

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**Comprised Of:**

**Rocky Mountain Preparatory Creekside**  
**Rocky Mountain Preparatory Southwest**  
**Rocky Mountain Preparatory NST**

**Independent Auditor's Report**  
**and Financial Statements**  
**For the Year Ended**  
**June 30, 2016**

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

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**June 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Rocky Mountain Preparatory Schools  
Denver, CO

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and general fund of Rocky Mountain Preparatory Schools (the School), a component unit of School District Number 1 in the City and County of Denver and State of Colorado (Denver Public Schools), operated by Rocky Mountain Preparatory Schools (RMPS), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 of 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 opinion.

Board of Directors  
Rocky Mountain Preparatory Schools

## **Opinion**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, and the schedule of budget to actual be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2016, on our consideration of the School'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 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 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 the School's internal control over financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP  
Glendora, CA  
August 15, 2016

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

This section of the Rocky Mountain Preparatory Schools (the School) annual financial report presents our discussion and analysis of the School's financial performance for the fiscal year ended June 30, 2016. Please read it in conjunction with the audited financial statements, which immediately follow this section.

**Financial Highlights**

- As of the close of the current fiscal year, the School's governmental fund reported ending fund balance of \$2,662,000.
- The assets of the School's governmental fund comprise primarily of cash of \$1,944,677 and accounts receivable of \$665,071. The liabilities of the School's governmental fund at the close of the fiscal year are \$23,642, which is comprised of accounts payable and deferred revenues.
- The School incurred no long-term debt during the fiscal year ended June 30, 2016.
- The School's governmental fund had revenues of \$7,362,938 and expenses of \$6,538,583 for the year ended June 30, 2016 for a change in fund balance of \$824,355.
- After adjusting for the Schools pension assets and liabilities, the School's change in net position was a decrease of \$181,153 for a total net position of \$535,019.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: (1) Statement of Net Position and General Fund Balance Sheet, (2) Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance and (3) Notes to the Basic Financial Statements. In addition, the financial statements also Required Supplementary Information required by the Governmental Accounting Standards Board (GASB) and the Statement of Revenues, Expenditures, Expenditures and Changes in Fund Balance – General Fund – Budget to Actual and the Schedule of Expenditures of Federal Awards, which is Other Supplementary Information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

**Rocky Mountain Preparatory Schools**  
**Net Position**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2016</b>
	<u>2015</u>	<u>2016</u>
<b>Assets</b>		
Current assets	\$ 2,150,903	\$ 2,685,668
Non-current assets	48,171	157,963
<b>Total assets</b>	<u>2,199,074</u>	<u>2,843,631</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources - pensions	543,071	1,463,897
<b>Total deferred outflows of resources</b>	<u>543,071</u>	<u>1,463,897</u>
<b>Liabilities</b>		
Current liabilities	313,232	23,642
Non-current liabilities	1,712,357	3,748,379
<b>Total liabilities</b>	<u>2,025,589</u>	<u>3,772,021</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources - pensions	384	488
<b>Total deferred inflows of resources</b>	<u>384</u>	<u>488</u>
<b>Net Position</b>		
Invested in capital assets	48,171	157,963
Emergency reserve	85,400	169,641
Unrestricted	582,601	207,415
<b>Total net position</b>	<u>\$ 716,172</u>	<u>\$ 535,019</u>

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

The current assets balance is primarily cash and accounts receivable at June 30, 2016 that were due from the State of Colorado. The total non-current assets are comprised of capital assets that were purchased with an original cost of \$5,000 or more. The current liabilities balance is a combination of accounts payable that were due but not paid at June 30 and long-term liabilities is comprised of the net pension liability.

**Revenues**

During this year of the School's operations, the primary source of revenue is Per Pupil Revenue from the State of Colorado, federal funding, private grants and contributions.

**Expenses**

Total expenses consist of salary and benefit costs, facilities and maintenance costs, general supplies, food services, purchased services and other expenditures needed to operate the School.

**Rocky Mountain Preparatory Schools**  
**Changes in Net Position**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2016</b>
<b>Revenues</b>		
Per Pupil Revenue and Preschool Funding	\$ 2,412,838	\$ 3,853,833
Mill Levy Override	321,261	620,579
Grants and contributions	2,129,370	2,747,308
All other revenue	113,600	141,218
<b>Total revenues</b>	<b>4,977,069</b>	<b>7,362,938</b>
<b>Expenses</b>		
Governmental activities - education programs	2,917,810	5,622,158
Supporting services	1,385,963	1,921,933
<b>Total expenses</b>	<b>4,303,773</b>	<b>7,544,091</b>
<b>Change in net position</b>	673,296	(181,153)
<b>Net position, beginning of year - restated</b>	42,876	716,172
<b>Net position, end of year</b>	<b>\$ 716,172</b>	<b>\$ 535,019</b>

**ROCKY MOUNTAIN PREPARATORY SCHOOLS  
(A Component Unit of Denver Public Schools)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

**Fund Financial Analysis**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's governmental fund is discussed below.

**Governmental Fund**

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

As of the end of the current fiscal year, the School's general fund reported an ending fund balance of \$2,662,026.

**Capital Assets**

The School had capital assets net of depreciation of \$157,963 as of June 30, 2016.

**Budgetary Highlights**

The School prepares its budget on an activities basis. That is, all expenditures expected to be incurred are accounted for regardless of when they are actually paid, which includes expenditures related to compensate for absences. However, expenditures for compensated absences are not recognized in the School's general fund until payouts are expected to be made from current financial resources.

Actual revenues of the Creekside location were over the approved budget by \$266,206 for the year ended June 30, 2016. Per Pupil and Preschool Funding program revenues were \$78,703 over budget due to greater funding than originally anticipated. Grants and contributions revenue was \$80,890 above budgeted expectations because of ability to secure additional funding to support future growth.

Actual expenditures of the Creekside location were under the approved budget by \$72,120 for the year ended June 30, 2016. Payroll expenses were \$77,904 under budget as a result of savings related to health insurance. Books and general supplies were \$138,797 under budget due to a playground fixture which was originally budgeted as a general expense. Subsequently, management determined that the playground fixture was a building improvement and therefore be accounted for as a capital asset per the School's Capital Asset policy. Other operating expenses were \$22,977 over budget as a result of more consulting fees than were budgeted.

Actual revenues of the Southwest location were over the approved budget by \$862,080 for the year ended June 30, 2016. Grants and contribution revenue was \$864,669 above budgeted expectations because a transfer from the NST made during the year.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

Actual expenditures of the Southwest location were over the approved budget by \$92,903 for the year ended June 30, 2016. Payroll expenses were \$41,652 over budget as a result of an increase in staff. Books and supplies & equipment expenses were \$57,215 over budget as a result of more purchases than were anticipated.

**Economic Factors and Next Year's Budget**

The following factors were considered in preparing the School's budget for fiscal year 2016/17.

For fiscal year 2016/17 enrollment at Rocky Mountain Preparatory Schools is projected to be 549 students for Creekside, 205 students for Southwest and 41 students for the third location. This increase in students will require increased staffing and other instructional costs. The School estimates that the Per Pupil funding will stay approximately consistent with 2015/16. Accordingly, the total Per Pupil program revenue will increase primarily due to increased enrollment.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, investors and creditors with a general overview of the School's finances. If you have questions regarding this report or need additional financial information, contact the School's Director of Finance at (720) 863-8920.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**STATEMENT OF NET POSITION AND GENERAL FUND BALANCE SHEET**  
**June 30, 2016**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash	\$ 1,775,036	\$ -	\$ 1,775,036
Cash held for TABOR	169,641	-	169,641
Accounts receivable	665,071	-	665,071
Inventory	42,162	-	42,162
Prepaid expenses	33,758	-	33,758
Total current assets	<u>2,685,668</u>	<u>-</u>	<u>2,685,668</u>
<b>Noncurrent Assets</b>			
Capital assets, net of accumulated depreciation	-	157,963	157,963
Total assets	<u>\$ 2,685,668</u>	<u>157,963</u>	<u>2,843,631</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources - pensions	<u>-</u>	<u>1,463,897</u>	<u>1,463,897</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 8,057	\$ -	\$ 8,057
Deferred revenues	15,585	-	15,585
Total current liabilities	<u>23,642</u>	<u>-</u>	<u>23,642</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	-	3,748,379	3,748,379
Total noncurrent liabilities	<u>-</u>	<u>3,748,379</u>	<u>3,748,379</u>
Total liabilities	<u>23,642</u>	<u>3,748,379</u>	<u>3,772,021</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources - pensions	<u>-</u>	<u>488</u>	<u>488</u>
<b>FUND BALANCE:</b>			
Emergency reserve	169,641	(169,641)	-
Unassigned	2,492,385	(2,492,385)	-
Total fund balance	<u>2,662,026</u>	<u>(2,662,026)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,685,668</u>		
<b>NET POSITION:</b>			
Invested in capital assets, net of related debt		157,963	157,963
Emergency reserve		169,641	169,641
Unrestricted		207,415	207,415
<b>TOTAL NET POSITION</b>		<u>\$ 535,019</u>	<u>\$ 535,019</u>

*The accompanying notes are an integral part of these financial statements.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**STATEMENT OF ACTIVITIES AND GENERAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2016**

	<b>General Fund</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
<b>REVENUES:</b>			
General revenues:			
Per Pupil Revenue and Preschool Funding	\$ 3,853,833	\$ -	\$ 3,853,833
Mill Levy Override	620,579	-	620,579
Program revenues:			
Federal revenue	773,962	-	773,962
Other state	94,304	-	94,304
Private grants and contributions	1,879,042	-	1,879,042
Investment income	2,034	-	2,034
All other local revenues	139,184	-	139,184
Total revenues	7,362,938	-	7,362,938
<b>EXPENSES:</b>			
Program expenses - Educational programs	4,495,046	1,127,112	5,622,158
Supporting services	1,921,933	-	1,921,933
Capital outlay	121,604	(121,604)	-
Total expenses	6,538,583	1,005,508	7,544,091
Change in fund balance/net position	824,355	(1,005,508)	(181,153)
Fund balance/net position - unadjusted	1,880,601	(1,121,499)	759,102
Adjustment for restatement (see Note 11)	(42,930)	-	(42,930)
Fund balance/net position - restated	1,837,671	(1,121,499)	716,172
Fund balance/net position - June 30, 2016	\$ 2,662,026	\$ (2,127,007)	\$ 535,019

*The accompanying notes are an integral part of these financial statements.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 1: SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES**

*General* – Rocky Mountain Preparatory Schools (RMPS) was formed to operate charter schools as provided in the Colorado Charter Schools Act. RMPS mission is to provide educational, technical and supporting services to Rocky Mountain Preparatory Schools (the School). The School's support is derived primarily from State of Colorado public education monies, foundation contributions and various government agency grants.

RMPS manages several charter schools within the Denver Metro area. The School is a component units of the Denver Public School District (the District). RMPS also includes the Network Support Team (NST) which provides supporting services to the School though management fees paid by the School.

*Accounting Policies* – As required by the State of Colorado, the School accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

***Measurement Focus and Financial Statement Presentation***

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School as a whole. All of the School's activities as a charter school are considered governmental in nature per the State of Colorado; therefore, the School does not report any business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the cash flows occur. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds (see Notes 2 and 3).

**Governmental Fund Financial Statements**

The School's general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they measurable. Revenues are considered to be available if they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of revenues related to private grants, which are included in revenue if received within six months after year end. Expenditures generally are recorded when a liability is incurred under accrual accounting. The School accounts for all of its operating activities in its general fund.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 1: SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES**

When both restricted and unrestricted resources are available for use, it is the School's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed, assigned, and then unassigned fund balances.

**Cash and Cash Equivalents** – The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less. Cash is restricted in the financial statements to comply with the provisions of the TABOR amendment.

Cash held at charter schools is governed by State statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

**Prepaid Items** – Payments made for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items. In the governmental fund balance sheet, there is a reservation of fund balance equal to the amount of prepaid items, as these amounts are not available for expenditure.

**Capital Assets** – Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all capital assets is provided on a straight-line basis over the estimated useful lives of the capital assets.

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

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

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 1: SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES**

*Deferred Outflow – Pension Contributions:* The deferred outflow of resources related to pensions resulted from School contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans. The deferred outflow – pension contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

*Revenues* – Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded under the accrual basis when the exchange takes place.

Non-exchange transactions are those in which the School receives value without directly giving equal value in return, and includes private grants and contributions and state revenue. Under the accrual basis, this revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted, matching requirements under which the School must provide local resources to be used for a specific purpose and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

*Unearned Revenue* – Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

*Fund Balances* – Fund balance presented in the governmental fund financial statements represent the difference between assets and liabilities. Accounting standards require that the fund balance be classified into the following categories based upon the type of restrictions imposed on the use of funds:

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This classification includes amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the entity's highest level of decision-making authority.
- *Assigned* – This classification includes amounts intended to be used by the entity for specific purposes but do not meet the criteria to be classified as restricted or committed.
- *Unassigned* – This classification is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 1: SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES**

*Use of Estimates* – The preparation of financial statements in conformity and in accordance with the generally accepted financial principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

**NOTE 2: EXPLANATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Total fund balance of the School's general fund differs from net position of governmental activities primarily because of the long-term economic resources measurement focus of the statement of net position versus the current financial resources measurement focus of the general fund balance sheet.

The differences are described below:

<b>Fund balance - June 30, 2016</b>	<b>\$2,662,026</b>
Capital assets in governmental activities are not financial resources and, therefore, are not reported as assets in the general fund.	157,963
Pension contributions made during the fiscal year are removed from fund expenses and are recorded as a deferred outflow and inflows of resources. This amount will be recognized as a reduction/addition of the net pension liability in the subsequent year.	1,463,409
Long-term net pension is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	<u>(3,748,379)</u>
<b>Net position - June 30, 2016</b>	<b><u>\$ 535,019</u></b>

**NOTE 3: EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES**

The net change in fund balance for the general fund differs from the change in net position for governmental activities primarily because of the long-term economic resources measurement focus of the statement of activities versus the current financial resources measurement focus of the general fund statement of revenues, expenditures and changes in fund balance.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 3: EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES**

The differences are described below:

<b>Net change in fund balance - For the year ended June 30, 2016</b>	\$ 824,355
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense (depreciation).	109,792
Pension contributions made during the fiscal year are removed from fund expenses and are recorded as a deferred outflow and inflows of resources. This amount will be recognized as a reduction/addition of the net pension liability in the subsequent year.	<u>(1,115,300)</u>
<b>Change in net position - For the year ended June 30, 2016</b>	<u>\$ (181,153)</u>

**NOTE 4: CASH AND EQUIVALENTS**

**Restricted Cash**

Cash in the amount of \$169,641 as of June 30, 2016, is restricted to comply with provisions of the TABOR amendment for the School.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 5: ACCOUNTS RECEIVABLE**

Accounts receivable primarily consist of funds due from various governmental units. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded. As of June 30, 2016, all amounts are considered collectible within one year.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 6: CAPITAL ASSETS AND DEPRECIATION**

Capital assets and depreciation consisted of the following:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets, being depreciated:				
Facilities improvements	\$ 55,581	\$ 121,604	\$ -	\$ 177,185
Total capital assets, being depreciated	<u>55,581</u>	<u>121,604</u>	<u>-</u>	<u>177,185</u>
Less accumulated depreciation for:				
Facilities improvements	(7,410)	(11,812)	-	(19,222)
Total accumulated depreciation	<u>(7,410)</u>	<u>(11,812)</u>	<u>-</u>	<u>(19,222)</u>
Total capital assets, being depreciated, net	<u>48,171</u>	<u>109,792</u>	<u>-</u>	<u>157,963</u>
Governmental activities capital assets, net	<u>\$ 48,171</u>	<u>\$ 109,792</u>	<u>\$ -</u>	<u>\$ 157,963</u>

Depreciation and amortization expense was \$11,812 for the year ended June 30, 2016.

**NOTE 7: RISK MANAGEMENT**

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, students, and visitors and natural disasters. The School's policy is to minimize these risks through the purchase of commercial insurance. Settled claims have not exceeded the commercial insurance coverage since the School's inception.

**NOTE 8: EMPLOYEE PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

**General Information about the Pension Plan**

*Plan description* – Eligible employees of the School are provided with pensions through the Denver Public Schools Division Trust Fund (DPS Division)-a single employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 percent and then multiplied by years of service credit.
- 15 times the first 10 years of service credit plus 20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the DPS Division.

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

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

**Contributions** – Eligible employees and the School are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<u>12/31/2015</u>	<u>12/31/2016</u>
Employer Contribution Rate <sup>1</sup>	10.15%	10.15%
Amount of Employee Contribution apportioned to the DPS Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f) <sup>1</sup>	-1.02%	-1.02%
PCOP Offset as specified in C.R.S. 24-51-412 <sup>1</sup>	-15.97%	-15.54%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411 <sup>1</sup>	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411 <sup>1</sup>	4.00%	4.50%
Total Employer Contribution Rate to the DPS <sup>1</sup>	1.36%	2.59%

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101 (42)

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the NST and Creekside location were \$72,081 for the year ended June 30, 2016. Employer contributions recognized by the DPS Division from the Southwest location was \$21,678 for the year ended June 30, 2016.

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

At June 30, 2016, the NST and Creekside location reported a liability of \$2,872,286 for its proportionate share of the net pension liability, while the Southwest location reported a liability of \$876,093. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The School's proportion of the net pension liability was based on the School's contributions to the DPS Division for the calendar year 2015 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2015, the NST and Creekside location's proportion was 0.35506% and the Southwest location's proportion was 0.10768%. For the year ended June 30, 2016 the NST and Creekside location recognized pension expense of \$561,520 and the Southwest location recognized pension expense of \$647,871. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>NST and Creekside</u>		<u>Southwest</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 129,334	\$ 374	\$ 39,449	\$ 114
Net difference between projected and actual earning on pension plan investments	648,148	-	197,695	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	394,381	-	-	-
Contribution subsequent to the measurement date	41,698	-	13,192	-
Total	<u>\$ 1,213,561</u>	<u>\$ 374</u>	<u>\$ 250,336</u>	<u>\$ 114</u>

\$41,698 and \$13,192 were reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, and will therefore be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended</b>			
<u>June 30,</u>	<u>NST /Creekside</u>		<u>Southwest</u>
2017	\$ 233,830	\$	47,311
2018	233,830		47,311
2019	233,830		47,311
2020	233,830		47,311
2021	236,170		47,786

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

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.9 - 10.1%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
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 prior to 12/31/06; (ad hoc, substantive automatic)	Financed by the Annual Increase Reserve

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

The DPS Division's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Geometric Real Rat of Return</u>
U.S Equity - Large Cap	26.76%	5.00%
U.S Equity - Small Cap	4.40%	5.19%
Non-U.S. Equity - Developed	22.06%	5.29%
Non-U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50%.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

*Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
NST and Creekside	(6.50%)	(7.5%)	(8.50%)
Proportionate share of the net pension liability	\$ 4,496,154	\$ 2,872,286	\$ 1,525,028

  

	1% Decrease	Current Discount Rate	1% Increase
Southwest	(6.50%)	(7.5%)	(8.50%)
Proportionate share of the net pension liability	\$ 1,371,399	\$ 876,093	\$ 465,158

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](http://www.copera.org/investments/pera-financial-reports).

**Other Post-Employment Benefits - Health Care Trust Fund**

*Plan Description* – The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit Provides health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The School is required to contribute at a rate of 1.02 percent of PERA includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(0) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014, the School

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8: EMPLOYEE PENSION PLAN**

contributions to the HCTF were \$31,260, \$18,975 and \$12,665, respectively, equal to their required contributions for each year.

**Taxable Pension Certificates of Participation (PCOPs)**

The District issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. Full funding of the UAAL reduced the employer contribution rate from the full funding rate of 15.75% to the normal cost rate of 4.98%. This rate is based upon actuarially determined contribution requirements, the approval and recommendation of the Plan's Board and approval of the District's Board of Education. The School contributed 9.84%, 9.84%, and 10.8% of covered payroll for the fiscal years ended June 30, 2016, 2015 and 2014 respectively, to the District to cover its obligation relating to the PCOPs. During the fiscal years ended June 30, 2016, 2015, and 2014 the School made contributions totaling \$236,286, \$183,048 and \$135,951 to the District towards its PCOPs obligation.

**NOTE 9: INTERCOMPANY TRANSFERS**

The charter schools have adopted and approved the payment of management fees paid to the NST of approximately 8% of estimated revenues. For the year ended June 30, 2016, the NST recorded \$413,393 in management income received from the schools. The fees are paid to account for the services provided in the areas of operations, finance and accounting, marketing, staff recruitment, human resources, student recruitment and enrollment. The management fee amounts are eliminated in the consolidated financial statements, as RMPS is one legal entity inclusive of NST.

**NOTE 10: COMMITMENT AND CONTINGENCIES**

**Facilities Use Agreement**

In June 2012, the School entered into facility use agreements with the District for use of a District school building for the 2015-2016 school year. The District will charge the School \$742 per pupil to cover these costs. The cost per student will be recalculated by the District each year. The School paid \$372,172 under the terms of these agreements for the year ended June 30, 2016.

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, The School may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 10: COMMITMENT AND CONTINGENCIES**

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2016, the reserve of \$169,641 was recorded as a reservation of fund balance in the General Fund.

**NOTE 11: RESTATEMENT OF NET ASSETS**

The School discovered an error in period cut-off related to certain expenses and has restated the beginning net assets to correct this period recognition.

**NOTE 12: SUBSEQUENT EVENTS**

The School has evaluated subsequent events through August 15, 2016, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY AND  
OTHER SUPPLEMENTARY INFORMATION**

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**LIST OF BOARD OF DIRECTORS AND THE ADMINISTRATORS**  
**For the Year Ended June 30, 2016**

The Board of Directors and the Administrators as of the year ended June 30, 2016 were as follows:

<u>Member</u>	<u>Office</u>
Lee White	Board Chair
Scott Laband	Vice-Chair
Rich Billings	Treasurer
Paul Zukerman	Parent Representative
Justin Fong	Member
Tagg Hansen	Member
Pamela Harris	Member
Jill Hamilton	Member
Pat Donovan	Member
Evy Valencia	Member

**ADMINISTRATORS**

James Cryan	Founder and CEO
Amy Zhu	Chief of Staff
Kevin Flynn	Senior Director of Operations
Jennifer Heller	School Leader, Rocky Mountain Preparatory Creekside
Jennifer Reese	School Leader, Rocky Mountain Preparatory Southwest

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**GENERAL FUND BALANCE SHEET BY LOCATION**  
**For the Year Ended June 30, 2016**

	<b>Rocky Mountain Preparatory NST</b>	<b>Rocky Mountain Preparatory Creekside</b>	<b>Rocky Mountain Preparatory Southwest</b>	<b>Total</b>
<b>ASSETS:</b>				
<b>Current Assets</b>				
Cash	\$ 879,578	\$ 895,458	\$ -	\$ 1,775,036
Cash held for TABOR	-	115,679	53,962	169,641
Accounts receivable	262,848	147,295	254,928	665,071
Inventory	-	29,126	13,036	42,162
Prepaid expenses	-	23,348	10,410	33,758
Total current assets	<u>1,142,426</u>	<u>1,210,906</u>	<u>332,336</u>	<u>2,685,668</u>
Total assets	<u>\$ 1,142,426</u>	<u>\$ 1,210,906</u>	<u>\$ 332,336</u>	<u>\$ 2,685,668</u>
<b>Current Liabilities</b>				
Accounts payable	\$ 4,362	\$ 2,703	\$ 992	\$ 8,057
Deferred revenues	15,585	-	-	15,585
Total current liabilities	<u>19,947</u>	<u>2,703</u>	<u>992</u>	<u>23,642</u>
Total liabilities	<u>19,947</u>	<u>2,703</u>	<u>992</u>	<u>23,642</u>
<b>FUND BALANCE:</b>				
Emergency reserve		115,679	53,962	169,641
Unassigned	1,122,479	1,092,524	277,382	2,492,385
Total fund balance	<u>1,122,479</u>	<u>1,208,203</u>	<u>331,344</u>	<u>2,662,026</u>
Total liabilities and fund balance	<u>\$ 1,142,426</u>	<u>\$ 1,210,906</u>	<u>\$ 332,336</u>	<u>\$ 2,685,668</u>

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**GENERAL FUND REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE BY LOCATION**  
**For the Year Ended June 30, 2016**

	<b>Rocky Mountain Preparatory NST</b>	<b>Rocky Mountain Preparatory Creekside</b>	<b>Rocky Mountain Preparatory Southwest</b>	<b>Eliminations</b>	<b>Total</b>
<b>REVENUES:</b>					
General revenues:					
Per Pupil Revenue and Preschool Funding	\$ -	\$ 3,070,799	\$ 783,034	\$ -	\$ 3,853,833
Mill Levy Override	-	444,340	176,239	-	620,579
Program revenues:					
Federal revenue	-	426,974	346,988	-	773,962
Other state	-	92,723	1,581	-	94,304
Private grants and contributions	1,597,924	128,525	152,593	-	1,879,042
Investment income	1,191	843	-	-	2,034
All other local revenues	413,413	114,733	24,431	(413,393)	139,184
Total revenues	<u>2,012,528</u>	<u>4,278,937</u>	<u>1,484,866</u>	<u>(413,393)</u>	<u>7,362,938</u>
<b>EXPENSES:</b>					
Program expenses - Educational programs	-	3,046,171	1,448,875	-	4,495,046
Supporting services	1,186,285	799,193	349,848	(413,393)	1,921,933
Capital outlay	-	121,604	-	-	121,604
Total expenses	<u>1,186,285</u>	<u>3,966,968</u>	<u>1,798,723</u>	<u>(413,393)</u>	<u>6,538,583</u>
Change in fund balance/net position	<u>826,243</u>	<u>311,969</u>	<u>(313,857)</u>	<u>-</u>	<u>824,355</u>
Intracompany transfers	<u>(687,187)</u>	<u>-</u>	<u>687,187</u>	<u>-</u>	<u>-</u>
Fund balance/net position - unadjusted	983,423	898,449	(1,271)	-	1,880,601
Adjustment for restatement (see Note 11)	-	(2,215)	(40,715)	-	(42,930)
Fund balance/net position - restated	<u>983,423</u>	<u>896,234</u>	<u>(41,986)</u>	<u>-</u>	<u>1,837,671</u>
Fund balance/net position	<u>\$ 1,122,479</u>	<u>\$ 1,208,203</u>	<u>\$ 331,344</u>	<u>\$ -</u>	<u>\$ 2,662,026</u>

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
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**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**For the Year Ended June 30, 2016**

**NST and Creekside:**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
School's proportion of the net pension liability (assets)	0.179%	0.274%	0.353%
School's proportionate share of the net pension liability (assets)	\$ 929,887	\$ 1,712,357	\$ 2,872,286
School's covered-employee payroll	\$ 975,068	\$ 1,495,376	\$ 2,209,248
School's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	95.4%	114.5%	130.0%
Plan fiduciary net position as a percentage of the total pension liability	86.3%	83.9%	79.3%

**Southwest:**

	<u>2015</u>
School's proportion of the net pension liability (assets)	0.353%
School's proportionate share of the net pension liability (assets)	\$ 876,093
School's covered-employee payroll	\$ 336,928
School's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	260.0%
Plan fiduciary net position as a percentage of the total pension liability	79.3%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**SCHEDULE OF SCHOOL CONTRIBUTIONS**  
**For the Year Ended June 30, 2016**

**NST and Creekside:**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Contractually required contributions	\$ 60,955	\$ 59,977	\$ 72,081
Contributions in relation to the contractually required contribution	60,955	59,977	72,081
Contribution deficiency (excess)	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 1,241,686	\$ 1,860,246	\$ 2,421,257
Contributions as a percentage of covered-employee payroll	4.91%	3.22%	2.98%

**Southwest:**

	<b>2016</b>
Contractually required contributions	\$ 21,678
Contributions in relation to the contractually required contribution	21,678
Contribution deficiency (excess)	\$ -
School's covered-employee payroll	\$ 643,463
Contributions as a percentage of covered-employee payroll	3.37%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GENERAL FUND – BUDGET TO ACTUAL – NST**  
**For the Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Between Final Budget and Actual</b>
<b>REVENUES:</b>				
Grants and contributions	\$ 1,576,591	\$ 1,576,591	\$ 910,737	\$ (665,854)
All other local revenues	413,393	413,393	414,604	1,211
Total revenues	1,989,984	1,989,984	1,325,341	(664,643)
<b>EXPENSES:</b>				
Payroll	1,031,953	1,031,953	911,619	(120,334)
Books, supplies & equipment	40,446	40,446	55,775	15,329
Services & other operating expenses	191,340	191,340	218,891	27,551
Total expenses	1,263,739	1,263,739	1,186,285	(77,454)
Change in fund balance	\$ 726,245	\$ 726,245	139,056	\$ (587,189)
Fund balance - July 1, 2015			983,423	
Fund balance - June 30, 2016			\$ 1,122,479	

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GENERAL FUND – BUDGET TO ACTUAL - CREEKSIDE**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<b>Actual (Budgetary Basis)</b>	<b>Variance Between Final Budget and Actual</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Per Pupil Revenue and Preschool Funding	\$ 2,992,096	\$ 2,992,096	\$ 3,070,799	\$ 78,703
Mill Levy Override	379,230	379,230	444,340	65,110
Grants and contributions	567,332	567,332	648,222	80,890
All other local revenues	74,073	74,073	115,576	41,503
Total revenues	<u>4,012,731</u>	<u>4,012,731</u>	<u>4,278,937</u>	<u>266,206</u>
<b>EXPENSES:</b>				
Payroll	2,072,971	2,072,971	1,995,067	(77,904)
Books, supplies & equipment	790,240	790,240	651,443	(138,797)
Services & other operating expenses	1,175,877	1,175,877	1,198,854	22,977
Capital outlay	-	-	121,604	121,604
Total expenses	<u>4,039,088</u>	<u>4,039,088</u>	<u>3,966,968</u>	<u>(72,120)</u>
Change in fund balance	<u>\$ (26,357)</u>	<u>\$ (26,357)</u>	<u>311,969</u>	<u>\$ 338,326</u>
Fund balance - July 1, 2015			<u>896,234</u>	
Fund balance - June 30, 2016			<u>\$ 1,208,203</u>	

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GENERAL FUND – BUDGET TO ACTUAL - SOUTHWEST**  
**For the Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Between Final Budget and Actual</b>
<b>REVENUES:</b>				
Per Pupil Revenue and Preschool Funding	\$ 780,608	\$ 780,608	\$ 783,034	\$ 2,426
Mill Levy Override	159,295	159,295	176,239	16,944
Grants and contributions	323,680	323,680	1,188,349	864,669
All other local revenues	46,390	46,390	24,431	(21,959)
Total revenues	1,309,973	1,309,973	2,172,053	862,080
<b>EXPENSES:</b>				
Payroll	947,066	947,066	988,718	41,652
Books, supplies & equipment	368,328	368,328	425,543	57,215
Services & other operating expenses	390,426	390,426	384,462	(5,964)
Total expenses	1,705,820	1,705,820	1,798,723	92,903
Change in fund balance	\$ (395,847)	\$ (395,847)	373,330	\$ 769,177
Fund balance - July 1, 2015			(41,986)	
Fund balance - June 30, 2016			\$ 331,344	

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Rocky Mountain Preparatory Creekside</u>	<u>Rocky Mountain Preparatory Southwest</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education					
Pass-Through Program From Colorado Department of Education:					
No Child Left Behind:					
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	N/A	\$ 148,539	\$ 49,596	\$ 198,135
Title II, Part A - Improving Teacher Quality	84.367	N/A	17,907	4,653	22,560
Title III, Limited English Proficiency	84.365	N/A	10,582	2,220	12,802
Title V, PCSGP	84.242	N/A	-	196,500	196,500
Total: U.S. Department of Education			177,028	252,969	429,997
U.S. Department of Agriculture					
Pass-Through Program From Colorado Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program Especially Needy Breakfast	10.553	N/A	69,234	27,998	97,232
National School Lunch Program	10.555	N/A	140,263	53,364	193,627
Special Supplemental Nutrition Program	10.557	N/A	39,306	12,657	51,963
Total: U.S. Department of Agriculture			248,803	94,019	342,822
<b>Total Federal Program Expenditures</b>			<b><u>\$ 425,831</u></b>	<b><u>\$ 346,988</u></b>	<b><u>\$ 772,819</u></b>

N/A - Not available.

*See auditor's report and the notes to the required supplementary and other supplementary information.*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**NOTES TO THE REQUIRED SUPPLEMENTARY AND  
OTHER SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2016**

**NOTE 1: NOTES TO REQUIRED AND OTHER SUPPLEMENTARY INFORMATION**

**A. Schedule of School's Proportionate Share of the Net Pension Liability**

The schedule presents information on the School's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the School. Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. In the future, as data becomes available, 10 years of information will be presented.

**B. Schedule of School Contributions**

The schedule presents information on the School's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

**C. Statement of Revenue, Expenditures, and Changes in Fund Balance – General Fund – Budget to Actual**

The information on this schedule is presented in accordance with the requirements of the State of Colorado.

**D. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Rocky Mountain Preparatory Schools  
Denver, CO

We have audited, in accordance with the 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 Rocky Mountain Preparatory Schools (the School), a component unit of School District Number 1 in the City and County of Denver and State of Colorado (Denver Public Schools), operated by Rocky Mountain Preparatory Schools (RMPS), as of and for the year ended as of June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated August 15, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 the 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of the School's compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 non-compliance 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP

Glendora, CA

August 15, 2016



Vicenti, Lloyd & Stutzman, CPAs

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

Board of Directors  
Rocky Mountain Preparatory Schools  
Denver, CO

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Rocky Mountain Preparatory Schools (the School), a component unit of School District Number 1 in the City and County of Denver and State of Colorado (Denver Public Schools), operated by Rocky Mountain Preparatory Schools (RMPS), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

**Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP  
Glendora, CA  
August 15, 2016

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	<i>Yes</i>	<u>  X  </u>	<i>No</i>
Significant deficiency(ies) identified?	_____	<i>Yes</i>	<u>  X  </u>	<i>None Reported</i>
Noncompliance material to financial statements noted?	_____	<i>Yes</i>	<u>  X  </u>	<i>No</i>

**Federal Awards**

Internal control over major federal awards:

Material weakness(es) identified?	_____	<i>Yes</i>	<u>  X  </u>	<i>No</i>
Significant deficiency(ies) identified?	_____	<i>Yes</i>	<u>  X  </u>	<i>None Reported</i>

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ *Yes*      X   *No*

**Identification of Major Federal Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.557	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ *Yes*      X   *No*

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the current year.

**ROCKY MOUNTAIN PREPARATORY SCHOOLS**  
**(A Component Unit of Denver Public Schools)**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.