

BROMLEY EAST CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2020

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i – vii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position – Proprietary Fund	6
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	7
Statement of Cash Flows – Proprietary Fund	8
Statement of Fiduciary Net Position	9
Notes to the Financial Statements	10 - 43
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	44
Schedule of the School's Proportionate Share	45
Schedule of the School's Proportionate Share – Health Care Trust Fund	46
Schedule of the School's Contributions	47
Schedule of the School's Contributions – Health Care Trust Fund	48
Individual Fund Financial Statements	
Statement of Changes in Assets and Liabilities – Student Activity Fund	49
Budgetary Comparison Schedule – Student Activity Fund	50



JOHN CUTLER & ASSOCIATES

Board of Directors
Bromley East Charter School
Brighton, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bromley East Charter School, component unit of Brighton School District 27J, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 auditor's 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, each major fund, and the aggregate remaining fund information of the Bromley East Charter School, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows 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, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 44-48 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The individual fund financial statements, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

September 24, 2020

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

As management of the Bromley East Charter School (BECS), we offer readers of the Bromley East Charter School financial statements this narrative overview and analysis of the financial activities of the Bromley East Charter School for the fiscal year ended June 30, 2020.

Financial Highlights

BECS has completed its nineteenth year of operations. The liabilities and deferred inflows of the Bromley East Charter School exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$12,849,211 (negative net position). The net position improved over the prior fiscal year by \$1,666,850. The overall negative net position of \$12,849,211 is due to the GASB 68 pension standard reflecting the School's proportionate share of the plan's unfunded pension liability and GASB 75, other post-employment benefits liability (OPEB). The School's net pension liability is \$12,760,233.

At the close of the fiscal year Bromley East Charter School's governmental funds reported a combined ending fund balance of \$2,082,934 reflecting a planned increase of \$163,513 or 8.52%.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Bromley East Charter School's basic financial statements. The Bromley East Charter School's basic financial 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 Bromley East Charter 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 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 only result in cash flows in future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salary and benefits).

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

The government-wide statement of activities distinguishes functions/programs of the Bromley East Charter School supported primarily by per pupil revenue (PPR) passed through from the District (Brighton School District 27J). The governmental activities of the Bromley East Charter School include instruction and supporting expenses. The government-wide financial statements can be found on pages 1-2 of this report.

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 Bromley East Charter School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Bromley East Charter School can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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 of spendable resources available at the end of the fiscal year. 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 fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Bromley East Charter School maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund which is considered a major fund.

Proprietary Funds - Services for which an entity charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The School's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information such as cash flow analysis. The School reports one proprietary fund the Building Corporation/Community Education Center (CEC).

Bromley East Charter School adopts an annual appropriations budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. A budgetary comparison statement is presented for the General Fund on page 44.

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School's own programs. Total assets and liabilities of the student activity agency fund were \$135,789 for the period ended June 30, 2020.

Notes to the 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. This information is provided in pages 10-43.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the Bromley East Charter School, liabilities and deferred inflows exceeded assets and deferred outflows by \$12,849,211 (negative net position) for all governmental and business type activities at the close of the most recent fiscal year. The negative balance is due primarily to the adoption of GASB Statement No. 68, resulting in a net pension liability of \$12,760,233 representing the School's proportionate share of the PERA - School Division net pension liability.

**Bromley East Charter School's Consolidated Net Position
For the Years Ended June 30, 2020 and 2019**

	Governmental and Business Type Activities <u>June 30, 2020</u>	Governmental and Business Type Activities <u>June 30, 2019</u>
Cash and investments	\$3,889,410	\$3,168,031
Receivables and other current assets	183,679	184,327
Restricted investments	3,107,151	3,172,594
Capital assets, Net	17,605,289	17,932,885
Total Assets	24,785,529	24,457,837
Deferred Outflows-Cost of Refunding/Pensions/OPEB	3,554,983	5,550,074
Current liabilities	1,990,155	1,431,743
Accrued interest	48,456	50,021
Noncurrent liabilities – Pension/OPEB/Debt	30,489,548	33,474,435
Total Liabilities	32,528,159	34,956,199
Deferred Inflows	8,661,564	9,567,773

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Net position		
Invested in capital assets,	1,205,903	1,117,110
Net of related debt		
Restricted for		
Debt Service and Capital Projects	3,058,695	3,123,767
Special Education	337,000	337,000
Emergencies Tabor	315,000	315,000
Unrestricted	(17,765,809)	(19,408,938)
Total Net Position	<u>\$ (12,849,211)</u>	<u>\$ (14,516,061)</u>

The majority of the consolidated assets (71%) are in net capital assets. 28.2% percent of total assets represent all cash and investments. The combined entities net position is negative. This is primarily due to the implementation of GASB 68. The School is now required to disclose its proportionate share of PERA's unfunded pension liability. Overall, the School showed an improvement in the negative net position of \$1,666,850 or 11.5% and ended the year with a negative net position of \$12,849,211.

**Bromley East Charter School's Consolidated Change in Net Position
For the Years Ended June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Program Revenue:		
Charges for Services	\$ 8,700	\$ 169,957
Grants and Contributions	478,664	539,431
Capital Grants and Contributions	329,322	358,028
Total Program Revenue	<u>816,686</u>	<u>1,067,416</u>
General Revenue:		
Per Pupil Operating Revenue	9,704,100	9,352,724
Mill Levy Revenue	47,796	51,689
Special Item PERA	122,584	10,584
Investment Earnings	99,558	185,127
Other/Contributed Capital	25,116	90,283
Total General Revenue	<u>9,999,154</u>	<u>9,690,407</u>
Total Revenue	<u>10,815,840</u>	<u>10,757,823</u>

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Expenses:

Current:

Instruction	4,825,886	5,728,019
Supporting Services	4,298,467	4,431,514
Interest and Fiscal Charges/CEC Net	24,637	24,872
Total Expenses	9,148,990	10,184,405
Increase (Decrease) in Net Position	1,666,850	573,418
Beginning Net Position, July 1	\$ (14,516,061)	\$ (15,089,479)
Ending Net Position, June 30	\$ (12,849,211)	\$ (14,516,061)

Financial Analysis of the Government's Funds

As noted earlier, the Bromley East Charter School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, June 30, 2020, the School's governmental fund reported an ending fund balance of \$2,082,934, an increase of \$163,513.

General Fund Budgetary Highlights

The School approves a budget in May or June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. As a result of the building expansion, enrollment for FY17, FY18, FY19 and FY20 was 1,145.7, 1,197.82, 1,192.7 and 1,181 respectively. The School currently projects 1,200 students for FY21 which is reflected in the budget. The long-term fund balance growth goal is to meet the debt service coverage ratio of 1.1 times or increase Fund Balance approximately \$115,286. The General Fund had total appropriations of \$10,998,928 with actual expenditures of \$10,645,714 resulting in a positive variance of \$163,513. The positive variance or surplus of \$163,513 represented a 8.5% increase in Fund Balance to \$2,082,934.

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Capital Asset and Debt Administration

Capital Assets - Consolidated capital assets were \$22,428,741 at June 30, 2020. Total depreciation for FY20 was \$465,889, with accumulated depreciation entity wide of \$4,823,452 resulting in net capital assets of \$17,500,527.

Long-Term Lease Agreement & Debt Financing

Bromley East Charter School entered into a lease agreement with the Community Education Center (CEC), Inc in 1999. The bonds under which the lease was based were refinanced in June 2005 and refunded in September 2015. Under the terms of the new financing of \$19,155,000, CEC will pay interest at 3.4% with a balloon payment of \$14,045,300 in September 2025. Bromley will remit monthly lease payments ranging from \$70,620 to \$96,302, commencing September 1, 2015, and continuing through September 1, 2025 until the refinancing of the existing debt. The total annual lease expense will be approximately \$1,153,000, which includes the CECFA fee.

The School has agreed to maintain a debt service coverage ratio (DSCR) of 1.1X (times), 75 days of cash on hand and finally a 5% unrestricted operating reserve. The actual DSCR for FY20 was positive or 1.14X. Days of operating cash on hand were 133 and the unrestricted operating reserve had 2.48X coverage (\$1,322K/\$532K).

The District bond election in the fall of 2015 resulted in Bromley East receiving \$4,350,000 in bond proceeds for the expansion. This support represented approximately 36% of the overall project cost.

Economic Factors and Next Year's Budget

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision expired in FY11 and continues without the 1% increase. The FY21 budget currently projects Bromley East Charter School General Fund equity will increase by at least the required DSCR. The FY21 budget was based on an enrollment of approximately 1,200 students. Overall funding has declined for FY 20-21 with PPR (Per Pupil Revenue) decreasing 5.13% to \$7,795 in anticipation of reduce revenue due to the pandemic. It is anticipated that FY21-22 could see further reductions in PPR due to reduced individual and corporate income tax collections, reduced sales, use and other excise tax revenue.

Bromley East Charter School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Requests for Information

This financial report is designed to provide a general overview of the Bromley East Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bromley East Charter School, Attn: Bart A. Skidmore, CPA, 356 Longspur Drive, Brighton, CO 80601.

BASIC FINANCIAL STATEMENTS

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF NET POSITION

June 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
			2020	2019
ASSETS				
Cash and Investments	\$ 3,889,410	\$ -	\$ 3,889,410	\$ 3,168,031
Restricted Investments	-	3,107,151	3,107,151	3,172,594
Accounts Receivable	73,981	-	73,981	122,614
Interest Receivable	591	-	591	6,001
Prepaid Items	107,582	-	107,582	54,212
Deposits	1,525	-	1,525	1,500
Capital Assets, Not Depreciated	6,667	144,120	150,787	144,120
Capital Assets, Depreciated				
Net of Accumulated Depreciation	98,095	17,356,407	17,454,502	17,788,765
TOTAL ASSETS	4,177,851	20,607,678	24,785,529	24,457,837
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	2,760,454	-	2,760,454	4,608,518
Related to OPEB	91,905	-	91,905	102,941
Cost of Refunding	-	702,624	702,624	838,615
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,852,359	702,624	3,554,983	5,550,074
LIABILITIES				
Accounts Payable	212,368	-	212,368	420,453
Accrued Salaries and Benefits	440,247	-	440,247	434,371
Unearned Revenues	609,211	-	609,211	1,161
Claims Payable	728,329	-	728,329	575,758
Accrued Interest	-	48,456	48,456	50,021
Noncurrent Liabilities				
Net Pension Liability	12,760,233		12,760,233	15,067,584
Net OPEB Liability	627,305		627,305	752,461
Due Within One Year	-	568,030	568,030	552,380
Due in More Than One Year	-	16,533,980	16,533,980	17,102,010
TOTAL LIABILITIES	15,377,693	17,150,466	32,528,159	34,956,199
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	8,545,683	-	8,545,683	9,566,627
Related to OPEB	115,881	-	115,881	1,146
TOTAL DEFERRED INFLOWS OF RESOURCES	8,661,564	-	8,661,564	9,567,773
NET POSITION				
Net Investment in Capital Assets	104,762	1,101,141	1,205,903	1,117,110
Restricted for Emergencies	315,000	-	315,000	315,000
Restricted for Special Education	337,000	-	337,000	337,000
Restricted for Debt Service	-	568,030	568,030	552,380
Restricted for Capital Projects	-	2,490,665	2,490,665	2,571,387
Unrestricted	(17,765,809)	-	(17,765,809)	(19,408,938)
TOTAL NET POSITION	\$ (17,009,047)	\$ 4,159,836	\$ (12,849,211)	\$ (14,516,061)

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

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction	\$ 4,911,099	\$ -	\$ 478,664	\$ -
Supporting Services	4,322,672	8,700	-	329,322
Total Governmental Activities	9,233,771	8,700	478,664	329,322
Business-Type Activities				
Community Education Center	1,177,516	1,152,879	-	-
Total Primary Government	\$ 10,411,287	\$ 1,161,579	\$ 478,664	\$ 329,322

GENERAL REVENUES

Per Pupil Revenue
 Mill Levy Override
 Special Item - PERA
 Investment Income
 Other Revenues
 Contributed Capital

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE
AND CHANGE IN
NET POSITION

Governmental Activities	Business- Type Activities	TOTALS	
		2020	2019
\$ (4,432,435)	\$ -	\$ (4,432,435)	\$ (5,188,588)
(3,984,650)	-	(3,984,650)	(3,903,529)
(8,417,085)	-	(8,417,085)	(9,092,117)
-	(24,637)	(24,637)	(24,872)
(8,417,085)	(24,637)	(8,441,722)	(9,116,989)
9,704,100	-	9,704,100	9,352,724
47,796	-	47,796	47,833
122,584	-	122,584	10,584
50,251	49,307	99,558	185,127
122,519	-	122,519	94,139
-	12,015	12,015	-
10,047,250	61,322	10,108,572	9,690,407
1,630,165	36,685	1,666,850	573,418
(18,639,212)	4,123,151	(14,516,061)	(15,089,479)
<u>\$ (17,009,047)</u>	<u>\$ 4,159,836</u>	<u>\$ (12,849,211)</u>	<u>\$ (14,516,061)</u>

BROMLEY EAST CHARTER SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	TOTAL GOVERNMENTAL FUNDS	
	2020	2019
ASSETS		
Cash and Investments	\$ 3,889,410	\$ 3,168,031
Accounts Receivable	73,981	121,420
Prepaid Expenses	107,582	54,212
Interest Receivable	591	6,001
Deposits	1,525	1,500
TOTAL ASSETS	<u>\$ 4,073,089</u>	<u>\$ 3,351,164</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 212,368	\$ 420,453
Accrued Salaries and Benefits	440,247	434,371
Claims Payable	728,329	575,758
Unearned Revenue	609,211	1,161
TOTAL LIABILITIES	<u>1,990,155</u>	<u>1,431,743</u>
FUND BALANCES		
Nonspendable	109,107	55,712
Restricted for Emergencies	315,000	315,000
Restricted for SPED Legal	337,000	337,000
Unassigned	<u>1,321,827</u>	<u>1,211,709</u>
TOTAL FUND BALANCES	2,082,934	1,919,421
TOTAL LIABILITIES AND FUND BALANCES		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,762	117,726
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability of (\$12,760,233), Net OPEB liability of (\$627,305), deferred outflows related to pensions and OPEB of \$2,852,359, and deferred inflows related to pensions and OPEB of (\$8,661,564).	<u>(19,196,743)</u>	<u>(20,676,359)</u>
Net position of governmental activities	<u>\$ (17,009,047)</u>	<u>\$ (18,639,212)</u>

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

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	TOTAL GOVERNMENTAL FUNDS	
	2020	2019
REVENUES		
Local Sources	\$ 9,874,943	\$ 9,791,598
State Sources	738,486	643,855
Federal Sources	195,798	253,604
	<u>10,809,227</u>	<u>10,689,057</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
Instruction	5,937,030	5,882,306
Supporting Services	4,708,684	4,474,809
	<u>10,645,714</u>	<u>10,357,115</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>163,513</u>	<u>331,942</u>
OTHER FINANCING SOURCES (USES)		
Transfers Out	<u>-</u>	<u>(800,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(800,000)</u>
NET CHANGE IN FUND BALANCE	163,513	(468,058)
FUND BALANCES, Beginning	<u>1,919,421</u>	<u>2,387,479</u>
FUND BALANCES, Ending	<u>\$ 2,082,934</u>	<u>\$ 1,919,421</u>

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

BROMLEY EAST CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ 163,513
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$6,667, was exceeded by depreciation (\$19,631), in the current period.	(12,964)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	<u>1,479,616</u>
Change in net position of governmental activities	<u>\$ 1,630,165</u>

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

BROMLEY EAST CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ 163,513
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$6,667, was exceeded by depreciation (\$19,631), in the current period.	(12,964)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	<u>1,479,616</u>
Change in net position of governmental activities	<u>\$ 1,630,165</u>

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

BROMLEY EAST CHARTER SCHOOL

COMMUNITY EDUCATION CENTER
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE

June 30, 2020

	Business-type Activities - Internal Service Fund	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Restricted Investments	\$ 3,107,151	\$ 3,172,594
Accounts Receivable	-	1,194
	<u>3,107,151</u>	<u>3,173,788</u>
Long-term Assets		
Capital Assets, Not Depreciated	144,120	144,120
Capital Assets, Net of Accumulated Depreciation	17,356,407	17,671,039
	<u>17,500,527</u>	<u>17,815,159</u>
	<u>20,607,678</u>	<u>20,988,947</u>
DEFERRED OUTFLOWS OF RESOURCES		
Cost of Refunding	<u>702,624</u>	<u>838,615</u>
LIABILITIES		
Current Liabilities		
Interest Payable	48,456	50,021
Loan Payable - Current Portion	568,030	552,380
	<u>616,486</u>	<u>602,401</u>
Long-Term Liabilities		
Loan Payable	<u>16,533,980</u>	<u>17,102,010</u>
	<u>17,150,466</u>	<u>17,704,411</u>
NET POSITION		
Net Investment in Capital Assets	1,101,141	999,384
Restricted for Debt Service	568,030	552,380
Restricted for Capital Projects	<u>2,490,665</u>	<u>2,571,387</u>
	<u>\$ 4,159,836</u>	<u>\$ 4,123,151</u>

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

BROMLEY EAST CHARTER SCHOOL

COMMUNITY EDUCATION CENTER
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2020

	Business-type Activities - Internal Service Fund	
	2020	2019
OPERATING REVENUES		
Rent	\$ 1,152,879	\$ 1,152,879
Investment Income	49,307	58,182
TOTAL OPERATING REVENUES	1,202,186	1,211,061
OPERATING EXPENSES		
Purchased Services	10,666	324
Depreciation	446,258	438,160
Amortization	135,991	135,991
TOTAL OPERATING EXPENSES	592,915	574,475
OPERATING INCOME (LOSS)	609,271	636,586
NON-OPERATING EXPENSES		
Interest Expense	584,601	603,276
TOTAL NON-OPERATING REVENUES (EXPENSES)	584,601	603,276
OTHER FINANCING SOURCES (USES)		
Capital Contributions	12,015	-
Transfers In	-	800,000
TOTAL OTHER FINANCING SOURCES (USES)	12,015	800,000
NET INCOME	36,685	833,310
NET POSITION, Beginning	4,123,151	3,289,841
NET POSITION, Ending	\$ 4,159,836	\$ 4,123,151

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

BROMLEY EAST CHARTER SCHOOL

COMMUNITY EDUCATION CENTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended June 30, 2020
Increase (Decrease) in Cash

	Business-type Activities - Internal Service Fund	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operations	\$ 1,152,879	\$ 1,152,879
Cash Paid to Suppliers	(9,472)	(310)
Investment Income	49,307	58,182
Net Cash Provided by Operating Activities	<u>1,192,714</u>	<u>1,210,751</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfer from Other Funds	-	800,000
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Purchase of Capital Assets	(119,611)	-
Interest Expense	(586,166)	(604,789)
Principal Payments on Loan	(552,380)	(534,210)
Net Cash (Used) by Financing Activities	<u>(1,258,157)</u>	<u>(1,138,999)</u>
NET INCREASE (DECREASE) IN CASH	(65,443)	871,752
CASH, Beginning	<u>3,172,594</u>	<u>2,300,842</u>
CASH, Ending	<u>\$ 3,107,151</u>	<u>\$ 3,172,594</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 609,271	\$ 636,586
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense	446,258	438,160
Amortization Expense	135,991	135,991
Changes in Assets and Liabilities		
Accounts Receivable	1,194	14
Total Adjustments	<u>583,443</u>	<u>574,165</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,192,714</u>	<u>\$ 1,210,751</u>

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

BROMLEY EAST CHARTER SCHOOL

AGENCY FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Investments	<u>\$ 135,789</u>	<u>100,607</u>
LIABILITIES		
Due to Student Groups	<u>\$ 135,789</u>	<u>\$ 100,607</u>

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

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bromley East Charter School (the “School”) was formed pursuant to the Colorado Charter Schools Act to establish and operate a charter school within the Brighton School District 27J.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, the following organization is included in the School’s reporting entity.

Community Education Center, Inc.

The Community Education Center, Inc. (“CEC”) is considered to be financially accountable to the School. The purpose of the CEC is to provide a mechanism to issue and pay debt on behalf of the School. The CEC is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School’s financial statements as an internal service fund. Separate financial statements are not available.

The School is a component unit of the Brighton School District 27J (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 of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Major individual governmental funds are reported in 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.

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 period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal is recorded only when payment is due.

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses on meeting this definition are reported as nonoperating revenues and expenses.

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

The School reports the following major governmental and proprietary funds:

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

Community Education Center – This fund is used to account for the financial activities of CEC, including facilities acquisition and construction, and the related debt service.

Additionally, the School reports the following fund type:

The *Agency Fund* is used to account for resources used to support the school's student and fundraising activities. The School holds all resources in a purely custodial capacity.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

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

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

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings, 50 years; leasehold improvements, 15 years, and vehicles and equipment, 5-7 years.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Unearned Revenues – Unearned revenues include grant funds that have been collected but the corresponding expenditures have not been incurred.

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2020, by the School are nonspendable in form as prepaid expenses and deposits.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Other funds classified as restricted are the Special Education Legal Reserves which are required by the contract between the School and the District.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2020.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

BROMLEY EAST CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

The School's policy allows employees to accumulate paid time off. Any unused days are paid out to the employees at the end of each year. Therefore, no liability for paid time off is reported in the financial statements.

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. Settled claims have not exceeded coverage in the last three years.

The School, in conjunction with Eagle Ridge High School and Belle Creek Charter School, has established a self-insurance pool for employee health benefits. The School's premiums are determined at the beginning of each fiscal year and are deposited into a claims account throughout the year. The claims account is reported as cash with an offsetting liability in the General Fund. The Pool's fiscal year ends each July 31, and includes individual stop loss insurance of \$75,000 and aggregate stop loss insurance of \$924,813.

Comparative Data

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

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. A budget was not adopted for the Center.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2020 consisted of the following:

Cash on Hand	\$ 500
Deposits	671,881
Investments	<u>6,459,969</u>
Total	<u>\$ 7,132,350</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At June 30, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

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. The School has no policy regarding custodial credit risk for deposits.

BROMLEY EAST CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At June 30, 2020, the School had deposits with financial institutions with a carrying amount of \$671,881. The bank balances with the financial institutions were \$714,577. Of these balances, \$422,918 was covered by federal depository insurance and \$291,659 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The School has a formal investment policy that manages interest rate risk. The board must approve all investments whose maturities exceed five years.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

As of June 30, 2020, the School held the following investments:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>	
		<u>0 – 1 Years</u>	<u>1 – 5 Years</u>
Money Market Funds	\$ 1,039,910	\$ 1,039,910	\$ -
Certificates of Deposit	229,810	-	229,810
Local Government Investment Pools	<u>5,190,249</u>	<u>5,190,249</u>	<u>-</u>
Total	<u>\$ 6,459,969</u>	<u>\$ 6,230,159</u>	<u>\$ 229,810</u>

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments (Continued)

Local Government Investment Pools

The School had invested \$1,537 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

The School had invested \$814,514 in the Colorado Surplus Asset Fund Trust CORE Fund ("Colorado Core") an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. Colorado Core is an ultra-short duration enhanced cash fund seeking to maintain a constant share price of \$2.00 with an emphasis placed on limiting the risk of negative fair market valuations while maintaining high credit quality and adequate liquidity. The fund operates under GASB Statements 31 and 72 methodology for calculating fair market values and maintains a weighted average maturity of 180 days or less and a weighted average life of 365 days or less.

Colorado Core is rated AAAf/S1 by Fitch Ratings. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Colorado Core investments primary included, highly rated commercial paper, Colorado depositories in which the deposits are collateralized at 102% of market value under the provisions of the Public Depository Protection Act, and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed for by C.R.S 24-75-601.1(1)(i). Redemption requests must be made at least one day in advance and are limited to three per month

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments (Continued)

The School had invested \$4,374,198 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

Money Market Funds and Certificates of Deposit

The School held investments in Money Market Funds and Certificates of Deposit in the amount of \$1,039,910 and \$229,810, respectively, with maturity dates of less than one and two years. These investments are valued with Level 1 inputs.

Restricted Cash and Investments

Cash and investments in the amount of \$3,107,151 are restricted for debt service.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2020 is summarized below.

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Governmental Activities				
Capital assets, Not Depreciated				
Construction in Progress	\$ _____ -	\$ _____ 6,667	\$ _____ -	\$ _____ 6,667
Capital Assets, Being Depreciated				
Building Improvements	\$ 258,128	\$ -	\$ -	\$ 258,128
Vehicles and Equipment	<u>298,549</u>	<u>-</u>	<u>-</u>	<u>298,549</u>
Total Capital Assets, Being Depreciated	<u>556,677</u>	<u>-</u>	<u>-</u>	<u>556,677</u>
Accumulated Depreciation				
Building Improvements	151,847	17,209	-	169,056
Vehicles and Equipment	<u>287,104</u>	<u>2,422</u>	<u>-</u>	<u>289,526</u>
Total Accumulated Depreciation	<u>438,951</u>	<u>19,631</u>	<u>-</u>	<u>458,582</u>
Total Capital Assets, Being Depreciated	<u>117,726</u>	<u>(19,631)</u>	<u>-</u>	<u>98,095</u>
Governmental Capital Assets, Net	<u>\$ 117,726</u>	<u>\$ (12,964)</u>	<u>\$ -</u>	<u>\$ 104,762</u>
Business-Type Activities				
Capital assets, Not Depreciated				
Land	\$ 144,120	\$ -	\$ -	\$ 144,120
Capital Assets, Being Depreciated				
Buildings	\$ 21,589,651	\$ 131,626	\$ -	\$ 21,721,277
Accumulated Depreciation	<u>(3,918,612)</u>	<u>(446,258)</u>	<u>-</u>	<u>(4,364,870)</u>
Total Capital Assets, Being Depreciated	<u>17,671,039</u>	<u>(314,632)</u>	<u>-</u>	<u>17,356,407</u>
Business-Type Capital Assets, Net	<u>\$ 17,815,159</u>	<u>\$ (314,632)</u>	<u>\$ -</u>	<u>\$ 17,500,527</u>

Depreciation on the governmental activities has been charged to the supporting services program of the School.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2020, were \$440,247 in the General Fund.

NOTE 6: LONG-TERM DEBT

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2020:

	Balance			Balance	Due In
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2020</u>	<u>One Year</u>

Business-Type Activities

2015 Building Loan	<u>\$ 17,654,390</u>	<u>\$ -</u>	<u>\$ 552,380</u>	<u>\$ 17,102,010</u>	<u>\$ 568,030</u>
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Building Loan

In September 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$19,155,000 Charter School Revenue Bonds (Series 2015). Proceeds from the bonds were used to refund the CECFA Charter School Revenue Bonds, Series 2005. Proceeds from the bonds were loaned to CEC to construct the School's education facilities and to provide additional cash of \$9,350,00 for facilities' expansion. The School is obligated to make monthly lease payments to CEC for use of the building. CEC is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrued at 3.4% per annum and is paid monthly. Principal payments are due annually beginning September 1, 2016, with a balloon payment of \$14,045,300 due on September 1, 2025.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 568,030	\$ 566,904	\$ 1,134,934
2022	590,580	546,989	1,137,569
2023	610,660	526,397	1,137,057
2024	631,420	505,105	1,136,525
2025	652,890	483,090	1,135,980
2026	<u>14,048,430</u>	<u>119,385</u>	<u>14,167,815</u>
Total	<u>\$ 17,102,010</u>	<u>\$ 2,747,870</u>	<u>\$ 19,849,880</u>

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-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/deductions from the fiduciary net position of the 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2019. 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.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

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

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

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

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

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

As of December 31, 2019, 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 the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) 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 provisions as of June 30, 2020: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

BROMLEY EAST CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from The School were \$999,626 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the School reported a liability of \$12,760,233 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

BROMLEY EAST CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The School's proportionate share of the net pension liability	\$12,760,233
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School.	\$ 2,049,960
Total	\$14,810,193

At December 31, 2019, the School's proportion was 0.08541 percent, which was an increase of 0.00032 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized pension income of \$480,602 and revenue of \$54,709 for support from the State as a nonemployer contributing entity. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 695,441	N/A
Changes of assumptions or other inputs	\$ 364,285	\$ 5,787,921
Net difference between projected and actual earnings on pension plan investments	N/A	\$ 1,511,577
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 1,203,863	\$ 1,246,185
Contributions subsequent to the measurement date	\$ 496,865	N/A
Total	\$ 2,760,454	\$ 8,545,683

\$496,865 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BROMLEY EAST CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year ended June 30,	
2021	(\$3,461,321)
2022	(\$2,341,860)
2023	\$35,280
2024	(\$514,193)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) ¹	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates 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 of 7.25 percent 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 rate, and therefore, the discount rate is 7.25 percent.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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 proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 16,922,802	\$ 12,760,233	\$ 9,265,395

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$52,612 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability of \$627,305 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the School's proportion was 0.0558 percent, which was an increase of 0.0005% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of \$53,228. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,082	\$ 105,410
Changes of assumptions or other inputs	\$ 5,204	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$ 10,471
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 58,468	N/A
Contributions subsequent to the measurement date	\$ 26,151	N/A
Total	\$ 91,905	\$ 115,881

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

\$26,151 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended, June 30,	
2021	(\$7,982)
2022	(\$7,981)
2023	(\$4,949)
2024	(\$8,929)
2025	(\$19,123)
Thereafter	(\$1,163)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset 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	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%	

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 7.25 percent.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$612,404	\$627,305	\$644,525

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- 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 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the School’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$709,295	\$627,305	\$557,187

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant 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.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2020, the reserve of \$315,000 was recorded as a reservation of fund balance in the General Fund.

NOTE 10: **DEFICIT NET POSITION**

The Net Position of the government type activities is a deficit of \$17,009,047 due to the School including the Net Pension Liability per GASB No. 68.

NOTE 11: **SUBSEQUENT EVENTS**

COVID-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the School. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

BROMLEY EAST CHARTER SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2020

	2020			VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 10,157,585	\$ 10,157,585	\$ 9,704,100	\$ (453,485)	\$ 9,352,724
Mill Levy Override	52,100	52,100	47,796	(4,304)	47,833
Tuition and Fees	-	-	8,700	8,700	169,957
Contributions and Donations	-	-	3,728	3,728	-
Investment Income	42,500	42,500	50,251	7,751	126,945
Other	82,699	82,699	60,368	(22,331)	94,139
State and Federal Sources					
State	618,160	618,160	738,486	120,326	643,855
Federal	159,966	159,966	195,798	35,832	253,604
TOTAL REVENUES	11,113,010	11,113,010	10,809,227	(303,783)	10,689,057
EXPENDITURES					
Instruction					
Salaries	4,084,570	4,084,570	3,841,732	242,838	3,868,472
Employee Benefits	1,467,583	1,467,583	1,479,101	(11,518)	1,390,127
Purchased Services	176,420	138,420	177,042	(38,622)	182,154
Supplies and Materials	248,791	248,791	190,761	58,030	190,540
Property	259,080	259,080	248,394	10,686	251,013
Total Instruction	6,236,444	6,198,444	5,937,030	261,414	5,882,306
Supporting Services					
Salaries	1,514,263	1,514,263	1,531,020	(16,757)	1,538,308
Employee Benefits	578,689	578,689	602,979	(24,290)	558,162
Purchased Services	2,136,485	2,174,485	2,266,424	(91,939)	2,223,883
Supplies and Materials	353,041	353,041	249,529	103,512	100,910
Property	28,560	28,560	18,682	9,878	24,510
Other	151,446	151,446	40,050	111,396	29,036
Total Supporting Services	4,762,484	4,800,484	4,708,684	91,800	4,474,809
TOTAL EXPENDITURES	10,998,928	10,998,928	10,645,714	353,214	10,357,115
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	114,082	114,082	163,513	49,431	331,942
OTHER FINANCING USES					
Transfers Out	(114,082)	(114,082)	-	114,082	(800,000)
NET CHANGE IN FUND BALANCE	-	-	163,513	163,513	(468,058)
FUND BALANCE, Beginning	-	-	1,919,421	1,919,421	2,387,479
FUND BALANCE, Ending	\$ -	\$ -	\$ 2,082,934	\$ 2,082,934	\$ 1,919,421

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DISTRICT TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School's proportion of the Net Pension Liability	0.073%	0.073%	0.075%	0.085%	0.094%	0.085%	0.085%
School's proportionate share of the Net Pension Liability	\$ 9,330,233	\$ 9,903,243	\$ 11,536,855	\$ 25,362,332	\$ 30,320,190	\$ 15,067,584	\$ 12,760,233
State of Colorado Proportionate Share of the Net Pension Liability associated with the School	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060,283</u>	<u>2,049,960</u>
Total portion of the Net Pension Liability associated with the School	9,330,233	9,903,243	11,536,855	25,362,332	30,320,190	17,127,867	14,810,193
School's covered payroll	\$ 2,953,310	\$ 3,059,164	\$ 3,287,351	\$ 3,823,174	\$ 4,324,845	\$ 4,686,273	\$ 5,018,217
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	315.9%	323.7%	350.9%	663.4%	701.1%	321.5%	254.3%
Plan fiduciary net position as a percentage percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 477,775	\$ 534,466	\$ 615,948	\$ 769,603	\$ 841,164	\$ 926,211	\$ 999,626
Contributions in relation to the Statutorily required contributions	<u>477,775</u>	<u>534,466</u>	<u>615,948</u>	<u>769,603</u>	<u>841,164</u>	<u>926,211</u>	<u>999,626</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 2,990,236	\$ 3,165,904	3,472,324	4,185,954	\$ 4,455,494	\$ 4,841,667	\$ 5,158,054
Contributions as a percentage of covered payroll	15.98%	16.88%	17.74%	18.39%	18.88%	19.13%	19.38%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>
School's proportion of the Net Pension Liability	0.053%	0.055%	0.056%
School's proportionate share of the Net Pension Liability	\$ 692,319	\$ 752,461	\$ 627,305
School's covered payroll	\$ 4,490,196	\$ 4,686,273	\$ 5,018,217
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	15.4%	16.1%	12.5%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	17.03%	24.49%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 45,446	\$ 49,385	\$ 52,612
Contributions in relation to the Statutorily required contributions	<u>45,446</u>	<u>49,385</u>	<u>52,612</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 4,479,009	\$ 4,841,667	\$ 5,158,054
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL STATEMENTS

BROMLEY EAST CHARTER SCHOOL

AGENCY FUND - STUDENT ACTIVITY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended June 30, 2020

	BALANCE JULY 1, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 100,607	\$ 147,002	\$ 111,820	\$ 135,789
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accounts Payable - Due to Student Groups	\$ 100,607	\$ 147,002	\$ 111,820	\$ 135,789
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

STUDENT ACTIVITY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Student Groups	\$ 171,870	\$ 147,002	\$ (24,868)	\$ 196,334
TOTAL REVENUES	171,870	147,002	(24,868)	196,334
EXPENDITURES				
Student Groups	171,870	111,820	60,050	170,689
TOTAL EXPENDITURES	171,870	111,820	60,050	170,689
CHANGE IN NET POSITION	-	35,182	35,182	25,645
NET POSITION, Beginning	100,607	100,607	-	100,607
NET POSITION, Ending	\$ 100,607	\$ 135,789	\$ 35,182	\$ 126,252

See the accompanying independent auditors' report.