

SWALLOWS CHARTER ACADEMY

BASIC FINANCIAL STATEMENTS

June 30, 2020

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FINANCIAL SECTION

Board of Directors
Swallows Charter Academy
Pueblo, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Swallows Charter Academy, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Swallows Charter Academy, as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the Academy's proportionate share, and the schedules of the Academy's contributions on pages 51-55 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.

PB Solutions LLC

November 10, 2020

Management’s Discussion and Analysis
Swallows Charter Academy
June 30, 2020

As management of Swallows Charter Academy (the “Academy”), we offer readers of Swallows Charter Academy’s financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Academy’s financial statements, which follow this narrative.

Financial Highlights

- The net position of Swallows Charter Academy at the close of the fiscal year is a deficit of (\$6,819,802) due the Academy reporting its net pension liability and net OPEB liability as required by GASB 68 and 75 (see Footnotes 6 and 7 for more information).
- As of the close of the current fiscal year, Swallows Charter Academy’s governmental funds reported combined ending fund balances of \$1,570,009, an increase of \$442,666 from the prior year 2018-2019
- The Academy attained an FTE of 698 for FY20.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Swallows Charter Academy’s basic financial statements. The Academy’s basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Academy through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of Swallows Charter Academy.

Basic Financial Statements

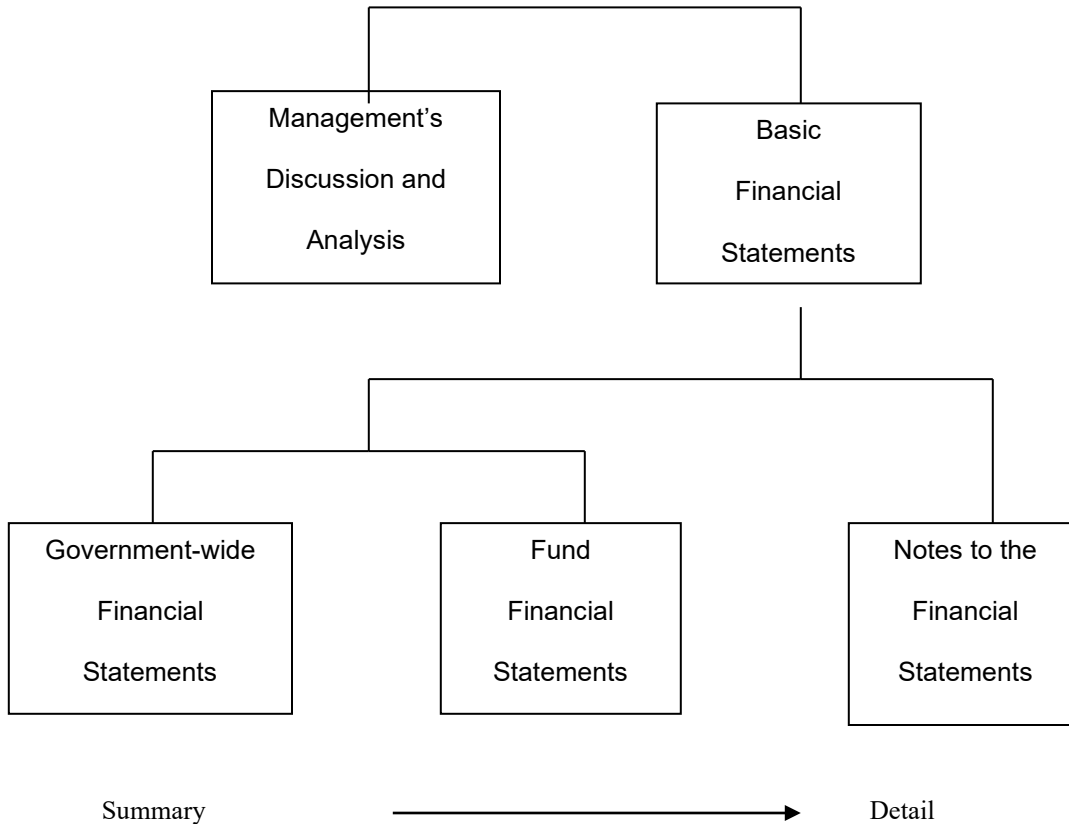
The first two statements (Pages 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Academy’s financial status.

The next statements (Pages 3 and 6) show the Academy’s **Fund Financial Statements** and how these statements reconcile to the government-wide financial statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, the **required supplemental information** is provided to show details about the budgetary information for the Academy and the schedules required by GASB 68 and 75 related to the Academy’s Net Pension and Net OPEB liabilities.

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Academy's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Academy's financial status as a whole.

The two government-wide statements report the Academy's net position and how they have changed. Net position is the difference between the Academy's total assets and total liabilities. Measuring net position is one way to gauge the Academy's financial condition.

The government-wide financial statements are on pages 1 and 2 of this report.

Management Discussion and Analysis
Swallows Charter Academy
June 30, 2020

Fund Financial Statements

The fund financial statements provide a more detailed look at the Academy's most significant activities on a fund accounting basis. 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. Swallows Charter Academy uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Academy's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Academy's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Swallows Charter Academy adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements, but are part of the required supplemental information that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the Academy in determining what activities will be pursued and what services will be provided by the Academy during the year. It also authorizes the Academy to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well the Academy has complied with the budget ordinance and whether or not the Academy has succeeded in providing the services as planned when the budget was adopted.

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of the Academy's financial condition. The liabilities of Swallows Charter Academy exceeded assets by \$(6,819,802) as of June 30, 2020. The Academy reports a change in net position of \$675,362 for fiscal year ended June 30, 2020.

Management Discussion and Analysis
Swallows Charter Academy
June 30, 2020

Swallows Charter Academy's Net position

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Investments	1,787,272	632,318
Restricted Cash and Investments	211,992	209,335
Due from the District		89,086
Accounts Receivable	103,523	360,940
Prepaid Expenses	31,385	35,673
Deposit		-
Capital Assets, Not Depreciated	1,092,879	205,962
Capital Assets, Depreciated, Net of Accumulated Depreciation	3,234,382	4,097,622
TOTAL ASSETS	6,461,433	5,630,936
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,295,983	2,083,515
Related to OPEB	51,202	33,981
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,347,185	2,117,496
LIABILITIES		
Accounts Payable	14,956	32,132
Accrued Salaries	188,017	167,877
Unearned Revenues	361,190	
Interest Payable	22,871	11,436
Noncurrent Liabilities		
Due In One Year	106,749	50,000
Due In More than One Year		3,420,000
Bonds Payable	3,365,000	
Capital Lease Payable	103,880	
Net Pension Liability	6,131,905	6,790,062
Net OPEB Liability	301,263	339,125
TOTAL LIABILITIES	10,595,831	10,810,632
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	3,976,938	4,789,362
Related to OPEB	55,651	516
TOTAL DEFERRED INFLOWS OF RESOURCES	4,032,589	4,789,878
NET POSITION		
• Net Investment in Capital Assets	4,432,504	833,584
• Restricted for Emergencies	159,425	152,000
• Restricted for Debt Service		209,335
• Unrestricted	(11,411,731)	(9,046,997)
TOTAL NET POSITION	(6,819,802)	(7,852,078)

Management Discussion and Analysis
Swallows Charter Academy
June 30, 2020

Swallows Charter Academy Changes in Net position

	2020	2019
Program Revenues		
Charges for Services	\$ -	\$ 89,362
Local Revenues		
Per Pupil Revenue	\$ 5,622,662	\$ 4,950,117
Contributions	\$ 66,131	
Interest	\$ 2,486	\$ 731
Other	\$ 63,627	\$ 61,659
State Sources		
Capital Construction	\$ 232,772	\$ 165,532
PERA On Behalf Contribution	\$ 58,907	\$
Grants and Donations	\$ 29,010	\$ 450
Total Revenues	<u>\$ 6,100,196</u>	<u>\$ 5,267,851</u>
Program Expenses		
Instructional	\$ 2,494,883	\$ 2,314,122
Support	\$ 2,709,097	\$ 2,697,983
Interest on LT debt	\$ 196,253	\$ 187,090
Total Expenses	<u>\$ 5,400,233</u>	<u>\$ 5,199,195</u>
Change in Net Position	<u>\$ 675,362</u>	<u>\$ 68,656</u>
Beginning Net Position, restated	<u>\$ (7,495,164)</u>	<u>\$ (7,920,734)</u>
Ending Net Position	<u>\$ (6,819,802)</u>	<u>\$ (7,852,078)</u>

Governmental activities:

Governmental activities increased the Academy's net position by \$675,362 for the year. The beginning net position balance was increased by \$356,914 to include the prior year's capitalizable expenditures in construction in progress.

Financial Analysis of the Academy's Funds

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Management Discussion and Analysis
Swallows Charter Academy
June 30, 2020

Governmental Funds

The focus of the Academy's General Fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Swallows Charter Academy's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,167,207, while total fund balance increased to \$1,358,017. The Academy is required by statute to keep an emergency reserve TABOR, which was \$159,425 as of June 30, 2020.

For the year ended June 30, 2020 the beginning fund balances of the governmental funds were increased by \$209,335 to include the activities of the Academy's Building Corporation on a modified accrual basis of accounting. Previously, the Building Corporation was reported on a full accrual basis as an Internal Service Fund. The Academy's government-wide financial statements were not affected by this change in reporting.

Capital Asset and Debt Administration

Capital assets - Swallows Charter Academy's investment in capital assets is \$4,327,261 at June 30, 2020. Capital assets consist primarily of Land and Buildings. In 2020, the Academy completed a tenant finish of a leased space for the High Academy. The Academy also constructed a cafeteria addition in conjunction with the Academy's BEST grant project. The Academy also disposed of various modular and other assets that were no longer needed. More details on capital assets can be found in footnote 4 and information regarding the Academy's BEST grant project can be found in footnote 8.

Long-term Debt - The Academy has long term debt of bonds for the construction of the Academy's gymnasium. The outstanding balance of the bonds at June 30, 2020 is \$3,420,000. The bonds originally matured on November 19, 2019 but were re-issued in December 2018 with a new maturity date of November 15, 2027.

During the fiscal year ended June 30, 2020 the Academy entered into a capital lease agreement to purchase computers for the high Academy. Annual lease payments of \$52,132 are due through July 1, 2022.

Additional detail on the Academy's long-term debt can be found in footnote 6 of the financial statements.

Management Discussion and Analysis
Swallows Charter Academy
June 30, 2020

Economic Factors

The following key economic indicators were considered in the Academy's budget:

- Stabilization of the state budget
- Increased enrollment for fiscal Academy year
- In August 2020, Swallows Charter Academy finalized its BEST Grant project and completed the construction a new facility for students and staff. This project has a total award of \$20,092,390.

Requests for Information

This report is designed to provide an overview of the Academy's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Principal, Swallows Charter Academy. phone: (719) 547-1627.

BASIC FINANCIAL STATEMENTS

SWALLOWS CHARTER ACADEMY

STATEMENT OF NET POSITION
As of June 30, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 1,787,272
Restricted Cash and Investments	211,992
Accounts Receivable	103,523
Prepaid Expenses	31,385
Capital Assets, Not Depreciated	1,092,879
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>3,234,382</u>
TOTAL ASSETS	<u>6,461,433</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	1,295,983
Related to OPEB	<u>51,202</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,347,185</u>
LIABILITIES	
Accounts Payable	14,956
Accrued Salaries and Benefits	188,017
Unearned Revenues	361,190
Accrued Interest Payable	22,871
Noncurrent Liabilities	
Due in One Year	106,749
Due in More than One Year	
Bonds Payable	3,365,000
Capital Lease Payable	103,880
Net Pension Liability	6,131,905
	<u>301,263</u>
TOTAL LIABILITIES	<u>10,595,831</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	3,976,938
Related to OPEB	<u>55,651</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,032,589</u>
NET POSITION	
Net Investment in Capital Assets	4,432,504
Restricted for Emergencies	159,425
Unrestricted	<u>(11,411,731)</u>
TOTAL NET POSITION	<u>\$ (6,819,802)</u>

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

SWALLOWS CHARTER ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT					
Governmental Activities				GOVERNMENTAL ACTIVITIES	
Instructional	\$ 2,494,883	\$ -	\$ 29,010	\$ -	\$ (2,465,873)
Supporting Services	2,709,097	-	125,038	232,772	(2,351,287)
Interest and Other Fiscal Charges	196,253	-	-	-	(196,253)
Total Governmental Activities	\$ 5,400,233	\$ -	\$ 154,048	\$ 232,772	(5,013,413)
		GENERAL REVENUES			
			Per Pupil Revenue		5,622,662
			Interest		2,486
			Other		63,627
			TOTAL GENERAL REVENUES		5,688,775
			CHANGE IN NET POSITION		675,362
			NET POSITION, Beginning, Restated		(7,495,164)
			NET POSITION, Ending		\$ (6,819,802)

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

SWALLOWS CHARTER ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments	\$ 1,787,272	\$ -	\$ 1,787,272
Restricted Cash and Investments	-	211,992	211,992
Due from District	103,523	-	103,523
Prepaid Expenses	31,385	-	31,385
TOTAL ASSETS	\$ 1,922,180	\$ 211,992	\$ 2,134,172
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 14,956	\$ -	\$ 14,956
Accrued Salaries	188,017	-	188,017
Unearned Revenue	361,190	-	361,190
TOTAL LIABILITIES	564,163	-	564,163
FUND BALANCES			
Nonspendable	31,385	-	31,385
Restricted for Emergencies	159,425	-	159,425
Restricted for Debt Service	-	211,992	211,992
Unassigned	1,167,207	-	1,167,207
TOTAL FUND BALANCES	1,358,017	211,992	1,570,009
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,922,180	\$ 211,992	\$ 2,134,172

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

SWALLOWS CHARTER ACADEMY

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2020

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

Total fund balances of governmental funds			\$ 1,570,009
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, not depreciated	1,092,879	
	Capital Assets, depreciated	4,304,462	
	Accumulated Depreciation	<u>(1,070,080)</u>	4,327,261
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bonds Payable	(3,420,000)	
	Accrued Interest Payable	(22,871)	
	Capital Lease Payable	(155,629)	
	Net Pension Liability	(6,131,905)	
	Net OPEB Liability	<u>(301,263)</u>	(10,031,668)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Change in Proportionate Share	534,689	
	Deferred outflows of resources - Subsequent Contributions	252,044	
	Deferred outflows of resources - Expected vs Actual Experience	334,193	
	Deferred outflows of resources - Projected vs Actual Investments Earnings	-	
	Deferred outflows of resources - Change in Assumptions	175,057	
	Deferred inflows of resources - Projected vs Actual Investments Earnings	(726,385)	
	Deferred inflows of resources - Change in Assumptions	(2,781,374)	
	Deferred inflows of resources - Change in Proportionate Share	<u>(469,179)</u>	(2,680,955)
	Deferred outflows of resources - Change in Proportionate Share OPEB	34,438	
	Deferred outflows of resources - Subsequent Contributions OPEB	13,265	
	Deferred outflows of resources - Expected vs Actual Experience OPEB	1,000	
	Deferred outflows of resources - Change in Assumptions OPEB	2,499	
	Deferred inflows of resources - Projected vs actual investment earnings OPEB	(5,028)	
	Deferred inflows of resources - Expected vs Actual Experience OPEB	(50,623)	
	Deferred inflows of resources - Change in Proportionate Share OPEB	<u>-</u>	<u>(4,449)</u>
Net position of governmental activities			<u>\$ (6,819,802)</u>

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

SWALLOWS CHARTER ACADEMY

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

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 5,779,507	\$ 236,965	\$ 6,016,472
State Sources	320,689	-	320,689
Federal Sources	-	-	-
	<u>6,100,196</u>	<u>236,965</u>	<u>6,337,161</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	2,975,344	-	2,975,344
Supporting Services	2,839,962	-	2,839,962
Debt Service			-
Principal Payments	51,622	50,000	101,622
Interest Payments	510	184,308	184,818
	<u>5,867,438</u>	<u>234,308</u>	<u>6,101,746</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>232,758</u>	<u>2,657</u>	<u>235,415</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Lease	<u>207,251</u>	<u>-</u>	<u>207,251</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>207,251</u>	<u>-</u>	<u>207,251</u>
NET CHANGE IN FUND BALANCES	440,009	2,657	442,666
FUND BALANCES, Beginning, Restated	<u>918,008</u>	<u>209,335</u>	<u>1,127,343</u>
FUND BALANCES, Ending	<u>\$ 1,358,017</u>	<u>\$ 211,992</u>	<u>\$ 1,570,009</u>

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

SWALLOWS CHARTER ACADEMY

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			\$ 442,666
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.			
	Capital Outlay	530,003	
	Depreciation	(233,791)	
	Loss on Disposal of Assets	<u>(629,449)</u>	
			(333,237)
Proceeds from capital leases provide current financial resources in the governmental funds. However, the proceeds create additional long-term liabilities in the statement of net position.			(207,251)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Debt Principal Payments	101,622	
	Changes in Accrued Interest Payable	<u>(11,435)</u>	
			90,187
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	683,049	
	Deferred charges related to OPEB	<u>(52)</u>	
			<u>682,997</u>
Change in net position of governmental activities			<u>\$ 675,362</u>

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

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Swallows Charter Academy (the “Academy”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Pueblo County School District No. 70. The Academy provides a Core Knowledge Curriculum to advance excellence and equity in education for all children. The Academy is governed by a five-member Board of Directors.

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

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. It is also financially accountable for legally separate organizations if the Academy’s officials appoint a voting majority for the organization’s governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Academy. The Academy may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the Academy includes the following organizations within its reporting entity:

Swallows Charter Academy Building Corporation

The Swallows Charter Academy Building Corporation (the “Building Corporation”) was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing and construction of the Academy’s facilities. The Building Corporation is blended into the Academy’s financial statements as a debt service fund. Separate financial statements are not available for the Building Corporation.

The Academy is a component unit of Pueblo County School District No. 70.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 nonfiduciary activities of the Academy. 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.

The statement of net position reports all financial, capital and debt resources of the Academy. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the Academy is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers 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 revenue and other items 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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

SWALLOWS CHARTER ACADEMY

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)

considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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 Academy.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the Academy reports the following major governmental funds:

The *General Fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *Building Corporation Fund* accounts for the activities of the Swallows Charter Academy Building Corporation.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the Academy considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Academy 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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. Property and equipment of the Academy is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	20-50 years
Equipment	5-20 years

Unearned Revenues – The unearned revenues include amounts received but not yet available for expenditure. At June 30, 2020, the Academy reports \$361,190 in unspent CARES Act grant funds.

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 Academy year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, were \$188,017. The accrued compensation is reported as a liability in the General Fund.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows of Resources - In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow 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.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow 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 in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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.

Compensated Absences – The Academy’s policy allows employees to earn personal leave of absence during the year. Upon termination, no unused personal leave of absence days are paid to the employee. Therefore, no liability is recorded in the Academy’s government-wide statement of net position.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position– The government-wide and business-type 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 are 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 are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Academy management may have categorized and segmented portion for various purposes, the Academy Board has the unrestricted right to revisit or alter these managerial decisions.

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 Academy 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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Academy reports prepaid expenses as nonspendable.
- 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 Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the fund balance of the Building Corporation is reported as being restricted to comply with debt covenants.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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 Academy did not have any committed resources as of June 30, 2020.
- Assigned – This classification includes amounts the Academy intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The Academy did not have any assigned 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 Academy 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.

Risk Management

The Academy 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 Academy purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Academy has evaluated events subsequent to the year ended June 30, 2020 through November 10, 2020, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing 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 to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

State Compliance

At June 30, 2020, actual expenditures in the General Fund exceeded budgeted amounts by \$58,177 due to the Academy not budgeting capital outlay related to its capital lease. This may be a violation of state statute.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: CASH AND INVESTMENTS

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

Deposits	\$ 1,785,744
Investments	<u>213,520</u>
Total	<u>\$ 1,999,264</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$ 1,787,272
Cash and Investments - Restricted	<u>211,992</u>
	<u>\$ 1,999,264</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 Academy 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.

At June 30, 2020, the Academy had deposits with financial institutions with a carrying amount of \$1,785,744. The bank balances with the financial institutions were \$1,860,998. Of these balances, \$283,811 was covered by federal depository insurance and \$1,577,187 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Deposits (Continued)

Custodial Risk

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

Investments

Interest Rate Risk and Credit Risk Policies

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Academy also does not have a policy to limit credit risk. However, the Academy follows state statutes regarding investments.

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2020, the Academy reports the following investments:

	<u>Fair Value</u>	<u>Investment Maturity (Years)</u>	
		<u>Less Than One Year</u>	<u>One To Five Years</u>
Money Market Mutual Fund	\$ 211,992	\$ 211,992	\$ -
ColoTrust	<u>1,528</u>	<u>1,528</u>	<u>-</u>
Total	<u>\$ 213,520</u>	<u>\$ 213,520</u>	<u>\$ -</u>

Local Government Investment Pools

The Academy had invested \$1,528 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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Investments (Continued)

Local Government Investment Pools (Continued)

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 Academy 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.

The Academy invested \$211,992 in a Money Market Mutual Fund. The fund invests primarily in commercial paper, time deposits, and repurchase agreements and is rated AAAM by S&P and Aaa-mf by Moody's. Given the low risk of this type of investment, the Academy has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued at Level 1 inputs.

Restricted Cash

At June 30, 2020, cash in the amount of \$211,992 is restricted in the Building Corporation Fund for debt payment requirements.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2020 is summarized below:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 150,912	\$ -	\$ -	\$ 150,912
Construction in Progress	411,964	530,003	-	941,967
Total Capital Assets, Not Depreciated	562,876	530,003	-	1,092,879
Capital Asset, Being Depreciated				
Buildings and Improvements	5,047,026	-	975,045	4,071,981
Equipment	294,326	-	61,845	232,481
Total Capital Assets, Being Depreciated	5,341,352	-	1,036,890	4,304,462
Accumulated Depreciation				
Buildings and Improvements	1,057,558	211,910	349,267	920,201
Equipment	186,172	21,881	58,174	149,879
Total Depreciation	1,243,730	233,791	407,441	1,070,080
Total Capital Assets, Being Depreciated, Net	4,097,622	(233,791)	629,449	3,234,382
Net Capital Assets	<u>\$ 4,660,498</u>	<u>\$ 296,212</u>	<u>\$ 629,449</u>	<u>\$ 4,327,261</u>

Depreciation has been charged to the Supporting Services program of the Academy.

The beginning capital asset balance was increased by \$356,914 to record construction in progress expenditures that were incurred in the prior year.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 5: LONG-TERM DEBT

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

	Balance 6/30/2019	Additions	Payments	Balance 6/30/2020	Due In One Year
Bonds Payable	\$ 3,470,000	\$ -	\$ 50,000	\$ 3,420,000	\$ 55,000
Capital Lease Payable	-	207,251	51,622	155,629	51,749
Net Pension Liability	6,790,062	-	658,157	6,131,905	-
Net OPEB Liability	339,125	-	37,862	301,263	-
Total	<u>\$ 10,599,187</u>	<u>\$ 207,251</u>	<u>\$ 797,641</u>	<u>\$ 10,008,797</u>	<u>\$ 106,749</u>

Bonds Payable

In July 2014, the Colorado Educational and Facilities Authority (CECFA) issued 3,680,000 in Charter School Revenue Bonds, Series 2014. Proceeds from the bonds were used for the construction of the Academy's new facility. Interest accrues at a of 5.70% per year. Interest payments are due semi-annually on May 15 and November 15 and principal payments are due annually on November 15. The bonds mature in November 2019.

On December 21, 2018 the Colorado Education and Cultural Facilities Authority (CECFA) completed the re-issuance of the Charter School Revenue Bonds, Series 2014. The following provisions were amended under the re-issuance:

- The interest rate on the bonds was decreased to 5.35% from 5.70% effective January 1, 2018.
- The maturity of the bonds was extended from November 2019 to November 15, 2027.
- The optional redemption prior to maturity provision was amended to reflect a 0.5% redemption premium for bonds maturing on or after November 15, 2022 and November 14, 2023 and no redemption premium for bonds maturing on November 15, 2023 and thereafter.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

- Semi-annual interest payments are due on May 15 and November 15 and annual principal payments are due on November 15. A final balloon payment in the amount of \$2,965,000 is due on November 15, 2027.

The bonds have been secured by a pledge of certain rights to real estate property located in Pueblo Colorado (“pledged property”) and a pledge of the Academy’s funds and revenues.

In the event of default, the bond trustee may declare the principal amount of all bonds then outstanding and the interest accrued thereon to be immediately due and payable. The trustee may also begin foreclosure proceedings against all or a portion of the pledged property.

The Academy is obligated to make monthly lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee for payment of the bonds.

Future debt service requirements for the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 55,000	\$ 181,499	\$ 236,499
2022	60,000	178,423	238,423
2023	60,000	175,213	235,213
2024	65,000	171,869	236,869
2025	70,000	168,258	238,258
2026-2028	<u>3,110,000</u>	<u>404,461</u>	<u>3,514,461</u>
Total	<u>\$ 3,420,000</u>	<u>\$ 1,279,723</u>	<u>\$ 4,699,723</u>

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Capital Lease Payable

On July 1, 2019, the Academy entered into a capital lease agreement for computers for the high school. The lease carries a charge rate of 0.2463%. Annual lease payments in the amount of \$52,132 are due beginning July 1, 2019 through July 1, 2022.

Future lease payment requirements are as follows:

Year Ended	Amount
2021	\$ 52,132
2022	52,132
2023	52,132
Total	156,396
Less Amount Representing Interest	(767)
Net Present Value of Minimum Lease Payments	\$ 155,629

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Academy 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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

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 Academy 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.

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

- 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. 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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 Academy 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%

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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 Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Academy were \$500,955 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 Academy's proportion of the net pension liability was based on the Academy'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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2020 the Academy reported a liability of \$6,131,905 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 Academy 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 Academy were as follows:

Academy's proportionate share of the net pension liability	\$ 6,131,905
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	\$ 777,754
Total	\$6,909,659

At December 31, 2019, the Academy's proportion was 0.0410441 percent, which was an increase of 0.0026975 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the Academy recognized pension expense of (\$707,650) and revenue of \$58,907 for support from the State as a nonemployer contributing entity. At June 30, 2020 the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 334,193	N/A
Changes of assumptions or other inputs	\$ 175,057	\$2,781,374
Net difference between projected and actual earnings on pension plan investments	N/A	\$ 726,385
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 534,689	\$ 469,179
Contributions subsequent to the measurement date	\$ 252,044	N/A
Total	\$1,295,983	\$3,976,938

\$252,044 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:

Year ended June 30,	
2021	(\$1,670,696)
2022	(\$1,117,168)
2023	\$ 101,959
2024	(\$ 247,094)
2025	-
Thereafter	-

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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.

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

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- **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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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.

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:

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- 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.
- 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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of Academy'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:

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$8,132,219	\$6,131,905	\$4,452,467

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 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The Academy 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.

General Information about the OPEB Plan

Plan description. Eligible employees of the Academy 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,

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan (Continued)

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan (Continued)

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were \$26,366 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 Academy reported a liability of \$301,263 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 Academy's proportion of the net OPEB liability was based on the Academy'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 Academy proportion was 0.02680 percent, which is an increase of 0.00188 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Academy recognized OPEB expense of (\$52). At June 30, 2020, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,000	\$ 50,623
Changes of assumptions or other inputs	\$ 2,499	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$ 5,028
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 34,438	N/A
Contributions subsequent to the measurement date	\$ 13,265	N/A
Total	\$ 51,202	\$ 55,651

\$13,265 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	(\$3,036)
2022	(\$3,036)
2023	(\$1,580)
2024	(\$4,169)
2025	(\$5,548)
Thereafter	(\$ 345)

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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 decreasing to 4.50 percent in 2029	5.60 percent in 2019, gradually
Medicare Part A premiums increasing to 4.50 percent in 2029	3.50 percent in 2019, gradually
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

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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.

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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.

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%

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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

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.

Post-retirement non-disabled mortality assumptions for the Academy 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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

- 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.

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

Sensitivity of the Academy'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	\$294,107	\$301,263	\$309,533

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

- 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.

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 Academy’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	\$340,639	\$301,263	\$267,589

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.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Academy 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 Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

Operating Lease

In April 2018, the Academy entered into lease agreement for an additional facility. Under the terms of the agreement, the Academy is required to make monthly lease payments ranging from \$3,450 to \$4,050 beginning on April 1, 2018 through June 30, 2023.

Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 41,400
2022	45,000
2023	<u>48,600</u>
Total	<u>\$ 135,000</u>

During the year ended June 30, 2020, the Academy paid \$41,400 in under the terms of the lease agreement.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The Academy has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2020, the emergency reserve of \$159,425 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively

Building Excellent Schools Today (“BEST”) Grant Award

In June 2018 the School was awarded the Building Excellent Schools Today Grant (the “BEST Grant”). The grant award in the amount of \$19,680,496 and the Academy’s matching funds of \$411,894 were used to construct a new educational facility to replace the Academy’s modular buildings.

Site Lease Agreement

On December 6, 2018, as part of the grant agreement, the Academy (as lessor) entered into a site lease agreement with Zion’s Bank Corporation (as lessee and trustee) to lease its land to the trustee. The State of Colorado Treasurer, on behalf of the State, then leased the property from the trustee pursuant to the 2018N lease.

The site lease commenced on December 6, 2018 and will expire either on December 6, 2068 or when the leased property is conveyed to the site lessor pursuant to the sublease agreement relating to the leased property. The trustee is not obligated to pay any rent under the terms of this site lease. The consideration to the Academy as site lessor for the right to use the leased property during the site lease term is the deposit of proceeds of the Series 2018N Certificates into the project account held by the trustee under the indenture to finance the Academy’s project of constructing a new educational facility.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: **COMMITMENTS AND CONTINGENCIES** (Continued)

Building Excellent Schools Today (“BEST”) Grant Award (Continued)

Sublease Agreement

On December 6, 2018, the Academy (as sublessee) entered into a sublease agreement with the State of Colorado Treasurer. Under the terms of the agreement, the Academy will receive economic and other benefits by the subleasing of the leased property. The initial leased property is, and any leased property substituted for the initial leased property will be, property that is necessary and essential to the purposes and operations of the Academy

The Academy has constructed the new educational facility on the leased property in accordance with the specifications approved by the BEST Grant program. The Academy expects that the new educational facility (the leasehold estate) will adequately serve the needs for which it is being subleased throughout the scheduled sublease term.

Title to the leasehold estate under the 2018N Lease is held in the name of the State, subject to the Site Lease pursuant to which the leased property is leased to the trustee, the 2018N Lease and this Sublease, until the Leased Property is conveyed or otherwise disposed of, and the Academy has no right, title or interest in the leasehold estate.

The total project funds in the amount of \$20,092,390 were used to construct the new educational facility. Since title to the constructed facility is held by the State, the facility has not been added to the Academy’s capital assets.

Construction was completed in July 2019 and the Academy began using the new facility in the 2020-2021 school year.

NOTE 9: **RESTATEMENT OF BEGINNING BALANCES**

The beginning fund balances of the governmental funds were increased to \$209,335 to include the activities of the Building Corporation on the modified accrual basis of accounting. Previously, the Building Corporation was reported on a full accrual basis as an internal services fund.

The beginning net position balance of the statement of activities was increased by \$356,914 to include prior year’s capitalizable expenditures in construction in progress.

SWALLOWS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 10: **DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$6,819,802 due to the Academy including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

NOTE 11: **SUBSEQUENT EVENT**

The United States of America and State of Colorado have declared an emergency as a result of the coronavirus (COVID19) pandemic. These economic uncertainties may have a significant impact on the financial position, results of operations, and cashflows of the Academy. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SWALLOWS CHARTER ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 5,412,800	\$ 5,544,140	\$ 5,622,662	\$ 78,522
Contributions	78,000	78,000	90,732	12,732
Interest	-	-	2,486	2,486
Other	-	-	63,627	63,627
State Sources				
Capital Construction	170,000	174,125	232,772	58,647
PERA On Behalf Contribution	-	33,981	58,907	24,926
Grants and Donations	-	-	29,010	29,010
Federal Sources				
Grants and Donations	-	-	-	-
TOTAL REVENUES	<u>5,660,800</u>	<u>5,830,246</u>	<u>6,100,196</u>	<u>269,950</u>
EXPENDITURES				
Instruction				
Salaries	1,916,000	1,979,981	1,956,718	23,263
Employee Benefits	513,755	520,201	482,220	37,981
Purchased Services	371,500	394,000	317,819	76,181
Supplies and Materials	143,000	240,400	202,758	37,642
Property	40,000	17,500	14,190	3,310
Other	-	300	1,639	(1,339)
Total Instruction	<u>2,984,255</u>	<u>3,152,382</u>	<u>2,975,344</u>	<u>177,038</u>
Supporting Services				
Salaries	943,000	934,000	925,036	8,964
Employee Benefits	308,937	307,079	252,704	54,375
Purchased Services	1,105,500	1,327,500	1,144,660	182,840
Supplies and Materials	74,000	73,100	49,648	23,452
Property	10,000	7,500	457,689	(450,189)
Other	90,000	7,700	10,225	(2,525)
Debt Service				
Principal Payments	-	-	51,622	(51,622)
Interest Payments	-	-	510	(510)
Total Supporting Services	<u>2,531,437</u>	<u>2,656,879</u>	<u>2,892,094</u>	<u>(235,215)</u>
TOTAL EXPENDITURES	<u>5,515,692</u>	<u>5,809,261</u>	<u>5,867,438</u>	<u>(58,177)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>145,108</u>	<u>20,985</u>	<u>232,758</u>	<u>211,773</u>
OTHER FINANCING SOURCES				
Proceeds from Capital Lease	-	-	207,251	207,251
NET CHANGE IN FUND BALANCE	145,108	20,985	440,009	419,024
FUND BALANCE, Beginning	<u>2,096,919</u>	<u>2,096,919</u>	<u>918,008</u>	<u>(1,178,911)</u>
FUND BALANCE, Ending	<u>\$ 2,242,027</u>	<u>\$ 2,117,904</u>	<u>\$ 1,358,017</u>	<u>\$ (759,887)</u>

See the accompanying independent auditors' report.

SWALLOWS CHARTER ACADEMY

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2019	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability (Asset)	0.04104%	0.03840%	0.04160%	0.04100%	0.03780%	0.03990%
Proportionate Share of the Net Pension Liability (Asset)	\$ 6,131,905	\$ 6,790,062	\$ 13,455,619	\$ 12,204,877	\$ 5,781,491	\$ 5,413,115
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	777,754	928,447	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	6,909,659	7,718,509	13,455,619	12,204,877	5,781,491	5,413,115
Covered payroll	\$ 2,410,988	\$ 2,108,122	\$ 1,919,480	\$ 1,839,444	\$ 1,647,388	\$ 1,563,473
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	286.6%	366.1%	701.0%	663.5%	350.9%	346.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%

NOTE: Information for the prior four years was not available for this report

See the accompanying independent auditors' report.

SWALLOWS CHARTER ACADEMY

SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 500,955	\$ 453,540	\$ 367,176	\$ 368,788	\$ 325,424	\$ 289,100	\$ 261,027
Contributions in Relation to the Contractually Required Contributions	500,955	453,540	367,176	368,788	325,424	289,100	261,027
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$2,584,908	\$2,248,164	\$1,949,780	\$1,900,850	\$1,734,075	\$1,614,650	\$ 1,559,857
Contributions as a Percentage of Covered Payroll	19.38%	20.17%	18.83%	19.40%	18.77%	17.90%	16.73%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditors' report.

SWALLOWS CHARTER ACADEMY

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability (Asset)	0.02680%	0.02493%	0.02364%	0.02330%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 301,263	\$ 339,125	\$ 307,274	\$ 302,034
Covered payroll	\$ 2,410,988	\$ 2,108,122	\$ 1,919,480	\$ 1,839,444
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	12.5%	16.1%	16.0%	16.4%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditors' report.

SWALLOWS CHARTER ACADEMY

SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 26,366	\$ 22,932	\$ 19,888	\$ 19,389
Contributions in Relation to the Contractually Required Contributions	<u>26,366</u>	<u>22,932</u>	<u>19,888</u>	<u>19,389</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,581,908	\$ 2,248,164	\$ 1,949,780	\$ 1,900,850
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditors' report.