RISEUP COMMUNITY SCHOOL
Denver, Colorado

FINANCIAL STATEMENTS

June 30, 2017

RISEUP COMMUNITY SCHOOL
June 30, 2017

Board of Directors

Ozzie Cabral, Interim President

Grant Spannuth, Treasurer

Lisa Silverstein, Secretary

School Management

Lucas Ketzer, Principal

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Board of Directors
RiseUp Community School
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of RiseUp Community School, component unit of Denver School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of RiseUp Community School, as listed in the table of contents.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of RiseUp Community School as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

October 9, 2017

RiseUp Community School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017

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, 2017. 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, 2017, was the second year of operations for the School. As of June 30, 2017, the net position was a negative ($111,439). 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 $944,125. The General Fund ending fund balance increased $113,623 to $245,016.

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 basic financial statements 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 5 through 14.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial condition. As of June 30, 2017, the School's liabilities and deferred inflows exceeded assets and deferred outflows by $111,439, which is a negative net position. $46,000 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 ($179,566) and the net investment in capital assets was $22,127.

Net position as of June 30, 2017 and 2016 respectively are as follows:

	June 30, 2017	June 30, 2016
Assets		
Cash	$ 154,482	$ 108,498
Grants and Account Receivable	99,404	28,393
Deposits	5,704	5,704
Prepaid Expenses	6,616	2,741
Capital Assets (Net)	22,127	4,650
Total Assets	288,333	149,986
Deferred Outflows – Pensions	870,610	911,159
Liabilities		
Accounts Payable and Unearned Revenue	21,190	13,943
Noncurrent Liability – Net Pension Liability	1,163,365	876,480
Total Liabilities	1,184,555	890,423
Deferred Inflows – Pensions	85,827	98,109
Net Position		
Net Investment in Capital Assets	22,127	4,650
Restricted for Emergencies	46,000	39,000
Unrestricted	(179,566)	28,963
Total Net Position	$ (111,439)	$ 72,613

Change in net position for the years ended June 30, 2017 and 2016 respectively are as follows:

	June 30,2017	June 30,2016
Revenues		
Program Revenues		
Operating Grants and Contributions	$ 108,520	$ 73,890
Total Program Revenues	108,520	73,890
General Revenues		
State Categorical Revenue	944,125	881,684
Mill Levy Override	435,460	304,729
Additional At-Risk Funding	1,399	1,396
Capital Construction	33,597	29,468
Unrestricted Grants and Contributions	174,843	244,352
Other	818	1,814
Total General Revenues	1,590,242	1,463,443
Total Revenues	1,698,762	1,537,333
Expenditures/Expenses		
Current		
Instruction	910,769	705,818
Administrative Support	972,045	766,229
Total Expenses	1,882,814	1,472,047
Increase (decrease) in Net Position	(184,052)	65,286
Net Position, Beginning of Year	72,613	7,327
Net Position, End of Year	$ (111,439)	$ 72,613

Financial Analysis of the School's Funds

The School has one governmental fund, the General Fund. The General Fund is considered a major fund and is used to account for the School's general operations. The General Fund began the year with a positive fund balance of $131,393. As a result of operating within its budget, the General Fund ending fund balance increased to $245,016 at year-end. Seventy six percent of the General Fund ending fund balance is unassigned.

RiseUp Community School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2017

General Fund Budgetary Highlights

The School budgeted General Fund expenditures of $1,718,432 for the year ended June 30, 2017. Actual expenditures were $1,585,139. The positive variance of $133,293 was planned and targeted for facility development.

A budget amendment was needed for the year as the school received additional mill levy revenue. Changes were made to administrative labor and purchased services.

Capital Assets and Debt Administration

The School leases its school facility and land under an operating lease with Mile High Youth Corps that expires June 30, 2018. The School had capital assets of $38,955 and accumulated depreciation of $16,828 at June 30, 2017. The capital additions were leasehold improvements.

The School had no outstanding debt at June 30, 2017.

Economic Factors, Next Year's Budget, Student Counts

The primary factor driving the budget for the School is student enrollment. Funded Pupil Count (FPC) was 114 for FY16 and 121 for FY17. The FPC used to create the FY18 budget was 128. Currently the School is projecting 121 enrolled students.

The State of Colorado continues to chip away at the large negative factor (shortfall in the School Finance Act). The Per Pupil Revenue (PPR) for FY18 should mirror the FY17 growth of approximately 3.2%. Additional support in the form of capital construction funding, grants and private contributions will continue and allow the School to drive more resources into the classroom.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

RISEUP COMMUNITY SCHOOL

STATEMENT OF NET POSITION

June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 154,482
Grants Receivable	99,404
Prepaid Expenses	6,616
Deposits	5,704
Capital Assets, Net of Accumulated Depreciation	22,127
TOTAL ASSETS	288,333
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, Net of Accumulated Amortization	870,610
LIABILITIES	
Accounts Payable	21,190
Noncurrent Liabilities	
Net Pension Liability	1,163,365
TOTAL LIABILITIES	1,184,555
DEFERRED INFLOWS OF RESOURCES	
Pensions, Net of Accumulated Amortization	85,827
NET POSITION	
Net Investment in Capital Assets	22,127
Restricted for Emergencies	46,000
Unrestricted	(179,566)
TOTAL NET POSITION	$ (111,439)

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

RISEUP COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	$ 910,769	$ 56,483	$ (854,286)
Supporting Services	972,045	52,037	(920,008)
Total Governmental Activities	$ 1,882,814	$ 108,520	(1,774,294)
	GENERAL REVENUES		
	Per Pupil Revenue		944,125
	Additional At-Risk Funfing		1,399
	District Mill Levy		435,460
	Capital Construction		33,597
	Grants and Contributions not Restricted to Specific Programs		174,843
	Miscellaneous		818
	TOTAL GENERAL REVENUES		1,590,242
	CHANGE IN NET POSITION		(184,052)
	NET POSITION, Beginning		72,613
	NET POSITION, Ending		$ (111,439)

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

RISEUP COMMUNITY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2017

		GENERAL
ASSETS		
Cash	$	154,482
Grants Receivable		99,404
Prepaid Expenditures		6,616
Deposits		5,704
TOTAL ASSETS	$	266,206
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	21,190
FUND BALANCE		
Nonspendable Prepaid Expenditures		6,616
Nonspendable Deposits		5,704
Restricted for Emergencies		46,000
Unrestricted, Unassigned		186,696
TOTAL FUND BALANCE		245,016
TOTAL LIABILITIES AND FUND BALANCE	$	266,206

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

Total Fund Balance of the Governmental Fund	$	245,016
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		22,127
Long-term liabilities and related items, including net pension liability ($1,163,365), pension-related deferred outflows of resources $870,610, and pension-related deferred inflows of resources ($85,827), are not due and payable in the current year and, therefore, are not reported in governmental funds.		(378,582)
Total Net Position of Governmental Activities	$	(111,439)

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

RISEUP COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2017

		GENERAL
REVENUES		
Local Sources	$	1,384,141
State Sources		72,653
Federal Sources		241,968
TOTAL REVENUES		1,698,762
EXPENDITURES		
Instruction		731,134
Supporting Services		854,005
TOTAL EXPENDITURES		1,585,139
NET CHANGE IN FUND BALANCE		113,623
FUND BALANCE, Beginning		131,393
FUND BALANCE, Ending	$	245,016

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

Net Change in Fund Balance of the Governmental Fund	$	113,623
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation or amortization expense in the statement of activities. This is the amount by which capital outlay $32,755 exceeded depreciation and amortization expense ($15,278) in the current year.		17,477
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in the net pension liability ($286,885), pension-related deferred outflows of resources ($40,549), and pension-related deferred inflows of resources $12,282 in the current year.		(315,152)
Change in Net Position of Governmental Activities	$	(184,052)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Assets, Liabilities and Net Position/Fund Balance

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.

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	2 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences - Employees of the School are allowed to accumulate unused vacation time to a maximum of 40 days and unused sick leave to a maximum of 10 days. Employees are compensated for any unused vacation time upon leaving the School. These compensated absences are recognized as expenditures in governmental funds when due. A long-term liability is reported in the government-wide financial statements when the compensated absences are earned. All unused vacation time was paid to employees prior to June 30, 2017, 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. Investments are reported at fair value.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

Risk Management

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

NOTE 2: CASH AND INVESTMENTS

Deposits

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The School had no investments at June 30, 2017.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, is summarized below. Depreciation and amortization are combined in the following table.

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Governmental Activities				
Capital Assets, Being Depreciated				
Office Equipment	$ 6,200	$ -	$ -	$ 6,200
Leasehold Improvements	-	32,755	-	32,755
Total Capital Assets, Being Depreciated	6,200	32,755	-	38,955
Less Accumulated Depreciation				
Office Equipment	(1,550)	(1,240)	-	(2,790)
Leasehold Improvements	-	(14,038)	-	(14,038)
Total Accumulated Depreciation	(1,550)	(15,278)	-	(16,828)
Governmental Activities Capital Assets, Net	**$ 4,650**	**$ 17,477**	**$ -**	**$ 22,127**

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 multiplied by 2.5% and then multiplied by years of service credit, or b) $15 times the first ten years of service credit plus $20 times the service credit over ten years, plus a monthly amount equal to the annuitized participant contribution account balance based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees 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 2016 and 2017 was 19.15% 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 2016 and 2017 were 3.61% 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, 2017, were $33,453, equal to the required contributions. Employer contributions are recognized by the DPSD when the related compensation is payable to the employees.

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

At June 30, 2017, the School reported a net pension liability of $1,163,365, representing its proportionate share of the net pension liability of the DPSD. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

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, 2016, relative to the contributions of all participating employers. At December 31, 2016, the School's proportion was 0.1061975737%, which was a decrease of 0.0015396019% from its proportion measured at December 31, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $340,763. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,624	$ 2,364
Changes of assumptions and other inputs	171,222	73,643
Net difference between projected and actual earnings on plan investments	127,533	-
Change in proportion	526,588	9,820
Contributions subsequent to the measurement date	15,643	-
Total	**$ 870,610**	**$ 85,827**

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)

School contributions subsequent to the measurement date of $15,643 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,	
2018	$ 246,139
2019	246,139
2020	246,139
2021	30,723
Total	**$ 769,140**

Actuarial Assumptions - The actuarial valuation as of December 31, 2015, determined the total pension liability using the following actuarial assumptions and other inputs. On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions, which were effective on December 31, 2016, and which were reflected in the roll-forward calculation of the total pension liability from December 31, 2015, to December 31, 2016, as follows:

	Assumptions	Revised Assumptions
Price inflation	2.8%	2.4%
Real wage growth	1.1%	1.1%
Wage inflation	3.9%	3.5%
Salary increases, including wage inflation	3.9% - 10.1%	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%	7.25%
Discount rate	7.5%	7.25%
Future post-retirement benefit increases:		
Hired prior to 1/1/07	2%	2%
Hired after 12/31/06	ad hoc	ad hoc

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years. Active member mortality was adjusted to 55 percent of the base rate for males and 40 percent for females. For disabled retirees, the RP-2000 Disabled Retiree Mortality Table was used, set back two years.

The actuarial assumptions used in the December 31, 2015, valuation were based on the results of an actuarial experience study for the period January 1, 2008, through December 31, 2011, adopted by PERA's governing board on November 13, 2012, and an economic study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

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)

As a result of a 2016 experience analysis, revised economic and demographic actuarial assumptions were adopted by PERA's governing board on November 18, 2016, to more closely reflect PERA's actual experience. The revised assumptions reflected in the roll-forward of the total pension liability included healthy mortality assumptions for active members using 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. For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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:

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 percent, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

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)

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 7.5%.

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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,701,506	$ 1,163,365	$ 718,899

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, 2017, the School contributed 10.02% of covered salaries, totaling $77,065, to the District to cover its obligation relating to the PCOPs.

NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

Funding Policy - The School is required to contribute at a rate of 1.02% of covered salaries for all DPSD participants. No employee contributions are required. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's apportionment to the HCTF for the years ended June 30, 2017 and 2016 was $7,845 and $6,671, respectively, equal to the required amounts for each year.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Operating Lease

On June 10, 2015, the School entered into an agreement to lease an educational facility. Monthly lease payments ranging from $5,704 to $6,042 are due beginning July 1, 2015, through June 30, 2018. Total lease expense for the year ended June 30, 2017, was $70,417. Future minimum lease payments for the year ended June 30, 2018, are $72,500.

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, 2017, 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.

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, 2017, the reserve was reported as restricted fund balance in the General Fund, in the amount of $46,000.

REQUIRED SUPPLEMENTARY INFORMATION

RISEUP COMMUNITY SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND
June 30, 2017

	12/31/16	12/31/15
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY		
School's Proportion of the Net Pension Liability	0.1061975737%	0.1077371756%
School's Proportionate Share of the Net Pension Liability	$ 1,163,365	$ 876,480
School's Covered Payroll	$ 701,714	$ 337,076
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	166%	260%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74%	79%

	6/30/17	6/30/16
SCHOOL CONTRIBUTIONS		
Statutorily Required Contribution	$ 25,608	$ 12,792
Contributions in Relation to the Statutorily Required Contribution	(25,608)	(12,792)
Contribution Deficiency (Excess)	$ -	$ -
School's Covered Payroll	$ 769,114	$ 654,013
Contributions as a Percentage of Covered Payroll	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.

See the accompanying Independent Auditors' Report.

RISEUP COMMUNITY SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 950,544	$ 944,110	$ 944,125	$ 15
District Mill Levy	336,417	435,605	435,460	(145)
District Technology Funding	6,310	6,310	-	(6,310)
Food Service Fees	15,375	15,375	-	(15,375)
Grants	-	-	637	637
Investment Earnings	51	25	-	(25)
Miscellaneous	9,969	9,970	3,919	(6,051)
State Sources				
Grants	-	-	37,657	37,657
Additional At-Risk Funding	-	-	1,399	1,399
Capital Construction	31,018	31,018	33,597	2,579
Federal Sources				
Grants	74,737	79,519	70,863	(8,656)
Charter School Grant	196,500	196,500	171,105	(25,395)
TOTAL REVENUES	1,620,921	1,718,432	1,698,762	(19,670)
EXPENDITURES				
Instruction				
Salaries	402,453	452,781	442,584	10,197
Employee Benefits	94,144	108,269	96,586	11,683
Purchased Services	125,383	143,983	83,260	60,723
Supplies and Materials	37,633	26,793	37,815	(11,022)
Property	65,000	41,855	70,889	(29,034)
Miscellaneous	513	513	-	513
Total Instruction	725,126	774,194	731,134	43,060
Supporting Services				
Salaries	377,500	324,091	335,200	(11,109)
Employee Benefits	93,010	67,440	84,984	(17,544)
Purchased Services	341,432	387,679	380,341	7,338
Supplies and Materials	8,163	13,313	18,065	(4,752)
Property	7,500	32,755	32,755	-
Miscellaneous	2,716	2,716	2,660	56
Total Supporting Services	830,321	827,994	854,005	(26,011)
Contingency	65,474	116,244	-	116,244
TOTAL EXPENDITURES	1,620,921	1,718,432	1,585,139	133,293
NET CHANGE IN FUND BALANCE	-	-	113,623	113,623
FUND BALANCE, Beginning	74,415	131,393	131,393	-
FUND BALANCE, Ending	$ 74,415	$ 131,393	$ 245,016	$ 113,623

See the accompanying Independent Auditors' Report.

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

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2017, the total pension liability was determined by an actuarial valuation as of December 31, 2015. In addition, the following revised economic and demographic assumptions were effective at December 31, 2016, and were reflected in the roll-forward procedures to determine the total pension liability at 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.