ROOSEVELT CHARTER ACADEMY

A Component Unit of Colorado Springs

School District No. 11

FINANCIAL STATEMENTS

JUNE 30, 2016

Contents

RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Board of Education
Roosevelt Charter Academy
Colorado Springs, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Roosevelt Charter Academy (the School), a component unit of Colorado Springs School District No. 11, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the School as of June 30, 2016 and the respective changes in financial position thereof 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 on pages i through v, budgetary comparison information on page 22, schedule of the School's proportionate share of the net pension liability and schedule of the School's contributions to the pension plan on pages 23 and 24, respectively, 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, which 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 required supplementary 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.

RubinBrown LLP

August 10, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Roosevelt Charter Academy, a component unit of Colorado Springs School District No. 11 (the "School"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

The liabilities of the School exceeded its assets at the close of the most recent fiscal year by $6,223,344 (net position). This was a direct result of the School's implementation of GASB 68, effective July 1, 2014 (See Note 5).

During the fiscal year the School's revenues increased to $6.64 million, or 5.0%, and expenses increased to $6.39 million, or 5.4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements which have been prepared in accordance with GASB 34 and consist of (i) government-wide financial statements, (ii) fund financial statements, and (iii) notes to the basic 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 of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

The governmental activities of the School reflect its basic services, including instruction and support services. Per pupil operating revenue or other revenues passed through from Colorado Springs School District No. 11 finance the vast majority of these services.

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 governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

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

Notes to the Basic Financial Statements

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

FINANCIAL ANALYSIS OF THE SCHOOL

One of the most important questions asked about the School's finances is "Is the School as a whole better off or worse off as a result of this year's activities?" The Statement of Financial Position and the Statement of Activities report information about the School's activities in a way that can help answer that question. These two statements report the net position of the School and changes in them. The School's net position (difference between asset and liabilities) are one way to measure financial health or financial position. Over time, increases in the School's net position are one indicator that the School's financial health is improving. However, you will need to consider other non-financial factors such as changes in economic conditions, student population growth, or changed governmental legislation.

Net Position

As part of our analysis, we provide a summary of the School's Statement of Financial Position as presented below.

Condensed Statement of Net Position

	2016	2015	Dif	% dif
Current Assets	$ 1,946,944	$ 808,847	$ 1,138,097	140.7%
Capital Assets	10,343	22,625	(12,282)	-54.3%
Total Assets	1,957,287	831,472	1,125,815	135.4%
Deferred Outflows	1,223,398	437,783	785,615	179.5%
Current Liabilities	9,263,185	7,713,525	1,549,660	20.1%
Total Liabilities	9,263,185	7,713,525	1,549,660	20.1%
Deferred Inflows	140,844	27,387	113,457	414.3%
Net Position	$ (6,223,344)	$ (6,471,657)	$ 248,313	-3.8%

As can be seen from the chart above, net position increased $248,313 to $(6,223,344) in FY 2016.

Statement of Activities

While the Statement of Net Position shows the change in net position, the Statement of Activities provides answers as to the nature and source of these changes. As can be seen in the table below, revenues increased and expenses decreased during the year, resulting in an increase in ending net position. There were no extraordinary events to influence the management of the budget during the year.

Condensed Statements of Activities and Change in Net Position

	2016	2015	$ Change	% Change
General Revenues	$ 5,378,487	$ 5,331,463	$ 47,024	0.9%
Program Revenues	1,260,463	991,176	269,287	27.2%
Total Revenues	6,638,950	6,322,639	316,311	5.0%
Expenses	6,390,637	6,064,095	326,542	5.4%
Total Expenses	6,390,637	6,064,095	326,542	5.4%
Change in Net Position	248,313	258,544	(10,231)	-4.0%
Beginning Net Position	(6,471,657)	(6,730,201)	258,544	-3.8%
Ending Net Position	$ (6,223,344)	$ (6,471,657)	$ 248,313	-3.8%

BUDGETARY HIGHLIGHTS

The School developed its budget for FY 2016 from February to May 2015. It was based on a projected enrollment of 640 full time equivalent (FTE) students. The first 60 kindergartners are funded at 100%, all kindergartners over that 60 are funded at 58%. FY2016 paid count was 657.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Effective with the start of the FY2015 school year, the School will follow the Fixed Asset Policies and Standards set forth by Colorado Springs School District 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for the School is student enrollment. The enrollment projected for the FY2017 school year is 658.8 FTE students.

The School's administration and board of directors considered many factors when setting a realistic enrollment goal and the budget for FY2017. The enrollment projection was conservative due to the area's historical dependence on military families and the school's physical capacity, as well as the District projections.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in them. Questions concerning any of the information provided in this report should be directed to the School principal at 205 South Byron Drive, Colorado Springs, CO 80910.

ROOSEVELT CHARTER ACADEMY

GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
June 30, 2016

Assets And Deferred Outflows Of Resources

	General Fund	Adjustments	Statement Of Net Position
Current Assets			
Cash and cash equivalents	$ 1,868,311	$ —	$ 1,868,311
Accounts receivable	78,633	—	78,633
Total Current Assets	1,946,944	—	1,946,944
Capital Assets			
Depreciable, net	—	10,343	10,343
Total Assets	$ 1,946,944	10,343	1,957,287
Deferred Outflows Of Resources	—	1,223,398	1,223,398

Liabilities, Deferred Inflows Of Resources And Fund Balance/Net Position

	General Fund	Adjustments	Statement Of Net Position
Liabilities			
Due to Edison	$ 217,371	—	217,371
Accounts payable	14,058	—	14,058
Accrued liabilities	285,445	—	285,445
Net pension liability	—	8,746,311	8,746,311
Total Liabilities	516,874	8,746,311	9,263,185
Deferred Inflows Of Resources	—	140,844	140,844
Fund Balance			
Restricted	178,354	(178,354)	—
Unassigned	1,251,716	(1,251,716)	—
Total Fund Balance	1,430,070	(1,430,070)	—
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	$ 1,946,944		
Net Position			
Net investment in capital assets		10,343	10,343
Restricted		178,354	178,354
Unrestricted		(6,412,041)	(6,412,041)
Total Net Position		$ (6,223,344)	$ (6,223,344)

ROOSEVELT CHARTER ACADEMY

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/ STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2016

	General	Adjustments	Statement Of Activities
Expenditures/Expenses			
Governmental activities			
Instruction	$ 3,629,375	$ 466,227	$ 4,095,602
School administration	1,321,580	44,958	1,366,538
Facilities	538,867	12,282	551,149
Technology	360,098	17,250	377,348
Total Expenditures/Expenses	5,849,920	540,717	6,390,637
Program Revenues			
Capital contributions	86,052	—	86,052
Operating grants	1,174,411	—	1,174,411
Total Program Revenues	1,260,463	—	1,260,463
Net Program Expense	—	—	(5,130,174)
General Revenues			
State equalization	5,119,893	—	5,119,893
Property tax	257,981	—	257,981
Miscellaneous	613	—	613
Total General Revenues	5,378,487	—	5,378,487
Excess (Deficiency) Of Revenues Over (Under) Expenditures	789,030	(789,030)	—
Change In Net Position	—	248,313	248,313
Fund Balance/Net Position - Beginning Of Year	641,040	(7,112,697)	(6,471,657)
Fund Balance/Net Position - End Of Year	$ 1,430,070	$ (7,653,414)	$ (6,223,344)

1. Summary Of Significant Accounting Policies

Reporting Entity

The Roosevelt Charter Academy (the School) is located in Colorado Springs, Colorado, and provides educational environments, academic curricula, teaching methods and individualized programs, goals and assessments for all its students. Its general aim is to rejuvenate the educational process for all its participants by 1) establishing a creative partnership of parents, educators and students; 2) addressing the needs of special student populations; 3) piloting a core curriculum that is coherent, continuous and relevant; 4) restoring choice and responsibility to parents, teachers and students and 5) providing an innovative experimental model. Roosevelt Charter Academy serves students in grades K through 12.

The School was formerly known as Roosevelt-Edison Charter School. The School changed its name effective June 29, 2016 to Roosevelt Charter Academy in conjunction with its decision not to renew a management agreement with Edison Schools (Edison) and self-manage going forward (See Note 7).

The School is considered a component unit of the Colorado Springs School District No. 11 (the District) and is includable in the District's basic financial statements. The School is deemed to be fiscally dependent upon the District because the District provides the majority of support to the School in the form of per pupil operating revenue.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and 1) the School is able to significantly influence the programs or services performed or provided by the organization or 2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the School is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the School in that the School approves the budget, levies their taxes or issues their debt.

The School is not financially accountable for any other organization, and no other entities are included in the School's financial statements.

Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the activities of the School. The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include operating grants and contributions, charges for services and capital contributions and grants that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues, not directly related to a particular function or program, are reported separately as general revenues. The School does not allocate indirect expenses.

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. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recognized at the time the liability is incurred.

The governmental fund financial statements are reported using the current financial resources measurement focus and accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collectible within 60 days of the current fiscal year end. Expenditures are recognized when a liability is incurred, as under accrual accounting.

The School reports the following major governmental fund:

> The General Fund is the primary operating fund. It accounts for all general operating financial resources of the School that are not accounted for in another fund.

Governmental accounting standards require the classification of net position into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted - This component of net position consists of limitations placed on net position use through external constraints imposed by creditors, grantors, contributors, laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.

- Unrestricted - The component of net position that does not meet the definition of "restricted" or "net investment in capital assets"

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first. The School has not adopted fund balance policies; therefore, the School will follow the guidance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and apply resources in the following order: restricted, committed, assigned and unassigned.

Cash And Cash Equivalents

The School considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable consists primarily of grant monies that were awarded to the School prior to year end.

Capital Assets

Capital assets are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. All assets with a useful life of more than 1 year and a unit cost of more than $10,000 are capitalized.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The School has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* (GASB 71).

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The School has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

Pensions

The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-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 SCHDTF 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.

Adjustments

The adjustment column reconciles the governmental fund to the government-wide presentation. Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balance		$ 1,430,070
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Depreciable capital assets	$ 2,553,701	
Accumulated depreciation	(2,543,358)	10,343
Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, not reported in the funds.		
Net pension liability		(8,746,311)
Difference between expected and actual experience		115,141
Difference between expected and actual experience on investments		740,146
School's contributions subsequent to the measurement date		219,068
Changes of assumptions/other inputs		(123,601)
Change in the School's proportionate share of the net pension liability		131,800
Total Net Position Of Governmental Activities		$ (6,223,344)

Amounts reported for governmental activities in the statement of activities are different because:

Net Change In Fund Balance	$ 789,030
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(12,282)
Changes in the net pension liability and amortization of deferred outflows and inflows related to the pension plan do not use current financial resources and, therefore, are not reported as expenses in the governmental funds.	
Pension expense	(528,435)
Change In Net Position	$ 248,313

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado Revised Statute (C.R.S.) for all funds. Expenditures should not exceed appropriations at the fund level.

2. Cash And Cash Equivalents

Deposits are categorized by type of credit risks: 1) insured or collateralized with securities held by the School or by its agent in the School's name; 2) collateralized with securities held by the pledging bank's trust department in the School's name and 3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the School's name. 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. Up to $250,000 of daily deposit balances on hand at banking institutions are covered by the Federal Deposit Insurance Corporation. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2016, the School had bank deposits of $1,631,789 collateralized with securities held by the financial institution's agent.

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement 3,* deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions. Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. As of June 30, 2016, all the School's deposits were fully insured or collateralized through PDPA.

At June 30, 2016, the School had the following balances:

	Bank Balance	Book Balance
Cash deposits	$ 1,881,789	$ 1,868,311

Cash is reported in the financial statements as follows:

Cash and cash equivalents	$ 1,868,311
Cash held for TABOR reserve	—
Total Cash And Cash Equivalents	$ 1,868,311

3. Capital Assets

Changes in the School's capital assets are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Depreciable Capital Assets				
Leasehold improvements	$ 681,886	$ —	$ —	$ 681,886
Furniture and equipment	1,871,815	—	—	1,871,815
Total Depreciable Capital Assets	2,553,701	—	—	2,553,701
Accumulated depreciation	2,531,076	12,282	—	2,543,358
Depreciable Capital Assets, Net	$ 22,625	$ (12,282)	$ —	$ 10,343

The depreciation of $12,282 is primarily related to the facility activity expense.

4. Concentration Of Risk

The School's primary funding comes through the District on a per pupil count. For the fiscal year ending June 30, 2016, this funding accounts for approximately 77% of the School's revenues.

5. Pension Plan

Defined Benefit Pension Plan

Plan Description. Eligible employees of the School are provided with pensions through SCHDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51, of 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 PERA benefit structure is the greater of the:

- ♦ Highest average salary multiplied by 2.5% and then multiplied by years of service credit

- ♦ The value of the retiring employee's member contribution account plus a 100% 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.

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% 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.

In all cases, the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five 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, referred to as annual increases in 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%, 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 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for SCHDTF.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions. Eligible employees and the School are required to contribute to SCHDTF 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% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For The Year Ended June 30,	
	2016	2015
Employer contribution rate[1]	**10.15%**	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund (HCTF) as specified in C.R.S. § 24-51-208(1)(f) [1]	**-1.02%**	-1.02%
Amount apportioned to SCHDTF[1]	**9.13%**	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	**4.20%**	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	**4.00%**	4.00%
Total Employer Contribution Rate To SCHDTF[1]	**17.33%**	17.33%

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

Employer contributions are recognized by SCHDTF in the period in which the compensation becomes payable to the member, and the School is statutorily committed to pay the contributions to SCHDTF. Employer contributions recognized by SCHDTF from the School were $434,123 for the year ended June 30, 2016.

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

At June 30, 2016, the School reported a liability of $8,746,311 for its proportionate share of the net pension liability. The plan's 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 School's portion of the net pension liability was based on the School's contributions to SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to SCHDTF.

At December 31, 2015, the School's proportion was 0.0572%, which was an increase of 0.0015% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the School recognized pension expense of $528,435. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 115,496	$ 355
Changes of assumptions or other inputs	—	123,601
Net difference between projected and actual earnings on pension plan investments	740,146	—
Changes in proportion and differences between School's contributions and proportionate share of contributions	148,688	16,888
School's contributions subsequent to the measurement date	219,068	—
Total	$ 1,223,398	$ 140,844

The amount of $219,068 reported as deferred outflows of resources related to the School's 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:

For The Year Ended June 30,	Amounts Reported As Collective Deferred Outflows And Collective Deferred Inflows Of Resources Recognized In Collective Pension Expense
2017	$ 238,989
2018	242,033
2019	229,963
2020	152,501
Total	$ 863,486

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 - 10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after December 31, 2006 (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 one year and Females set back two years.

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

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

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

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%.

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

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 annual increase reserve (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 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 assumptions and methods, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's Proportionate Share 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 7.50% as of the measurement date, as well as if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share Of The Net Pension Liability	$ 11,337,775	$ 8,746,311	$ 6,590,696

Pension Plan Fiduciary Net Position. Detailed information about SCHDTF'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.

Health Care Trust Fund

Plan Description. The School contributes to HCTF, a cost-sharing multiple-employer healthcare trust administered by PERA. The 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 C.R.S., as amended, establishes 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 HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The School is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of C.R.S., as amended. The apportionment of the contributions to HCTF is established under Title 24, Article 51, Section 208(1)(f) of C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the School contributions to HCTF were approximately $25,550, $24,800 and $23,640, respectively, equal to its required contributions for each year.

6. Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees; natural disasters or environmental liabilities due to the nature of its operations. The School maintains commercial insurance for these risks. Amounts settled did not exceed insurance coverage in the last three years.

7. Management Agreement - Edison

The School had a management agreement with Edison for the operation of the School. The term of the agreement was for the 2015 - 2016 school year.

The management agreement with Edison was not renewed past the 2015 - 2016 school year. Management has decided to self-manage its operations without the assistance of Edison, effective July 1, 2016. In connection with this change, the School changed its name to Roosevelt Charter Academy, effective June 29, 2016.

The following schedule represents the transactions between the School and Edison during the 2015 - 2016 school year:

Due to Edison, July 1, 2015	$ 85,782
Management fees	627,200
Operating expenses	3,454,061
Other expenses/adjustments	78,700
Payments made to Edison	(4,028,372)
Due to Edison, June 30, 2016	$ 217,371

8. Tax Spending And Debt Limitations

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish emergency reserves. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2016, the School's reserve of $178,354 was reported as a restricted fund balance and net position to comply with the provisions of TABOR.

The School's management believes it is assisting the District in compliance with the provisions of TABOR, as the District is the governmental unit responsible for compliance. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Required Supplementary Information

ROOSEVELT CHARTER ACADEMY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended June 30, 2016

	Original Budget	Amended Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State equalization	$ 4,754,837	$ 5,119,895	$ 5,119,893	$ (2)
Property tax	224,225	257,981	257,981	—
Grant revenue	1,131,890	1,232,860	1,174,411	(58,449)
Capital contributions	56,476	86,048	86,052	4
Miscellaneous	—	—	613	613
Total Revenues	6,167,428	6,696,784	6,638,950	(57,834)
Expenditures				
Instruction	3,281,469	3,471,002	3,629,375	(158,373)
School administration	1,569,487	1,472,515	1,321,580	150,935
Facilities	404,138	573,165	538,867	34,298
Technology	468,683	344,036	360,098	(16,062)
Total Expenditures	5,723,777	5,860,718	5,849,920	10,798
Net Changes In Fund Balance	$ 443,651	$ 836,066	789,030	$ (47,036)
Fund Balance, Beginning Of Year			641,040	
Fund Balance, End Of Year			$ 1,430,070	

Notes: The basis of budgeting is the same as GAAP.
This schedule is presented on a GAAP basis.

ROOSEVELT CHARTER ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
School Division Trust Fund
Last 10 Fiscal Years
For The Year Ended June 30, 2016

	For The Year Ended June 30,	
	2016	2015
School's proportion of the net pension liability (asset)	**0.057186759%**	0.055674155%
School's proportionate share of the net pension liability (asset)	**$ 8,746,311**	$ 7,925,548
School's covered-employee payroll	**2,660,920**	2,603,048
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	**329%**	304%
Plan fiduciary net position as a percentage of the total pension liability	**59.16%**	62.84%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School is presenting information for those years for which information is available.

ROOSEVELT CHARTER ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS TO THE PENSION PLAN
School Division Trust Fund
Last 10 Fiscal Years
For The Year Ended June 30, 2016

	For The Year Ended June 30,	
	2016	2015
Contractually required contribution	**$ 434,123**	$ 443,771
Contributions in relation to the contractually required contribution	**(434,123)**	(443,771)
Contribution Deficiency (Excess)	$ —	$ —
School's covered-employee payroll	**2,660,920**	2,603,048
Contributions as a percentage of covered-employee payroll	**16.31%**	17.05%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School is presenting information for those years for which information is available.