UNIVERSITY PREPARATORY SCHOOLS

BASIC FINANCIAL STATEMENTS

June 30, 2019

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FINANCIAL SECTION

JOHN CUTLER
& ASSOCIATES

Board of Directors
University Preparatory Schools
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the University Preparatory Schools (the "Network"), component unit of the Denver Public Network District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 University Preparatory School as of and for the year ended June 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Network's proportionate share, and schedules of the Network's contributions on pages 38-42 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 Academy's financial statements. The combining and individual fund financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

October 20, 2019

University Preparatory Schools
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

As management of University Preparatory Schools, we offer readers of the basic financial statements this narrative and analysis of the financial activities of the University Preparatory Schools as of and for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

Financial Highlights

This is the third year University Preparatory Schools operated as a network. The network consists of three entities, University Prep Arapahoe, University Prep Steele Street, and University Preparatory Schools or the home office. As of June 30, 2019, the net position was ($883,997), a significant improvement from ($2,247,443) in the prior year. The negative net position is due to the implementation of GASB 68 & 75, pension and post-employment benefit government accounting disclosures. The amount attributed to the net pension liability is ($3,427,182), shown on page 3, reduces the consolidated net position of the network. The operations of the University Preparatory Schools are funded primarily by tax revenue received under the State Finance Act (the Act). State categorical revenue for the year was $5,298,207. The consolidated (all entities) General Fund ending fund balance increased $607,933 to $2,502,331 or 32%.

Overview of Basic Financial Statements

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

Government-wide Financial Statements

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

The statement of net position presents information on all the University Preparatory Schools assets, deferred outflows, liabilities, and deferred inflows, with the difference between the assets/deferred outflows and liabilities/deferred inflows being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition of the University Preparatory Schools is improving or deteriorating.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The University Preparatory Schools, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The University Preparatory Schools maintains a General Fund for each entity. Individual Fund statements for each entity are presented on pages 43 through 47.

The University Preparatory Schools adopts annual budgets for its funds. Budgetary comparisons have been provided for each governmental fund in the basic financial statements to demonstrate compliance with these budgets.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes are disclosed on pages 6 through 37.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the University Preparatory Schools' financial condition. As of June 30, 2019, the University Preparatory Schools' liabilities and deferred inflows exceeded assets and deferred outflows by ($883,997). $222,600 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the University Preparatory Schools. The unrestricted net position balance of ($1,147,451) decreased from the prior fiscal year by $1,327,574, principally because University Preparatory Schools reflected its proportionate share of the net pension (PERA) liability.

Net position as of June 30, 2019 is as follows:

	June 30, 2019
Assets	
Cash and Investments	$ 2,368,899
Accounts and Grants Receivable	158,164
Inventory	41,900
Prepaid Expenses	33,502
Capital Assets (Net)	40,854
Total Assets	2,643,319
Deferred Outflows – Pensions & OPEB	1,099,038
Liabilities	
Accounts Payable	68,807
Payroll Liabilities	1,327
Unearned Revenue	30,000
Noncurrent Liability – Net Pension Liability	4,027,494
Total Liabilities	4,127,628
Deferred Inflows – Pensions & OPEB	498,726
Net Position	
Investment in Capital Assets	40,854
Restricted for Emergencies	222,600
Unrestricted	(1,147,451)
Total Net Position	$ (883,997)

Change in net position for the year ended June 30, 2019 is as follows:

	June 30,2019
Revenues	
Program Revenues	
Operating Grants and Contributions	$ 1,782,440
Charges for Services	694,050
Capital Grants and Contributions	92,620
Total Program Revenues	2,569,110
General Revenues	
State Categorical Revenue	5,298,207
Mill Levy Override	1,348,515
Unrestricted State Funding	208,945
Other	49,418
Total General Revenues	6,905,085
Total Revenues	9,474,195
Expenditures/Expenses Current	
Instruction	3,931,125
Administrative Support	4,179,624
Total Expenses	8,110,749
Decrease in Net Position	1,363,446
Net Position, Beginning of Year	(2,247,443)
Net Position, End of Year	$ (883,997)

Financial Analysis of the University Preparatory Schools' Funds

The University Preparatory Schools network fund balance increased individually and as a whole. Consolidated Fund Balance of the three general operating funds increased by $607,933 or 32.1%. The combined Fund Balance of the three entities was $2,502,331 at June 30, 2019, which represents approximately 105.5 days of operating expense reserves on hand. Consolidated cash at 6/30/19 was $2,368,899 or 91% of total assets. 89.6% of the combined ending Fund Balance was unassigned.

University Preparatory Schools

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2019

General Fund and Budgetary Highlights

The University Preparatory Schools approved a General Fund budget with expenditures of $9,078,978 for the year ended June 30, 2019. Actual expenditures were $8,657,317. This resulted in a positive variance of $421,660.

A budget amendment was approved during the year to increase total appropriations by $704,901.

Capital Assets and Debt Administration

The University Preparatory Schools leases its facilities and land under operating leases with Denver Public Schools (the District) and are renewed annually. Net capital assets totaled $40,854 at June 30, 2019 which included accumulated depreciation of $5,554.

The University Preparatory Schools had no outstanding debt at June 30, 2019.

Economic Factors, Next Year's Budget, Student Counts

The primary factor driving the budget for the University Preparatory Schools is student enrollment. The historical Funded Pupil Count (FPC) for Arapahoe and Steel Street locations are as follows:

Fiscal Year (FY)	FPC ARAP	FPC STEELE	FPC Total	Total % CHG.
FY12	88.2	0.0	88.2	
FY13	160.1	0.0	160.1	81.52%
FY14	218.2	0.0	218.2	36.29%
FY15	270.9	0.0	270.9	24.14%
FY16	334.0	0.0	334.0	23.31%
FY17	337.2	207.9	545.1	63.19%
FY18	320.6	219.9	540.6	-0.83%
FY19	326.2	288.6	614.8	13.72%
FY20 PROJ	330	329	659	7.19%

The combined projected FPC for the FY20 University Preparatory Schools is 659. The enrollment played an integral part in preparing the University Preparatory Schools' budgets for FY20 and prior years. The University Preparatory Schools has been approved to replicate/open four new schools in the DPS system and was awarded a Federal $3.7 million replication grant subject to funding availability in 2017. Currently there are plans to open a new School in the fall of 2020.

The State of Colorado continues to chip away at the significant budget stabilization factor (shortfall in the School Finance Act, currently $572 million). The Per Pupil Revenue (PPR) for FY20 will grow approximately 4%. With the Colorado economy ranking in the top 5 nationally over the last three years and with the unemployment rate below 3%, it is very likely K-12 funding will continue to outpace inflation over the next few years.

University Preparatory Schools

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2019

Requests for Information

The financial report is designed to provide a general overview of the University Preparatory Schools' finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to University Preparatory Schools, 3230 E. 38th Ave., Denver, Colorado 80205.

BASIC FINANCIAL STATEMENTS

UNIVERSITY PREPARATORY SCHOOLS

STATEMENT OF NET POSITION
As of June 30, 2019

	Governmental Activities	
	2019	2018
ASSETS		
Cash	$ 2,368,899	$ 1,976,535
Accounts Receivable	13,719	10,358
Grants Receivable	144,445	4,665
Inventory	41,900	39,013
Prepaid Expenses	33,502	25,481
Capital Assets, Depreciated, Net of Accumulated Depreciation	40,854	42,882
TOTAL ASSETS	2,643,319	2,098,934
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,073,061	2,504,299
Related to OPEB	25,977	20,180
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,099,038	2,524,479
LIABILITIES		
Accounts Payable	68,807	63,210
Accrued Expenses	1,327	1,382
Unearned Revenues	30,000	97,062
Noncurrent Liabilities		
Net Pension Liability	3,774,472	5,140,122
Net OPEB Liability	253,022	291,393
TOTAL LIABILITIES	4,127,628	5,593,169
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	459,981	1,261,509
Related to OPEB	38,745	16,178
TOTAL DEFERRED INFLOWS OF RESOURCES	498,726	1,277,687
NET POSITION		
Net Investment in Capital Assets	40,854	42,882
Restricted for Emergencies	222,600	184,700
Unrestricted, Unreserved	(1,147,451)	(2,475,025)
TOTAL NET POSITION	$ (883,997)	$ (2,247,443)

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

UNIVERSITY PREPARATORY SCHOOLS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position Governmental Activities 2019	2018
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	$ 3,931,125	$ -	$ 1,678,125	$ -	$ (2,253,000)	$ (3,751,217)
Supporting Services	4,179,624	694,050	104,315	92,620	(3,288,639)	(3,284,139)
Total Governmental Activities	$ 8,110,749	$ 694,050	$ 1,782,440	$ 92,620	(5,541,639)	(7,035,356)
GENERAL REVENUES						
Per Pupil Revenue					5,298,207	4,359,366
Mill Levy Override					1,348,515	1,098,556
Unrestricted State Funding					208,945	-
Miscellaneous					49,418	35,032
TOTAL GENERAL REVENUES					6,905,085	5,492,954
CHANGE IN NET POSITION					1,363,446	(1,542,402)
NET POSITION, Beginning, as restated					(2,247,443)	(705,041)
NET POSTION, Ending					$ (883,997)	$ (2,247,443)

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

UNIVERSITY PREPARATORY SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	GENERAL FUND	
	2019	2018
ASSETS		
Cash	$ 2,368,899	$ 1,976,535
Accounts Receivable	13,719	10,358
Grants Receivable	144,445	4,665
Inventory	41,900	39,013
Prepaid Expenditures	33,502	25,481
TOTAL ASSETS	$ 2,602,465	$ 2,056,052
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 68,807	$ 63,210
Accrued Expenses	1,327	1,382
Unearned Revenues	30,000	97,062
TOTAL LIABILITIES	100,134	161,654
FUND BALANCES		
Nonspendable	75,402	64,494
Restricted for Emergencies	222,600	184,700
Unassigned	2,204,329	1,645,204
TOTAL FUND BALANCES	2,502,331	1,894,398
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.	40,854	42,882
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 net pension liability ($3,774,472), net OPEB liability ($253,022), deferred outflows related to pensions and OPEB $1,099,038, and deferred inflows related to pensions and OPEB ($498,726).	(3,427,182)	(4,184,723)
Net position of governmental activities	$ (883,997)	$ (2,247,443)

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

UNIVERSITY PREPARATORY SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	GENERAL FUND	
	2019	2018
REVENUES		
Local Sources	$ 8,080,667	$ 6,681,650
State and Federal Sources	1,184,583	1,173,822
TOTAL REVENUES	9,265,250	7,855,472
EXPENDITURES		
Current		
Instruction	4,293,199	4,058,326
Supporting Services	4,364,118	4,168,674
TOTAL EXPENDITURES	8,657,317	8,227,000
NET CHANGE IN FUND BALANCES	607,933	(371,528)
FUND BALANCES, Beginning	1,894,398	2,265,926
FUND BALANCES, Ending	$ 2,502,331	$ 1,894,398

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

UNIVERSITY PREPARATORY SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	$	607,933
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 depreciation for the year.		(2,028)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.		757,541
Change in net position of governmental activities	$	1,363,446

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

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

The University Preparatory Schools (the "Network") was organized pursuant to the Colorado Charter Networks Act to form and operate a charter school within the Denver Public School District (the "District") in the State of Colorado. The Network consists of two schools. The Arapahoe Street School began classes in the 2011-2012 school year. The Steele Street School began classes in the 2016-2017 school year.

The accounting policies of the Network 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 Network and organizations for which the Network is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Network. In addition, any legally separate organizations for which the Network is financially accountable are considered part of the reporting entity. Financial accountability exists if the Network 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 Network.

Based on the application of these criteria, the Network does not include additional organizations within its reporting entity. However, the Network is a component unit of the Denver Public School District.

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 Network. 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 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.

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

Government-Wide and Fund Financial Statements (Continued)

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.

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 Network.

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 Network's policy to use restricted resources first and the unrestricted resources as they are needed.

The Network reports the following major governmental fund:

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

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

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.

Unearned Revenues – Unearned revenues include grant funds that have been collected but the corresponding expense has not been incurred.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the Network as assets with an initial, individual cost of more than $5,000 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures. The Network has no long-term debt as of June 30, 2019.

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

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

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.

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.

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets includes the Network's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Capital assets are shown in Note 4.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Network typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (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 Network 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 because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported at June 30, 2019, by the Network are nonspendable in form as inventory and prepaid expenditures.

- 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 Network has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- 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 Network did not have any committed resources as of June 30, 2019.

- 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 Network 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 fund balance.

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

Compensated Absences

The Network's policy allows employees to accumulate sick leave and personal leave. However, employees are not paid for unused sick or personal leave upon termination of employment with the Network. Therefore, no amounts have been accrued for this leave in the financial statements.

Risk Management

The Network 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 Network carries commercial coverage for these risks of loss. The Network has not experienced any losses that exceeded that 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 Network's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

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

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Network management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

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

Deposits

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	$ 250
Deposits	1,502,066
Investments	866,583
Total Cash and Investments	**$ 2,638,899**

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 Network 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 Network has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the Network had deposits with financial institutions with a carrying amount of $1,502,066. The bank balances with the financial institutions were $1,488,173. Of this amount, $250,000 was covered by federal depository insurance and $1,238,173 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk Policies

The Network does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments (Continued)

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
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Local Government Investment Pools

The Network had invested $866,583 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.

The Network has no policy for managing credit risk or interest rate risk.

NOTE 4: *CAPITAL ASSETS*

Capital Assets activity for the year ended June 30, 2019 is summarized below.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital Assets, Depreciated				
Improvements	$ 46,408	$	$ -	$ 46,408
Accumulated Depreciation				
Improvements	(3,526)	(2,028)		(5,554)
Net Capital Assets	**$ 42,882**	**$ (2,028)**	**$ -**	**$ 40,854**

Depreciation expense is charged to the supporting services program of the Network.

NOTE 5: *DEFINED BENEFIT PENSION PLAN*

Summary of Significant Accounting Policies

Pensions. The Academy participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the DPS Division are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the DPS Division by 0.25 percent on July 1, 2019.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Summary of Significant Accounting Policies (Continued)

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

- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. A portion of the direct distribution allocated to the DPS Division is considered a nonemployer contribution for financial reporting purposes.

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

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

General Information about the Pension Plan

Plan description. Eligible employees of the Academy 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

NOTE 5: ***DEFINED BENEFIT 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients.

NOTE 5: *DEFINED BENEFIT PENSION PLAN* (Continued)

General Information about the Pension Plan (Continued)

Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2019: Eligible employees, Academy, and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary period of July 1, 2018 through June 30, 2019.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
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	(14.18%)	(13.48%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS Division	**4.95%**	**5.65%**

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

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. A portion of the direct distribution allocated to the DPS Division is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from Academy were $183,626 for the year ended June 30, 2019.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

The net pension liability for the DPS Division was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Academy's proportion of the net pension liability was based on the Academy's contributions to the DPS Division for the calendar year 2018 relative to the total contributions of participating employers and the State as a nonemployer contributing entity .

At June 30, 2019, the Academy reported a liability of $,3,774,472 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity.

The amount recognized by the Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Academy were as follows:

Academy's proportionate share of the net pension liability	$3,774,472
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	$1,955,554
Total	$5,730,006

At December 31, 2018, the Academy's proportion was 0.36900 percent, which was a decrease of 0.2045 percent from its proportion measured as of December 31, 2017.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

For the year ended June 30, 2019, the Academy recognized pension income of $354,639 and revenue of $208,945 for support from the State as a nonemployer contributing entity. At June 30, 2019, the Academy 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	$231,579	$3,705
Changes of assumptions or other inputs	$267,143	$84,633
Net difference between projected and actual earnings on pension plan investments	$482,526	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	$371,643
Contributions subsequent to the measurement date	$91,813	N/A
Total	$1,073,061	$459,981

$33,298 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$345,053
2021	$157,647
2022	$29,569
2023	$245,091
2024	($256,093)

NOTE 5: ***DEFINED BENEFIT 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, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
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.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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, percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

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

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

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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%.

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%.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, 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.

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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

- The AIR balance was excluded from the initial 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. 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 middle of the year.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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.

Sensitivity of the Academy'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	$5,601,313	$3,774,472	$2,254,098

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

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 Academy contributed 9.54%, 9.60% and 10.02%, of covered payroll for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, to the District to cover its obligation relating to the PCOPs. During the fiscal years ended June 30, 2019, 2018 and 2017 the Academy made contributions totaling $87,759, $74,069 and $74,740, respectively, to the District towards its PCOPs obligation.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Academy 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 (CAFR) 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.

NOTE 6: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from Academy were $41,670 for the year ended June 30, 2019.

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

At June 30, 2019, the Academy reported a liability of $253,022 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Academy proportion of the net OPEB liability was based on Academy contributions to the DPS HCTF for the calendar year 2018 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2018, the Academy proportion was 0.56016 percent, which was an increase of 0.01165 percent from its proportion measured as of December 31, 2017.

NOTE 6: ***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, 2019, the Academy recognized OPEB expense of $20,089. At June 30, 2019, the Academy 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	$5,120	$29,363
Changes of assumptions or other inputs	$22	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	$9,382
Contributions subsequent to the measurement date	$20,835	N/A
Total	$25,977	$38,745

$20,835 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,:	
2020	($3,926)
2020	($7,563)
2021	($7,569)
2022	($3,015)
2023	($5,497)
Thereafter	($6,033)

NOTE 6: *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, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 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	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
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.

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

NOTE 6: ***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)

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	**Cost for Members Without Medicare Part A**	**Premiums for Members Without Medicare Part A**
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	**Cost for Members Without Medicare Part A**
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

NOTE 6: ***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, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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 6: ***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 health care costs assumptions were updated and used in the measurement of the obligations for the DPS HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

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

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

NOTE 6: ***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)

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 6: ***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 Academy'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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$252,949	$253,022	$253,106

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, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

NOTE 6: ***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)

- Benefit payments and contributions were assumed to be made at the middle of the year.

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 Academy'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	$289,679	$253,022	$221,642

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

NOTE 7: ***COMMITMENTS AND CONTINGENCIES***

Facilities Use Agreement

The Network entered into a Facilities Use Agreement with the District for their buildings. The Network and the District amended the Facilities Use Agreement beginning July 7, 2013. The amended agreement calculates the annual Facilities Use Fee based on number of enrolled students. The new agreement's expiration date is concurrent with the Academy's charter agreement. Total rent expense for the year ended June 30, 2019 for this lease was $418,630.

NOTE 7: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Claims and Judgments

The Academy 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 Academy may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

Tabor Amendment

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 Academy believes it has complied with the Amendment.

As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2019, the reserve of $222,600 was recorded as a reservation of fund balance in the General Fund. The Academy has designated their deposits and prepaids as assets to cover this reserve.

NOTE 8: ***DEFICIT NET POSITION***

The net position of the governmental activities is in a deficit position in the amount of $883,997 due to the Academy including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY PREPARATORY SCHOOLS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 4,862,675	$ 5,243,252	$ 5,298,207	$ 54,955	$ 4,359,366
Mill Levy Override	1,210,023	1,328,738	1,348,515	19,777	1,098,556
Management Fees	640,500	691,950	694,050	2,100	653,596
Grants and Donations	482,260	552,363	547,701	(4,662)	535,100
Other	144,262	177,164	192,194	15,030	35,032
State and Federal Sources					
Grants and Donations	1,035,334	1,081,704	1,184,583	102,879	1,173,822
TOTAL REVENUES	8,375,054	9,075,171	9,265,250	190,079	7,855,472
EXPENDITURES					
Instruction					
Salaries	2,761,281	2,949,205	2,833,566	115,639	2,729,068
Employee Benefits	706,245	721,849	794,575	(72,726)	671,733
Purchased Services	305,359	264,216	268,620	(4,404)	328,706
Supplies and Materials	241,038	270,230	310,624	(40,394)	278,087
Property	110,064	77,260	85,814	(8,554)	50,732
Other	-	-	-	-	-
Total Instruction	4,123,987	4,282,760	4,293,199	(10,439)	4,058,326
Supporting Services					
Salaries	1,516,982	1,591,146	1,387,226	203,920	1,432,797
Employee Benefits	376,706	373,113	368,977	4,136	350,463
Purchased Services	2,143,783	2,526,371	2,439,007	87,364	2,067,383
Supplies and Materials	172,318	144,108	144,883	(775)	223,817
Property	25,011	32,511	19,198	13,313	87,602
Other	15,290	128,968	4,827	124,141	6,612
Total Supporting Services	4,250,090	4,796,217	4,364,118	432,099	4,168,674
TOTAL EXPENDITURES	8,374,077	9,078,977	8,657,317	421,660	8,227,000
CHANGE IN FUND BALANCES	977	(3,806)	607,933	611,739	(371,528)
FUND BALANCE, Beginning	2,045,140	1,894,398	1,894,398	-	2,265,926
FUND BALANCE, Ending	$ 2,046,117	$ 1,890,592	$ 2,502,331	$ 611,739	$ 1,894,398

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

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

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

	2013	2014	2015	2016	2017	2018
Schools' proportionate share of the Net Pension Liability	0.1875%	0.2329%	0.3250%	0.5885%	0.5734%	0.3690%
Schools' proportionate share of the Net Pension Liability	$ 974,994	$ 1,454,407	$ 2,705,031	$ 6,447,369	$ 5,140,122	$ 3,774,472
Schools' covered-employee payroll	$ 1,022,370	$ 1,243,182	$ 2,450,254	$ 2,940,143	$ 3,886,252	$ 4,085,294
Schools' proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	95.4%	117.0%	110.4%	219.3%	132.3%	92.4%
Plan fiduciary net position as a percentage of the total pension liability	86.3%	83.9%	79.3%	74.1%	79.5%	75.7%

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

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

Years Ended June 30,

	2014	2015	2016	2017	2018	2019
Statutorily required contributions	$ 56,153	$ 71,507	$ 72,890	$ 153,284	$ 184,200	$ 183,626
Contributions in relation to the Statutorily required contributions	56,153	71,507	72,890	153,284	184,200	183,626
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Schools' covered-employee payroll	$ 1,146,934	$ 1,481,803	$ 2,450,254	$ 3,521,844	$ 4,098,045	$ 4,085,294
Contributions as a percentage of covered-employee payroll	4.90%	4.83%	2.97%	4.35%	4.49%	4.49%

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

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

	2016	2017	2018
Schools' proportionate share of the Net OPEB Liability	0.5886%	0.5718%	0.5602%
Schools' proportionate share of the Net OPEB Liability	$ 320,819	$ 291,393	$ 253,022
Schools' covered-employee payroll	$ 2,940,143	$ 3,886,252	$ 4,085,294
Schools' proportionate share of the Net OPEB Liability as a percentage of its covered-employee payroll	10.9%	7.5%	6.2%
Plan fiduciary net position as a percentage of the total OPEB liability	25.2%	30.5%	34.7%

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

SCHEDULE OF THE SCHOOLS' CONTRIBUTIONS
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019
Statutorily required contributions	$ 35,923	$ 41,800	$ 41,670
Contributions in relation to the Statutorily required contributions	35,923	41,800	41,670
Contribution deficiency (excess)	$ -	$ -	$ -
Schools' covered-employee payroll	$ 3,521,844	$ 4,098,045	$ 4,085,294
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

UNIVERSITY PREPARATORY SCHOOLS

COMBINING BALANCE SHEET
June 30, 2019

	HOME OFFICE	ARAPAHOE ST. SCHOOL	STEELE ST. SCHOOL	TOTAL 2019	TOTAL 2018
ASSETS					
Cash	$ 150,628	$ 973,203	$ 1,245,068	$ 2,368,899	$ 1,976,535
Accounts Receivable	-	7,519	6,200	13,719	10,358
Grants Receivable	-	128,383	16,062	144,445	4,665
Due from Other Funds	-	-	-	-	195,437
Inventory	-	18,540	23,360	41,900	39,013
Prepaid Expenditures	4,589	16,059	12,854	33,502	25,481
TOTAL ASSETS	$ 155,217	$ 1,143,704	$ 1,303,544	$ 2,602,465	$ 2,251,489
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 8,539	$ 35,766	$ 24,502	$ 68,807	$ 63,210
Accrued Expenses	101	940	286	1,327	1,382
Due to Other Funds	-	-	-	-	195,437
Unearned Revenues	-	-	30,000	30,000	97,062
TOTAL LIABILITIES	8,640	36,706	54,788	100,134	357,091
FUND BALANCES					
Nonspendable	4,589	34,599	36,214	75,402	64,494
Restricted for Emergencies	-	116,300	106,300	222,600	184,700
Unassigned	141,988	956,099	1,106,242	2,204,329	1,645,204
TOTAL FUND BALANCES	146,577	1,106,998	1,248,756	2,502,331	1,894,398
TOTAL LIABILITIES AND FUND BALANCES	$ 155,217	$ 1,143,704	$ 1,303,544	$ 2,602,465	$ 2,251,489

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2019

	HOME OFFICE	ARAPAHOE ST. SCHOOL	STEELE ST. SCHOOL	TOTAL 2019	TOTAL 2018
REVENUES					
Local Sources	$ 1,014,595	$ 3,726,166	$ 3,339,906	$ 8,080,667	$ 6,681,650
State and Federal Sources	148,979	736,588	299,016	1,184,583	1,173,822
TOTAL REVENUES	1,163,574	4,462,754	3,638,922	9,265,250	7,855,472
EXPENDITURES					
Current					
Instruction	-	2,442,133	1,851,066	4,293,199	4,058,326
Supporting Services	1,043,218	1,881,033	1,439,867	4,364,118	4,168,674
TOTAL EXPENDITURES	1,043,218	4,323,166	3,290,933	8,657,317	8,227,000
NET CHANGE IN FUND BALANCES	120,356	139,588	347,989	607,933	(371,528)
FUND BALANCES, Beginning	26,221	967,410	900,767	1,894,398	2,265,926
FUND BALANCES, Ending	$ 146,577	$ 1,106,998	$ 1,248,756	$ 2,502,331	$ 1,894,398

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

HOME OFFICE
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES					
Local Sources					
Management Fees	$ 640,500	$ 691,950	$ 694,050	$ 2,100	$ 653,596
Grants and Donations	270,000	340,103	319,529	(20,574)	422,422
Other	-	1,050	1,016	(34)	-
Federal Sources					
Grants and Donations	130,000	130,000	148,979	18,979	-
TOTAL REVENUES	1,040,500	1,163,103	1,163,574	471	1,076,018
EXPENDITURES					
Supporting Services					
Salaries	776,213	730,213	672,671	57,542	864,642
Employee Benefits	201,699	194,246	175,609	18,637	190,058
Purchased Services	51,923	221,666	186,286	35,380	42,342
Supplies and Materials	6,359	6,359	5,802	557	10,345
Property	9,379	9,379	1,831	7,548	-
Other	1,240	1,240	1,019	221	1,154
TOTAL EXPENDITURES	1,046,813	1,163,103	1,043,218	119,885	1,108,541
NET CHANGE IN FUND BALANCES	(6,313)	-	120,356	120,356	(32,523)
FUND BALANCE, Beginning	120,278	26,221	26,221	-	58,744
FUND BALANCE, Ending	$ 113,965	$ 26,221	$ 146,577	$ 120,356	$ 26,221

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

ARAPAHOE STREET SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019				
	ORIGINAL BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,694,745	$ 2,777,567	$ 2,801,343	$ 23,776	$ 2,578,244
Mill Levy Override	663,964	695,276	712,378	17,102	639,991
Grants and Donations	25,000	25,000	52,339	27,339	34,140
Other	126,618	147,952	160,106	12,154	26,764
State and Federal Sources					
Grants and Donations	662,741	685,981	736,588	50,607	632,093
TOTAL REVENUES	4,173,068	4,331,776	4,462,754	130,978	3,911,232
EXPENDITURES					
Instruction					
Salaries	1,646,391	1,703,880	1,629,834	74,046	1,566,694
Employee Benefits	412,540	399,539	456,545	(57,006)	377,834
Purchased Services	134,250	133,054	127,236	5,818	201,174
Supplies and Materials	134,350	140,373	178,358	(37,985)	178,633
Property	31,190	15,000	50,160	(35,160)	21,380
Total Instruction	2,358,721	2,391,846	2,442,133	(50,287)	2,345,715
Supporting Services					
Salaries	427,322	473,928	437,519	36,409	325,150
Employee Benefits	83,283	95,318	118,151	(22,833)	89,743
Purchased Services	1,194,863	1,287,709	1,257,415	30,294	1,222,677
Supplies and Materials	89,565	74,894	62,974	11,920	84,021
Property	8,713	8,713	2,023	6,690	15,567
Other	3,311	3,174	2,951	223	3,103
Total Supporting Services	1,807,057	1,943,736	1,881,033	62,703	1,740,261
TOTAL EXPENDITURES	4,165,778	4,335,582	4,323,166	12,416	4,085,976
CHANGE IN FUND BALANCES	7,290	(3,806)	139,588	143,394	(174,744)
FUND BALANCE, Beginning	1,023,520	967,410	967,410	-	1,142,154
FUND BALANCE, Ending	$ 1,030,810	$ 963,604	$ 1,106,998	$ 143,394	$ 967,410

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

STEELE STREET SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2019				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,167,930	$ 2,465,685	$ 2,496,864	$ 31,179	$ 1,781,122
Mill Levy Override	546,059	633,462	636,137	2,675	458,565
Grants and Donations	187,260	187,260	175,833	(11,427)	78,538
Other	17,644	28,162	31,072	2,910	8,268
State and Federal Sources					
Grants and Donations	242,593	265,723	299,016	33,293	541,729
TOTAL REVENUES	3,161,486	3,580,292	3,638,922	58,630	2,868,222
EXPENDITURES					
Instruction					
Salaries	1,114,890	1,245,325	1,203,732	41,593	1,162,374
Employee Benefits	293,705	322,310	338,030	(15,720)	293,899
Purchased Services	171,109	131,162	141,384	(10,222)	127,532
Supplies and Materials	106,688	129,857	132,266	(2,409)	99,454
Property	78,874	62,260	35,654	26,606	29,352
Other			-	-	-
Total Instruction	1,765,266	1,890,914	1,851,066	39,848	1,712,611
Supporting Services					
Salaries	313,447	387,005	277,036	109,969	243,005
Employee Benefits	91,724	83,549	75,217	8,332	70,662
Purchased Services	896,997	1,016,996	995,306	21,690	802,364
Supplies and Materials	76,394	62,855	76,107	(13,252)	129,451
Property	6,919	14,419	15,344	(925)	72,035
Other	10,739	124,554	857	123,697	2,355
Total Supporting Services	1,396,220	1,689,378	1,439,867	249,511	1,319,872
TOTAL EXPENDITURES	3,161,486	3,580,292	3,290,933	289,359	3,032,483
CHANGE IN FUND BALANCES	-	-	347,989	347,989	(164,261)
FUND BALANCE, Beginning	901,342	900,767	900,767	-	1,065,028
FUND BALANCE, Ending	$ 901,342	$ 900,767	$ 1,248,756	$ 347,989	$ 900,767

See the accompanying independent auditors' report.