

Community Challenge School

Financial Statements

June 30, 2016



Certified Public Accountant

Roy Willis Gentry, P.C.



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Community Challenge School

Roster of School Officials

June 30, 2016

School Board Members

President	Ramon Bargas
Vice President	Daniel Dulaney
Secretary	William F Robinson III
Member	Larry Gile
Member	Jutta Gebauer
Member	Dr. Luis Torres, Ph.D

School Management

Eloy Chavez, Executive Director

Table of Contents

	Page
Independent Auditor's Report	
Management's Discussion and Analysis	i-v
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – All Government Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances- All Governmental Funds	4
Notes to Financial Statements	5-16
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	17
Notes to Required Supplementary Information	18
Required GASB 68 Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability and Contributions	19



ROY WILLIS GENTRY, INC.

Certified Public Accountant

Board of Directors
Community Challenge School
Denver, Colorado

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the governmental activities and each major fund of the Community Challenge School, component unit of the Denver School District, as of and for the year ended June 30, 2016, which collectively comprise the basic financial statements of the 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of its 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 internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my 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 the Community Challenge School, as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 Audit Standards Board, who considers it to be an essential part of financial reporting placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, its basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Roy Willis Gentry, CPA
August 31, 2016

Management's Discussion and Analysis

As management of the Community Challenge Charter School, we offer readers of the Community Challenge Charter School's financial statements, this narrative overview, and analysis of the financial activities of the Community Challenge Charter School, for fiscal year ending June 30, 2016

Highlights

Community Challenge School (CCS) – **A Collaborative Community-Based School for “High Risk” Youth and their Families** is starting its seventeenth year of operation. CCS has developed and continues to provide a solid, stable, safe educational and human services environment that is conducive to quality teaching and learning. CCS has received positive audits for this and each of the previous years that it has been in operation. CCS has undergone a governmental-type financial audit conducted for the past sixteen years. All of the CCS financial audit reports demonstrate that the school's financial statements, practices and procedures ended in conformity with accounting principles generally accepted in the United States of America. CCS has also successfully implemented the chart of accounts system, which is required by the Colorado Department of Education (CDE), and will continue to make necessary adjustments to ensure that we adhere to any future changes in budgetary requirements that may be set forth by the Denver Public Schools and/or CDE.

The net position of the Community Challenge School was \$470,958.

At the close of the fiscal year ending June 30, 2016, Community Challenge School's governmental fund balance decreased to \$470,958 from the end of school year ending June 30, 2015 balance of \$739,662.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Community Challenge School's basic financial statements which 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 Community Challenge School's finances, similar to a private-sector business.

The statement of net position presents information showing how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows. Furthermore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 3 and 4 of this report.

Management's Discussion and Analysis

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. Community Challenge, as with other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Community Challenge School are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Community Challenge School's near-term financing requirements.

Because the focus of governmental funds is narrower than of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of Community Challenge School's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Community Challenge School maintains a General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided to the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's position. In the case of Community Challenge School, assets exceeded liabilities by \$739,662 at the close of the fiscal year.

Governmental Activities. For the year ended June 30, 2016 governmental activities decreased Community Challenge School's net assets by \$273,204.

Change in Net Position	<u>2016</u>	<u>2015</u>
Program Revenues		
Operating Grants and Contributions	\$ 138,154	\$ 439,177
General Revenues		
Per Pupil Revenue	1,012,436	1,066,488

Management's Discussion and Analysis

Mill Levy	355,740	339,551
Capital Construction Funding	34,379	24,378
Investment Earning	455	2,042
Other	<u> -</u>	<u> 2,233</u>
 Total Revenues	 1,541,164	 1,873,869
 Expenses		
Instruction	489,727	901,351
Support	<u>1,320,142</u>	<u>1,376,639</u>
Total Expenses	1,809,869	2,277,990
 Increase*(Decrease) In Net Position	 (268,704)	 (404,121)
 Net Position, Beginning of year	 739,662	 1,143,783
 Net Position, End of year	 470,958	 739,662

Following is a summary of the School's net position, liabilities and fund balances at June 30, 2016 and 2015.

Net Position

Assets		
Current and other assets	\$ 478,551	\$ 754,303
Capital asset	<u> -</u>	<u> -</u>
Total Assets	478,551	754,303
 Current Liabilities	 7,594	 14,641
 Net Position		
Restricted for Emergencies	176,223	-
Restricted for Emergencies - TABOR	5,792	38,943
Reserved for Emergencies - TABOR	38,943	19,981
Unrestricted Fund	<u>250,000</u>	<u>680,738</u>
Total Net Position	470,958	739,662

Financial Analysis of the School's Funds

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

At the end of the fiscal year Community Challenge School's governmental funds reported a combined ending fund balance of \$ 470,958.

Community Challenge experienced a positive budget year in 2015 – 2016. CCS generated approximately \$136,950 in grant funding, and its enrollment decreased from

Management's Discussion and Analysis

the previous year of 145 students to 133 students. CCS decreased its PPF revenue by \$54,052 for the 2015–2016 fiscal year. CCS ended the school year debt free with a fund balance of \$ 470,958.

Denver Public Schools is the major funding source of Community Challenge School.

General Fund Budgetary Highlights

CCS received anticipated grant funds for the 2015–2016 school year. Moreover, the school received an additional \$49,532 in PPF revenue. 2015-2016 was a positive budget year for CCS; the school ended the year with a positive revenue balance.

Capital Asset Debt Administration:

Community Challenge School had no investment in capital assets as of June 30, 2016.

Economic Factors and Next Year's Budget

Community Challenge School's economic factors depend largely on the funding from Denver Public Schools. In June of 2014 the Board of Directors passed a resolution to cap student enrollment at 135 students for the 2014-2015 school year. This resolution was intended to improve student test scores as mandated by DPS by maintaining the overall instructional and support services staffing from the previous year, which served 215 students. The 2015-2016 fund balance decreased due to reduced DPS PPOR revenues based on the lower student count of 133 students in combination with the instructional and support services expenses expended to support the previous year's higher student count.

CCS has successfully completed its 16th year of operation. CCS has developed and continues to provide a solid, stable, safe educational environment that is conducive to quality teaching and learning. The CCS model continues to emphasize academic achievement first with support of a strong human services component. The high-risk population that CCS attracts has demanding behavioral issues that require intervention when students initially enroll in our school. Our students are not typically emotionally or behaviorally ready to value school. School is not a priority for these students; therefore, they are not necessarily at a learner readiness stage for further intellectual development.

ACE Community Challenge School (ACE/CCS) continues to provide a combination of education and human services to effectively work with our high risk student population. ACE/CCS effectively uses the *Erick Erickson's Stages of Change* model to assist students in developing the pro-social skills needed to help them transition to the learner readiness stage necessary to experience academic success (often for the first time in their lives).

ACE/CCS continues to implement its 5- year strategic business plan to guide all aspects of the school's operations, which includes but is not limited to: fund raising (includes

Management's Discussion and Analysis

grant writing) staff development, student recruitment, and strengthening of our Information Technology (IT) infrastructure.

ACE/CCS is starting the second year of our newly awarded (2+1) contract. ACE/CCS will implement our third year of the CMASS test for eighth grade students. The management team, board of directors, school accountability committee (SIAC), and all staff, students and families are jointly working on student pro-social skills development and successfully completed the implementation of the second year required PARCC testing for the 2015-2016 school year.

Request for Information

This financial report is designed to provide a general overview of Community Challenge School's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Eloy Chavez, Executive Director, 948 Santa Fe Drive, Denver, Colorado 80204.

BASIC FINANCIAL STATEMENTS

COMMUNITY CHALLENGE SCHOOL

STATEMENT OF NET POSITION

June 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 429,386
Cash-TABOR Reserve	19,981
Accounts Receivable	217
Prepaid Expenses	28,967
Deferred Outflows Related To Pension	<u>347,000</u>
TOTAL ASSETS	<u>825,551</u>
LIABILITIES	
Accrued Payroll Liabilities	2,112
Accrued Expense	5,482
Net Pension Liability (Long-term)	1,283,000
Deferred Inflows Related To Pension	<u>143,900</u>
TOTAL LIABILITIES	<u>1,434,494</u>
NET POSITION	
Restricted for Emergencies	176,223
Restricted for Emergencies - TABOR	5,792
Reserved for Emergencies - TABOR	38,943
Unrestricted Fund	<u>(829,900)</u>
TOTAL NET POSITION	<u><u>\$ (608,942)</u></u>

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

COMMUNITY CHALLENGE SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

<u>FUNCTIONS/POGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	\$ 489,727	\$ 138,154	\$ (351,573)
Supporting Services	1,320,142	-	(1,320,142)
Total Governmental Activities	<u>1,809,869</u>	<u>138,154</u>	<u>(1,671,715)</u>
GENERAL REVENUES			
Per Pupil Operating Revenue			1,012,436
Mill Levy			355,740
Capital Construction Funding			34,379
Investment Earnings			455
Other			-
TOTAL GENERAL REVENUES			<u>1,403,010</u>
CHANGE IN NET POSITION			(268,705)
NET POSITION, Beginning			(248,938)
Deferred Inflows and Outflows Related to Pensions			(91,299)
NET POSITION, Ending			<u>\$ (608,942)</u>

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

COMMUNITY CHALLENGE SCHOOL

BALANCE SHEET
GOVERNMENTAL FUND

June 30, 2016

	<u>GENERAL</u>	<u>TOTAL</u>
ASSETS		
Cash	\$ 429,386	\$ 429,386
Cash-TABOR Reserve	19,981	19,981
Accounts Receivable	217	217
Prepaid Expenses	28,967	28,967
	<u>478,551</u>	<u>478,551</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accrued Payroll Liabilities	2,112	2,112
Accrued Expense	5,482	5,482
	<u>7,594</u>	<u>7,594</u>
FUND BALANCES		
Restricted for Emergencies	176,223	176,223
Restricted for Emergencies - TABOR	5,792	5,792
Reserved for Emergencies - TABOR	38,943	38,943
Unreserved, Reported in General Fund	250,000	250,000
	<u>470,958</u>	<u>470,958</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 478,551</u>	<u>\$ 478,551</u>

Note:

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some Liabilities, including net pension obligation are not due and payable in its current period and, therefore, are not reported in the funds.

Governmental Fund Balance	\$ 470,958
Deferred Outflows Related to Pensions	347,000
Deferred Inflows Related to Pensions	(143,900)
Net Pension Liability	(1,283,000)
Net Pension Inflows, Outflows & Expenses not reported in Governmental Funds	(1,079,900)
Statement of Net Position	<u>\$ (608,942)</u>

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

COMMUNITY CHALLENGE SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUND

Year Ended June 30, 2016

	<u>GENERAL</u>	<u>TOTAL</u>
REVENUES		
Local Sources	\$ 357,399	\$ 357,399
State Sources	1,112,774	1,112,774
Federal Sources	70,991	70,991
	<hr/>	<hr/>
TOTAL REVENUES	1,541,165	1,541,165
	<hr/>	<hr/>
EXPENDITURES		
Instruction	489,727	489,727
Supporting Services	1,320,142	1,320,142
	<hr/>	<hr/>
TOTAL EXPENDITURES	1,809,869	1,809,869
	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(268,704)	(268,704)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(268,704)	(268,704)
	<hr/>	<hr/>
FUND BALANCES, Beginning	739,662	739,662
	<hr/>	<hr/>
FUND BALANCES, Ending	<u>\$ 470,958</u>	<u>\$ 470,958</u>

The accompanying notes are an integral part of the financial statements

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community Challenge School was formed in July 2000 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver School District.

The accounting policies of Charter Community Challenge School (the "School") conform to generally accepted accounting principles applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any 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 the organization provided benefits to, or imposes financial burdens on the School.

Based on the application of these criteria, the School does not include additional organizations within its reporting entity. The School is a component unit of the Denver School District (the "District"). 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 on information on all activities of the School. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by 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 segments 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 intergovernmental revenues not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental Fund financial statements are reported using current financial resources measurement focus and modified accrual basis accounting. Revenues are recognized as soon as they are both measurable and available. Available means collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Intergovernmental revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the School.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

The School reports the following major governmental fund:

General Fund – This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Assets, Liabilities and Fund Balances/Net Position

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

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

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

Net Position/Fund Balance – In the government-wide financial statements, net position is restricted when constraints placed on the net position is externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 2: CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local Government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2016, the School had bank deposits of \$449,367 held by financial institutions that were eligible public depositories. These deposits are collateralized.

Investments

The School is required to comply with State statutes which specify investments meeting defined rating, maturity, custodial and concentration of risk criteria in which local governments may invest, which include:

- Obligation 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
- Banker's 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

At June 30, 2016, the School had no investments.

NOTE 3: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2016, are summarized below.

	<u>Balances</u> <u>6/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/16</u>
Building Improvements	\$150,361	\$ 0	\$ 0	\$ 150,361
Machinery and Equipment	<u>45,324</u>	<u>0</u>	<u>0</u>	<u>45,324</u>
Total	195,685	0	0	195,685
Accumulated Depreciation	<u>(195,685)</u>	<u>0</u>	<u>0</u>	<u>(195,685)</u>
Net Capital Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 4: OPERATING LEASES

The School has entered into an operating lease with an individual for building space. Lease payments are \$7,000 per month expiring June 30, 2019. The lease can be terminated by the lessee any time after July 1, 2014, by giving the landlord 90 days written notice. Lease expense for the year ending June 30, 2016 was \$84,000. Operating lease commitments through the term of the lease, June 30, 2019 are presented below:

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

<u>Years ending June 30:</u>	
2017	84,000
2018	84,000
2019	<u>84,000</u>
Total	\$252,000

NOTE 5: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions: Community Challenge School participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

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

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

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 5: DEFINED BENEFIT PENSION PLAN - Description (Continued)

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the DPS Division.

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

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

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

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(15.97%)	(15.54%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.20%	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the DPS Division	1.36%	1.36%

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

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 5: DEFINED BENEFIT PENSION PLAN Contributions (Continued)

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Community Challenge School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from Community Challenge School were \$29,091 for the year ended June 30, 2016.

NOTE 6: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2015 the Community Challenge School reported a liability of \$1,283,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Community Challenge School's proportion of the net pension liability was based on Community Challenge School's contributions to the DPS Division for the calendar year 2015 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2015, the Community Challenge School's proportion was .1577 percent, which was a decrease of 0.0432 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Community Challenge School recognized pension expense of \$13,417. At June 30, 2016, the Community Challenge School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$58,000	\$0
Changes of assumptions or other inputs	\$0	\$143,733
Net difference between projected and actual earnings on pension plan investments	\$289,000	\$0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$17,350	N/A
Total	\$364,350	\$143,900

\$17,350 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 6: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Year ended June 30, 2016:	
2017	\$ 98,180
2018	\$ 78,544
2019	\$ 62,835
2020	\$ 50,268
Thereafter	\$201,073

NOTE 7: ACTUARIAL ASSUMPTIONS.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

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

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

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

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

NOTE 7: ACTUARIAL ASSMUPTIONS (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 Gov’t/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 8: DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

NOTE 9: SENSISITIVITY OF THE COMMUNITY CHALLENGE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$2,008,267	\$1,283,000	\$681,174

NOTE 10: PENSION PLAN FIDUCIARY NET POSITION.

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

NOTE 11: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Community Challenge School has agreed to match employee contributions up to 8 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, Program members contributed \$0 and Community Challenge School recognized pension expense and a liability of \$0 and \$0, respectively, for the Voluntary Investment Program.

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 12: OTHER POST EMPLOYMENT BENEFITS

Denver Public Schools Health Care Trust Fund

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

Funding Policy

The Community Challenge School is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Community Challenge School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the DPS HCTF is established under Title 24, Article 51, Section 208(1)(f.5) of the C.R.S., as amended. For the years ending June 30, 2016, June 30, 2015, June 30, 2014, and June 30, 2013, the Community Challenge School's contributions to the DPS HCTF were \$10,062, \$12,075, \$11,139 and \$16,836, respectively, equal to their required contributions for each year.

NOTE 13: TAXABLE PENSION CERTIFICATES OF PARTICIPATION (PCOPs)

The District issued Taxable Pension Certificates of Participation (the PCOPs) on July 19, 1997, to fully fund the unfunded actuarial accrued liability (the UAAL) of the Plan. Full funding of the UAAL reduced the employer contribution rate from the full funding rate of 15.75% to the normal cost rate of 4.98%. For the period from July 1, 2014 to June 30, 2015 the actuarial adjusted rate was 10.80%. This rate is based on actuarially determined contribution requirements, the approval and recommendation of the Plan Board and approval of the District's Board of Education. The School contributed an average of 9.9% of covered payroll to the District to cover its obligation relating to the PCOPs during the year ended June 30, 2016.

During the years and ended June 30, 2016, 2015, 2014, 2013, 2012, and 2011, the School made contributions totaling \$104,209, \$117,049, \$121,213, \$123,164, \$134,713, and \$114,297, respectively, to the District towards its PCOPs obligation.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal, state and local programs that are fully or partially funded by grants received. If expenditures are disallowed due to noncompliance with grant

COMMUNITY CHALLENGE SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

program regulations, it could have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. The Tabor 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 expenditures. At June 30, 2016, cash in the amount of \$38,943 was held by the District on behalf of the School for this reserve.

NOTE 16: RELATED PARTY

The School and Adolescent Counseling Exchange (ACE), a Colorado nonprofit organization, share the same facilities, two staff positions funded by a distinct grant award to ACE, and board of directors. A cost allocation plan is in effect.

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 31, 2016. There were no subsequent events that require adjustments to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY CHALLENGE SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Mill Levy	\$ 342,802	\$ 355,740	\$ 12,938
Investment Earnings	480	455	(25)
Contributions	500	1,204	704
Other	-	-	-
	<u>343,782</u>	<u>357,399</u>	<u>13,617</u>
State Sources			
Per pupil Operating Revenue	1,094,547	1,012,436	(82,111)
Capital Construction	30,384	34,379	3,995
DPS At-Risk	-	45,071	45,071
DPS ELPA Funding	23,281	20,888	(2,393)
	<u>1,148,212</u>	<u>1,112,774</u>	<u>(35,438)</u>
Federal Sources			
Title I	52,136	46,736	(5,400)
Title II	6,815	6,815	-
Title III	3,996	3,996	-
Charter Credit	-	13,444	13,444
	<u>62,947</u>	<u>70,991</u>	<u>8,044</u>
TOTAL REVENUES	<u>1,554,941</u>	<u>1,541,165</u>	<u>(13,776)</u>
EXPENDITURES			
Instruction			
Salaries	387,176	335,029	52,147
Employee Benefits	65,562	47,296	18,266
Purchased Services	60,780	60,974	(194)
Supplies and Materials	30,166	44,658	(14,492)
Other	-	1,770	(1,770)
Total Instruction	<u>543,684</u>	<u>489,727</u>	<u>53,957</u>
Supporting Services			
Salaries	564,712	692,214	(127,502)
Employee Benefits	272,559	237,152	35,407
Purchased Services	307,934	360,977	(53,043)
Supplies and Materials	17,198	17,964	(766)
Appropriated Reserves	-	11,835	(11,835)
Total supporting services	<u>1,162,403</u>	<u>1,320,142</u>	<u>(157,739)</u>
TOTAL EXPENDITURES	<u>1,706,087</u>	<u>1,809,869</u>	<u>(103,782)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(151,146)</u>	<u>(268,704)</u>	<u>(117,558)</u>
OTHER FINANCING USES			
Transfers in	170,000	-	(170,000)
Transfers out	-	-	-
NET CHANGE IN FUND BALANCE	<u>18,854</u>	<u>(268,704)</u>	<u>(287,558)</u>
FUND BALANCE, Beginning	<u>739,662</u>	<u>739,662</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 758,517</u>	<u>\$ 470,958</u>	<u>\$ (287,559)</u>

See Accompanying Independent Auditor's Report

Community Challenge School

Notes to Required Supplementary Information
June 30, 2016

NOTE 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The School adheres to the following procedures in establishing the Budgetary data reflected in the financial statements.

- Budgets are required by State law for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), By June 30, management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Prior to June 30, the budget is adopted by the Board of Directors.
- 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.

REQUIRED GASB 68 SUPPLEMENTARY INFORMATION

ACE COMMUNITY CHALLENGE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEE' RETIREMENT ASSOCIATION OF COLORADO
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND
 June 30, 2015

	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY			
School's Proportion of the Net Pension Liability	0.1576557246%	0.2008703875%	0.2008194451%
School's Proportionate Share of the Net Pension Liability	\$ 1,283,000	\$ 1,254,576	\$ 1,044,470
School's Covered-Employee Payroll	\$ 986,514	\$ 1,183,836	\$ 1,092,057
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	130.1%	106.0%	95.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79%	83.9%	86.2%
	<u>\$ 42,551</u>	<u>06/30/15</u>	<u>06/30/14</u>
SCHOOL CONTRIBUTIONS			
Statutorily Required Contribution	\$ 13,417	\$ 37,172	\$ 50,599
Contributions in Relation to the Statutorily Required Contribution	<u>\$ (13,417)</u>	<u>(37,172)</u>	<u>(50,599)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 986,514	1,183,836	1,092,057
Contributions as a Percentage of Covered-Employee Payroll	1.36%	3.14%	4.63%

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 Auditor's Report.