GIRLS ATHLETIC LEADERSHIP SCHOOLS

BASIC FINANCIAL STATEMENTS

June 30, 2018

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION

JOHN CUTLER
& ASSOCIATES

Board of Directors
Girls Athletic Leadership 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 Girls Athletic Leadership Schools, component unit of the Denver Public School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Girls Athletic Leadership Schools, as of June 30, 2018, 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.

600 17TH STREET SUITE 2800 SOUTH • DENVER, COLORADO 80202 •TEL 303.634.2259 •FAX 303.496.4631

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, schedule of the Schools' proportionate share, and schedule of the Schools' contributions on pages 37-41 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 School's financial statements. The supplementary information 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

November 15, 2018

Management's Discussion and Analysis – Girls Athletic Leadership Schools

As management of Girls Athletic Leadership Schools of Denver (GALS), we offer readers of Girls Athletic Leadership School of Denver's financial statements, our narrative overview and analysis of the financial activities of GALS MS, HS and The Boys School of Denver for the fiscal year ended June 30, 2018. This is the eighth year of operations as a school serving grades 6^{th}-8^{th}, the fourth year of operations for the HS and first year for The Boys School of Denver.

Financial Highlights

As of June 30, 2018, net position decreased to ($1,921,336) based on the implementation of the GASB Statement 68. This change represents accounting presentation of these pension-related items only.

At the close of the fiscal year, GALS governmental fund reported an ending fund balance of $869,981, an increase of $92,542 over the 2017 ending fund balance of $777,439. The net change for the Middle School fund was $231,909, -$146,290 for the High School and $6,923 for the Boys School.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Girls Athletic Leadership School of Denver's basic financial statements. GALS's basic financial 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 GALS's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of GALS's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Girls Athletic Leadership Schools of Denver is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of GALS supported primarily by Per Pupil Operating Revenue or other revenues passed through from the District (Denver Public Schools). The governmental activities of GALS include instruction and supporting services.

The government-wide financial statements can be found on pages 1-2 of this report.

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. Girls Athletic Leadership Schools of Denver, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of GALS are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Girls Athletic Leadership Schools of Denver maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital reserve fund, because both are considered to be major funds.

Girls Athletic Leadership Schools of Denver adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with the budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 6-36.

Government-wide Financial Analysis

In the case of Girls Athletic Leadership Schools of Denver, liabilities exceeded assets resulting in a Net Position of ($1,921,336) in FY2018. Again, this is directly related to the pension liability reporting requirement under GASB 68.

Girls Athletic Leadership School of Denver's Net Position
Governmental Activities

	June 30, 2018	June 30, 2017
ASSETS		
Cash and investments	$957,426	$822,649
Cash Held by the District	-	-
Accounts Receivable	188,544	101,966
Prepaid Expenses	-	24,760
Inventory		
Capital Assets, Depreciated, Net of Accumulated Depre	43,420	35,889
Total Assets	**1,189,390**	**985,264**
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions*	2,481,988	1,899,809
LIABILITIES		
Accounts Payable	97,397	29,150
Accrued Salaries& Benefits	159,801	113,557
Unearned Revenue	18,791	29,229
Noncurrent Liabilities		
Pension Liability*	4,308,766	3,642,222
Total Liabilities	**4,584,755**	**3,814,158**
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	1,007,959	234,903
NET POSITION		
Net Investment in Capital Assets	43,420	35,889
Restricted for Emergencies	153,500	110,000
Unrestricted, Unreserved*	(2,118,256)	(1,310,957)
Total Net Position	**($1,921,336)**	**($1,164,708)**

* See Notes to the Financial Statements (#6) for further information on GASB 68. Additionally, the CO PERA fact sheet states, "...the Net Pension Liability is unlike any of the other liabilities reported on an employer's balance sheet in that it is not immediately due, nor can it be paid off under any accelerated schedule."

The largest portion of Girls Athletic Leadership Schools of Denver's assets is in cash and receivables @ 96% in 2018.

Girls Athletic Leadership School of Denver's Change in Fund Balances
Governmental Activities

	Middle School	High School	Boys School	Total Combined Funds	
	2018	2018	2018	2018	2017
Local Revenue					
Per Pupil Revenue	$ 2,507,698	$ 1,041,349	$ 652,041	$ 4,201,088	$ 3,029,130
Mill Levy Revenue	392,384	226,055	100,704	719,143	532,527
Tuition and Fees	98,915	29,416	23,091	151,422	75,714
Grants and Donations	142,461	264,044	199,271	605,776	506,084
Interest	878	969	150	1,997	1,278
Other	25,181	1,326	3,437	29,944	
State and Federal Sources	312,420	76,579	253,339	642,338	226,538
Total Revenue	**3,479,937**	**1,639,738**	**1,232,033**	**6,351,708**	**4,371,271**
Expenses:					
Instruction	1,679,389	935,966	661,787	3,277,142	2,198,276
Supporting Services	1,568,639	850,062	563,323	2,982,024	1,889,758
Total Expenses	**3,248,028**	**1,786,028**	**1,225,110**	**6,259,166**	**4,088,034**
Net Change in Fund Balance	231,909	(146,290)	6,923	92,542	283,237
Fund Balance Beginning	487,156	290,283	-	777,439	494,202
Fund Balance Ending	$ 719,065	$ 143,993	$ 6,923	$ 869,981	$ 777,439

The largest portion of Girls Athletic Leadership School of Denver's revenues came from per pupil revenue and district mill levy revenue @ 95% in FY18.

Financial Analysis of the Government's Funds
As noted earlier, GALS uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of Girls Athletic Leadership Schools of Denver's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing GALS's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $869,981, an increase of $92,542 from FY17.

General Fund Budgetary Highlights

The School approves a preliminary budget in May based on enrollment projections for the school year. In October after enrollment stabilizes, adjustments are made to the budget. One budget amendment was made during the 2017-2018 school year.

For the Middle School fund, the school recognized an additional $241,173 in revenue, an increase of 29% over the previous year. The High School fund saw a decrease in revenue due to under-enrollment but recognized a decrease in expenditures of -$107,296. The Boys School (BOYS) celebrated its first year of operation. Despite a decrease in total revenue, BOYS recognized a total savings in expenses of $83,428, resulting in a positive Net Fund Balance.

Capital assets & Long-Term Debt

Girls Athletic Leadership Schools of Denver capital assets include one vehicle, copier equipment, and a computer server. Net Capital Assets are $43,420.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Girls Athletic Leadership Schools of Denver is student enrollment. Enrollment for the 2017-2018 school year was 545 funded students; 327 in the MS, 131 in the HS and 87 in the BS. This information was analyzed as part of the 2017-2018 budget which is projecting a 570 funded student count, which includes 89 students at The Boys School of Denver. The FY18 budget also includes the budget for the first operating year for The Boys School of Denver which was authorized by DPS in June of 2016 to open in August of 2017.

Requests for Information

This financial report is designed to provide a general overview of Girls Athletic Leadership Schools of Denver's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the school:

Carol Bowar, Executive Director
Girls Athletic Leadership Schools of Denver
750 Galapago Street
Denver, CO 80204

BASIC FINANCIAL STATEMENTS

GIRLS ATHLETIC LEADERSHIP SCHOOLS

STATEMENT OF NET POSITION
As of June 30, 2018

	Governmental Activities	
	2018	2017
ASSETS		
Cash	$ 957,426	$ 822,649
Accounts Receivable	188,544	101,966
Prepaid Items	-	24,760
Capital Assets, Depreciated, Net of Accumulated Depreciation	43,420	35,889
TOTAL ASSETS	1,189,390	985,264
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	2,414,363	1,899,089
Related to Other Post Employment Benefits	67,625	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,481,988	1,899,089
LIABILITIES		
Accounts Payable	97,397	29,150
Accrued Salaries and Benefits	159,801	113,557
Unearned Revenues	18,791	29,229
Noncurrent Liabilities		
Pension Liability	4,077,607	3,642,222
Other Post Employment Benefits Liability	231,159	-
TOTAL LIABILITIES	4,584,755	3,814,158
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	1,000,742	234,903
Related to Other Post Employment Benefits	7,217	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,007,959	234,903
NET POSITION		
Net Investment in Capital Assets	43,420	35,889
Restricted for Emergencies	153,500	110,000
Unrestricted, Unreserved	(2,118,256)	(1,310,597)
TOTAL NET POSITION	$ (1,921,336)	$ (1,164,708)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

		PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position	
					Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2018	2017
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	$ 3,613,813	$ 151,422	$ -	$ -	$ (3,462,391)	$ (2,448,463)
Supporting Services	3,326,216	-	1,160,948	87,166	(2,078,102)	(1,426,973)
Total Governmental Activities	$ 6,940,029	$ 151,422	$ 1,160,948	$ 87,166	(5,540,493)	(3,875,436)
GENERAL REVENUES						
Per Pupil Revenue					4,201,088	3,029,130
Mill Levy Override					719,143	532,527
Interest					1,997	1,278
Miscellaneous					29,944	-
TOTAL GENERAL REVENUES					4,952,172	3,562,935
CHANGE IN NET POSITION					(588,321)	(312,501)
NET POSITION, Beginning, as restated					(1,333,015)	(852,207)
NET POSTION, Ending					$ (1,921,336)	$ (1,164,708)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	GENERAL FUND	
	2018	2017
ASSETS		
Cash	$ 957,426	$ 822,649
Accounts Receivable	188,544	101,966
Due from Other Funds	237,283	37,474
Prepaid	-	24,760
TOTAL ASSETS	$ 1,383,253	$ 986,849
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 97,397	$ 29,150
Due to Other Funds	237,283	37,474
Accrued Salaries and Benefits	159,801	113,557
Unearned Revenues	18,791	29,229
TOTAL LIABILITIES	513,272	209,410
FUND BALANCES		
Nonspendable	-	24,760
Restricted for Emergencies	153,500	110,000
Unassigned	716,481	642,679
TOTAL FUND BALANCES	869,981	777,439
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.	43,420	35,889
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 ($4,077,607), net OPEB liability ($231,159), deferred outflows related to pensions and OPEB $2,481,988, and deferred inflows related to pensions and OPEB ($1,007,959).	(2,834,737)	(1,978,036)
Net position of governmental activities	$ (1,921,336)	$ (1,164,708)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS

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

	GENERAL FUND	
	2018	2017
REVENUES		
Local Sources	$ 5,709,370	$ 4,144,733
State and Federal Sources	642,338	226,538
TOTAL REVENUES	6,351,708	4,371,271
EXPENDITURES		
Current		
Instruction	3,277,142	2,198,276
Supporting Services	2,982,024	1,889,758
TOTAL EXPENDITURES	6,259,166	4,088,034
NET CHANGE IN FUND BALANCES	92,542	283,237
FUND BALANCES, Beginning	777,439	494,202
FUND BALANCES, Ending	$ 869,981	$ 777,439

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

GIRLS ATHLETIC LEADERSHIP 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, 2018

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

Net change in fund balances - total governmental funds	$	92,542
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This amount by which capital outlay $11,900 exceeded depreciation expense ($4,369) in the current period.		7,531
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.		(688,394)
Change in net position of governmental activities	$	(588,321)

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

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

The Girls Athletic Leadership Schools (the "Network") was organized pursuant to the Colorado Charter Schools Act to form and operate a network of charter schools within the Denver Public School District (the "District") in the State of Colorado. The Middle School began classes in the 2010-2011 school year, the High School began classes in the 2014-2015 school year, and the Boys School began classes in the 2017-2018 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 and activities of the Network.

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

Assets, Liabilities and Fund Balance/Net Position

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

Prepaid – Payments made to vendors for items that will be used in future periods are recorded as prepaid. An expenditure is reported in the year in which the goods are consumed.

Inventory – Payments made to vendors for school uniforms that will be used in future periods are recorded as inventory. An expenditure is reported in the year in which the goods are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the 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. Equipment of the Network is depreciated using the straighline method over the equipment's useful life of 10 years.

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

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

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

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, 2018.

Net Position

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

Net 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.

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)

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the 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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. These are prepaid expenses and inventory.

- 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, 2018.

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

The 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

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

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 had claims that exceeded the insured amounts in the last three years.

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 yearend.

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

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

Cash	**$ 957,426**

Deposits

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.

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

Deposits (Continued)

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, 2018, the Network had deposits with financial institutions with a carrying amount of $957,426. The bank balances with the financial institutions were $1,027,526. Of these balances, $250,000 was covered by federal depository insurance and $777,526 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

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.

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

The Network had no investments as of June 30, 2018.

NOTE 4: CAPITAL ASSETS

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital Assets, Depreciated				
Vehicles and Equipment	$ 43,677	$ 11,900	$ -	$ 55,577
Accumulated Depreciation				
Vehicles and Equipment	7,788	4,369	-	12,157
Net Capital Assets	**$ 35,889**	**$ 7,531**	**$ -**	**$ 43,420**

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

NOTE 5: *ACCRUED SALARIES AND BENEFITS*

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2018, were $159,801 in the General Fund.

NOTE 6: *DEFINED BENEFIT PENSION PLAN*

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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:

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

The employer contribution requirements are summarized in the table below:

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

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

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Network is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the Network were $144,872 for the year ended June 30, 2018.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

At June 30, 2018 the Network reported a liability of $4,077,607 for its proportionate share of the net pension liability. The net pension liability for the DPS Division was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Network's proportion of the net pension liability was based on the Network's contributions to the DPS Division for the calendar year 2017 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2017, the Network's proportion was 0.45483%, which was an increase of 0.12235% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the Network recognized pension expense of $685,950. At June 30, 2018, the Network 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	$249,675	$7,509
Changes in assumptions or other inputs	$531,302	$207,608
Net difference between projected and actual earnings on pension plan investments	N/A	$785,625
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$1,553,589	N/A
Contributions subsequent to the measurement date	$79,797	N/A
Total	**$2,414,363**	**$1,000,742**

$79,797 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Year ended June 30,	
2019	$645,093
2020	$520,797
2021	$308,806
2022	($140,872)

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

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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

NOTE 6: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

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

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

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

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

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

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

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

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

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

NOTE 6: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

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

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

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

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

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

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

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

Sensitivity of the Network'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	$6,416,654	$4,077,607	$2,141,586

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

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

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

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

NOTE 6: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

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

At June 30, 2018 the Network reported a liability of $4,077,607 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Network's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the DPS Division, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the DPS Division as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$2,954,233

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 UAAL 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 Network contributed 9.60%, 9.95%, and 9.84% of covered payroll for the fiscal years ended June 30, 2018, 2017, and 2016, to the District to cover its obligation relating to the PCOPs. During the fiscal years ended June 30, 2018, 2017, and 2016, the Network made contributions totaling $308,252, $245,703, and $182,544, to the District towards its PCOPs obligation.

NOTE 7: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*

Summary of Significant Accounting Policies

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

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

NOTE 7: ***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.

NOTE 7: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Network is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the Network were $32,752 for the year ended June 30, 2018.

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

At June 30, 2018, the Network reported a liability of $231,159 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Network's proportion of the net OPEB liability was based on the Network's contributions to the DPS HCTF for the calendar year 2017 relative to the total contributions of participating employers to the DPS HCTF.

NOTE 7: ***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)

At December 31, 2017, the Network's proportion was 0.45362%, which was an increase of 0.12111% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Network recognized OPEB expense of $2,444. At June 30, 2018, the Network reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	N/A	$136
Net difference between projected and actual earnings on OPEB plan investments	N/A	$7,081
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$51,182	N/A
Contributions subsequent to the measurement date	$16,443	N/A
Total	**$67,625**	**$7,217**

$16,443 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 7: ***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)

Year ended June 30,	
2019	$13,042
2020	$13,042
2021	$13,042
2022	$4,884
2023	($23)
Thereafter	($23)

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

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

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

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

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.

NOTE 7: ***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, post-retirement mortality assumptions for the DPS Division were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

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

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

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

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

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

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

NOTE 7: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

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

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

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

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

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

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

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

NOTE 7: *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)

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%.

Sensitivity of the Network'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:

NOTE 7: ***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)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$230,878	$231,159	$231,536

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

NOTE 7: ***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)

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,

Sensitivity of the Network'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	$263,430	$231,159	$203,575

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

NOTE 8: ***COMMITMENTS AND CONTINGENCIES***

Facilities Use Agreements

Beginning on July 1, 2013, the Network entered into a facility use agreement with the District for use of a District school buildings. The District will charge the Network approximately $781 per pupil to cover these costs. The cost per student will be recalculated by the District each year. For the year ended June 30, 2018, the Network paid $357,818 under the terms of the facilities use agreement.

Beginning on July 1, 2017, the Network entered into a facility use agreement with the Riverside Baptist Church ("RBC") for use of it building for the Boys School. RBC will charge the Network approximately $770 per pupil to cover these costs. The agreement is renewable annually and the cost per student will be recalculated by the RBC each year. For the year ended June 30, 2018, the Network paid $61,540 under the terms of the facilities use agreement.

NOTE 8: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Claims and Judgments

The Network 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 Network may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited, but the Network believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Network.

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 Network believes it has complied with the Amendment.

As required by the Amendment, the Network has established a reserve for emergencies. At June 30, 2018, reserves of $153,500 were recorded as a restriction of fund balance.

NOTE 9: ***RESTATEMENT OF NET POSITION***

The beginning net position of the governmental activities was decreased by $168,307 as the Network implemented Governmental Accounting Standards Board (GASB) Statement 75.

NOTE 10: ***DEFICIT NET POSITION***

The net position of the governmental activities is in a deficit position of $1,921,336 due to the Network including its Net Pension Liability per the requirements of GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

GIRLS ATHLETIC LEADERSHIP SCHOOLS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 4,400,412	$ 4,206,837	$ 4,201,088	$ (5,749)	$ 3,029,130
Mill Levy Override	769,391	726,203	719,143	(7,060)	532,527
Tuition and Fees	109,657	112,784	151,422	38,638	75,714
Grants and Donations	522,289	652,946	605,776	(47,170)	506,084
Interest	1,000	1,500	1,997	497	1,278
Other	-	-	29,944	29,944	-
State and Federal Sources					
Grants and Donations	485,382	640,356	642,338	1,982	226,538
TOTAL REVENUES	6,288,131	6,340,626	6,351,708	11,082	4,371,271
EXPENDITURES					
Salaries	3,362,160	3,367,572	3,345,161	22,411	2,332,096
Employee Benefits	868,242	846,545	829,387	17,158	558,267
Purchased Services	1,418,918	1,372,235	1,371,844	391	927,884
Supplies and Materials	202,719	226,471	232,313	(5,842)	146,481
Property	200,000	253,870	279,339	(25,469)	37,092
Other	336,092	373,933	201,122	172,811	86,214
TOTAL EXPENDITURES	6,388,131	6,440,626	6,259,166	181,460	4,088,034
CHANGE IN FUND BALANCES	(100,000)	(100,000)	92,542	192,542	283,237
FUND BALANCE, Beginning	100,000	100,000	777,439	677,439	494,202
FUND BALANCE, Ending	$ -	$ -	$ 869,981	$ 869,981	$ 777,439

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP 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
Schools' proportionate share of the Net Pension Liability	0.1637%	0.2311%	0.2542%	0.3325%	0.4548%
Schools' proportionate share of the Net Pension Liability	$ 851,382	$ 1,443,531	$ 2,067,958	$ 3,642,222	$ 4,077,607
Schools' covered-employee payroll	$ 892,566	$ 1,438,476	$ 1,832,262	$ 2,196,978	$ 2,866,930
Schools' proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	95.4%	100.4%	112.9%	165.8%	142.2%
Plan fiduciary net position as a percentage of the total pension liability	86.3%	83.9%	79.3%	74.1%	79.5%

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS

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

Years Ended June 30,

	2014	2015	2016	2017	2018
Statutorily required contributions	$ 47,804	$ 46,679	$ 55,672	$ 108,446	$ 144,872
Contributions in relation to the Statutorily required contributions	47,804	46,679	55,672	108,446	144,872
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Schools' covered-employee payroll	$ 984,459	$ 1,438,476	$ 1,832,262	$ 2,484,198	$ 3,210,962
Contributions as a percentage of covered-employee payroll	4.86%	3.25%	3.04%	4.37%	4.51%

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP 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
Schools' proportionate share of the Net OPEB Liability	0.3325%	0.4536%
Schools' proportionate share of the Net OPEB Liability	$ 181,241	$ 231,159
Schools' covered-employee payroll	$ 2,196,978	$ 2,866,930
Schools' proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	8.2%	8.1%
Plan fiduciary net position as a percentage of the total pension liability	25.2%	30.5%

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS

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

Years Ended June 30,

	2017	2018
Statutorily required contributions	$ 25,339	$ 32,752
Contributions in relation to the Statutorily required contributions	25,339	32,752
Contribution deficiency (excess)	$ -	$ -
Schools' covered-employee payroll	$ 2,484,198	$ 3,210,962
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

GIRLS ATHLETIC LEADERSHIP SCHOOLS

COMBINING BALANCE SHEET
June 30, 2018

	MIDDLE SCHOOL	HIGH SCHOOL	BOYS SCHOOL	TOTAL 2018	TOTAL 2017
ASSETS					
Cash	$ 586,067	$ 274,958	$ 96,401	$ 957,426	$ 822,649
Accounts Receivable	23,058	40,850	124,636	188,544	101,966
Due from Other Schools	237,283	-	-	237,283	37,474
Prepaid Items	-	-	-	-	24,760
TOTAL ASSETS	$ 846,408	$ 315,808	$ 221,037	$ 1,383,253	$ 986,849
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 33,104	$ 8,937	$ 55,356	$ 97,397	$ 29,150
Due to Other Schools	-	106,350	130,933	237,283	37,474
Accrued Salaries and Benefits	75,715	56,261	27,825	159,801	113,557
Unearned Revenues	18,524	267	-	18,791	29,229
TOTAL LIABILITIES	127,343	171,815	214,114	513,272	209,410
FUND BALANCES					
Nonspendable	-	-	-	-	24,760
Restricted for Emergencies	91,000	39,000	23,500	153,500	110,000
Unassigned	628,065	104,993	(16,577)	716,481	642,679
TOTAL FUND BALANCES	719,065	143,993	6,923	869,981	777,439
TOTAL LIABILITIES AND FUND BALANCES	$ 846,408	$ 315,808	$ 221,037	$ 1,383,253	$ 986,849

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS

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

	MIDDLE SCHOOL	HIGH SCHOOL	BOYS SCHOOL	TOTAL 2018	TOTAL 2017
REVENUES					
Local Sources	$ 3,167,517	$ 1,563,159	$ 978,694	$ 5,709,370	$ 4,144,733
State and Federal Sources	312,420	76,579	253,339	642,338	226,538
TOTAL REVENUES	3,479,937	1,639,738	1,232,033	6,351,708	4,371,271
EXPENDITURES					
Current					
Instruction	1,679,389	935,966	661,787	3,277,142	2,198,276
Supporting Services	1,568,639	850,062	563,323	2,982,024	1,889,758
TOTAL EXPENDITURES	3,248,028	1,786,028	1,225,110	6,259,166	4,088,034
NET CHANGE IN FUND BALANCES	231,909	(146,290)	6,923	92,542	283,237
FUND BALANCES, Beginning	487,156	290,283	-	777,439	494,202
FUND BALANCES, Ending	$ 719,065	$ 143,993	$ 6,923	$ 869,981	$ 777,439

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS

MIDDLE SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,453,338	$ 2,522,772	$ 2,507,698	$ (15,074)	$ 2,070,004
Mill Levy Override	397,549	408,992	392,384	(16,608)	330,897
Tuition and Fees	67,125	66,300	98,915	32,615	53,478
Grants and Donations	13,299	1,659	142,461	140,802	107,293
Interest	500	500	878	378	1,050
Other	-	-	25,181	25,181	-
State and Federal Sources					
Grants and Donations	124,196	238,541	312,420	73,879	128,111
TOTAL REVENUES	3,056,007	3,238,764	3,479,937	241,173	2,690,833
EXPENDITURES					
Salaries	1,631,624	1,682,494	1,697,662	(15,168)	1,478,973
Employee Benefits	416,224	417,344	446,114	(28,770)	341,588
Purchased Services	676,091	711,515	766,651	(55,136)	605,526
Supplies and Materials	82,006	89,899	102,728	(12,829)	95,335
Property	36,156	62,950	91,329	(28,379)	25,699
Other	213,906	274,562	143,544	131,018	55,187
TOTAL EXPENDITURES	3,056,007	3,238,764	3,248,028	(9,264)	2,602,308
CHANGE IN FUND BALANCES	-	-	231,909	231,909	88,525
FUND BALANCE, Beginning	-	-	487,156	487,156	398,631
FUND BALANCE, Ending	$ -	$ -	$ 719,065	$ 719,065	$ 487,156

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS

HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 1,261,191	$ 1,013,595	$ 1,041,349	$ 27,754	$ 959,126
Mill Levy Override	270,218	215,874	226,055	10,181	201,630
Tuition and Fees	19,100	22,535	29,416	6,881	22,236
Grants and Donations	268,491	437,076	264,044	(173,032)	398,791
Interest	-	500	969	469	228
Other	-	-	1,326	1,326	-
State and Federal Sources					
Grants and Donations	132,184	143,744	76,579	(67,165)	98,427
TOTAL REVENUES	1,951,184	1,833,324	1,639,738	(193,586)	1,680,438
EXPENDITURES					
Salaries	1,124,343	1,083,358	1,040,688	42,670	853,123
Employee Benefits	298,559	276,723	244,512	32,211	216,679
Purchased Services	430,323	381,636	362,407	19,229	322,358
Supplies and Materials	57,429	56,351	60,290	(3,939)	51,146
Property	20,844	34,150	45,076	(10,926)	11,393
Other	79,686	61,106	33,055	28,051	31,027
TOTAL EXPENDITURES	2,011,184	1,893,324	1,786,028	107,296	1,485,726
CHANGE IN FUND BALANCES	(60,000)	(60,000)	(146,290)	(86,290)	194,712
FUND BALANCE, Beginning	60,000	60,000	290,283	230,283	95,571
FUND BALANCE, Ending	$ -	$ -	$ 143,993	$ 143,993	$ 290,283

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS

BOYS SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 685,883	$ 670,470	$ 652,041	$ (18,429)
Mill Levy Override	101,624	101,337	100,704	(633)
Tuition and Fees	23,432	23,949	23,091	(858)
Grants and Donations	240,499	214,211	199,271	(14,940)
Interest	500	500	150	(350)
Other	-	-	3,437	3,437
State and Federal Sources				
Grants and Donations	229,002	258,071	253,339	(4,732)
TOTAL REVENUES	1,280,940	1,268,538	1,232,033	(36,505)
EXPENDITURES				
Salaries	606,193	601,720	606,811	(5,091)
Employee Benefits	153,459	152,478	138,761	13,717
Purchased Services	312,504	279,084	242,786	36,298
Supplies and Materials	63,284	80,221	69,295	10,926
Property	143,000	156,770	142,934	13,836
Other	42,500	38,265	24,523	13,742
TOTAL EXPENDITURES	1,320,940	1,308,538	1,225,110	83,428
CHANGE IN FUND BALANCES	(40,000)	(40,000)	6,923	46,923
FUND BALANCE, Beginning	40,000	40,000	-	(40,000)
FUND BALANCE, Ending	$ -	$ -	$ 6,923	$ 6,923

See the accompanying independent auditors' report.