STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Independent Auditor’s Report and Financial Statements

June 30, 2018

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

June 30, 2018

Board of Trustees

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

June 30, 2018

Schools Management

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Joshua Devon, Chief Financial Officer/Chief Operations Officer

Gregory Hatcher, Chief External Affairs Officer

Kristin Levine, Chief Academic Officer

Betsy Peterson, Chief Schools Officer

Alesha Arscott, Chief Talent Officer

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
June 30, 2018

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(A Component Unit of Denver Public Schools)
June 30, 2018

Supplementary Information

BKD LLP
CPAs & Advisors

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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 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, 2018, and the related notes to the 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.

Board of Trustees
STRIVE Preparatory Schools

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, 2018, 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.

Emphasis of Matter

As discussed in Note 13, during the year ended June 30, 2018, STRIVE Prep adopted new accounting guidance, Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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, pension, and other postemployment benefits 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.

Board of Trustees
STRIVE Preparatory Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2018, on our consideration of STRIVE Prep's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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
November 9, 2018

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

- The year ended June 30, 2018 was the twelfth year of operations for Strive Preparatory Schools. The general fund balance decreased from $6,208,375 to $5,691,258 in the year ended June 30, 2018.
- The financial results of Strive Preparatory Schools under a Government-wide accounting presentation are materially impacted by GASB 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27.* 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, 2017, the DPS division of the Colorado Public Employee's Retirement Association (PERA) had a net pension liability (NPL) of $896,510,000. 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 3.59%. As of June 30, 2018, Strive Preparatory Schools' net pension liability is $32,175,257.
- Net pension liability (NPL) 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 financial results of Strive Preparatory Schools under a Government-wide accounting presentation are also materially impacted by the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* Prior to the implementation of GASB 75, Postemployment Benefits (OPEB) was only reported in the notes disclosure section. With the implementation of GASB 75, postemployment benefits are reported in both the statement of net position and the statement of activities. As of June 30, 2018, Strive Preparatory Schools' net OPEB liability is $1,824,012.
- The NPL and net OPEB liability are unlike other liabilities on Strive Preparatory Schools' statement of net position. Strive Preparatory Schools has no ability to pay off the NPL or net OPEB liability under an accelerated schedule as contribution rates are set in statute. As a long-term obligation, NPL and net OPEB liability are not recorded in the modified accrual basis financial statement of governmental funds. It does not impact the current resources focus of the general fund.

- Excluding the impacts of both GASB 68 and GASB 75, the assets of Strive Preparatory Schools exceeded its liabilities at the close of the most recent fiscal year. However, due to GASB 68 and GASB 75, the liabilities and deferred inflows of resources of Strive Preparatory Schools exceeded the assets and deferred outflows of resources by $24,722,718.
- During 2018, Strive Prepartory Schools adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* "Beginning net deficit" increased by $1,719,100 as a result of adopting GASB 75.
- The operations of Strive Preparatory Schools for the year ended June 30, 2018 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 $29,576,365. 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.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of Strive Preparatory Schools' financial position. At June 30, 2018, Strive Preparatory Schools' liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $24,722,718. It is important to note that $32,175,257 of the net deficit is due to the recognition of the unfunded pension liability, and $1,824,012 is due to the recognition of unfunded postemployment benefits. Additionally, $1,201,979 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

	2018	2017
Assets		
Current (noncapital)	$ 6,835,876	$ 8,407,346
Total assets	6,835,876	8,407,346
Deferred Outflows of Resources	11,635,742	16,334,880
Liabilities		
Current	856,012	1,621,753
Noncurrent liabilities		
Loans payable	385,531	381,780
Net pension liability	32,175,257	36,927,125
Net OPEB liability	1,824,012	-
Total liabilities	35,240,812	38,930,658
Deferred Inflows of Resources	7,953,524	2,381,599
Net Position		
Restricted for emergencies	1,201,979	1,125,443
Unrestricted	(25,924,697)	(17,695,482)
Total net position	$ (24,722,718)	$ (16,570,039)

Condensed Statement of Activities

	2018	2017
Revenues		
Per pupil operating revenue	$ 29,576,363	$ 27,139,939
Mill levy	6,297,332	5,551,745
Grants & contributions	6,029,506	7,010,958
Investment income	114,917	52,787
Miscellaneous	525,941	559,334
Total revenues	42,544,059	40,314,763
Expenses		
Instruction		
General	20,787,103	19,794,894
Allocation of GASB 68 pension expense	2,729,217	3,755,620
Allocation of GASB 75 OPEB expense	(32,343)	-
Support services		
General	22,562,679	20,228,383
Allocation of GASB 68 pension expense	2,962,338	2,848,378
Allocation of GASB 75 OPEB expense	(35,106)	-
Interest on long-term debt	3,750	3,750
Total expenses	48,977,638	46,631,025
Change in Net Position	(6,433,579)	(6,316,262)
Net Position (Deficit) - July 1, as Previously Reported	(16,570,039)	(10,253,777)
Change in accounting principle - GASB 75	(1,719,100)	-
Net Position (Deficit) - July 1, as Restated	(18,289,139)	(10,253,777)
Net Position (Deficit) - Ending	$ (24,722,718)	$ (16,570,039)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2018

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.

As of the end of Strive Preparatory Schools' twelfth fiscal year, Strive Preparatory Schools reported a governmental fund balance of $5,691,258, which represents a decrease of $517,117 over the previous fiscal year, but also represents a $676,501 improvement over budget.

General Fund Budgetary Highlights

Strive Preparatory Schools' budget was $43,918,702 for the year ended June 30, 2018. Actual expenditures were $43,349,784. The difference between budgeted versus actual expenditures in the general fund is primarily due to lower transportation, personnel 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 2017-2018 school year was 3,685 students. The budgeted enrollment for the 2018-2019 school year is 3,787.

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, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,136,692
Investments	4,631,296
Accounts receivable	311,877
Grants receivable	395,474
Inventory	75,818
Prepaid expenses	284,719
Total assets	6,835,876
Deferred Outflows of Resources	11,635,742
Liabilities	
Accounts payable	729,736
Accrued liabilities	126,276
Noncurrent liabilities	
Loans payable	385,531
Net pension liability	32,175,257
Net OPEB liability	1,824,012
Total liabilities	35,240,812
Deferred Inflows of Resources	7,953,524
Net Position (Deficit)	
Restricted for emergencies	1,201,979
Unrestricted deficit - Note 12	(25,924,697)
Total net position (deficit)	$ (24,722,718)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Primary Government				
Governmental Activities				
Instruction				
General	$ 20,787,103	$ 2,883,341	$ 478,330	$ (17,425,432)
Allocation of GASB 68 pension expense	2,729,217	-	-	(2,729,217)
Allocation of GASB 75 OPEB expense	(32,343)	-	-	32,343
Supporting services				
General	22,562,679	180,850	-	(22,381,829)
Allocation of GASB 68 pension expense	2,962,338	-	-	(2,962,338)
Allocation of GASB 75 OPEB expense	(35,106)	-	-	35,106
Interest on long-term debt	3,750	-	-	(3,750)
Total governmental activities	$ 48,977,638	$ 3,064,191	$ 478,330	(45,435,117)
General Revenues				
Per pupil revenue				29,576,363
District mill levy				6,297,332
Grants and contributions not restricted to specific programs				2,486,985
Investment income				114,917
Miscellaneous				525,941
Total general revenues				39,001,538
Change in Net Position				(6,433,579)
Net Position (Deficit) - July 1, as Previously Reported				(16,570,039)
Change in Accounting Principle - GASB 75				(1,719,100)
Net Position (Deficit) - July 1, as Restated				(18,289,139)
Net Position (Deficit) - Ending				$ (24,722,718)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund
June 30, 2018

	General
Assets	
Cash	$ 1,136,692
Investments	4,631,296
Accounts receivable	23,271
Grants receivable	395,474
Inventory	75,818
Prepaid expenditures	284,719
Other assets	288,606
Total assets	$ 6,835,876
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	$ 729,736
Accrued liabilities	126,276
Total liabilities	856,012
Deferred Inflows of Resources	288,606
Fund Balance	
Nonspendable inventory	75,818
Nonspendable prepaid expenditures	284,718
Restricted for emergencies	1,201,979
Unassigned	4,128,743
Total fund balance	5,691,258
Total liabilities, deferred inflows of resources and fund balance	$ 6,835,876

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund (continued)
June 30, 2018

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total fund balance - governmental fund	$	5,691,258
Deferred inflows of resources are not available in the current period and, therefore, are not recorded in the fund		(7,953,524)
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		288,606
Deferred outflows of resources are not financial resources and, therefore, are not reported in the fund		11,635,742
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds		(385,531)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund		(32,175,257)
The net OPEB liability is not due and payable in the current period and, therefore, is not reported in the fund		(1,824,012)
Net position (deficit) of governmental activities	$	(24,722,718)

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, 2018

	General
Revenues	
Local sources	$ 39,290,139
State sources	1,069,990
Federal sources	2,472,532
Total revenues	42,832,661
Expenditures	
Current	
Instruction	20,787,101
Supporting services	22,562,677
Total expenditures	43,349,778
Excess of Revenues over Expenses	(517,117)
Net Change in Fund Balance	(517,117)
Fund Balance, Beginning	6,208,375
Fund Balance, Ending	$ 5,691,258

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, 2018

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balance of the governmental fund:	$	(517,117)
Repayment of long term receivables are revenue in the fund, but do not affect the Statement of Activities.		(288,606)
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: $(2,729,217); Supporting Services: $(2,962,338))		(5,691,555)
OPEB expense (Instruction: $32,343; Supporting Services: $35,106)		67,449
Interest expense		(3,750)
Change in net position of governmental activities	$	(6,433,579)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2018

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, 2018, STRIVE Prep operated eleven schools, and served grades kindergarten through three 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.

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 are 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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, if any. 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.

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.

Deferred Outflows/Inflows of Resources – A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Both are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the periods(s) to which they relate. Refer to Notes 4 and 7 for information on deferred outflow/inflows or resources related to pensions and OPEB.

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 2018, 2017, or 2016.

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, deferred outflows of resources, liabilities, deferred inflows of resources 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.

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, 2018 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.

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, 2018, STRIVE Prep had $4,631,296 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the state Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of the pool consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. COLORADO Trust is comprised of two funds: PRIME and PLUS+. Both funds carry an AAAm from Standards and Poor's. 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, 2018, STRIVE Prep had cash on deposit balances consisting of the following:

	Carrying Amount	Bank Balance	Amount Covered Under PDPA
Checking	$ 1,136,140	$ 1,550,881	$ 1,300,881

Note 3: Long-term Debt

Changes in long-term debt for the year ended June 30, 2018 were as follows:

	Balance at June 30, 2017	Additions	Payments	Balance at June 30, 2018	Due Within One Year
Loan payable	$ 375,000	$ -	$ -	$ 375,000	$ -
Interest payable	6,781	3,750	-	10,531	-
	$ 381,781	$ 3,750	$ -	$ 385,531	$ -

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.

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

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.

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

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

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

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

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

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%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division.

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

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

Contribution Provisions as of June 30, 2018

Eligible employees and 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% 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 [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	-14.56%	-14.18%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.50%
Total Employer Contribution Rate to the DPS Division [1]	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 STRIVE Prep is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from STRIVE Prep were $1,201,489 for the year ended June 30, 2018.

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

At June 30, 2018, STRIVE Prep reported a liability of $32,175,257 for its proportionate share of the net pension liability. The net pension liability 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. STRIVE Prep's proportion of the net pension liability was based on STRIVE Prep'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, STRIVE Prep's proportion was 3.59%, which was an increase of 0.22 basis points from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, STRIVE Prep's recognized pension expense was $6,893,044. At June 30, 2017, 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	$ 1,970,116	$ 59,253
Changes of assumptions or other inputs	4,192,355	1,638,174
Net difference between projected and actual earnings on pension plan investments	-	6,199,149
Changes in proportion	4,558,551	-
Contributions subsequent to the measurement date	685,410	-
Total	$ 11,406,432	$ 7,896,576

$685,410 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	$ 2,926,065
2020	2,031,089
2021	(121,792)
2022	(2,010,916)
2023	-
Thereafter	-
	$ 2,824,446

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%
Future 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% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

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

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

Asset Class	Target Allocation	30-Year 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 Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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, 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 of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate, and therefore, the discount rate was 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	$ 50,632,014	$ 32,175,257	$ 16,898,656

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% 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% on July 1, 2019.
- Increases employee contribution rates by a total of 2% (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.
- 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, STRIVE Prep reported a liability of $32,175,257 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 STRIVE Prep'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%	$23,311,025

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, 2018, 2017, and 2016, STRIVE Prep contributed 10.07%, 10.03%, and 9.95% of covered salaries, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2018, 2017, and 2016, STRIVE Prep contributed $2,449,051 $2,334,206, and $1,950,814, 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, 2018, program members contributed $81,129.

Note 7: Defined Benefit Other Postemployment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

Benefits Provided

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

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

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

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% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% 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% 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 STRIVE Prep is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from STRIVE Prep were $260,499 for the year ended June 30, 2018.

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

In accordance with GASB 75, STRIVE Prep, as a component unit of Denver Public Schools participating in DPS's single-employer OPEB plan, reports its participation as if it were a cost-sharing employer.

At June 30, 2018, STRIVE Prep reported a liability of $1,824,012 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. STRIVE Prep's proportion of the net OPEB liability was based on STRIVE Prep's contributions to the DPS HCTF for the calendar year 2017 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2017, STRIVE Prep's proportion was 3.58%, which was an increase of 0.21% from its proportion measured as of December 31, 2016 of 3.37%.

For the year ended June 30, 2018, STRIVE Prep recognized OPEB expense of $193,050. At June 30, 2018, STRIVE Prep 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	$ -	$ 1,074
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	55,874
Changes in proportion and differences between contributions recognized and proportionate share of contributions	98,568	-
Contributions subsequent to the measurement date	130,742	-
Total	$ 229,310	$ 56,948

$130,742 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2019	$	864
2020		864
2021		864
2022		828
2023		14,824
Thereafter		23,376
	$	41,620

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

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% factor applied to male rates and a 55% factor applied to female rates.

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% 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.

- 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 valuation 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.

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 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 Bonds	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 STRIVE Prep's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$1,821,792	$1,824,012	$1,826,982

Discount Rate

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

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

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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	$ 2,078,648	$ 1,824,012	$ 1,606,350

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, Contingencies, and Compliance

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, 2018. 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, 2018, the reserve reported as restricted net position/fund balance totaled $1,201,979.

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, 2018, were $777 for each student enrolled at STRIVE Prep, which totaled $2,848,873. The agreements require facility use fees of $773 per student for the year ended June 30, 2019, which for STRIVE Prep is estimated to be $2,971,595.

Note 9: Public School Financial Transparency Act

The Public School Financial Transparency Act requires local education providers to post financial information online, in a downloadable format, for free public access. STRIVE Prep believes it is in compliance with this Act , as it provides a hyperlink from its website to the Denver Public Schools financial data file.

Note 10: Line of Credit

STRIVE Prep has a revolving line of credit which provides for borrowings of up to $2,000,000. 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, 2018, there was no outstanding balance under the line of credit.

Note 11: 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 prior year. These credits are to be allocated at STRIVE's discretion. The remaining balance was $288,606 at June 30, 2018 and is included in receivables.

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Notes to Financial Statements

June 30, 2018

Note 12: Unrestricted Deficit

Under GASB 68 and GASB 75 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 decreased from $1,095.5 million to $896.5 million and OPEB liability decreased from $54.5 million to $51.0 million. As a result, STRIVE Prep's share of the net pension liability decreased from $36.9 million to $32.2 million and OPEB liability remained at $1.8 million. These liabilities have 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.

Note 13: Implementation of New Accounting Standard

Effective July 1, 2017, STRIVE Prep implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with other postemployment benefits. STRIVE Prep provides its employees with OPEB through the Health Care Trust Fund described in Note 7. Statement No. 75 requires employers participating in such plans, to record their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability. STRIVE Prep has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The implementation of GASB 75 resulted in a ($1,719,100) restatement of net deficit as of July 1, 2017, which was comprised of the following:

Net OPEB liability at July 1, 2017	$ (1,837,472)
Deferred outflows of resources - employer contributions from January 1, 2017 through June 30, 2017	118,372
Restatement	$ (1,719,100)

Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

Required Supplementary Information

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Schedule of STRIVE Prep's Proportionate Share of the Net Pension Liability

Years Ended December 31,

	2017	2016	2015	2014
STRIVE Prep's proportion of the net pension liability	3.59%	3.37%	2.92%	2.55%
STRIVE Prep's proportionate share of the net pension liability	$ 32,175,257	$ 36,927,125	$ 23,742,116	$ 15,933,196
STRIVE Prep's covered payroll	$ 25,539,160	$ 23,277,622	$ 18,261,478	$ 14,637,935
STRIVE Prep's proportionate share of the net pension liability as a percentage of its covered payroll	125.98%	158.64%	130.01%	108.85%
Plan fiduciary net position as a percentage of the total pension liability	79.51%	74.00%	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

(A Component Unit of Denver Public Schools)

Schedule of STRIVE Prep's Pension Contributions

Years Ended June 30,

	2018	2017	2016	2015
Contractually required contribution	$ 1,201,489	$ 732,156	$ 387,817	$ 375,722
Contributions in relation to the contractually required contribution	1,201,489	732,156	387,817	375,722
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
STRIVE Prep's covered payroll	$ 24,326,449	$ 21,557,308	$ 19,606,172	$ 16,710,094
Contributions as a percentage of covered-employee payroll	4.94%	3.40%	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

(A Component Unit of Denver Public Schools)

Schedule of STRIVE Prep's Proportionate Share of the Net OPEB Liability

Years Ended December 31,

	2017*
STRIVE Prep's proportion of the net OPEB liability	3.58%
STRIVE Prep's proportionate share of the net OPEB liability	$ 1,824,012
STRIVE Prep's covered payroll	$ 24,326,449
STRIVE Prep's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.50%
Plan fiduciary net position as a percentage of the total OPEB liability	30.40%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: Information is not available prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Schedule of STRIVE's OPEB Contributions
Years Ended June 30,

	2018
Contractually required contribution	$ 260,499
Contributions in relation to the contractually required contribution	260,499
Contribution deficiency (excess)	$ -
STRIVE Prep's covered payroll	$ 25,539,160
Contributions as a percentage of covered payroll	1.02%

Note: Information is not available prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 30,462,281	$ 29,576,365	$ 29,576,363	$ (2)
District mill levy	6,386,146	6,297,332	6,297,332	-
Supporting services	3,129,374	2,721,977	2,775,588	53,611
Investment income	-	110,606	114,917	4,311
Miscellaneous	325,737	498,827	525,941	27,114
Total local sources	40,303,538	39,205,107	39,290,141	85,034
State sources				
Capital construction	477,400	478,313	478,330	17
Grants	826,906	589,353	591,660	2,307
Total state sources	1,304,306	1,067,666	1,069,990	2,324
Federal sources				
Grants	2,291,510	2,452,311	2,472,532	20,221
Total federal sources	2,291,510	2,452,311	2,472,532	20,221
Total revenues	43,899,354	42,725,084	42,832,663	107,579
Expenditures				
Salaries	27,031,343	26,354,831	26,356,490	(1,659)
Employee benefits	6,756,398	6,475,352	6,352,567	122,785
Purchased services	1,004,807	1,122,499	1,117,962	4,537
Supplies and materials	9,691,603	9,160,928	8,927,138	233,790
Property	785,584	559,950	568,451	(8,501)
Other	38,706	26,497	27,172	(675)
Contingency	(750,000)	218,645	-	218,645
Total expenditures	44,558,441	43,918,702	43,349,780	568,922
Excess (Deficiency) of Revenues over Expenses	(659,087)	(1,193,618)	(517,117)	676,501
Net Change in Fund Balance	$ (659,087)	$ (1,193,618)	(517,117)	$ 676,501
Fund Balance, Beginning			6,208,375	
Fund Balance, Ending			$ 5,691,258	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Required Supplementary Information
June 30, 2018

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.

Note 2: Significant Changes Affecting Trends in Actuarial Information

2017 Changes in Assumptions or Other Inputs Since 2016

Defined Benefit Pension Plan

- The single equivalent interest rate (SIER) for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (FNP), and the resulting application of the municipal bond rate.
- The municipal bond index rate used in the determination of the SIER for the State, School, and Judicial Divisions changed from 3.86% to 3.43% on the measurement date.

Defined Benefit Other Postemployment Benefit

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

Supplementary Information

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet
June 30, 2018

	STRIVE Prep - Green Valley Ranch Campus	STRIVE Prep - Montbello Campus	STRIVE Prep - Excel Campus	STRIVE Prep - Lake Campus	STRIVE Prep - Sunnyside Campus	STRIVE Prep - Federal Campus
Assets						
Cash and investments	$ 977,029	$ 599,670	$ 453,529	$ 503,958	$ 443,071	$ 1,517,717
Accounts receivable	-	174	436	-	-	-
Grants receivable	36,262	25,551	21,656	29,089	31,038	34,090
Inventory	6,639	7,452	4,144	2,798	3,892	2,038
Prepaid expenditures	8,575	8,706	892	8,372	8,515	8,432
Total assets	$ 1,028,505	$ 641,553	$ 480,657	$ 544,217	$ 486,516	$ 1,562,277
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities						
Accounts payable	$ 50,100	$ 42,779	$ 55,828	$ 55,707	$ 39,197	$ 50,975
Accrued liabilities	13,324	8,226	1,875	1,478	3,483	8,606
Total liabilities	63,424	51,005	57,703	57,185	42,680	59,581
Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balance						
Nonspendable inventory	6,639	7,452	4,144	2,798	3,892	2,038
Nonspendable prepaid expenditures	8,575	8,706	892	8,372	8,515	8,432
Restricted for emergencies	106,217	97,785	102,718	103,954	85,505	106,459
Unassigned	843,650	476,605	315,200	371,908	345,924	1,385,767
Total fund balance	965,081	590,548	422,954	487,032	443,836	1,502,696
Total liabilities, deferred inflows of resources and fund balance	$ 1,028,505	$ 641,553	$ 480,657	$ 544,217	$ 486,516	$ 1,562,277

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet (continued)
June 30, 2018

STRIVE Prep - Ruby Hill Campus	STRIVE Prep - SMART Campus	STRIVE Prep - Westwood Campus	STRIVE Prep - Kepner Campus	STRIVE Prep - Rise Campus	Central Office	Eliminations	Total
$ 425,578	$ 1,025,395	$ 1,141,446	$ 73,837	$ 304,844	$ (1,698,086)	$ -	$ 5,767,988
7,500	-	-	-	260	303,506	-	311,876
43,397	79,536	31,861	26,477	36,519	-	-	395,476
19,870	12,535	1,330	6,395	6,085	2,640	-	75,818
892	1,716	8,575	8,442	5,832	215,769	-	284,718
$ 497,237	$ 1,119,182	$ 1,183,212	$ 115,151	$ 353,540	$ (1,176,171)	$ -	$ 6,835,876
$ 69,779	$ 80,526	$ 43,787	$ 32,220	$ 42,190	$ 166,648	$ -	$ 729,736
1,656	3,352	9,613	5,682	16,579	52,402	-	126,276
71,435	83,878	53,400	37,902	58,769	219,050	-	856,012
-	-	-	-	-	288,606	-	288,606
19,870	12,535	1,330	6,395	6,085	2,640	-	75,818
892	1,716	8,575	8,442	5,832	215,769	-	284,718
138,602	155,100	105,254	55,990	88,426	55,969	-	1,201,979
266,438	865,953	1,014,653	6,422	194,428	(1,958,205)	-	4,128,743
425,802	1,035,304	1,129,812	77,249	294,771	(1,683,827)	-	5,691,258
$ 497,237	$ 1,119,182	$ 1,183,212	$ 115,151	$ 353,540	$ (1,176,171)	$ -	$ 6,835,876

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2018

	STRIVE Prep - Green Valley Ranch Campus	STRIVE Prep - Montbello Campus	STRIVE Prep - Excel Campus	STRIVE Prep - Lake Campus	STRIVE Prep - Sunnyside Campus	STRIVE Prep - Federal Campus
Revenues						
Local sources	$ 3,497,849	$ 3,190,583	$ 3,367,664	$ 3,428,424	$ 2,824,600	$ 3,468,149
State sources	75,919	100,054	88,258	70,928	57,250	106,992
Federal sources	150,003	164,927	248,283	198,726	170,327	173,292
Total revenues	3,723,771	3,455,564	3,704,205	3,698,078	3,052,177	3,748,433
Expenditures						
Current						
Instruction	1,710,915	1,712,559	2,163,107	2,007,605	1,691,532	1,891,247
Supporting services	1,855,481	1,687,484	1,644,865	1,843,867	1,427,669	1,773,933
Total expenditures	3,566,396	3,400,043	3,807,972	3,851,472	3,119,201	3,665,180
Excess (Deficiency) of Revenues over Expenses	157,375	55,521	(103,767)	(153,394)	(67,024)	83,253
Net Change in Fund Balance	157,375	55,521	(103,767)	(153,394)	(67,024)	83,253
Fund Balance, Beginning	807,706	535,027	526,721	640,426	510,860	1,419,442
Fund Balance, Ending	$ 965,081	$ 590,548	$ 422,954	$ 487,032	$ 443,836	$ 1,502,695

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, 2017

	STRIVE Prep - Ruby Hill Campus	STRIVE Prep - SMART Campus	STRIVE Prep - Westwood Campus	STRIVE Prep - Kepner Campus	STRIVE Prep - RISE Campus	Central Office	Eliminations	Total
	$ 4,334,370	$ 5,073,246	$ 3,450,645	$ 1,859,442	$ 2,921,164	$ 5,081,626	$ (3,207,621)	$ 39,290,141
	300,089	109,395	73,029	35,003	53,073	-	-	1,069,990
	231,131	256,229	201,432	305,477	326,696	46,009	-	2,472,532
	4,865,590	5,438,870	3,725,106	2,199,922	3,300,933	5,127,635	(3,207,621)	42,832,663
	2,571,074	2,647,362	1,763,560	1,092,817	1,532,101	3,224	-	20,787,103
	2,120,965	2,419,681	1,746,648	1,101,762	1,567,600	6,580,343	(3,207,621)	22,562,677
	4,692,039	5,067,043	3,510,208	2,194,579	3,099,701	6,583,567	(3,207,621)	43,349,780
	173,551	371,827	214,898	5,343	201,232	(1,455,932)	-	(517,117)
	173,551	371,827	214,898	5,343	201,232	(1,455,932)	-	(517,117)
	252,251	663,477	914,914	71,906	93,539	(227,895)	-	6,208,375
	$ 425,802	$ 1,035,304	$ 1,129,812	$ 77,249	$ 294,771	$ (1,683,827)	$ -	$ 5,691,258

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Green Valley Ranch Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,851,621	$ 2,858,645	$ 2,858,645	$ -
District mill levy	532,901	528,188	528,188	-
Supporting services	33,333	58,538	59,822	1,284
Investment income	-	9,250	9,409	159
Miscellaneous	30,155	39,152	41,785	2,633
Total local sources	3,448,010	3,493,773	3,497,849	4,076
State sources				
Capital construction	5,400	47,213	47,215	2
Grants	65,818	28,704	28,704	-
Total state sources	71,218	75,917	75,919	2
Federal sources				
Grants	140,900	149,862	150,003	141
Total revenues	3,660,128	3,719,552	3,723,771	4,219
Expenditures				
Salaries	1,839,598	1,868,956	1,879,460	(10,504)
Employee benefits	463,569	424,056	415,360	8,696
Purchased services	44,085	44,559	55,854	(11,295)
Supplies and materials	1,179,329	1,197,705	1,163,459	34,246
Property	55,352	40,975	52,263	(11,288)
Other	-	-	-	-
Contingency	-	20,000	-	20,000
Total expenditures	3,581,933	3,596,251	3,566,396	29,855
Net Change in Fund Balance	$ 78,195	$ 123,301	157,375	$ 34,074
Fund Balance, Beginning			807,706	
Fund Balance, Ending			$ 965,081	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Montbello Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,661,973	$ 2,599,686	$ 2,599,686	$ -
District mill levy	485,532	490,365	490,365	-
Supporting services	31,467	118,451	49,785	(68,666)
Investment income	-	7,408	7,802	394
Miscellaneous	29,354	42,664	42,945	281
Total local sources	3,208,326	3,258,574	3,190,583	(67,991)
State sources				
Capital construction	41,000	42,202	42,203	1
Grants	73,605	55,543	57,851	2,308
Total state sources	114,605	97,745	100,054	2,309
Federal sources				
Grants	152,930	164,645	164,927	282
Total revenues	3,475,861	3,520,964	3,455,564	(65,400)
Expenditures				
Salaries	1,875,286	1,938,472	1,931,872	6,600
Employee benefits	480,090	485,238	473,741	11,497
Purchased services	46,725	65,171	66,038	(867)
Supplies and materials	924,015	917,173	893,236	23,937
Property	52,845	31,379	35,115	(3,736)
Other	-	41	41	-
Contingency	-	20,000	-	20,000
Total expenditures	3,378,961	3,457,474	3,400,043	57,431
Net Change in Fund Balance	$ 96,900	$ 63,490	55,521	$ (7,969)
Fund Balance, Beginning			535,027	
Fund Balance, Ending			$ 590,548	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Excel Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,744,341	$ 2,572,914	$ 2,572,914	$ -
District mill levy	653,494	627,619	627,619	-
Supporting services	33,333	234,837	91,493	(143,344)
Investment income	-	5,811	6,018	207
Miscellaneous	34,935	63,563	69,620	6,057
Total local sources	3,466,103	3,504,744	3,367,664	(137,080)
State sources				
Capital construction	42,500	41,476	41,478	2
Grants	54,068	46,780	46,780	-
Total state sources	96,568	88,256	88,258	2
Federal sources				
Grants	227,145	246,180	248,283	2,103
Total revenues	3,789,816	3,839,180	3,704,205	(134,975)
Expenditures				
Salaries	2,232,613	2,152,922	2,164,987	(12,065)
Employee benefits	559,926	554,451	549,534	4,917
Purchased services	52,005	89,615	99,106	(9,491)
Supplies and materials	993,415	951,203	931,692	19,511
Property	59,432	81,072	62,571	18,501
Other	-	-	82	(82)
Contingency	-	18,645	-	18,645
Total expenditures	3,897,391	3,847,908	3,807,972	39,936
Net Change in Fund Balance	$ (107,575)	$ (8,728)	(103,767)	$ (95,039)
Fund Balance, Beginning			526,721	
Fund Balance, Ending			$ 422,954	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Lake Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,703,694	$ 2,732,880	$ 2,732,880	$ -
District mill levy	485,532	516,797	516,797	-
Grants and contributions	104,998	272,736	126,815	(145,921)
Investment income	-	7,430	7,826	396
Miscellaneous	29,355	44,106	44,106	-
Total local sources	3,323,579	3,573,949	3,428,424	(145,525)
State sources				
Capital construction	41,000	43,652	43,654	2
Grants	75,918	27,274	27,274	-
Total state sources	116,918	70,926	70,928	2
Federal sources				
Grants	184,052	198,585	198,726	141
Total revenues	3,624,549	3,843,460	3,698,078	(145,382)
Expenditures				
Salaries	2,196,652	2,315,961	2,331,195	(15,234)
Employee benefits	554,579	558,826	578,948	(20,122)
Purchased services	50,685	52,413	56,233	(3,820)
Supplies and materials	891,352	851,569	846,367	5,202
Property	54,178	37,461	38,448	(987)
Other	-	112	281	(169)
Contingency	-	20,000	-	20,000
Total expenditures	3,747,446	3,836,342	3,851,472	(15,130)
Net Change in Fund Balance	$ (122,897)	$ 7,118	(153,394)	$ (160,512)
Fund Balance, Beginning			640,426	
Fund Balance, Ending			$ 487,032	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Sunnyside Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,214,103	$ 2,166,099	$ 2,166,100	$ 1
District mill levy	399,676	406,949	406,949	-
Supporting services	97,665	275,262	200,279	(74,983)
Investment income	-	4,457	4,602	145
Miscellaneous	27,905	44,758	46,670	1,912
Total local sources	2,739,349	2,897,525	2,824,600	(72,925)
State sources				
Capital construction	33,750	34,684	34,686	2
Grants	63,307	22,565	22,564	(1)
Total state sources	97,057	57,249	57,250	1
Federal sources				
Grants	150,590	170,233	170,327	94
Total revenues	2,986,996	3,125,007	3,052,177	(72,830)
Expenditures				
Salaries	1,584,311	1,733,005	1,732,807	198
Employee benefits	395,313	412,329	407,545	4,784
Purchased services	37,485	55,529	52,759	2,770
Supplies and materials	897,698	909,005	877,582	31,423
Property	45,685	41,852	48,302	(6,450)
Other	-	206	206	-
Contingency	-	20,000	-	20,000
Total expenditures	2,960,492	3,171,926	3,119,201	52,725
Net Change in Fund Balance	$ 26,504	$ (46,919)	(67,024)	$ (20,105)
Fund Balance, Beginning			510,860	
Fund Balance, Ending			$ 443,836	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Federal Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,936,286	$ 2,855,157	$ 2,855,157	$ -
District mill levy	532,901	535,510	535,510	-
Supporting services	33,867	33,527	35,811	2,284
Investment income	-	8,123	8,609	486
Miscellaneous	25,355	32,262	33,062	800
Total local sources	3,528,409	3,464,579	3,468,149	3,570
State sources				
Capital construction	45,000	45,960	45,962	2
Grants	93,093	61,031	61,030	(1)
Total state sources	138,093	106,991	106,992	1
Federal sources				
Grants	167,816	173,262	173,292	30
Total revenues	3,834,318	3,744,832	3,748,433	3,601
Expenditures				
Salaries	2,049,412	2,192,056	2,209,087	(17,031)
Employee benefits	513,438	491,291	488,469	2,822
Purchased services	40,125	26,729	40,949	(14,220)
Supplies and materials	1,024,742	884,888	866,141	18,747
Property	55,885	41,000	60,344	(19,344)
Other	159,086	25	190	(165)
Contingency	-	20,000	-	20,000
Total expenditures	3,842,688	3,655,989	3,665,180	(9,191)
Net Change in Fund Balance	$ (8,370)	$ 88,843	83,253	$ (5,590)
Fund Balance, Beginning			1,419,442	
Fund Balance, Ending			$ 1,502,695	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Ruby Hill Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,329,084	$ 3,316,387	$ 3,316,387	$ -
District mill levy	879,354	886,125	886,125	-
Supporting services	36,667	49,210	106,395	57,185
Investment income	-	5,521	5,690	169
Miscellaneous	16,355	17,963	19,772	1,809
Total local sources	4,261,460	4,275,206	4,334,369	59,163
State sources				
Capital construction	51,525	53,989	53,991	2
Grants	115,036	246,098	246,099	1
Total state sources	166,561	300,087	300,090	3
Federal sources				
Grants	203,489	231,013	231,131	118
Total revenues	4,631,510	4,806,306	4,865,590	59,284
Expenditures				
Salaries	2,673,254	2,926,395	2,931,010	(4,615)
Employee benefits	673,240	666,234	666,426	(192)
Purchased services	62,565	36,661	35,619	1,042
Supplies and materials	1,090,587	975,556	985,136	(9,580)
Property	62,325	91,202	67,749	23,453
Other	-	6,000	6,099	(99)
Contingency	-	20,000	-	20,000
Total expenditures	4,561,971	4,722,048	4,692,039	30,009
Net Change in Fund Balance	$ 69,539	$ 84,258	173,551	$ 89,293
Fund Balance, Beginning			252,251	
Fund Balance, Ending			$ 425,802	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
SMART Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 4,087,855	$ 3,969,377	$ 3,969,377	$ -
District mill levy	961,021	969,410	969,410	-
Supporting services	46,667	64,944	65,019	75
Investment income	-	8,109	8,424	315
Miscellaneous	28,855	56,852	61,016	4,164
Total local sources	5,124,398	5,068,692	5,073,246	4,554
State sources				
Capital construction	62,500	63,830	63,832	2
Grants	88,845	45,563	45,563	-
Total state sources	151,345	109,393	109,395	2
Federal sources				
Grants	259,359	258,141	256,229	(1,912)
Total revenues	5,535,102	5,436,226	5,438,870	2,644
Expenditures				
Salaries	2,808,896	2,911,121	2,916,793	(5,672)
Employee benefits	702,808	653,141	647,245	5,896
Purchased services	59,925	70,394	74,776	(4,382)
Supplies and materials	1,664,280	1,368,687	1,339,710	28,977
Property	86,485	95,021	88,203	6,818
Other	-	136	316	(180)
Contingency	-	20,000	-	20,000
Total expenditures	5,322,394	5,118,500	5,067,043	51,457
Net Change in Fund Balance	$ 212,708	$ 317,726	371,827	$ 54,101
Fund Balance, Beginning			663,477	
Fund Balance, Ending			$ 1,035,304	

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Budgetary Comparison Schedule

Westwood Campus

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,962,336	$ 2,853,280	$ 2,853,280	$ -
District mill levy	532,901	535,875	535,875	-
Supporting services	33,067	27,564	28,848	1,284
Investment income	-	5,528	5,610	82
Miscellaneous	25,355	27,031	27,032	1
Total local sources	3,553,659	3,449,278	3,450,645	1,367
State sources				
Capital construction	45,000	45,630	45,632	2
Grants	137,216	27,396	27,397	1
Total state sources	182,216	73,026	73,029	3
Federal sources				
Grants	199,760	201,432	201,432	-
Total revenues	3,935,635	3,723,736	3,725,106	1,370
Expenditures				
Salaries	1,828,252	1,892,199	1,894,243	(2,044)
Employee benefits	456,473	423,619	417,386	6,233
Purchased services	44,085	54,824	56,744	(1,920)
Supplies and materials	1,359,039	1,103,350	1,098,571	4,779
Property	55,085	42,529	43,165	(636)
Other	500,000	99	99	-
Contingency	-	20,000	-	20,000
Total expenditures	4,242,934	3,536,620	3,510,208	26,412
Net Change in Fund Balance	$ (307,299)	$ 187,116	214,898	$ 27,782
Fund Balance, Beginning			914,914	
Fund Balance, Ending			$ 1,129,812	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Kepner Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 1,720,524	$ 1,406,409	$ 1,406,409	$ -
District mill levy	384,661	268,948	268,948	-
Supporting services	159,425	148,132	100,151	(47,981)
Investment income	-	262	350	88
Miscellaneous	26,380	33,114	83,584	50,470
Total local sources	2,290,990	1,856,865	1,859,442	2,577
State sources				
Capital construction	26,125	22,749	22,750	1
Grants	35,000	12,253	12,253	-
Total state sources	61,125	35,002	35,003	1
Federal sources				
Grants	181,886	308,507	305,477	(3,030)
Total revenues	2,534,001	2,200,374	2,199,922	(452)
Expenditures				
Salaries	1,493,034	1,329,972	1,340,002	(10,030)
Employee benefits	378,125	338,048	330,153	7,895
Purchased services	38,805	47,901	48,506	(605)
Supplies and materials	592,694	441,078	452,863	(11,785)
Property	37,490	8,874	22,956	(14,082)
Other	-	-	99	(99)
Contingency	-	20,000	-	20,000
Total expenditures	2,540,148	2,185,873	2,194,579	(8,706)
Net Change in Fund Balance	$ (6,147)	$ 14,501	5,343	$ (9,158)
Fund Balance, Beginning			71,906	
Fund Balance, Ending			$ 77,249	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
RISE Campus
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,250,466	$ 2,245,531	$ 2,245,531	$ -
District mill levy	538,172	531,545	531,545	-
Supporting services	18,886	81,285	102,285	21,000
Investment income	-	-	-	-
Miscellaneous	28,155	39,932	41,803	1,871
Total local sources	2,835,679	2,898,293	2,921,164	22,871
State sources				
Capital construction	35,000	36,926	36,928	2
Grants	25,000	16,145	16,145	-
Total state sources	60,000	53,071	53,073	2
Federal sources				
Grants	220,998	304,442	326,696	22,254
Total revenues	3,116,677	3,255,806	3,300,933	45,127
Expenditures				
Salaries	1,633,112	1,718,783	1,730,474	(11,691)
Employee benefits	411,710	397,650	393,833	3,817
Purchased services	39,135	60,639	59,340	1,299
Supplies and materials	826,990	899,808	883,316	16,492
Property	45,490	31,665	32,415	(750)
Other	-	95	323	(228)
Contingency	-	20,000	-	20,000
Total expenditures	2,956,437	3,128,640	3,099,701	28,939
Net Change in Fund Balance	$ 160,240	$ 127,166	201,232	$ 74,066
Fund Balance, Beginning			93,539	
Fund Balance, Ending			$ 294,771	

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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, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2018, which contained an emphasis of matter paragraph for a change in accounting principle.

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
November 9, 2018