Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Financial Statements

June 30, 2020

HINKLE & COMPANY PC
Strategic Business Advisors

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)
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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
Ben Franklin Academy
Highlands Ranch, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Ben Franklin Academy, component unit of Douglas County School District RE.1, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Ben Franklin Academy, as listed in the table of contents.

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

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Ben Franklin Academy as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hinkle & Company.pc

Greenwood Village, Colorado
October 8, 2020

As management of Ben Franklin Academy (BFA), we offer readers of BFA's basic financial statements this narrative and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The year ended June 30, 2020 was the ninth year of operations for BFA. The general-fund fund balance for the fiscal year ended June 30, 2020 is $5,371,975.

The primary source of revenue was through funding from the Colorado State School Finance Act. Tax revenue from this source (Per Pupil Revenue) was $7,424,013. BFA received additional non-tax-related income in the form of tuition-based revenues from preschool, $209,080, as well as other childcare related programs of $76,805.

OVERVIEW OF FINANCIAL STATEMENTS

This financial summary is intended to provide an introduction to BFA's basic financial statements. The basic statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of BFA's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of BFA's assets, deferred outflows, liabilities, and deferred inflows, with the difference being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of BFA is improving or deteriorating.

The statement of activities presents information showing how BFA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of BFA that are primarily supported by the per pupil revenue passed from Douglas County School District. These activities include instruction and supporting services expense.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term balance sheet and the governmental fund statement of revenues, expenditure and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

BFA adopts an annual appropriated budget for our General Fund. A budgetary comparison has been provided for this fund to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements.

PROPRIETARY FUND

The Ben Franklin Academy Building Corporation is considered a component of BFA and is reported as a proprietary fund. The proprietary fund shows income and expense and balance sheet information as it relates to the assets purchased with tax-exempt financing, and related debt.

NOTES TO FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the year ended June 30, 2020, governmental activities net position (negative) totaled ($9,901,689).

Table I: Net Position

	2019-2020 Governmental Activities	2018-2019 Governmental Activities	2019-2020 Business-Type Activities	2018-2019 Business-Type Activities
ASSETS				
Cash and Investments	6,667,075	5,533,686	-	-
Accounts Receivable	4,333	355	-	-
Prepaid Expenses	-	-	-	-
Restricted Cash and Investments	-	-	1,989,669	1,985,829
Capital Assets, Net	258,998	291,151	16,309,491	16,937,575
TOTAL ASSETS	6,930,406	5,825,192	18,299,160	18,923,404
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	1,761,822	3,927,333	-	-
OPEB	79,051	78,442	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,840,873	4,005,775	-	-
LIABILITIES				
Accounts Payable	22,438	33,318	-	-
Accrued Liabilities	106,495	98,164	-	-
Accrued Salaries and Benefits	786,879	714,390	-	-
Unearned Revenues	383,621	6,439	-	-
Accrued Interest Payable	-	-	397,450	404,250
Noncurrent Liabilities				
Due within One Year	-	-	355,000	340,000
Due in more than One Year	-	-	18,707,892	19,098,006
Net Pension Liability	10,109,966	11,688,948	-	-
Net OPEB Liability	497,143	583,792	-	-
TOTAL LIABILITIES	11,906,542	13,125,051	19,460,342	19,842,256
DEFERRED INFLOWS OF RESOURCES				
Pensions	6,674,590	8,717,439	-	-
OPEB	91,836	889	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	6,766,426	8,718,328	-	-
NET POSITION				
Net Investment in Capital Assets	258,998	291,151	(2,753,401)	(2,457,579)
Restricted for Debt Service	-	-	1,592,219	1,538,727
Restricted for Emergencies	262,695	257,078	-	-
Unrestricted	(10,423,382)	(12,560,461)	-	-
TOTAL NET POSITION	(9,901,689)	(12,012,412)	(1,161,182)	(918,852)

Table II: Change In Net Position

	2019-2020 Governmental Activities	2018-2019 Governmental Activities	2019-2020 Business-Type Activities	2018-2019 Business-Type Activities
REVENUES				
General Revenues				
Per Pupil Revenue	7,424,013	6,854,530	-	-
District Mill Levy	1,058,047	1,049,436	-	-
Capital Construction Funding	253,056	264,356	-	-
Contributions	14,767	8,701	-	-
Investment Earnings	51,903	18,592	28,633	40,555
Other	4,470	3,430	-	-
Program Revenues				
Charges for Services: Instruction	484,578	779,697	-	-
Charges for Services: Support	98,897	182,752	-	-
Operating Grants: Instruction	52,805	24,309	-	-
Operating Grants: Support	11,763	2,299	-	-
Total Revenue	9,454,299	9,188,102	28,633	40,555
EXPENSES				
Instruction	2,908,893	2,976,912	-	-
Support	3,317,776	3,682,426	-	-
Building Corporation			1,387,870	1,396,670
Total Expenses	6,226,669	6,659,338	1,387,870	1,396,670
TRANSFERS	(1,116,907)	(1,130,169)	1,116,907	1,130,169
Change in Net Position	2,110,723	1,398,595	(242,330)	(255,946)
Net Position, Beginning	(12,012,412)	(13,411,007)	(918,852)	(692,906)
Net Position, Ending	(9,901,689)	(12,012,412)	(1,161,182)	(918,852)

BFA has adopted GASB 68 and GASB 75

BFA's Net Position is a negative ($9,901,689). The negative balance is due to the adoption of GASB Statement No. 68, resulting in a net pension liability of $10,109,966. As well as the adoption of GASB Statement No. 75, resulting in an OPEB liability of $497,143.

FUND FINANCIAL ANALYSIS

General Fund

Income

Total Revenues for the period ended June 30, 2020 were $9,510,861. The main source of income during this time period was from the State of Colorado through the charter authorized by Douglas County School District. Per Pupil Revenue was reported $7,424,013; equivalent to $8,123.86 per funded student. In addition, BFA received funding through the Douglas County School District as a component of local revenue (Mills) in the amount of $1,058,047. The Mill Levy amount was adjusted based upon the election in November 2018.

Expenditures

BFA budgeted for General Fund total expenditures (exclusive of appropriated reserves) of $9,264,079 for the period of July 1, 2019 to June 30, 2020. Actual total expenditures were $8,853,609. Increased expenses were recognized in comparison with the prior year due to the realignment of staff salaries and benefits, increased funding for field trips and increases in purchased service costs.

ANALYSIS OF SIGNIFICANT BUDGET VARIATIONS: GENERAL FUND

The original budget was adopted during the Spring of 2019 for the 2019-2020 school year. At the time the budget had been adopted, actual student count and per pupil distribution rates had not yet been finalized. The budget is then revised in November after the official student enrollment count has been finalized.

CAPITAL ASSETS AND LONG-TERM DEBT

BFA holds assets with a net book value of $258,998 which includes a turf field, an overflow parking lot, dumpster, and storage fence enclosures.

In April 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $19,140,000 in Charter School Revenue Bonds. Bond proceeds were loaned to the Building Corporation to finance the acquisition and construction of educational facilities. BFA uses the building owned by the Building Corporation. The debt accrues interest at rates ranging from 3% to 5%. Interest payments are due semi-annually on July 1 and January 1 each year through 2046. The Building Corporation reports these educational facilities at the book value of $16,309,491.

Additional information on capital assets and long-term debt is available in Notes 4 and 5 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for BFA is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education. These drivers are regularly monitored and discussed amongst the Board and Management and associated budgetary impact. Many budget scenarios and operation plans have been developed to analyze options to respond to state budget decisions. Student growth and facility financing were all considered during the strategic planning process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Ben Franklin Academy's financial position for all those with an interest. Questions concerning the information contained in this report or requests for additional information should be directed to:

Ben Franklin Academy
2270 Plaza Drive
Highlands Ranch, CO 80129

Basic Financial Statements

Ben Franklin Academy
(A Component Unit of Douglas County School District RE.1)
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 6,667,075	$ -	$ 6,667,075
Restricted Cash and Investments	-	1,989,669	1,989,669
Accounts Receivable	4,333	-	4,333
Capital Assets, *Net of Accumulated Depreciation*	258,998	16,309,491	16,568,489
Total Assets	6,930,406	18,299,160	25,229,566
Deferred Outflows of Resources			
Pensions, *Net of Accumulated Amortization*	1,761,822	-	1,761,822
OPEB, *Net of Accumulated Amortization*	79,051	-	79,051
Total Deferred Outflows of Resources	1,840,873	-	1,840,873
Liabilities			
Accounts Payable	22,438	-	22,438
Accrued Liabilities	106,495	-	106,495
Accrued Salaries and Benefits	786,879	-	786,879
Unearned Revenues	383,621	-	383,621
Accrued Interest Payable	-	397,450	397,450
Noncurrent Liabilities			
Due Within One Year	-	355,000	355,000
Due in More Than One Year	-	18,707,892	18,707,892
Net Pension Liability	10,109,966	-	10,109,966
Net OPEB Liability	497,143	-	497,143
Total Liabilities	11,906,542	19,460,342	31,366,884
Deferred Inflows of Resources			
Pensions, *Net of Accumulated Amortization*	6,674,590	-	6,674,590
OPEB, *Net of Accumulated Amortization*	91,836	-	91,836
Total Deferred Inflows of Resources	6,766,426	-	6,766,426
Net Position			
Net Investment in Capital Assets	258,998	(2,753,401)	(2,494,403)
Restricted for:			
Debt Service	-	1,592,219	1,592,219
Emergencies	262,695	-	262,695
Unrestricted	(10,423,382)	-	(10,423,382)
Total Net Position	$ (9,901,689)	$ (1,161,182)	$ (11,062,871)

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Statement of Activities

For the Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
Instruction	$ 2,908,893	$ 484,578	$ 52,805	$ (2,371,510)	$ -	$ (2,371,510)
Supporting Services	3,317,776	98,897	11,763	(3,207,116)	-	(3,207,116)
Total Governmental Activities	6,226,669	583,475	64,568	(5,578,626)	-	(5,578,626)
Business-Type Activities						
Building Corporation	1,387,870	-	-	-	(1,387,870)	(1,387,870)
Total Primary Government	$ 7,614,539	$ 583,475	$ 64,568	(5,578,626)	(1,387,870)	(6,966,496)
	General Revenues					
	Per Pupil Revenue			7,424,013	-	7,424,013
	District Mill Levy			1,058,047	-	1,058,047
	Capital Construction			253,056	-	253,056
	Grants and Contributions not Restricted to Specific Programs			14,767	-	14,767
	Investment Income			51,903	28,633	80,536
	Other			4,470	-	4,470
	Transfers			(1,116,907)	1,116,907	-
	Total General Revenues and Transfers			7,689,349	1,145,540	8,834,889
	Change in Net Position			2,110,723	(242,330)	1,868,393
	Net Position, *Beginning of year*			(12,012,412)	(918,852)	(12,931,264)
	Net Position, *End of year*			$ (9,901,689)	$ (1,161,182)	$ (11,062,871)

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Balance Sheet

Governmental Fund

June 30, 2020

		General
Assets		
Cash and Investments	$	6,667,075
Accounts Receivable		4,333
Total Assets	$	6,671,408
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$	22,438
Accrued Liabilities		106,495
Accrued Salaries and Benefits		786,879
Unearned Revenues		383,621
Total Liabilities		1,299,433
Fund Balance		
Restricted for Emergencies		262,695
Unrestricted, Unassigned		5,109,280
Total Fund Balance		5,371,975
Total Liabilities and Fund Balance	$	6,671,408

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

Total Fund Balance of the Governmental Fund	$	5,371,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		258,998
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Net pension liability		(10,109,966)
Pension-related deferred outflows of resources		1,761,822
Pension-related deferred inflows of resources		(6,674,590)
Net OPEB liability		(497,143)
OPEB-related deferred outflows of resources		79,051
OPEB-related deferred inflows of resources		(91,836)
Total Net Position of Governmental Activities	$	(9,901,689)

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2020

	General
Revenues	
Local Sources	$ 9,136,675
State Sources	374,186
Total Revenues	9,510,861
Expenditures	
Instruction	5,130,321
Supporting Services	3,723,288
Total Expenditures	8,853,609
Excess of Revenues Over (Under) Expenditures	657,252
Other Financing Sources	
Transfers In	32,993
Net Change in Fund Balance	690,245
Fund Balance, *Beginning of year*	4,681,730
Fund Balance, *End of year*	$ 5,371,975

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Change in Fund Balance of the Governmental Fund	$ 690,245
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(32,153)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.	
Net pension liability	1,578,982
Pension-related deferred outflows of resources	(2,165,511)
Pension-related deferred inflows of resources	2,042,849
Net OPEB liability	86,649
OPEB-related deferred outflows of resources	610
OPEB-related deferred inflows of resources	(90,948)
Change in Net Position of Governmental Activities	$ 2,110,723

Ben Franklin Academy
(A Component Unit of Douglas County School District RE.1)
Statement of Net Position
Proprietary Fund
June 30, 2020

	Building Corporation
Assets	
Current Assets	
Restricted Cash and Investments	$ 1,989,669
Noncurrent Assets	
Capital Assets, *Net of Accumulated Depreciation*	16,309,491
Total Assets	18,299,160
Liabilities	
Current Liabilities	
Accrued Interest Payable	397,450
Loan Payable, *Current Portion*	355,000
Total Current Liabilities	752,450
Noncurrent Liabilities	
Loan Payable	18,707,892
Total Liabilities	19,460,342
Net Position	
Net Investment in Capital Assets	(2,753,401)
Restricted for Debt Service	1,592,219
Total Net Position	$ (1,161,182)

See Notes to Financial Statements.

Ben Franklin Academy
(A Component Unit of Douglas County School District RE.1)
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Building Corporation
Operating Revenues	
Rental Income	$ 1,149,900
Total Operating Revenues	1,149,900
Operating Expenses	
Depreciation	628,084
Debt Service	
Interest	759,786
Total Operating Expenses	1,387,870
Net Operating Income (Loss)	(237,970)
Nonoperating Revenues	
Investment Income	28,633
Net Loss Before Transfers	(209,337)
Transfers	
Transfers Out	(32,993)
Change in Net Position	(242,330)
Net Position, *Beginning of year*	(918,852)
Net Position, *End of year*	$ (1,161,182)

See Notes to Financial Statements.

Ben Franklin Academy
(A Component Unit of Douglas County School District RE.1)
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Building Corporation
Cash Flows From Operating Activities	
Rental Payments Received	$ 1,149,900
Loan Interest Paid	(801,700)
Loan Principal Paid	(340,000)
Net Cash Provided (Used) by Operating Activities	8,200
Cash Flows From Investing Activities	
Investment Income Received	28,633
Transfers to BFA	(32,993)
Net Cash Provided (Used) by Investing Activities	(4,360)
Net Change in Cash and Cash Equivalents	3,840
Cash and Cash Equivalents, *Beginning of year*	1,985,829
Cash and Cash Equivalents, *End of year*	$ 1,989,669
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Net Operating Income (Loss)	$ (237,970)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	628,084
Amortization of Premium	(35,114)
Changes in Assets and Liabilities	
Accrued Interest Payable	(6,800)
Loan Payable	(340,000)
Net Cash Provided (Used) by Operating Activities	$ 8,200

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

Ben Franklin Academy (BFA) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Douglas County School District (the District). BFA began operations in the Fall of 2011.

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

Reporting Entity

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

BFA includes the Ben Franklin Academy Building Corporation (the Corporation) within its reporting entity. The Corporation was organized in January 2016, primarily to finance the acquisition and construction of educational facilities, and currently leases facilities only to BFA. The Corporation is blended into BFA's financial statements as an enterprise fund and does not issue separate financial statements.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of BFA. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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

Separate financial statements are provided for the governmental fund and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by BFA. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

BFA reports the following major governmental fund:

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

BFA reports one major proprietary fund, as follows:

Building Corporation - This fund is used to account for the financial activities of the Corporation, including facilities acquisition and construction, and the related debt service.

Assets, Liabilities and Net Position/Fund Balance

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Capital assets, which include buildings, land improvements, and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

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

Buildings and Improvements	30 years
Land Improvements	10 - 30 years
Equipment	5 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Unearned Revenues - Unearned revenues represent resources received by BFA before it has a legal claim to them, including tuition and fees.

Compensated Absences - Employees of BFA are allowed to accumulate unused personal time off. Upon termination of employment from BFA, an employee will be compensated for all accrued personal time off at the rate of $40 per day. A liability for compensated absences is not reported in the financial statements because the amount is insignificant.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, 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 are reported as other financing uses. Issuance costs are reported as current expenses or expenditures.

Pensions - BFA 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 and deductions from the SCHDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SCHDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Postemployment Benefits Other Than Pensions (OPEB) – BFA participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan 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 and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

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

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

Risk Management

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

Subsequent Events

BFA has evaluated subsequent events through October 8, 2020, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Accountability

At June 30, 2020, the Corporation had a negative net position of $1,161,182. Management expects this negative balance to be eliminated as the Corporation's debt is paid.

Note 3: Cash and Investments

A summary of cash and investments at June 30, 2020, follows:

Deposits	$ 1,665,018
Investments	6,991,726
Total	$ 8,656,744

Cash and investments are reported in the financial statements as follows:

Cash and Investments	$ 6,667,075
Restricted Cash and Investments	1,989,669
Total	$ 8,656,744

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2020, BFA had bank deposits of $1,451,310 collateralized with securities held by the financial institution's agent but not in BFA's name.

Investments

BFA is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Note 3: Cash and Investments (Continued)

Investments *(Continued)*

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount BFA may invest in a single issuer, except for corporate securities.

Local Government Investment Pool - At June 30, 2020, BFA had $2,489,645 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is measured at the net asset value per share, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Cash and investments of $1,989,669 have been restricted by the Corporation's loan agreement for capital outlay and future debt service.

Note 4: Capital Assets

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

Governmental Activities	**Balance 06/30/19**	**Additions**	**Deletions**	**Balance 06/30/20**
Capital Assets, *Being Depreciated*				
Land Improvements	$ 345,400	$ -	$ -	$ 345,400
Equipment	55,730	-	-	55,730
Total Capital Assets, *Being Depreciated*	401,130	-	-	401,130
Less Accumulated Depreciation				
Land Improvements	(54,249)	(32,153)	-	(86,402)
Equipment	(55,730)	-	-	(55,730)
Total Accumulated Depreciation	(109,979)	(32,153)	-	(142,132)
Governmental Activities Capital Assets, *Net*	$ 291,151	$ (32,153)	$ -	$ 258,998
Business-Type Activities				
Capital Assets, *Being Depreciated*				
Buildings	$ 18,842,709	$ -	$ -	$ 18,842,709
Less Accumulated Depreciation	(1,905,134)	(628,084)	-	(2,533,218)
Business-Type Activities Capital Assets, *Net*	$ 16,937,575	$ (628,084)	$ -	$ 16,309,491

Note 4: Capital Assets (Continued)

Depreciation expense of the governmental activities was charged to the supporting services program.

Note 5: Long-Term Debt

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

Business-Type Activities	Balance 06/30/19	Additions	Payments	Balance 06/30/20	Due Within One Year
2016 Building Loan	$ 18,490,000	$ -	$ 340,000	$ 18,150,000	$ 355,000
Loan Premium	948,006	-	35,114	912,892	-
Total	$ 19,438,006	$ -	$ 375,114	$ 19,062,892	$ 355,000

In April 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $19,140,000 Charter School Revenue Bonds, Series 2016. Bond proceeds were loaned to the Corporation to finance the purchase and construction of educational facilities. BFA is obligated under a lease agreement to make monthly lease payments to the Corporation for using the facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 3% to 5%. Interest payments are due semi-annually on July 1 and January 1. Principal payments are due annually on July 1, beginning in 2017, through 2046.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	$ 355,000	787,800	$ 1,142,800
2022	370,000	773,300	1,143,300
2023	385,000	758,200	1,143,200
2024	400,000	742,500	1,142,500
2025	415,000	726,200	1,141,200
2026-2030	2,390,000	3,302,000	5,692,000
2031-2035	3,055,000	2,624,625	5,679,625
2036-2040	3,870,000	1,797,225	5,667,225
2041-2045	4,740,000	923,000	5,663,000
2046-2047	2,170,000	87,600	2,257,600
Total	$ 18,150,000	$ 12,522,450	$ 30,672,450

Note 6: Interfund Transactions

During the year ended June 30, 2020, the Corporation’s trustee distributed excess interest earnings of $32,993 to BFA.

Note 7: Defined Benefit Pension Plan

General Information

Plan Description - BFA contributes to the SCHDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. All employees of BFA participate in the SCHDTF. 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 financial report (CAFR) that includes information on the SCHDTF that may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SCHDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the retiring employee's contribution account plus an equal match on eligible amounts as of the retirement date, annualized into a monthly amount 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, retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) in certain years, 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 adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Note 7: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor 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 annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

Contributions - BFA, eligible employees 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. The contribution rate for eligible employees is 8.75% of covered salaries during the period of July 1, 2019, through June 30, 2020. BFA's contribution rate was 20.40% of covered salaries for July 1, 2019, through June 30, 2020. However, a portion of BFA's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). 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. During the year ended June 30, 2020, the direct distribution for the SCHDTF was $126,505,213.

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.

Note 7: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and BFA is statutorily committed to pay the contributions to the SCHDTF. BFA's contributions to the SCHDTF for the year ended June 30, 2020, were $759,160, equal to the required contributions.

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 at 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. BFA's proportion of the net pension liability was based on BFA's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the School reported a net pension liability of $10,109,966, representing 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 BFA 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 BFA were as follows:

BFA's proportionate share of net pension liability	$	11,392,286
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School		(1,282,320)
Proportionate share of the net pension liability	$	10,109,966

At December 31, 2019, BFA's proportion was 0.0676714363%, which was an increase of 0.0016584916% from its proportion measured at December 31, 2018.

Note 7: Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2020, BFA recognized pension benefit of $280,384 which included $40,562 of support from the state as a nonemployer contributing entity. At June 30, 2020, BFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 550,998	$ -
Changes of assumptions and other inputs	288,625	4,585,784
Net difference between projected and actual earnings on plan investments	-	1,197,624
Changes in proportion	438,833	891,182
Contributions subsequent to the measurement date	483,366	-
Total	$ 1,761,822	$ 6,674,590

BFA contributions subsequent to the measurement date of $483,366 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2021	$ (2,951,388)
2022	(2,113,719)
2023	76,366
2024	(407,397)
	4
Total	$ (5,396,134)

Note 7: Defined Benefit Pension Plan (Continued)

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> *(Continued)*

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	ad hoc

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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2018, valuations 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.

Note 7: Defined Benefit Pension Plan (Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation, and best estimates of geometric real rates of return for each major asset class, as follows:

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

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%.

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

Note 7: Defined Benefit Pension Plan (Continued)

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

- 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%.
- 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% 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. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50% to 1.25% 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.

Note 7: Defined Benefit Pension Plan (Continued)

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

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 determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of BFA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents BFA's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what BFA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 13,407,979	$ 10,109,966	$ 7,340,996

Pension Plan Fiduciary Net Position - Detailed information about the SCHDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 8: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of BFA are eligible to receive postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Note 8: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible 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.

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, and $115 per month for benefit recipients who are over 65 years of age 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.

Note 8: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of BFA's contributions to the SCHDTF (see Note 7) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and BFA is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BFA for the year ended June 30, 2020, was $39,956, equal to the required amount.

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

At June 30, 2020, BFA reported a net OPEB liability of $497,143, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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.

BFA's proportion of the net OPEB liability was based on BFA's contributions to the HCTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, BFA's proportion was 0.0442298421%, which was an increase of 0.0013210656% from its proportion measured at December 31, 2018.

For the year ended June 30, 2020, BFA recognized OPEB expense of $44,140. At June 30, 2020, BFA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,651	$ 83,538
Change of assumptions and other inputs	4,124	-
Net difference between projected and actual earnings on plan investments	-	8,298
Changes in proportion	47,836	-
Contributions subsequent to the measurement date	25,440	-
Total	$ 79,051	$ 91,836

Note 8: Postemployment Healthcare Benefits (Continued)

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

BFA contributions subsequent to the measurement date of $25,440 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,		
2021	$	(4,584)
2022		(4,584)
2023		(2,179)
2024		(12,931)
2025		(13,155)
Thereafter		(792)
Total	$	(38,225)

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans:	
5.60% for 2019, gradually decreasing to 4.50% in 2029	
Medicare Part A premiums:	
3.50% for 2019, gradually increasing to 4.50% in 2029	

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, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed and reviewed by PERA's actuary as needed.

Note 8: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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. 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 School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

Note 8: Postemployment Healthcare Benefits (Continued)

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

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.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously (see Note 7).

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%.

Note 8: Postemployment Healthcare Benefits (Continued)

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. 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%.
- 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% 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%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents BFA's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as BFA's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 562,120	$ 497,143	$ 441,573

Note 8: Postemployment Healthcare Benefits (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents BFA's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.5% to 6.5%, as well as BFA's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 485,333	497,143	$ 510,789

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 9: Commitments and Contingencies

Claims and Judgments

BFA participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, BFA may be required to reimburse the other government. At June 30, 2020, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of BFA.

TABOR Amendment

In November 1992, Colorado voters approved the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but management believes BFA is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, BFA has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2020, the reserve was reported as restricted fund balance in the General Fund, in the amount of $262,695.

Note 9: Commitments and Contingencies (Continued)

Ground Lease

In April 2016, the Corporation assumed the rights, title, and interest in a ground lease agreement payable to the Englewood/McLellan Reservoir Foundation, allowing Corporation to use the land upon which BFA's educational facilities reside. Monthly payments of $15,570 are required under the agreement through August 31, 2017, with annual increases effective every September 1, through 2020, at which time the payments will be adjusted with the Consumer Price Index, with minimum increases of 1% and maximum of 3%, through maturity on August 31, 2036. In addition, the agreement allows for five optional extensions of 10 years each. Lease payments of $231,997 were made under this agreement during the year ended June 30, 2020.

Future minimum lease payments, through the initial term, assuming increases of 1% after September 1, 2020, are as follows:

Year Ended June 30,		
2021	$	229,997
2022		232,297
2023		234,620
2024		236,966
2025		239,336
2026-2030		1,233,061
2031-2035		1,295,959
2036-2040		311,596
Total	$	4,013,832

Note 10: Subsequent Event

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. BFA has been economically impacted by the event, however the full economic effect has yet to be determined.

Required Supplementary Information

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions

Public Employees' Retirement Association of Colorado School Division Trust Fund

June 30, 2020

	12/31/19	12/31/18
Proportionate Share of the Net Pension Liability		
BFA's Proportion of the Net Pension Liability	0.0676714363%	0.0660129447%
BFA's Proportionate Share of the Net Pension Liability	$ 10,109,966	$ 11,688,948
BFA's Covered-Employee Payroll	$ 3,976,952	$ 3,628,736
BFA's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	254%	322%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	57%

	6/30/20	6/30/19
BFA Contributions		
Statutorily Required Contribution	$ 759,160	$ 740,542
Contributions in Relation to the Statutorily Required Contribution	(759,160)	(740,542)
Contribution Deficiency (Excess)	$ -	$ -
BFA's Covered-Employee Payroll	$ 3,917,228	$ 3,870,733
Contributions as a Percentage of Covered-Employee Payroll	19.38%	19.13%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions

Public Employees' Retirement Association of Colorado

School Division Trust Fund

June 30, 2020

(Continued)

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
BFA's Proportion of the Net Pension Liability	0.0740958236%	0.0719085687%	0.0690406818%	0.0659675699%	0.0622245074%
BFA's Proportionate Share of the Net Pension Liability	$ 23,959,956	$ 21,409,962	$ 10,559,285	$ 8,940,822	$ 7,936,719
BFA's Covered-Employee Payroll	$ 3,417,953	$ 3,227,385	$ 3,008,777	$ 2,763,570	$ 2,508,468
BFA's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%

	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
BFA Contributions					
Statutorily Required Contribution	$ 660,897	$ 612,702	$ 551,944	$ 483,892	$ 428,474
Contributions in Relation to the Statutorily Required Contribution	(660,897)	(612,702)	(551,944)	(483,892)	(428,474)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
BFA's Covered-Employee Payroll	$ 3,500,308	$ 3,333,281	$ 3,112,456	$ 2,865,433	$ 2,679,924
Contributions as a Percentage of Covered-Employee Payroll	18.88%	18.38%	17.73%	16.89%	15.99%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability and Contributions

Public Employees' Retirement Association of Colorado

Health Care Trust Fund

June 30, 2020

	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability			
BFA's Proportion of the Net OPEB Liability	0.0442298421%	0.0429087765%	0.0421009666%
BFA's Proportionate Share of the Net OPEB Liability	$ 497,143	$ 583,792	$ 547,144
BFA's Covered Payroll	$ 3,976,952	$ 3,628,736	$ 3,417,953
BFA's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	17%	18%

	6/30/20	6/30/19	6/30/18
BFA Contributions			
Statutorily Required Contribution	$ 39,956	$ 39,481	$ 35,703
Contributions in Relation to the Statutorily Required Contribution	(39,956)	(39,481)	(35,703)
Contribution Deficiency (Excess)	$ -	$ -	$ -
BFA's Covered Payroll	$ 3,917,228	$ 3,870,733	$ 3,500,308
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Ben Franklin Academy

(A Component Unit of Douglas County School District RE.1)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 7,237,784	$ 7,484,522	$ 7,424,013	$ (60,509)
District Mill Levy	1,076,304	1,084,872	1,058,047	(26,825)
Tuition and Fees	570,915	577,373	561,383	(15,990)
Facility Rental	20,000	20,000	22,092	2,092
Contributions	5,000	5,000	14,767	9,767
Investment Income	2,500	44,000	51,903	7,903
Other	-	10,000	4,470	(5,530)
Total Local Sources	8,912,503	9,225,767	9,136,675	(89,092)
State Sources				
Capital Construction	231,818	233,664	253,056	19,392
Grants	18,396	9,843	121,130	111,287
Total State Sources	250,214	243,507	374,186	130,679
Total Revenues	9,162,717	9,469,274	9,510,861	41,587
Expenditures				
Salaries	4,347,203	4,413,252	4,294,746	118,506
Employee Benefits	1,161,570	1,176,002	1,243,423	(67,421)
Purchased Services	2,832,174	2,857,010	2,696,796	160,214
Supplies	519,591	563,440	455,900	107,540
Property	181,500	185,500	110,223	75,277
Other	42,760	68,875	52,521	16,354
Total Expenditures	9,084,798	9,264,079	8,853,609	410,470
Excess of Revenues Over (Under) Expenditures	77,919	205,195	657,252	452,057
Other Financing Sources				
Transfers In	-	32,993	32,993	-
Net Change in Fund Balance	77,919	238,188	690,245	452,057
Fund Balance, *Beginning of year*	4,142,140	4,681,730	4,681,730	-
Fund Balance, *End of year*	$ 4,220,059	$ 4,919,918	$ 5,371,975	$ 452,057

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2020, the total pension liability was determined by an actuarial valuation as of December 31, 2018. The following revised economic and demographic assumptions were effective as of December 31, 2018.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption increased from 4.78% per year, net of investment expenses, to 7.25%. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are required by State statutes for all funds and are adopted on a basis consistent with generally accepted accounting principles.

BFA adheres to the following procedures to establish the budgetary information reflected in the financial statements.

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