622	-	-
FUND BALANCES				
Nonspendable	727	2,205	-	5,000
Restricted for Emergencies	89,989	40,192	-	-
Restricted for Mill Levy Override	93,041	40,441	-	-
Restricted for Debt Service	-	-	-	19,432
Unassigned	1,364,925	(478,291)	-	-
TOTAL FUND BALANCES	1,548,682	(395,453)	-	24,432
TOTAL LIABILITIES AND FUND BALANCES	$ 1,757,984	$ 458,169	$ -	$ 24,432

The accompanying notes are See the accompanying independent auditors' report

Elininations	TOTAL 2018	2017
$ -	$ 1,363,440	$ 1,384,949
-	19,432	13,035
-	84,048	24,886
-	2,932	-
(765,733)	-	-
-	5,000	61,453
$ (765,733)	$ 1,474,852	$ 1,484,323
$ -	$ 46,077	$ 116,059
-	251,114	158,862
(765,733)	-	-
(765,733)	297,191	274,921
-	7,932	61,453
-	130,181	100,926
-	133,482	55,472
-	19,432	(97,777)
-	886,634	1,089,328
-	1,177,661	1,209,402
$ (765,733)	$ 1,474,852	$ 1,484,323

COLORADO HIGH SCHOOL CHARTER

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	Osage Campus	GES Campus	Home Office	Building Corporation
REVENUES				
Local Sources	$ 3,313,435	$ 1,414,902	$ 48,215	$ -
State and Federal Sources	226,329	96,955	-	-
TOTAL REVENUES	3,539,764	1,511,857	48,215	-
EXPENDITURES				
Current				
Instruction	953,269	529,334	98,130	-
Supporting Services	1,052,148	764,200	439,958	128,364
Capital Outlay				1,023,572
Debt Service				
Principal	-	-		41,382
Interest	-	-		101,220
TOTAL EXPENDITURES	2,005,417	1,293,534	538,088	1,294,538
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,534,347	218,323	(489,873)	(1,294,538)
OTHER FINANCING USES				
Proceeds from Issuance of Debt	-	-	-	-
Transfers In	-	-	489,873	1,294,538
Transfers Out	(1,121,084)	(663,327)	-	-
TOTAL OTHER FINANCING SOURCES	(1,121,084)	(663,327)	489,873	1,294,538
NET CHANGE IN FUND BALANCES	413,263	(445,004)	-	-
FUND BALANCES, Beginning, Restated	1,135,419	49,551	-	24,432
FUND BALANCES, Ending	$ 1,548,682	$ (395,453)	$ -	$ 24,432

The accompanying notes are See the accompanying independent auditors' report

TOTAL	
2018	2017
$ 4,776,552	$ 3,270,199
323,284	234,041
5,099,836	3,504,240
1,580,733	1,108,045
2,384,670	3,205,001
1,023,572	-
41,382	19,345
101,220	55,209
5,131,577	4,387,600
(31,741)	(883,360)
-	1,019,000
1,784,411	532,850
(1,784,411)	(532,850)
-	1,019,000
(31,741)	135,640
1,209,402	1,073,762
$ 1,177,661	$ 1,209,402

COLORADO HIGH SCHOOL CHARTER

OSAGE CAMPUS
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 1,701,747	$ 2,115,032	$ 2,115,032	$ -
Mill Levy Override	499,539	779,993	779,993	-
Tuition and Fees	7,525	5,808	5,808	-
Grants and Donations	1,000	412,598	412,598	-
Interest	-	4	4	-
Other	-	-	-	-
State and Federal Sources				
Grants and Donations	194,569	226,329	226,329	-
TOTAL REVENUES	2,404,380	3,539,764	3,539,764	-
EXPENDITURES				
Salaries	950,083	1,093,790	1,093,792	(2)
Employee Benefits	237,550	246,335	246,335	-
Purchased Services	589,773	469,658	447,585	22,073
Supplies and Materials	80,379	220,633	216,235	4,398
Property	-	-		-
Other	-	-	1,470	(1,470)
Appropriated Reserves	-	-	-	-
TOTAL EXPENDITURES	1,857,785	2,030,416	2,005,417	24,999
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	546,595	1,509,348	1,534,347	24,999
OTHER FINANCING USES				
Transfers Out	(1,166,726)	(1,509,348)	(1,121,084)	388,264
CHANGE IN FUND BALANCES	(620,131)	-	413,263	413,263
FUND BALANCE, Beginning, Restated	1,005,981	1,192,424	1,135,419	(57,005)
FUND BALANCE, Ending	$ 385,850	$ 1,192,424	$ 1,548,682	$ 356,258

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

GES CAMPUS
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 1,068,539	$ 900,082	$ 900,082	$ -
Mill Levy Override	313,664	390,567	390,567	-
Tuition and Fees	4,725	2,729	2,729	-
Grants and Donations	1,000	121,384	121,384	-
Interest	-	-	-	-
Other	-	140	140	-
State and Federal Sources				
Grants and Donations	122,171	96,954	96,955	1
TOTAL REVENUES	1,510,099	1,511,856	1,511,857	1
EXPENDITURES				
Salaries	668,687	712,819	712,821	(2)
Employee Benefits	172,010	166,390	166,390	-
Purchased Services	171,167	343,368	316,031	27,337
Supplies and Materials	43,673	70,957	98,051	(27,094)
Property	-	-	-	-
Other	-	-	241	(241)
Appropriated Reserves	-	-	-	-
TOTAL EXPENDITURES	1,055,537	1,293,534	1,293,534	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	454,562	218,322	218,323	1
OTHER FINANCING SOURCES (USES)				
Transfers In	-	344,281	-	(344,281)
Transfers Out	(260,994)	(619,344)	(663,327)	(43,983)
TOTAL OTHER FINANCING SOURCES (USES)	(260,994)	(275,063)	(663,327)	(388,264)
CHANGE IN FUND BALANCES	193,568	(56,741)	(445,004)	(388,263)
FUND BALANCE, Beginning	78,752	137,306	49,551	(87,755)
FUND BALANCE, Ending	$ 272,320	$ 80,565	$ (395,453)	$ (476,018)

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

HOME OFFICE
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Mill Levy Override	$ 36,899	$ 3,964	$ 3,964	$ -
Grants and Donations	-	16,602	16,601	(1)
Interest	5,000	20,832	20,832	-
Other	-	3,568	6,818	3,250
TOTAL REVENUES	41,899	44,966	48,215	3,249
EXPENDITURES				
Salaries	301,384	344,287	344,288	(1)
Employee Benefits	66,592	77,118	77,318	(200)
Purchased Services	13,775	87,710	87,508	202
Supplies and Materials	3,000	25,724	25,460	264
Property	-	-	-	-
Other	-	-	3,514	(3,514)
Appropriated Reserves	-	-	-	-
TOTAL EXPENDITURES	384,751	534,839	538,088	(3,249)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(342,852)	(489,873)	(489,873)	-
OTHER FINANCING USES				
Transfers In	342,852	489,873	489,873	-
CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -

See the accompanying independent auditors' report.

COLORADO HIGH SCHOOL CHARTER

COLORADO HIGH SCHOOL BUILDING CORPORATION
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Other	$ -	$ -	$ -	$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Purchased Services	-	-	124,514	(124,514)
Supplies	-	-	3,850	(3,850)
Capital Outlay	935,000	1,151,936	1,023,572	128,364
Debt Service				
Principal	-	41,382	41,382	-
Interest	149,868	101,220	101,220	-
TOTAL EXPENDITURES	1,084,868	1,294,538	1,294,538	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,084,868)	(1,294,538)	(1,294,538)	-
OTHER FINANCING USES				
Proceeds from Issuance of Debt		-	-	-
Transfers In	1,084,868	1,294,538	1,294,538	-
TOTAL OTHER FINANCING SOURCES	1,084,868	1,294,538	1,294,538	-
CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, Beginning, Restated	-	-	24,432	24,432
FUND BALANCE, Ending	$ -	$ -	$ 24,432	$ 24,432

See the accompanying independent auditors' report.