

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Independent Auditor's Report and Financial Statements
June 30, 2016

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
June 30, 2016

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STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
June 30, 2016

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Independent Auditor's Report

Board of Trustees
STRIVE Preparatory Schools
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and the major fund of STRIVE Preparatory Schools (STRIVE Prep), a component unit of Denver Public Schools, as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise STRIVE Prep's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of STRIVE Prep as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise STRIVE Prep's basic financial statements. The accompanying supplementary information, including the combining financial statements and budgetary comparison schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of STRIVE Prep's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STRIVE Prep's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
October 31, 2016

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2016

As management of Strive Preparatory Schools, we offer readers of the basic financial statements this narrative and analysis of the financial activities of Strive Preparatory Schools for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

- The year ending June 30, 2016 was the tenth year of operations for Strive Preparatory Schools. The general fund balance increased from \$4,855,244 to \$5,628,284 in the year ending June 30, 2016.
- The financial results of Strive Preparatory Schools under a Government-wide accounting presentation are materially impacted by the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. Prior to the implementation of GASB 68, Strive Preparatory Schools only reported a pension liability to the extent that it was behind on its annual actuarially-determined payments into the pension plan. Under GASB 68, Strive Preparatory Schools must report a liability for its proportionate share of the entire underfunded status of the plan. As of December 31, 2015, the DPS division of the Colorado Public Employee's Retirement Association (PERA) had a net pension liability (NPL) of \$813,535,000. Strive Preparatory Schools' portion of the NPL, which is based on Strive Preparatory Schools' portion of current year contributions to PERA as a percentage of the total current year contributions to the DPS division of PERA, is 2.918% or \$23,742,116.
- Net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries.
- The NPL is unlike other liabilities on Strive Preparatory Schools' statement of net position. Strive Preparatory Schools has no ability to pay off the NPL under an accelerated schedule as contribution rates are set in statute. As a long-term obligation, NPL is not recorded in the modified accrual basis financial statement of governmental funds. Strive Preparatory Schools has no legal obligation to fund any shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. It does not impact the current resources focus of the general fund, nor does it impact Strive Preparatory Schools ability to meet its current financial obligations.
- Prior to the implementation of GASB 68 in 2015, the assets of Strive Preparatory Schools exceeded its liabilities at the close of the most recent fiscal year. However, due to the implementation of GASB 68, the liabilities and deferred inflows of resources of Strive Preparatory Schools exceeded the assets and deferred outflows of resources by \$10,253,777.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2016

- The operations of Strive Preparatory Schools for the year ending June 30, 2016 were funded both by tax revenue received under the State School Finance Act (the Act) and private contributions. Tax revenue for the year from Per Pupil Revenue was \$24,513,249. In addition, individual gifts and foundation grants supplemented the tax revenue received in order to finance operations.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of Strive Preparatory Schools' assets and deferred outflows; and liabilities and deferred inflows, with the difference between the two being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of Strive Preparatory Schools is improving or deteriorating. However, it is important to note that the net pension liability does not impact Strive Preparatory Schools ability to meet its current financial obligations.

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

Fund Financial Statements

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

Notes to Financial Statements

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

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2016

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of Strive Preparatory Schools' financial position. For the year ending June 30, 2016, Strive Preparatory Schools' liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$10,253,777. It is important to note that \$23,742,116 of the net deficit is due to the recognition of the unfunded pension liability. Additionally, \$990,000 of the net deficit is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Condensed Statement of Net Position

	2016	2015
Assets		
Current (noncapital)	\$ 7,074,871	\$ 5,916,857
Cash held by Denver Public Schools	-	617,982
	<hr/>	<hr/>
Total assets	7,074,871	6,534,839
	<hr/>	<hr/>
Deferred Outflows of Resources	10,032,935	3,514,453
	<hr/>	<hr/>
Liabilities		
Current	580,770	525,173
Noncurrent liabilities		
Loans payable	378,031	-
Net pension liability	23,742,116	15,933,196
	<hr/>	<hr/>
Total liabilities	24,700,917	16,458,369
	<hr/>	<hr/>
Deferred Inflows of Resources	2,660,666	3,572
	<hr/>	<hr/>
Net Position		
Restricted for emergencies	990,000	871,000
Unrestricted	(11,243,777)	(7,283,649)
	<hr/>	<hr/>
Total net position	<u>\$ (10,253,777)</u>	<u>\$ (6,412,649)</u>

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2016

Condensed Statement of Activities

	2016	2015
Revenues		
Per pupil operating revenue	\$ 24,513,249	\$ 21,896,367
Mill levy	2,989,060	2,451,898
Grants & contributions	7,136,078	6,154,243
Investment income	879	578
Miscellaneous	128,353	113,297
Gain on sale of building	-	822,161
	<u>34,767,619</u>	<u>31,438,544</u>
Expenses		
Instruction		
General	18,069,593	15,368,794
Allocation of GASB 68 pension expense	2,339,178	1,245,117
Support services		
General	16,588,591	14,679,863
Allocation of GASB 68 pension expense	1,608,354	815,709
Interest on long-term debt	3,031	67,261
	<u>38,608,747</u>	<u>32,176,744</u>
Change in Net Position	(3,841,128)	(738,200)
Net Position (Deficit) - Beginning	<u>(6,412,649)</u>	<u>(5,674,449)</u>
Net Position (Deficit) - Ending	<u>\$ (10,253,777)</u>	<u>\$ (6,412,649)</u>

While the Net Deficit increased by \$3,841,128, the Net Pension Liability, which Strive Preparatory Schools has no legal obligation to fund, increased by \$7,808,920. Operationally, enrollment grew by 8.2%; from 2,960 to 3,204. Revenues grew by \$3,329,075, or 10.6%. Expenses, excluding pension expense, grew by \$4,545,300 or 15.1%. The growth in expenses was impacted by the planned opening of two new schools in the fiscal year ending 2017.

Financial Analysis of Strive Preparatory Schools Funds

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

STRIVE Preparatory Schools
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Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2016

As of the end of Strive Preparatory Schools' tenth fiscal year, Strive Preparatory Schools reported a governmental fund balance of \$5,628,284, which represents an increase of \$773,040 over the previous fiscal year.

General Fund Budgetary Highlights

Strive Preparatory Schools' budget was \$35,983,682 for the year ended June 30, 2016. Actual expenditures were \$34,658,184. The difference between budgeted versus actual expenditures in the general fund is primarily due to lower supplies and materials expenses and an unused contingency.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Strive Preparatory Schools is student enrollment. The enrollment for the 2015-2016 school year was 3,204 students. The budgeted enrollment for the 2016-2017 school year is 3,665.

Requests for Information

The financial report is designed to provide a general overview of Strive Preparatory Schools' finances for all those with an interest in Strive Preparatory Schools. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

STRIVE Preparatory Schools
2480 W. 26th Avenue
Suite 360-B
Denver, CO 80211

Basic Financial Statements

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,910,884
Accounts receivable	865,817
Grants receivable	80,544
Inventory	92,083
Prepaid expenses	108,923
Other assets	16,620
Total assets	7,074,871
Deferred Outflows of Resources	10,032,935
Liabilities	
Accounts payable	573,439
Accrued liabilities	7,331
Noncurrent liabilities	
Loans payable	378,031
Net pension liability	23,742,116
Total liabilities	24,700,917
Deferred Inflows of Resources	2,660,666
Net Position	
Restricted for emergencies	990,000
Unrestricted (deficit) - Note 11	(11,243,777)
Total net position (deficit)	\$ (10,253,777)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)

Statement of Activities
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Change in</u> <u>Net Position</u>
	<u>Expenses</u>	<u>Operating Grants</u> <u>and Contributions</u>	<u>Capital Grants</u> <u>and Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary Government Governmental Activities				
Instruction				
General	\$ 18,069,593	\$ 2,970,005	\$ 397,792	\$ (14,701,796)
Allocation of GASB 68 pension expense	2,339,178	-	-	(2,339,178)
Supporting services				
General	16,588,591	266,962	-	(16,321,629)
Allocation of GASB 68 pension expense	1,608,354	-	-	(1,608,354)
Interest on long-term debt	3,031	-	-	(3,031)
Total governmental activities	<u>\$ 38,608,747</u>	<u>\$ 3,236,967</u>	<u>\$ 397,792</u>	<u>(34,973,988)</u>
	General Revenues			
	Per pupil revenue			24,513,249
	District mill levy			2,989,060
	Grants and contributions not restricted to specific programs			3,501,319
	Investment income			879
	Miscellaneous			128,353
	Total general revenues			<u>31,132,860</u>
	Change in Net Position			<u>(3,841,128)</u>
	Net Position (Deficit) - Beginning			<u>(6,412,649)</u>
	Net Position (Deficit) - Ending			<u>\$ (10,253,777)</u>

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund
June 30, 2016

	General
Assets	
Cash and cash equivalents	\$ 5,910,884
Accounts receivable	865,817
Grants receivable	80,544
Inventory	92,083
Prepaid expenditures	108,923
Other assets	16,620
Total assets	\$ 7,074,871
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 573,439
Accrued liabilities	7,331
Total liabilities	580,770
Deferred Inflows of Resources	865,817
Fund Balance	
Nonspendable inventory	92,083
Nonspendable prepaid expenditures	108,923
Restricted for emergencies	990,000
Unassigned	4,437,278
Total fund balance	5,628,284
Total liabilities, deferred inflows and fund balance	\$ 7,074,871

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund (continued)
June 30, 2016

	General
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Total fund balance - governmental fund	\$ 5,628,284
Deferred inflow of resources are not available in the current period and, therefore, are not recorded in the fund	(2,660,666)
Certain revenues are deferred inflows of resources in the fund because they are not available but are recognized as revenue in the government-wide financial statements	865,817
Deferred outflow of resources are not financial resources and, therefore, are not reported in the fund	10,032,935
Long-term liabilities are not due and payable in the current year and, therefore are not reported in governmental funds	(378,031)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund	(23,742,116)
Net position (deficit) of governmental activities	\$ (10,253,777)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund
Year Ended June 30, 2016

	General
Revenues	
Local sources	\$ 31,051,355
State sources	1,559,654
Federal sources	2,445,215
Total revenues	35,056,224
Expenditures	
Current	
Instruction	18,069,593
Supporting services	16,588,591
Total expenditures	34,658,184
Excess of Revenues over Expenses	398,040
Other Financing Sources	
Proceeds from Long Term Debt	375,000
Net Change in Fund Balance	773,040
Fund Balance, Beginning	4,855,244
Fund Balance, Ending	\$ 5,628,284

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund (continued)
Year Ended June 30, 2016

	General
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance of the governmental fund:	\$ 773,040
Repayment of long term receivables are revenue in the fund, but do not affect the Statement of Activities.	(288,605)
Proceeds from long-term debt borrowings provide current financial resources, but has no effect on change in net position.	(375,000)
Some expenses recorded in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund.	
Pension expense (Instruction: \$(2,339,178);	(3,947,532)
Supporting Services: \$(1,608,354))	(3,031)
Interest expense	(3,031)
Change in net position of governmental activities	\$ (3,841,128)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies

The West Denver Preparatory Charter School was formed in November, 2005, pursuant to the Colorado Charter Schools Act to form and operate a charter school within Denver Public Schools (the District). In September, 2012, the West Denver Preparatory Charter School's name was changed to STRIVE Preparatory Schools (STRIVE Prep). In the year ended June 30, 2016, STRIVE Prep operated nine campuses with two additional campuses in the start-up phase, and served grades kindergarten through two and six through twelve.

Reporting Entity

STRIVE Prep is a component unit of Denver Public Schools (the District). The District granted the charter and provides the majority of the funding to STRIVE Prep.

The financial reporting entity consists of STRIVE Prep, organizations for which STRIVE Prep is financially accountable, and organizations that raise and hold economic resources for the direct benefit of STRIVE Prep. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of STRIVE Prep. Legally separate organizations for which STRIVE Prep is financially accountable are considered part of the reporting entity. Financial accountability exists if STRIVE Prep appoints a voting majority of the organization's governing board or if the organization is fiscally dependent on STRIVE Prep and STRIVE Prep is able to impose its will on the organization, or the organization provides benefits to, or imposes financial burdens on, STRIVE Prep. Based on the application of this criteria, the following organization qualifies as a component unit of STRIVE Prep.

In June, 2012, the West Denver Preparatory Charter School Building Corporation (the Corporation) was formed to hold title to real and/or personal property for, and to make the same available for use by, STRIVE Prep, and to otherwise provide public buildings and facilities to STRIVE Prep. The Corporation has no financial balances or transactions outside of those reported by STRIVE Prep, and therefore, is not reported separately in the financial statements. The Corporation does not issue separate financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all activities of STRIVE Prep. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
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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. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days.

Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year if they are expected to be received within one year. All other revenues are considered to be measurable and available only when cash is received by STRIVE Prep. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

STRIVE Prep reports the following major governmental fund:

General Fund - This fund is the general operating fund of STRIVE Prep. It is currently used to account for all financial activities of STRIVE Prep.

Assets, Liabilities and Fund Balance/Net Position

Cash and Cash Equivalents, and Investments - Investments are reported at fair value.

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

Inventory - Materials and supplies inventory is stated at cost, using the first-in, first-out method. Inventory is recorded as an asset when individual items are purchased and as an expense when consumed.

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

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

STRIVE Preparatory Schools
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June 30, 2016

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the government-wide financial statements.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenses or expenditures.

Compensated Absences - STRIVE Prep's policy allows employees to use six days of personal leave during each school year. Employees are compensated for any unused personal leave prior to the end of the fiscal year, at the rate of \$96 per day. Therefore, no liability for compensated absences is reported in the financial statements.

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

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

Risk Management

STRIVE Prep is exposed various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters. STRIVE Prep carries commercial insurance for risks of loss, including liability, property, errors and omissions, and workers' compensation. Settled claims resulting from these risks have not exceeded STRIVE Prep's insurance coverage for fiscal years 2016, 2015, or 2014.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in fund balance/net position during the reporting period. Actual results could differ from those estimates.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2016

Budgets and Budgetary Accounting

Annually, the Board of Trustees adopts a budget for STRIVE Prep, on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them. Revisions that alter the total expenditures must be approved by the Board of Trustees. All appropriations lapse at fiscal year-end.

Note 2: Cash and Investments

Cash and investments at June 30, 2016 consisted of the following:

Deposits

The financial institution holding STRIVE Prep's cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Interest-bearing transaction accounts were subject to the \$250,000 limit on FDIC insurance per covered institution.

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

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures*, deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under Colorado Public Deposit Protection Act (PDPA), as discussed below. Custodial credit risk is the risk that in the event of bank failure, STRIVE Prep's deposits may not be returned.

Colorado State statutes govern STRIVE Prep's deposit of cash. The PDPA requires STRIVE Prep to make deposits only in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pools for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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Investments

STRIVE Prep is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk.

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

Local Government Investment Pool - At June 30, 2016, STRIVE Prep had \$710,566 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST is rated AAAM by Standard and Poor's. Investments of COLOTRUST are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no limitations or restrictions on withdrawals.

At June 30, 2016 STRIVE Prep had cash balances consisting of the following:

	Carrying Amount	Bank Balance	Amount Covered Under PDPA
Checking	\$ 5,200,318	\$ 5,455,673	\$ 5,205,673

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Note 3: Long-term Debt

Changes in long-term debt for the year ended June 30, 2015 were as follows:

	Balance at June 30, 2015	Additions	Payments	Balance at June 30, 2016	Due Within One Year
Loan Payable	\$ -	\$ 375,000	\$ -	\$ 375,000	\$ -
Interest Payable	-	3,031	-	3,031	-
	<u>\$ -</u>	<u>\$ 378,031</u>	<u>\$ -</u>	<u>\$ 378,031</u>	<u>\$ -</u>

In July 2015, the STRIVE Prep entered into a loan agreement in the amount of \$375,000 to provide general support for STRIVE Prep in carrying out its charitable tax-exempt purposes. The loan accrues interest at the rate of 1.00% per annum and all principal and interest payments are due in full on June 30, 2021.

Note 4: Defined Benefit Pension Plan

Summary of Significant Accounting Policies

STRIVE Prep participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). In accordance with GASB 68, STRIVE Prep accounts for and reports its participation in the plan as if it was a cost sharing employer. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of STRIVE Prep have been determined using the same basis as they are reported by the DPS Division which uses the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), 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.

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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.

Contributions. Eligible employees and STRIVE Prep 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, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
PCOP Offset as specified in C.R.S. § 24-51-412	(15.97)%	(15.54)%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the DPS Division ¹	<u>1.36%</u>	<u>2.59%</u>

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 STRIVE Prep is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from STRIVE Prep were \$387,817 for the year ended June 30, 2016.

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

At June 30, 2016, STRIVE Prep reported a liability of \$23,742,116 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. STRIVE Prep's proportion of the net pension liability was based on STRIVE Prep's contributions to the DPS Division for the calendar year 2015 relative to the total contributions of participating employers to the DPS Division.

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At December 31, 2015, STRIVE Prep’s proportion was 2.92 percent, which was an increase of 0.37 basis points from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, STRIVE Prep’s recognized pension expense of \$4,335,349. At June 30, 2016, STRIVE Prep’s 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	\$ 1,069,064	\$ 3,094
Changes of assumptions or other inputs	-	2,657,572
Net difference between projected and actual earnings on pension plan investments	5,357,549	-
Changes in proportion	3,350,949	-
Contributions subsequent to the measurement date	255,373	-
Total	<u>\$ 10,032,935</u>	<u>\$ 2,660,666</u>

\$255,373 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2017	\$	1,984,357
2018		1,984,357
2019		1,984,357
2020		1,163,511
2021		314
Thereafter		-
	<u>\$</u>	<u>7,116,896</u>

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Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Annual Increase Reserve. Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.

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- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The DPS Division’s long-term expected rate of return on pension plan investments was determined using 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 November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target 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	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov’t/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	<u>7.00%</u>	7.15%
Total	<u><u>100.00%</u></u>	

* 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 7.50 percent

Discount rate. The discount rate used to measure the total pension liability was 7.50 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 3.90%.

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- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$37,164,896	\$ 23,742,116	\$ 12,605,777

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

Note 5: Pension Certificates of Participation

The District issued Taxable Pension Certificates of Participation (PCOPs) to fully fund the unfunded actuarial accrued liability of its pension plan (See Note 4). For the years ended June 30, 2016, 2015, and 2014, STRIVE Prep contributed 9.95%, 9.84% and 10.80% of covered salaries, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2016, 2015, and 2014, STRIVE Prep contributed \$1,950,814, \$1,652,800, and \$1,324,383, respectively, to the District for its PCOPs obligation.

Note 6: Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description - Employees of STRIVE Prep that are also members of the DPS Division may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. STRIVE does not offer an employer match and employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, Program members contributed \$52,640.

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Note 7: Other Postemployment Benefits

Denver Public Schools Health Care Trust Fund

Plan Description - STRIVE Prep contributes to the Denver Public Schools Health Care Trust Fund (DPS HCTF), considered to be a cost-sharing multiple-employer healthcare trust administered by PERA. The DPS HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the DPS HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the DPS HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - STRIVE Prep is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for STRIVE Prep are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the DPS HCTF is established under Title 24, Article 51, Section 208(1)(f.5) of the C.R.S., as amended. For the years ending June 30, 2016, June 30, 2015 and June 30, 2014, STRIVE Prep's contributions to the DPS HCTF were \$199,983, \$170,443, and \$125,684, respectively, equal to the required amounts for each year.

Note 8: Commitments and Contingencies

Claims and Judgments

STRIVE Prep is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a materially adverse effect on the financial statements. In addition, federal and state grants are subject to audit which could result in disallowed costs, the amount of which is undeterminable at June 30, 2015. If any costs are disallowed in the future, management expects them to be insignificant.

Tabor Amendment

In November 1992, Colorado voters approved the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but STRIVE Prep believes it is in substantial compliance with the Amendment. In accordance with the Amendment, STRIVE Prep has established an emergency reserve representing 3% of fiscal year spending. At June 30, 2016, the reserve reported as restricted net position / fund balance totaled \$990,000.

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Facility Use Agreement

Annually, STRIVE Prep approves facility use agreements with the District to utilize educational facilities owned by the District. The facility use fees for the year ended June 30, 2016, were \$775 for each student enrolled at STRIVE Prep, which totaled \$2,483,196. The agreements require facility use fees of \$777 per student for the year ended June 30, 2017, which for STRIVE Prep is estimated to be \$2,847,045.

Note 9: Line of Credit

STRIVE Prep has a revolving line of credit which provides for borrowings of up to \$1,000,000. Interest is due monthly at the greater of the prime rate set by the lender plus 0.500% or the floor rate of 4.00%. The line of credit is collateralized by substantially all assets of STRIVE Prep. As of June 30, 2016, there was no outstanding balance under the line of credit.

Note 10: Building Sale

On January 14, 2015 the Corporation sold its only capital asset, a building, to Denver Public Schools for \$3,502,000. In conjunction with the sale, related debt of \$2,058,786 was paid off and future credits toward facility use fees of \$1,443,214 were issued to the Corporation from Denver Public Schools to be utilized over five years. The remaining credits were transferred to STRIVE Prep during the year. These credits are to be allocated at STRIVE's discretion. The remaining balance was \$865,817 at June 30, 2016 and is included in receivables.

Note 11: Unrestricted Deficit

Under GASB 68 the government wide financial results of STRIVE Prep are negatively impacted by the financial results of the Denver Public Schools Division Trust Fund (DPS Division) administered by PERA. During the current fiscal year, the DPS Division's net pension liability increased from \$624.6 million to \$813.5 million. As a result, STRIVE Prep's share of the net pension liability grew from \$15.9 million to \$23.7 million. This increase in liability has no impact of STRIVE Prep's ability to meet its current financial obligations. In addition, STRIVE Prep has no legal obligation to fund any shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA.

Required Supplementary Information

STRIVE Preparatory Schools
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Schedule of STRIVE Prep's Proportionate Share of the Net Pension Liability
Years Ended December 31, 2015 and 2014

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
STRIVE Prep's proportion of the net pension liability	2.92%	2.55%
STRIVE Prep's proportionate share of the net pension liability	\$ 23,742,116	\$ 15,933,196
STRIVE Prep's covered-employee payroll	\$ 18,261,478	\$ 14,637,935
STRIVE Prep's proportionate share of the net pension liability as a percentage of its covered-employee payroll	130.01%	108.85%
Plan fiduciary net position as a percentage of the total pension liability	79.30%	83.94%

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

STRIVE Preparatory Schools
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Schedule of STRIVE Prep's Employer Contributions
Years Ended June 30, 2016 and 2015

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 387,817	\$ 375,722
Contributions in relation to the contractually required contribution	<u>387,817</u>	<u>375,722</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
STRIVE Prep's covered-employee payroll	<u>\$ 19,606,172</u>	<u>\$ 16,710,094</u>
Contributions as a percentage of covered-employee payroll	1.98%	2.25%

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

STRIVE Preparatory Schools
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Budgetary Comparison Schedule
General Fund – Budgetary Basis
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local Sources				
Per pupil revenue	\$ 25,251,145	\$ 24,513,249	\$ 24,513,249	\$ -
District mill levy	3,038,081	2,989,060	2,989,060	-
Grants and contributions	3,348,147	3,735,994	3,419,814	(316,180)
Investment income	-	742	879	137
Miscellaneous	-	84,175	128,353	44,178
Total local sources	<u>31,637,373</u>	<u>31,323,220</u>	<u>31,051,355</u>	<u>(271,865)</u>
State Sources				
Capital construction	99,090	381,018	397,792	16,774
Grants	785,834	1,155,789	1,161,862	6,073
Total state sources	<u>884,924</u>	<u>1,536,807</u>	<u>1,559,654</u>	<u>22,847</u>
Federal Sources				
Grants	2,244,823	2,748,315	2,445,215	(303,100)
Total federal sources	<u>2,244,823</u>	<u>2,748,315</u>	<u>2,445,215</u>	<u>(303,100)</u>
Total revenues	<u>34,767,120</u>	<u>35,608,342</u>	<u>35,056,224</u>	<u>(552,118)</u>
Expenditures				
Salaries	20,032,666	20,071,451	20,016,210	55,241
Employee benefits	4,956,213	4,726,676	4,712,472	14,204
Purchased services	623,721	944,492	864,251	80,241
Supplies and materials	7,894,626	8,464,089	8,007,372	456,717
Property	1,115,625	1,256,605	978,335	278,270
Other	15,275	20,369	79,544	(59,175)
Contingency	-	500,000	-	500,000
Total expenditures	<u>34,638,126</u>	<u>35,983,682</u>	<u>34,658,184</u>	<u>1,325,498</u>
Excess of Revenues over Expenses	<u>128,994</u>	<u>(375,340)</u>	<u>398,040</u>	<u>773,380</u>
Other Financing Sources				
Proceeds from long-term debt	-	-	375,000	375,000
Net Change in Fund Balance	<u>\$ 128,994</u>	<u>\$ (375,340)</u>	<u>773,040</u>	<u>\$ 1,148,380</u>
Fund Balance, Beginning			<u>4,855,244</u>	
Fund Balance, Ending			<u>\$ 5,628,284</u>	

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Budgetary Comparison Schedule
Notes to Required Supplementary Information
June 30, 2016

Note 1 – Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

A budget is adopted for STRIVE Prep on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

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

All appropriations lapse at fiscal year-end.

Supplementary Information

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet
June 30, 2016

	STRIVE Prep - Green Valley Ranch Campus	STRIVE Prep - Montbello Campus	STRIVE Prep - Excel Campus	STRIVE Prep - Lake Campus	STRIVE Prep - Sunnyside Campus
Assets					
Cash and cash equivalents	\$ 809,726	\$ 537,715	\$ 495,193	\$ 658,449	\$ 523,539
Accounts receivable	-	-	-	-	-
Grants receivable	-	-	3,000	-	-
Inventory	2,471	3,994	5,045	3,186	7,188
Prepaid expenditures	104	104	104	103	104
Other assets	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 812,301</u>	<u>\$ 541,813</u>	<u>\$ 503,342</u>	<u>\$ 661,738</u>	<u>\$ 530,831</u>
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities					
Accounts payable	\$ 38,233	\$ 43,531	\$ 43,416	\$ 51,873	\$ 55,433
Accrued liabilities	-	-	743	34	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>38,233</u>	<u>43,531</u>	<u>44,159</u>	<u>51,907</u>	<u>55,433</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Nonspendable inventory	2,471	3,994	5,045	3,186	7,188
Nonspendable prepaid expenditures	104	104	104	103	104
Restricted for emergencies	100,179	95,179	88,596	98,585	88,754
Unassigned	671,314	399,005	365,438	507,957	379,352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>774,068</u>	<u>498,282</u>	<u>459,183</u>	<u>609,831</u>	<u>475,398</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 812,301</u>	<u>\$ 541,813</u>	<u>\$ 503,342</u>	<u>\$ 661,738</u>	<u>\$ 530,831</u>

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet (continued)
June 30, 2016

STRIVE Prep - Federal Campus	STRIVE Prep - Ruby Hill Campus	STRIVE Prep - SMART Campus	STRIVE Prep - Westwood Campus	Central Office	Eliminations	Total
\$ 1,423,762	\$ 201,407	\$ 646,921	\$ 926,772	\$ (312,600)	\$ -	\$ 5,910,884
-	-	-	-	865,817	-	865,817
3,317	17,678	-	-	56,549	-	80,544
1,847	11,343	39,175	4,312	13,522	-	92,083
1,104	103	104	104	106,989	-	108,923
-	-	-	-	16,620	-	16,620
<u>\$ 1,430,030</u>	<u>\$ 230,531</u>	<u>\$ 686,200</u>	<u>\$ 931,188</u>	<u>\$ 746,897</u>	<u>\$ -</u>	<u>\$ 7,074,871</u>
\$ 46,571	\$ 37,330	\$ 64,903	\$ 51,863	\$ 140,286	\$ -	\$ 573,439
-	203	79	260	6,012	-	7,331
<u>46,571</u>	<u>37,533</u>	<u>64,982</u>	<u>52,123</u>	<u>146,298</u>	<u>-</u>	<u>580,770</u>
-	-	-	-	865,817	-	865,817
1,847	11,343	39,175	4,312	13,522	-	92,083
1,104	103	104	104	106,989	-	108,923
99,662	73,958	139,539	101,894	103,654	-	990,000
1,280,846	107,594	442,400	772,755	(489,383)	-	4,437,278
<u>1,383,459</u>	<u>192,998</u>	<u>621,218</u>	<u>879,065</u>	<u>(265,218)</u>	<u>-</u>	<u>5,628,284</u>
<u>\$ 1,430,030</u>	<u>\$ 230,531</u>	<u>\$ 686,200</u>	<u>\$ 931,188</u>	<u>\$ 746,897</u>	<u>\$ -</u>	<u>\$ 7,074,871</u>

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

	STRIVE Prep - Green Valley Ranch Campus	STRIVE Prep - Montbello Campus	STRIVE Prep - Excel Campus	STRIVE Prep - Lake Campus	STRIVE Prep - Sunnyside Campus
Revenues					
Local sources	\$ 3,213,797	\$ 3,042,980	\$ 2,714,285	\$ 3,155,690	\$ 2,842,563
State sources	125,509	129,645	238,922	130,479	115,906
Federal sources	151,010	162,582	261,628	290,153	188,949
Total revenues	<u>3,490,316</u>	<u>3,335,207</u>	<u>3,214,835</u>	<u>3,576,322</u>	<u>3,147,418</u>
Expenditures					
Current					
Instruction	1,708,001	1,913,121	1,946,138	2,078,431	1,742,382
Supporting services	1,590,773	1,342,515	1,192,518	1,362,824	1,404,435
Total expenditures	<u>3,298,774</u>	<u>3,255,636</u>	<u>3,138,656</u>	<u>3,441,255</u>	<u>3,146,817</u>
Excess of Revenues over Expenses	191,542	79,571	76,179	135,067	601
Other Financing Sources					
Proceeds from long-term debt	-	-	-	-	-
Net Change in Fund Balance	191,542	79,571	76,179	135,067	601
Fund Balance, Beginning	<u>582,526</u>	<u>418,711</u>	<u>383,004</u>	<u>474,764</u>	<u>474,797</u>
Fund Balance, Ending	<u><u>\$ 774,068</u></u>	<u><u>\$ 498,282</u></u>	<u><u>\$ 459,183</u></u>	<u><u>\$ 609,831</u></u>	<u><u>\$ 475,398</u></u>

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances (continued)
Year Ended June 30, 2016

STRIVE Prep - Federal Campus	STRIVE Prep - Ruby Hill Campus	STRIVE Prep - SMART Campus	STRIVE Prep - Westwood Campus	Central Office	Eliminations	Total
\$ 3,163,469	\$ 2,186,565	\$ 4,431,564	\$ 3,234,294	\$ 6,419,282	\$ (3,353,134)	\$ 31,051,355
158,587	278,699	219,721	162,186	-	-	1,559,654
209,535	325,746	241,341	219,123	395,148	-	2,445,215
<u>3,531,591</u>	<u>2,791,010</u>	<u>4,892,626</u>	<u>3,615,603</u>	<u>6,814,430</u>	<u>(3,353,134)</u>	<u>35,056,224</u>
1,986,030	1,813,088	2,705,338	1,995,521	181,543	-	18,069,593
1,476,733	925,120	2,079,036	1,583,482	6,984,289	(3,353,134)	16,588,591
<u>3,462,763</u>	<u>2,738,208</u>	<u>4,784,374</u>	<u>3,579,003</u>	<u>7,165,832</u>	<u>(3,353,134)</u>	<u>34,658,184</u>
68,828	52,802	108,252	36,600	(351,402)	-	398,040
-	-	-	-	375,000	-	375,000
68,828	52,802	108,252	36,600	23,598	-	773,040
<u>1,314,631</u>	<u>140,196</u>	<u>512,966</u>	<u>842,465</u>	<u>(288,816)</u>	<u>-</u>	<u>4,855,244</u>
<u>\$ 1,383,459</u>	<u>\$ 192,998</u>	<u>\$ 621,218</u>	<u>\$ 879,065</u>	<u>\$ (265,218)</u>	<u>\$ -</u>	<u>\$ 5,628,284</u>

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Green Valley Ranch Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,722,330	\$ 2,866,029	\$ 2,866,029	\$ -
District mill levy	307,866	324,989	324,989	-
Grants and contributions	-	857	20,857	20,000
Investment income	-	85	100	15
Miscellaneous	-	1,822	1,822	-
Total local sources	<u>3,030,196</u>	<u>3,193,782</u>	<u>3,213,797</u>	<u>20,015</u>
State sources				
Capital construction	10,920	48,855	48,855	-
Grants	55,736	76,654	76,654	-
Total state sources	<u>66,656</u>	<u>125,509</u>	<u>125,509</u>	<u>-</u>
Federal sources				
Grants	126,001	151,010	151,010	-
Total revenues	<u>3,222,853</u>	<u>3,470,301</u>	<u>3,490,316</u>	<u>20,015</u>
Expenditures				
Salaries	1,576,813	1,586,972	1,575,220	11,752
Employee benefits	387,883	377,235	380,924	(3,689)
Purchased services	35,688	56,811	51,885	4,926
Supplies and materials	1,101,561	1,254,690	1,201,214	53,476
Property	94,504	113,308	81,387	31,921
Other	-	1,667	8,144	(6,477)
Contingency	-	50,000	-	50,000
Total expenditures	<u>3,196,449</u>	<u>3,440,683</u>	<u>3,298,774</u>	<u>141,909</u>
Net Change in Fund Balance	<u>\$ 26,404</u>	<u>\$ 29,618</u>	191,542	<u>\$ 161,924</u>
Fund Balance, Beginning			<u>582,526</u>	
Fund Balance, Ending			<u>\$ 774,068</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Montbello Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,669,876	\$ 2,731,483	\$ 2,731,483	\$ -
District mill levy	301,583	310,330	310,330	-
Grants and contributions	-	500	500	-
Investment income	-	83	98	15
Miscellaneous	-	569	569	-
Total local sources	<u>2,971,459</u>	<u>3,042,965</u>	<u>3,042,980</u>	<u>15</u>
State sources				
Capital construction	10,500	45,365	\$ 45,365	-
Grants	51,091	84,279	84,280	1
Total state sources	<u>61,591</u>	<u>129,644</u>	<u>129,645</u>	<u>1</u>
Federal sources				
Grants	139,437	162,582	162,582	-
Total revenues	<u>3,172,487</u>	<u>3,335,191</u>	<u>3,335,207</u>	<u>16</u>
Expenditures				
Salaries	1,717,112	1,733,849	\$ 1,728,656	5,193
Employee benefits	427,071	411,278	410,708	570
Purchased services	38,709	73,693	72,121	1,572
Supplies and materials	823,583	1,007,685	955,373	52,312
Property	96,550	76,892	74,413	2,479
Other	-	1,667	14,365	(12,698)
Contingency	-	50,000	-	50,000
Total expenditures	<u>3,103,025</u>	<u>3,355,064</u>	<u>3,255,636</u>	<u>99,428</u>
Net Change in Fund Balance	<u>\$ 69,462</u>	<u>\$ (19,873)</u>	79,571	<u>\$ 99,444</u>
Fund Balance, Beginning			<u>418,711</u>	
Fund Balance, Ending			<u>\$ 498,282</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Excel Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,719,003	\$ 2,242,707	\$ 2,242,707	\$ -
District mill levy	330,633	282,382	282,382	-
Grants and contributions	-	1,400	187,045	185,645
Investment income	-	65	78	13
Miscellaneous	-	1,808	2,073	265
Total local sources	<u>3,049,636</u>	<u>2,528,362</u>	<u>2,714,285</u>	<u>185,923</u>
State sources				
Capital construction	10,410	31,079	42,799	11,720
Grants	125,849	196,123	196,123	-
Total state sources	<u>136,259</u>	<u>227,202</u>	<u>238,922</u>	<u>11,720</u>
Federal sources				
Grants	142,180	275,775	261,628	(14,147)
Total revenues	<u>3,328,075</u>	<u>3,031,339</u>	<u>3,214,835</u>	<u>183,496</u>
Expenditures				
Salaries	1,965,839	1,820,374	1,815,450	4,924
Employee benefits	485,853	407,142	414,104	(6,962)
Purchased services	42,584	50,276	54,452	(4,176)
Supplies and materials	687,026	792,496	769,541	22,955
Property	67,674	76,360	74,772	1,588
Other	-	1,684	10,337	(8,653)
Contingency	-	50,000	-	50,000
Total expenditures	<u>3,248,976</u>	<u>3,198,332</u>	<u>3,138,656</u>	<u>59,676</u>
Net Change in Fund Balance	<u>\$ 79,099</u>	<u>\$ (166,993)</u>	76,179	<u>\$ 243,172</u>
Fund Balance, Beginning			<u>383,004</u>	
Fund Balance, Ending			<u>\$ 459,183</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Lake Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,610,794	\$ 2,827,216	\$ 2,827,216	\$ -
District mill levy	291,123	318,791	318,791	-
Grants and contributions	-	2,920	4,086	1,166
Investment income	-	90	105	15
Miscellaneous	-	5,492	5,492	-
Total local sources	<u>2,901,917</u>	<u>3,154,509</u>	<u>3,155,690</u>	<u>1,181</u>
State sources				
Capital construction	9,990	38,267	46,399	8,132
Grants	62,357	84,080	84,080	-
Total state sources	<u>72,347</u>	<u>122,347</u>	<u>130,479</u>	<u>8,132</u>
Federal sources				
Grants	278,264	287,027	290,153	3,126
Total revenues	<u>3,252,528</u>	<u>3,563,883</u>	<u>3,576,322</u>	<u>12,439</u>
Expenditures				
Salaries	1,858,801	1,981,217	1,969,534	11,683
Employee benefits	455,109	437,011	435,706	1,305
Purchased services	45,874	53,381	43,694	9,687
Supplies and materials	723,440	930,588	913,300	17,288
Property	8,823	71,659	72,042	(383)
Other	-	1,667	6,979	(5,312)
Contingency	-	50,000	-	50,000
Total expenditures	<u>3,092,047</u>	<u>3,525,523</u>	<u>3,441,255</u>	<u>84,268</u>
Net Change in Fund Balance	<u>\$ 160,481</u>	<u>\$ 38,360</u>	135,067	<u>\$ 96,707</u>
Fund Balance, Beginning			<u>474,764</u>	
Fund Balance, Ending			<u>\$ 609,831</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Sunnyside Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,680,687	\$ 2,547,015	\$ 2,547,015	\$ -
District mill levy	299,346	288,296	288,296	-
Grants and contributions	-	1,000	5,429	4,429
Investment income	-	80	93	13
Miscellaneous	-	197	1,730	1,533
Total local sources	<u>2,980,033</u>	<u>2,836,588</u>	<u>2,842,563</u>	<u>5,975</u>
State sources				
Capital construction	10,410	34,673	29,241	(5,432)
Grants	68,143	86,665	86,665	-
Total state sources	<u>78,553</u>	<u>121,338</u>	<u>115,906</u>	<u>(5,432)</u>
Federal sources				
Grants	199,910	214,367	188,949	(25,418)
Total revenues	<u>3,258,496</u>	<u>3,172,293</u>	<u>3,147,418</u>	<u>(24,875)</u>
Expenditures				
Salaries	1,716,546	1,667,994	1,665,948	2,046
Employee benefits	419,003	406,403	407,042	(639)
Purchased services	37,124	57,622	51,954	5,668
Supplies and materials	939,248	976,758	936,829	39,929
Property	95,164	82,902	72,909	9,993
Other	-	6,796	12,135	(5,339)
Contingency	-	50,000	-	50,000
Total expenditures	<u>3,207,085</u>	<u>3,248,475</u>	<u>3,146,817</u>	<u>101,658</u>
Net Change in Fund Balance	<u>\$ 51,411</u>	<u>\$ (76,182)</u>	601	<u>\$ 76,783</u>
Fund Balance, Beginning			<u>474,797</u>	
Fund Balance, Ending			<u>\$ 475,398</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Federal Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,809,851	\$ 2,813,702	\$ 2,813,702	\$ -
District mill levy	314,113	316,112	316,112	-
Grants and contributions	-	13,230	33,230	20,000
Investment income	-	101	116	15
Miscellaneous	-	309	309	-
Total local sources	<u>3,123,964</u>	<u>3,143,454</u>	<u>3,163,469</u>	<u>20,015</u>
State sources				
Capital construction	10,770	46,399	46,399	-
Grants	83,250	112,188	112,188	-
Total state sources	<u>94,020</u>	<u>158,587</u>	<u>158,587</u>	<u>-</u>
Federal sources				
Grants	249,960	209,535	209,535	-
Total revenues	<u>3,467,944</u>	<u>3,511,576</u>	<u>3,531,591</u>	<u>20,015</u>
Expenditures				
Salaries	1,645,859	1,844,726	1,849,437	(4,711)
Employee benefits	412,858	403,775	403,368	407
Purchased services	38,087	89,041	84,446	4,595
Supplies and materials	854,366	1,039,751	1,010,677	29,074
Property	44,427	107,044	104,642	2,402
Other	-	1,667	10,193	(8,526)
Contingency	-	50,000	-	50,000
Total expenditures	<u>2,995,597</u>	<u>3,536,004</u>	<u>3,462,763</u>	<u>73,241</u>
Net Change in Fund Balance	<u>\$ 472,347</u>	<u>\$ (24,428)</u>	68,828	<u>\$ 93,256</u>
Fund Balance, Beginning			<u>1,314,631</u>	
Fund Balance, Ending			<u>\$ 1,383,459</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Ruby Hill Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 1,646,736	\$ 1,752,750	\$ 1,752,750	\$ -
District mill levy	313,417	344,306	344,306	-
Grants and contributions	-	300	88,479	88,179
Investment income	-	35	45	10
Miscellaneous	-	985	985	-
Total local sources	<u>1,960,153</u>	<u>2,098,376</u>	<u>2,186,565</u>	<u>88,189</u>
State sources				
Capital construction	7,440	27,590	28,572	982
Grants	<u>102,871</u>	<u>250,127</u>	<u>250,127</u>	<u>-</u>
Total state sources	<u>110,311</u>	<u>277,717</u>	<u>278,699</u>	<u>982</u>
Federal sources				
Grants	<u>290,502</u>	<u>328,000</u>	<u>325,746</u>	<u>(2,254)</u>
Total revenues	<u>2,360,966</u>	<u>2,704,093</u>	<u>2,791,010</u>	<u>86,917</u>
Expenditures				
Salaries	1,236,879	1,468,218	1,467,256	962
Employee benefits	314,114	321,938	325,133	(3,195)
Purchased services	57,807	58,447	47,598	10,849
Supplies and materials	553,208	856,811	825,800	31,011
Property	77,984	85,611	64,653	20,958
Other	-	1,692	7,768	(6,076)
Contingency	-	50,000	-	50,000
Total expenditures	<u>2,239,992</u>	<u>2,842,717</u>	<u>2,738,208</u>	<u>104,509</u>
Net Change in Fund Balance	<u>\$ 120,974</u>	<u>\$ (138,624)</u>	52,802	<u>\$ 191,426</u>
Fund Balance, Beginning			<u>140,196</u>	
Fund Balance, Ending			<u>\$ 192,998</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
SMART Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 4,460,905	\$ 3,860,856	\$ 3,860,856	\$ -
District mill levy	553,229	481,834	481,834	-
Grants and contributions	-	-	-	-
Investment income	-	112	132	20
Miscellaneous	-	56,333	88,742	32,409
Total local sources	<u>5,014,134</u>	<u>4,399,135</u>	<u>4,431,564</u>	<u>32,429</u>
State sources				
Capital construction	17,460	64,364	64,364	-
Grants	154,250	149,285	155,357	6,072
Total state sources	<u>171,710</u>	<u>213,649</u>	<u>219,721</u>	<u>6,072</u>
Federal sources				
Grants	231,282	226,758	241,341	14,583
Total revenues	<u>5,417,126</u>	<u>4,839,542</u>	<u>4,892,626</u>	<u>53,084</u>
Expenditures				
Salaries	2,522,894	2,568,333	2,542,206	26,127
Employee benefits	611,825	637,623	633,400	4,223
Purchased services	55,159	45,968	48,288	(2,320)
Supplies and materials	2,076,941	1,534,327	1,477,615	56,712
Property	30,290	98,936	81,106	17,830
Other	-	1,763	1,759	4
Contingency	-	50,000	-	50,000
Total expenditures	<u>5,297,109</u>	<u>4,936,950</u>	<u>4,784,374</u>	<u>152,576</u>
Net Change in Fund Balance	<u>\$ 120,017</u>	<u>\$ (97,408)</u>	108,252	<u>\$ 205,660</u>
Fund Balance, Beginning			<u>512,966</u>	
Fund Balance, Ending			<u>\$ 621,218</u>	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Westwood Campus
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	\$ 2,930,963	\$ 2,871,490	\$ 2,871,490	\$ -
District mill levy	326,770	322,022	322,022	-
Grants and contributions	-	12,210	32,210	20,000
Investment income	-	91	106	15
Miscellaneous	-	7,653	8,466	813
Total local sources	<u>3,257,733</u>	<u>3,213,466</u>	<u>3,234,294</u>	<u>20,828</u>
State sources				
Capital construction	11,190	44,425	45,798	1,373
Grants	82,286	116,388	116,388	-
Total state sources	<u>93,476</u>	<u>160,813</u>	<u>162,186</u>	<u>1,373</u>
Federal sources				
Grants	194,289	219,175	219,123	(52)
Total revenues	<u>3,545,498</u>	<u>3,593,454</u>	<u>3,615,603</u>	<u>22,149</u>
Expenditures				
Salaries	1,737,183	1,863,527	1,865,045	(1,518)
Employee benefits	422,486	407,881	414,792	(6,911)
Purchased services	37,585	93,409	91,966	1,443
Supplies and materials	1,033,505	1,147,935	1,113,569	34,366
Property	29,111	88,056	87,599	457
Other	-	1,766	6,032	(4,266)
Contingency	-	50,000	-	50,000
Total expenditures	<u>3,259,870</u>	<u>3,652,574</u>	<u>3,579,003</u>	<u>73,571</u>
Net Change in Fund Balance	<u><u>\$ 285,628</u></u>	<u><u>\$ (59,120)</u></u>	36,600	<u><u>\$ 95,720</u></u>
Fund Balance, Beginning			<u>842,465</u>	
Fund Balance, Ending			<u><u>\$ 879,065</u></u>	

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

Board of Trustees
STRIVE Preparatory Schools
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of STRIVE Preparatory Schools (STRIVE Prep), a component unit of Denver Public Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control Over Financial Reporting

Management of STRIVE Prep is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered STRIVE Prep's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STRIVE Prep's internal control. Accordingly, we do not express an opinion on the effectiveness of STRIVE Prep's internal control.

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

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

Board of Trustees
STRIVE Preparatory Schools

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Denver, Colorado
October 31, 2016