RiseUp Community School

(A Component Unit of Denver Public Schools)

Denver, Colorado

Financial Statements

June 30, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

RiseUp Community School

(A Component Unit of Denver Public Schools)

Table of Contents

June 30, 2018

Independent Auditors' Report 1

Management's Discussion and Analysis i

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position 3

Statement of Activities 4

Governmental Fund

Balance Sheet 5

Statement of Revenues, Expenditures and Changes in Fund Balance 6

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities 7

Notes to Financial Statements 8

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions 25

Schedule of Proportionate Share of the Net OPEB Liability and Contributions 26

Budgetary Comparison Schedule – General Fund 27

Notes to Required Supplementary Information 28

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
RiseUp Community School
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of RiseUp Community School, component unit of Denver Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise 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.

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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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 8 to the financial statements, in the year ended June 30, 2018, RiseUp Community School adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Hinkle & Company, PC

Greenwood Village, Colorado
September 22, 2018

RiseUp Community School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2018

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, 2018. 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, 2018, was the third year of operations for the School. As of June 30, 2018, the net position was a negative ($569,253). The deficit Net Position is being driven by GASB 68 and the recognition of RiseUp's proportionate interest in the State Teacher's Pension Plan or PERA. Overall PERA for the most recent reporting period had a substantial unfunded pension obligation. 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 $943,088. The General Fund ending fund balance decreased from $245,016 to $67,867.

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 an annual budget for its General Fund. Budgetary comparisons have been provided for the General Fund in the required supplementary information to demonstrate compliance with the budget.

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 8 through 24.

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, 2018, the School's liabilities and deferred inflows exceeded assets and deferred outflows by $569,253, which is a negative net position. $48,000 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 a negative ($701,423) and the net investment in capital assets was $84,170.

Net position as of June 30, 2018 and 2017 respectively are as follows:

	June 30, 2018	June 30, 2017
Assets		
Cash and Investments	$ 13,726	$ 154,482
Grants and Accounts Receivable	19,315	99,404
Deposits	10,000	5,704
Prepaid Expenses	68,368	6,616
Capital Assets (Net)	84,170	22,127
Total Assets	195,579	288,333
Deferred Outflows – Pension and OPEB	772,843	874,530
Liabilities		
Accounts Payable and Unearned Revenue	43,542	21,190
Noncurrent – Net Pension and OPEB Liability	1,193,823	1,221,253
Total Liabilities	1,237,365	1,242,443
Deferred Inflows – Pension and OPEB	300,310	85,827
Net Position		
Net Investment in Capital Assets	84,170	22,127
Restricted for Emergencies	48,000	46,000
Unrestricted	(701,423)	(233,534)
Total Net Position	$ (569,253)	$ (165,407)

Change in net position for the years ended June 30, 2018 and 2017 respectively are as follows:

	June 30,2018	June 30,2017
Revenues		
Program Revenues		
Operating Grants and Contributions	$ 217,241	$ 108,520
Total Program Revenues	217,241	108,520
General Revenues		
State Categorical Revenue	943,088	944,125
Mill Levy Override	417,246	435,460
Additional At-Risk Funding	1,154	1,399
Capital Construction	31,389	33,597
Unrestricted Grants and Contributions	1,175	174,843
Other	727	818
Total General Revenues	1,394,779	1,590,242
Total Revenues	1,612,020	1,698,762
Expenses		
Instruction	774,689	910,769
Administrative Support	1,241,177	1,026,013
Total Expenses	2,015,866	1,936,782
Increase (decrease) in Net Position	(403,846)	(238,020)
Net Position, Beginning of Year	(165,407)	72,613
Net Position, End of Year	$ (569,253)	$ (165,407)

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 $245,016. The fund balance declined during the year due to unanticipated expenses associated with relocating the School and renovation costs at the new site. The School ended the year with $67,867 in fund balance.

General Fund Budgetary Highlights

The School budgeted General Fund expenditures of $1,900,000 for the year ended June 30, 2018. Actual expenditures were $1,801,647. Fund balance declined $177,149 or 72.3%.

A budget amendment was needed for the year as the School incurred added expense associated with relocating and needed renovation.

Capital Assets and Debt Administration

The School leases its school facility and land under an operating lease with the Denver Firefighters Protective Association Building Corporation that expires July 1, 2027. The School had capital assets of $91,996 and accumulated depreciation of $7,826 at June 30, 2018. The capital additions were primarily lease hold improvements.

The School had no outstanding debt at June 30, 2018.

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, 121 and 119 for FY16, FY17 and FY18 respectively. The FPC used to create the FY19 budget was 120. Currently the School is projecting 113 enrolled students.

The State of Colorado continues to chip away at the large stabilization factor (shortfall in the School Finance Act, currently $672MM). The Per Pupil Revenue (PPR) for FY19 increased 6.3% over the prior year. Capital construction funding increased to $291 per FPC. With Colorado's economy currently ranked as one of the best in the nation, we anticipate continued gains in PPR for FY20.

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, 2342 Broadway, Denver, Colorado 80205.

Basic Financial Statements

RiseUp Community School

(A Component Unit of Denver Public Schools)

Statement of Net Position

June 30, 2018

		Governmental Activities
Assets		
Cash	$	13,726
Accounts Receivable		3,593
Grants Receivable		15,722
Prepaid Expenses		68,368
Deposits		10,000
Capital Assets*, Net of Accumulated Depreciation*		84,170
Total Assets		195,579
Deferred Outflows of Resources		
Pensions*, Net of Accumulated Amortization*		758,971
OPEB, *Net of Accumulated Amortization*		13,872
Total Deferred Outflows of Resources		772,843
Liabilities		
Accounts Payable		43,542
Noncurrent Liabilities		
Net Pension Liability		1,129,776
Net OPEB Liability		64,047
Total Liabilities		1,237,365
Deferred Inflows of Resources		
Pensions*, Net of Accumulated Amortization*		298,310
OPEB, *Net of Accumulated Amortization*		2,000
Total Deferred Inflows of Resources		300,310
Net Position		
Net Investment in Capital Assets		84,170
Restricted for Emergencies		48,000
Unrestricted		(701,423)
Total Net Position	$	(569,253)

See Notes to Financial Statements.

RiseUp Community School

(A Component Unit of Denver Public Schools)

Statement of Activities

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position Governmental Activities
Governmental Activities			
Instruction	$ 774,689	$ 60,088	$ (714,601)
Supporting Services	1,241,177	157,153	(1,084,024)
Total Governmental Activities	$ 2,015,866	$ 217,241	(1,798,625)
	General Revenues		
	Per Pupil Revenue		943,088
	Additional At-Risk Funding		1,154
	District Mill Levy		417,246
	Capital Construction		31,389
	Grants and Contributions not Restricted to Specific Programs		1,175
	Loss on Disposal of Assets		(12,478)
	Other		13,205
	Total General Revenues		1,394,779
	Change in Net Position		(403,846)
	Net Position, *Beginning of year*		(165,407)
	Net Position, *End of year*		$ (569,253)

See Notes to Financial Statements.

RiseUp Community School

(A Component Unit of Denver Public Schools)

Balance Sheet
Governmental Fund
June 30, 2018

		General
Assets		
Cash	$	13,726
Accounts Receivable		3,593
Grants Receivable		15,722
Prepaid Expenditures		68,368
Deposits		10,000
Total Assets	$	111,409
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$	43,542
Total Liabilities		43,542
Fund Balance		
Nonspendable		
Prepaid Expenditures		68,368
Deposits		10,000
Restricted for Emergencies		48,000
Unrestricted, Unassigned		(58,501)
Total Fund Balance		67,867
Total Liabilities and Fund Balance	$	111,409

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

Total Fund Balance of the Governmental Fund	$	67,867
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		84,170
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Net pension liability		(1,129,776)
Pension-related deferred outflows of resources		758,971
Pension-related deferred inflows of resources		(298,310)
Net OPEB liability		(64,047)
OPEB-related deferred outflows of resources		13,872
OPEB-related deferred inflows of resources		(2,000)
Total Net Position of Governmental Activities	$	(569,253)

See Notes to Financial Statements.

RiseUp Community School

(A Component Unit of Denver Public Schools)

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018

	General
Revenues	
Local Sources	$ 1,377,115
State Sources	166,543
Federal Sources	80,840
Total Revenues	1,624,498
Expenditures	
Instruction	644,750
Supporting Services	1,156,897
Total Expenditures	1,801,647
Net Change in Fund Balance	(177,149)
Fund Balance, *Beginning of year*	245,016
Fund Balance, *End of year*	$ 67,867

RiseUp Community School

(A Component Unit of Denver Public Schools)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

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

Net Change in Fund Balance of the Governmental Fund	$	(177,149)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(11,275)
Disposal of assets		(12,478)
Capital outlay		85,796
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 includes changes in the following.		
Net pension liability		33,589
Pension-related deferred outflows of resources		(111,639)
Pension-related deferred inflows of resources		(212,483)
Net OPEB liability		(6,159)
OPEB-related deferred outflows of resources		9,952
OPEB-related deferred inflows of resources		(2,000)
Change in Net Position of Governmental Activities	$	(403,846)

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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 Public Schools (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.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current 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

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.

Deposits - The School has provided a security deposit related to an operating lease agreement.

Capital Assets - Capital assets, which include office equipment and leasehold improvements 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.

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Assets, Liabilities and Net Position/Fund Balance</u> *(Continued)*

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

Office Equipment	5 years
Leasehold Improvements	9 years

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 the governmental fund when due. A long-term liability is reported in the government-wide financial statements when the compensated absences are earned. All unused vacation time was paid to employees prior to June 30, 2018, at $100 per day. 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. Employer contributions are recognized when the compensation is payable to the employees.

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Denver Public Schools Health Care Trust Fund (HCTF), a single-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF'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 HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

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.

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

- 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, 2018.

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2018, is summarized below. Depreciation and amortization are combined in the following table.

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
Capital Assets, B*eing Depreciated*				
Office Equipment	$ 6,200	$ -	$ -	$ 6,200
Leasehold Improvements	32,755	85,796	(32,755)	85,796
Total Capital Assets, *Being Depreciated*	38,955	85,796	(32,755)	91,996
Less: Accumulated Depreciation				
Office Equipment	(2,790)	(1,240)	-	(4,030)
Leasehold Improvements	(14,038)	(10,035)	20,277	(3,796)
Total Accumulated Depreciation	(16,828)	(11,275)	20,277	(7,826)
Governmental Activities Capital Assets, *Net*	$ 22,127	$ 74,521	$ (12,478)	$ 84,170

Depreciation and amortization expense were 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.

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 over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount 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 may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. 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 who began employment before January 1, 2007, 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. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

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.

Note 4: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

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 2018 and 2017 was 20.15% and 19.65% 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 2018 and 2017 were 5.97% and 5.09% 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, 2018, were $51,170, equal to the required contributions.

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

At June 30, 2018, the School reported a net pension liability of $1,129,776, representing its proportionate share of the net pension liability of the DPSD. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

The 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, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.1260193193%, which was an increase of 0.0198217456% from its proportion measured at December 31, 2016.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the DPSD within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution from the State of Colorado. The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was $818,524.

For the year ended June 30, 2018, the School recognized pension expense of $378,046. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 69,177	$ 2,032
Changes of assumptions and other inputs	147,208	57,522
Net difference between projected and actual earnings on plan investments	-	231,642
Changes in proportion	519,987	7,114
Contributions subsequent to the measurement date	22,599	-
Total	$ 758,971	$ 298,310

School contributions subsequent to the measurement date of $22.599 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,	
2019	$ 238,694
2020	238,694
2021	15,650
2022	(54,976)
Total	$ 438,062

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs.

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)*

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	2.0%
Hired after 12/31/2006	ad hoc

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

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 adopted by PERA's governing board on November 18, 2016, 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate 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. The discount rate at the prior measurement date was 7.25%.

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 7.25%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, 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)*

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,777,852	$ 1,129,776	$ 593,366

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, 2018, the School contributed 9.6% of covered salaries, totaling $88,930, to the District to cover its obligation relating to the PCOPs.

Note 6: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Denver Public Schools Health Care Trust Fund (HCTF), a single-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 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 HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the School's contributions to the Denver Public Schools Division Trust Fund (DPSD) (See Note 4) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2018, was $9,449, equal to the required amount.

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

At June 30, 2018, the School reported a net OPEB liability of $64,047, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017.

The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.1256831604%, which was an increase of 0.0194817305% from its proportion measured at December 31, 2016.

For the year ended June 30, 2018, the School recognized OPEB expense of $7,655. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 6: Postemployment Healthcare Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 38
Net difference between projected and actual earnings on plan investments	-	1,962
Changes in proportion	9,216	-
Contributions subsequent to the measurement date	4,656	-
Total	$ 13,872	$ 2,000

School contributions subsequent to the measurement date of $4,656 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2019	$ 907
2020	907
2021	907
2022	907
2023	1,397
Thereafter	2,191
Total	$ 7,216

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Note 6: Postemployment Healthcare Benefits (Continued)

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

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums: 3% for 2017, gradually rising to 4.25% in 2023	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF 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.

Note 6: Postemployment Healthcare Benefits (Continued)

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

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 4.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 72,988	$ 64,047	$ 56,404

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the School's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	$ 63,969	$ 64,047	$ 64,151

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF'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 7: Commitments and Contingencies

Operating Lease

On September 8, 2017, the School entered into a lease agreement and relocated to a different building. The agreement requires monthly payments ranging from $10,000 to $22,017, beginning on October 1, 2017, through July 1, 2027. In addition, the School has the option to renew the lease for an additional five years at fair market rental rates. During the year ended June 30, 2018, the School reported lease expense of $175,863, including under this agreement and the previous lease agreement.

A security deposit of $10,000 was required by the lease agreement, and is reported as a deposit in the financial statements. In addition, the School deposited $100,000 with the landlord at the commencement of the lease agreement. This deposit is being amortized into lease expense over the first two years of the lease term. The remaining balance of the deposit is reported in the financial statements as prepaid expenses, in the amount of $62,500.

Following is a schedule of future minimum lease payments required by the lease agreement.

Year Ended June 30,		
2019	$	120,000
2020		210,000
2021		240,000
2022		240,000
2023		243,615
2024 - 2027		1,044,911
Total	$	2,098,526

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, 2018, 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, 2018, the reserve was reported as restricted fund balance in the General Fund, in the amount of $48,000.

Note 8: Change in Accounting Principle

For the year ended June 30, 2018, the School adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017, were not available and have not been reported in the financial statements.

	Governmental Activities
Net Position, June 30, 2017, *as Originally Stated*	$ (111,439)
Deferred Outflows of Resources	3,920
Net OPEB Liability	(57,888)
Net Position, June 30, 2017, *as Restated*	$ (165,407)

Required Supplementary Information

RiseUp Community School

(A Component Unit of Denver Public Schools)

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, 2018

	12/31/17	12/31/16	12/31/15
Proportionate Share of the Net Pension Liability			
School's Proportion of the Net Pension Liability	0.1260193193%	0.1061975737%	0.1077371756%
School's Proportionate Share of the Net Pension Liability	$ 1,129,776	$ 1,163,365	$ 876,480
School's Covered Payroll	$ 854,180	$ 701,714	$ 337,076
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	132%	166%	260%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80%	74%	79%

	6/30/18	6/30/17	6/30/16
School Contributions			
Statutorily Required Contribution	$ 41,721	$ 25,608	$ 12,792
Contributions in Relation to the Statutorily Required Contribution	(41,721)	(25,608)	(12,792)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered Payroll	$ 926,353	$ 769,114	$ 654,013
Contributions as a Percentage of Covered Payroll	4.50%	3.33%	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.

RiseUp Community School

(A Component Unit of Denver Public Schools)

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Health Care Trust Fund
June 30, 2018

	12/31/17
Proportionate Share of the Net OPEB Liability	
School's Proportion of the Net OPEB Liability	0.1256831604%
School's Proportionate Share of the Net OPEB Liability	$ 64,047
School's Covered-Employee Payroll	$ 865,713
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll	7%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30%

	6/30/18
School Contributions	
Statutorily Required Contribution	$ 9,449
Contributions in Relation to the Statutorily Required Contribution	(9,449)
Contribution Deficiency (Excess)	$ -
School's Covered-Employee Payroll	$ 938,974
Contributions as a Percentage of Covered-Employee Payroll	1.01%

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.

RiseUp Community School

(A Component Unit of Denver Public Schools)

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 1,030,371	$ 943,000	$ 943,088	$ 88
District Mill Levy	461,125	418,250	417,246	(1,004)
Grants	-	-	3,576	3,576
Investment Earnings	53	-	-	-
Other	3,700	53,700	13,205	(40,495)
State Sources				
Additional At-Risk Funding	1,130	1,200	1,154	(46)
Capital Construction	34,220	32,000	31,389	(611)
Grants	99,895	172,300	134,000	(38,300)
Federal Sources				
Grants	62,415	81,700	80,840	(860)
Total Revenues	1,692,909	1,702,150	1,624,498	(77,652)
Expenditures				
Instruction				
Salaries	462,683	473,545	444,700	28,845
Benefits	113,716	109,656	93,737	15,919
Purchased Services	75,825	66,141	85,006	(18,865)
Supplies and Materials	17,846	20,550	19,386	1,164
Property	8,800	2,000	1,921	79
Total Instruction	678,870	671,892	644,750	27,142
Supporting Services				
Salaries	501,922	495,913	494,091	1,822
Benefits	116,970	126,356	124,367	1,989
Purchased Services	308,535	485,339	456,364	28,975
Supplies and Materials	6,576	3,500	2,912	588
Property	-	80,000	78,960	1,040
Other	80,036	1,000	203	797
Total Supporting Services	1,014,039	1,192,108	1,156,897	35,211
Contingency	-	36,000	-	36,000
Total Expenditures	1,692,909	1,900,000	1,801,647	98,353
Net Change in Fund Balance	-	(197,850)	(177,149)	20,701
Fund Balance, *Beginning of year*	221,000	245,016	245,016	-
Fund Balance, *End of year*	$ 221,000	$ 47,166	$ 67,867	$ 20,701

See accompanying Independent Auditors' Report.

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) 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, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following revised economic and demographic assumptions were effective as of December 31, 2016.

- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

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.