RISEUP COMMUNITY SCHOOL
Denver, Colorado

FINANCIAL STATEMENTS

June 30, 2016

RISEUP COMMUNITY SCHOOL
June 30, 2016

Board of Directors

Michal Lord-Blegen, President

Kyle Henderson, Treasurer

Jean Scandlyn, Secretary

Elena Harman, Member

Lisa Silverstein, Member

Grant Spannuth, Member

School Management

Lucas Ketzer, Principal

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Board of Directors
RiseUp Community School
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of RiseUp Community School, component unit of Denver School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of RiseUp Community School, 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of RiseUp Community 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.

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Other Matters (Required Supplementary Information)
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

September 15, 2016

RiseUp Community School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2016

As management of RiseUp Community School (the School), we offer readers of the School's basic financial statements this narrative and analysis of the financial activities of the School as of and for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

Financial Highlights

The year ended June 30, 2016, was the first year of operations for the School. As of June 30, 2016, the net position was $72,613. The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). State categorical revenue for the year was $881,684. The General Fund ending fund balance increased $129,956 to $131,393.

Overview of Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The School adopts annual budgets for its fund. Budgetary comparisons have been provided for the General Fund in the basic financial statements to demonstrate compliance with the budget.

RiseUp Community School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2016

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes are disclosed on pages 5 through 14.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial condition. As of June 30, 2016, the School's assets and deferred outflows exceeded liabilities and deferred inflows by $72,613. $39,000 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the School. The unrestricted net position balance was $28,963 and the net investment in capital assets was $4,650.

Net position as of June 30, 2016 is as follows:

	June 30, 2016
Assets	
Cash and Investments	$ 108,498
Accounts Receivable	9,963
Grants Receivable	18,430
Inventory	5,704
Prepaid Expenses	2,741
Capital Assets (Net)	4,650
Total Assets	149,986
Deferred Outflows – Pensions	911,159
Liabilities	
Accounts Payable	13,306
Unearned Revenue	637
Noncurrent Liability – Net Pension Liability	876,480
Total Liabilities	890,423
Deferred Inflows – Pensions	98,109
Net Position	
Net Investment in Capital Assets	4,650
Restricted for Emergencies	39,000
Unrestricted	28,963
Total Net Position	$ 72,613

Change in net position for the year ended June 30, 2016 is as follows:

	June 30,2016
Revenues	
Program Revenues	
Operating Grants and Contributions	$ 73,890
Charges for Services	303
Total Program Revenues	74,193
General Revenues	
State Categorical Revenue	881,684
Mill Levy Override	304,729
Additional At-Risk Funding	1,396
Capital Construction	29,468
Unrestricted Grants and Contributions	244,352
Other	1,511
Total General Revenues	1,463,140
Total Revenues	1,537,333
Expenditures/Expenses	
Current	
Instruction	705,818
Administrative Support	766,229
Total Expenses	1,472,047
Increase in Net Position	65,286
Net Position, Beginning of Year	7,327
Net Position, End of Year	$ 72,613

Financial Analysis of the School's Funds

The School has one governmental fund, the General Fund. The General Fund is considered a major fund and is used to account for the School's general operations. The General Fund began the year with a positive fund balance of $1,437. As a result of operating within its budget, the General Fund ending fund balance increased to $131,393 at year-end. Sixty four percent of the General Fund ending fund balance is unassigned.

RiseUp Community School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2016

General Fund Budgetary Highlights

The School budgeted General Fund expenditures of $1,749,121 for the year ended June 30, 2016. Actual expenditures were $1,407,377. The positive variance of $341,744 was planned and partly due to the lower than projected student enrollment.

A budget amendment was not needed for the year as the school had more than enough appropriation.

Capital Assets and Debt Administration

The School leases its school facility and land under an operating lease with Mile High Youth Corps that expires June 30, 2018. The School had capital assets of $6,200 and accumulated depreciation of $1,550 at June 30, 2016.

The School had no outstanding debt at June 30, 2016.

Economic Factors, Next Year's Budget, Student Counts

The primary factor driving the budget for the School is student enrollment. Funded Pupil Count (FPC) was 114 for FY16. The FPC used to create the FY17 budget was 120. Currently the School is projecting 130 enrolled students.

The State of Colorado continues to chip away at the large negative factor (shortfall in the School Finance Act). The Per Pupil Revenue (PPR) for FY17 will grow an approximately 1.8%. Additional support in the form of capital construction funding, grants and private contributions will continue and allow the School to drive more resources into the classroom.

Requests for Information

The financial report is designed to provide a general overview of the School's finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to RiseUp Community School, 1801 Federal Blvd., Denver, Colorado 80204.

BASIC FINANCIAL STATEMENTS

RISEUP COMMUNITY SCHOOL

STATEMENT OF NET POSITION
June 30, 2016

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash	$	108,498
Accounts Receivable		9,963
Grants Receivable		18,430
Prepaid Expenses		2,741
Deposits		5,704
Capital Assets, Net of Accumulated Depreciation		4,650
TOTAL ASSETS		149,986
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization		911,159
LIABILITIES		
Accounts Payable		13,306
Unearned Revenues		637
Noncurrent Liabilities		
Net Pension Liability		876,480
TOTAL LIABILITIES		890,423
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization		98,109
NET POSITION		
Net Investment in Capital Assets		4,650
Restricted for Emergencies		39,000
Unrestricted		28,963
TOTAL NET POSITION	$	72,613

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

RISEUP COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	$ 705,818	$ -	$ 46,935	$ (658,883)
Supporting Services	766,229	303	26,955	(738,971)
Total Governmental Activities	$ 1,472,047	$ 303	$ 73,890	(1,397,854)
		GENERAL REVENUES		
		Per Pupil Revenue		881,684
		Additional At-Risk Funfing		1,396
		District Mill Levy		304,729
		Capital Construction		29,468
		Grants and Contributions not Restricted to Specific Programs		244,352
		Miscellaneous		1,511
		TOTAL GENERAL REVENUES		1,463,140
		CHANGE IN NET POSITION		65,286
		NET POSITION, Beginning		7,327
		NET POSITION, Ending		$ 72,613

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

RISEUP COMMUNITY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2016

		GENERAL
ASSETS		
Cash	$	108,498
Accounts Receivable		9,963
Grants Receivable		18,430
Prepaid Expenditures		2,741
Deposits		5,704
TOTAL ASSETS	$	145,336
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	13,306
Unearned Revenues		637
TOTAL LIABILITIES		13,943
FUND BALANCE		
Nonspendable Prepaid Expenditures		2,741
Nonspendable Deposits		5,704
Restricted for Emergencies		39,000
Unrestricted, Unassigned		83,948
TOTAL FUND BALANCE		131,393
TOTAL LIABILITIES AND FUND BALANCE	$	145,336

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	$	131,393
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		4,650
Long-term liabilities and related items, including net pension liability ($876,480), pension-related deferred outflows of resources $911,159, and pension-related deferred inflows of resources ($98,109), are not due and payable in the current year and, therefore, are not reported in governmental funds.		(63,430)
Total Net Position of Governmental Activities	$	72,613

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

RISEUP COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2016

		GENERAL
REVENUES		
Local Sources	$	1,245,792
State Sources		30,937
Federal Sources		260,604
TOTAL REVENUES		1,537,333
EXPENDITURES		
Instruction		672,200
Supporting Services		735,177
TOTAL EXPENDITURES		1,407,377
NET CHANGE IN FUND BALANCE		129,956
FUND BALANCE, Beginning		1,437
FUND BALANCE, Ending	$	131,393

Amounts Reported for Governmental Activites in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Fund	$	129,956
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This amount represents depreciation expense in the current year.		(1,240)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in the net pension liability ($876,480), pension-related deferred outflows of resources $911,159, and pension-related deferred inflows of resources ($98,109) in the current year.		(63,430)
Change in Net Position of Governmental Activities	$	65,286

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RiseUp Community School (the "School") was organized during 2014, pursuant to the Colorado Charter Schools Act, to form and operate a charter school within Denver School District (the "District"). The School began classes in the Fall of 2015.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the School.

Based on the application of this criteria, the School does not include additional organizations within its reporting entity.

The School is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. 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.

Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. 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. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the School reports the following major governmental fund:

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

Assets, Liabilities and Net Position/Fund Balance

Cash 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.

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

Capital Assets - Capital assets, which includes office equipment, are reported in the government-wide financial statements. Capital assets are defined by the School 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 acquisition value on the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the statement of net position in the government-wide financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Office Equipment	5 years

Unearned Revenues - Unearned revenues include grants received before eligibility requirements established by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences - Employees of the School are allowed to accumulate unused vacation time to a maximum of 40 days and unused sick leave to a maximum of 10 days. Employees are compensated for any unused vacation time upon leaving the School. These compensated absences are recognized as expenditures in governmental funds when due. A long-term liability is reported in the government-wide financial statements when the compensated absences are earned. At June 30, 2016, unused vacation time was not significant and, therefore, no liability is reported in the financial statements.

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

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 Directors 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.

The School 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 for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss.

NOTE 2: CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local governments to 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. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The School 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

The School had no investments at June 30, 2016.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, is summarized below.

	Balance 6/30/15	Additions	Deletions	Balance 6/30/16
Governmental Activities				
Capital Assets, Being Depreciated				
Office Equipment	$ 6,200	$ -	$ -	$ 6,200
Accumulated Depreciation	(310)	(1,240)	-	(1,550)
Governmental Activities Capital Assets, Net	**$ 5,890**	**$ (1,240)**	**$ -**	**$ 4,650**

Depreciation expense was charged to the supporting services program of the School.

NOTE 4: DEFINED BENEFIT PENSION PLAN

General Information

Plan Description - The School contributes to the Denver Public Schools Division Trust Fund (DPSD), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the School participate in the DPSD. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the DPSD. That report may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

General Information (Continued)

Benefits Provided - The DPSD provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary multiplied by 2.5% and then multiplied by years of service credit, or b) $15 times the first ten years of service credit plus $20 times the service credit over ten years, plus a monthly amount equal to the annuitized participant contribution account balance based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees 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 consumer price index for the prior calendar year.

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions - The School and eligible employees are required to contribute to the DPSD at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The School's contribution rate for calendar years 2015 and 2016 was 18.35% and 19.15% of covered salaries, respectively. However, the State Legislature allowed the School to offset its contribution rates by an amount equal to the obligations of the District with respect to its outstanding PCOPs (See Note 5). As a result, the School's contribution rates for calendar years 2015 and 2016 were 2.38% and 3.61% of covered salaries, respectively. In addition, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). The School's contributions to the DPSD for the year ended June 30, 2016, were $19,463, equal to the required contributions. Employer contributions are recognized by the DPSD when the related compensation is payable to the employees.

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2016, the School reported a net pension liability of $876,480, representing its proportionate share of the net pension liability of the DPSD. The net pension liability was measured at December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Certain changes in assumptions and other inputs since the prior measurement date affected the total pension liability and are more fully described in the notes to required supplementary information. 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 DPSD for the calendar year ended December 31, 2015, relative to the contributions of all participating employers. At December 31, 2015, the School's proportion was 0.1077371756%. The School began participating in the DPSD on July 1, 2015, and therefore, had no measurable proportion of the net pension liability at December 31, 2014.

For the year ended June 30, 2016, the School recognized pension expense of $76,222. At June 30, 2016, the School 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
Differences between expected and actual experience	$ 39,466	$ -
Changes of assumptions and other inputs	-	98,109
Net difference between projected and actual earnings on plan investments	161,951	-
Change in proportion	701,534	-
Contributions subsequent to the measurement date	8,208	-
Total	**$ 911,159**	**$ 98,109**

School contributions subsequent to the measurement date of $8,208 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2017	$ 200,810
2018	200,810
2019	200,810
2020	200,810
2021	1,602
Total	**$ 804,842**

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2014, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Price inflation	2.8%
Real wage growth	1.1%
Wage inflation	3.9%
Salary increases, including wage inflation	3.9% - 10.1%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%
Future post-retirement benefit increases	2%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two 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 governing board on November 13, 2012, and an economic assumption study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

The long-term expected rate of return on 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.

The most recent analysis of the long-term expected rate of return was presented to the PERA governing board on November 15, 2013, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class	Target Allocation	10 year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Government/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%**	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%. Based on those assumptions, the DPSD's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In addition, the discount rate did not change from the prior measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	**$ 1,372,004**	**$ 876,480**	**$ 465,363**

Pension Plan Fiduciary Net Position - Detailed information about the DPSD's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 5: PENSION CERTIFICATES OF PARTICIPATION

Beginning in 2008, the District issued Taxable Pension Certificates of Participation (PCOPs) to fund the liabilities of the DPSD (See Note 4). For the year ended June 30, 2016, the School contributed 9.95% of covered salaries, totaling $65,074, to the District to cover its obligation relating to the PCOPs.

NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The School contributes to the Denver Public Schools Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to DPSD benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy - The School is required to contribute at a rate of 1.02% of covered salaries for all DPSD participants. No employee contributions are required. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's apportionment to the HCTF for the year ended June 30, 2016, was $6,671, equal to the required amounts.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Operating Lease

On June 10, 2015, the School entered into an agreement to lease an educational facility. Monthly lease payments ranging from $5,704 to $6,042 are due beginning July 1, 2015, through June 30, 2018. Following is a schedule of future minimum lease payments.

Year Ended June 30,	
2017	$ 70,417
2018	72,500
Total	**$ 142,917**

Total lease expense for the year ended June 30, 2016, was $68,448.

Claims and Judgements

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2016, significant amounts of related 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.

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

In November 1992, Colorado voters passed 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 the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2016, the reserve was reported as restricted fund balance in the General Fund, in the amount of $39,000.

REQUIRED SUPPLEMENTARY INFORMATION

RISEUP COMMUNITY SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND
June 30, 2016

		12/31/15
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY		
School's Proportion of the Net Pension Liability		0.1077371756%
School's Proportionate Share of the Net Pension Liability	$	876,480
School's Covered-Employee Payroll	$	337,076
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll		260%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		79%

		6/30/16
SCHOOL CONTRIBUTIONS		
Statutorily Required Contribution	$	12,792
Contributions in Relation to the Statutorily Required Contribution		(12,792)
Contribution Deficiency (Excess)	$	-
School's Covered-Employee Payroll	$	654,013
Contributions as a Percentage of Covered-Employee Payroll		1.96%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

RISEUP COMMUNITY SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Per Pupil Revenue	$ 1,007,971	$ 881,684	$ (126,287)
District Mill Levy	332,181	304,729	(27,452)
Food Service Fees	78,107	-	(78,107)
Transportation Reimbursement	-	9,713	9,713
Grants	45,000	47,102	2,102
Investment Earnings	228	-	(228)
Miscellaneous	-	2,564	2,564
State Sources			
Additional At-Risk Funding	-	1,396	1,396
Capital Construction	32,500	29,468	(3,032)
Grants	8,250	73	(8,177)
Federal Sources			
Grants	50,949	64,104	13,155
Charter School Grant	193,935	196,500	2,565
TOTAL REVENUES	1,749,121	1,537,333	(211,788)
EXPENDITURES			
Instruction			
Salaries	369,748	349,061	20,687
Employee Benefits	114,134	111,532	2,602
Purchased Services	42,670	96,384	(53,714)
Supplies and Materials	40,511	41,988	(1,477)
Property	8,800	69,819	(61,019)
Miscellaneous	500	3,416	(2,916)
Total Instruction	576,363	672,200	(95,837)
Supporting Services			
Salaries	341,500	306,075	35,425
Employee Benefits	103,953	40,242	63,711
Purchased Services	495,868	377,238	118,630
Supplies and Materials	45,975	6,844	39,131
Property	66,200	2,549	63,651
Miscellaneous	2,500	2,229	271
Total Supporting Services	1,055,996	735,177	320,819
Contingency	116,762	-	116,762
TOTAL EXPENDITURES	1,749,121	1,407,377	341,744
NET CHANGE IN FUND BALANCE	-	129,956	129,956
FUND BALANCE, Beginning	2,000	1,437	(563)
FUND BALANCE, Ending	$ 2,000	$ 131,393	$ 129,393

See the accompanying Independent Auditors' Report.

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

The Public Employees' Retirement Association of Colorado Denver Public Schools Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2016, the total pension liability was determined by an actuarial valuation as of December 31, 2014. The following programming and methodology changes were made since the prior actuarial valuation as of December 31, 2013.

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

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 Directors.

All appropriations lapse at fiscal year end.