

BROMLEY EAST CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2009

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i - vi
Basic Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Balance Sheet – All Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Assets – Proprietary Fund Types	6
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund Types	7
Statement of Cash Flows – Proprietary Fund Types	8
Statement of Fiduciary Net Assets	9
Notes to the Financial Statements	10 - 22
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	23
Budgetary Comparison Schedule – Capital Reserve Fund	24
Individual Fund Financial Schedules	
Combining Balance Sheet– Nonmajor Governmental Funds	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	26
Budgetary Comparison Schedule – Food Service Fund	27
Budgetary Comparison Schedule – Grants Fund	28
Statement of Changes in Assets and Liabilities – Student Activity Fund	29
Budgetary Comparison Schedule – Student Activity Fund	30



**JOHN CUTLER
& ASSOCIATES**

Board of Directors
Bromley East Charter School
Brighton, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bromley East Charter School, component unit of Brighton School District 27J, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the School, as listed in the table of contents. These financial statements are the responsibility of Bromley East Charter School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Bromley East Charter School, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bromley Charter School's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

September 29, 2009

Management's Discussion and Analysis

As management of the Bromley East Charter School, we offer readers of the Bromley East Charter School financial statements this narrative overview and analysis of the financial activities of the Bromley East Charter School for the fiscal year ended June 30, 2009.

Financial Highlights

The assets of the Bromley East Charter School exceeded its liabilities at the close of the most recent fiscal year by \$53,022 (net assets).

At the close of the fiscal year the Bromley East Charter School's governmental funds reported a combined ending fund balance of \$1,381,697, an increase of \$39,545.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Bromley East Charter School's basic financial statements. The Bromley East Charter School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Bromley East Charter School's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Bromley East Charter School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Bromley East Charter School is improving or deteriorating.

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

The government-wide financial statement of activities distinguish functions/programs of the Bromley East Charter School supported primarily by per pupil operating revenue (PPOR) or property taxes passed through from the District (Brighton School District 27J). The governmental activities of the Bromley East Charter School include instruction and supporting expenses.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bromley East Charter School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Bromley East Charter School can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Bromley East Charter School maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general and capital reserve funds are considered to be major. Non-major funds include the food service and grants fund. Other funds include an internal service fund and agency fund.

Bromley East Charter School adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

In addition to the general fund, annual appropriations are made for the capital reserve fund, food service fund and grants fund. Budgetary comparison statements are provided on pages 23, 24 and 27, and 28.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School's own programs. Total assets and liabilities of the student activity agency fund were \$29,480 for the period ending June 30, 2009.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 10-22.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Bromley East Charter School, assets exceeded liabilities by \$53,022 for all governmental funds by the close of the most recent fiscal year.

Bromley East Charter School's Net Assets

	Governmental Activities <u>30-Jun-09</u>	Governmental Activities <u>30-Jun-08</u>
Current and other assets	\$2,238,295	\$1,818,528
Restricted investments	1,739,171	0
Capital assets, Net	8,296,250	146,953
Total Assets	12,273,716	1,965,481
Current liabilities	413,094	425,557
Accrued interest	189,217	
Noncurrent liabilities	11,618,383	8,690
Total Liabilities	12,220,694	434,247
Net assets		
Invested in capital assets, Net of related debt/Depreciation	(3,322,133)	146,953
Restricted for		
Emergencies Tabor	162,000	150,000
Reserve for Deposits	10,954	1,000
Reserve for SPED Legal	94,000	75,200
Reserve for repair and replacement	250,000	250,000
Reserved for debt service	1,739,171	
Unrestricted	1,119,030	908,081
Total Net Assets	\$53,022	\$1,531,234

The largest portion of the Bromley East Charter School's assets (67.6%) is in net capital assets. 29% percent of total assets represents cash and investments. 3.1% represents bond issue costs. The School's net assets show a decrease due to the inclusion of the building internal service fund.

**Bromley East Charter School's Change in Net Assets
For the Years Ended June 30, 2009 and June 30, 2008**

	<u>June 30,2009</u>	<u>June 30, 2008</u>
Program Revenue:		
Charges for Services	\$ 183,761	\$ 178,390
Grants and Contributions	216,207	404,048
Total Program Revenue	<u>399,968</u>	<u>582,438</u>
General Revenue:		
Per Pupil Operating Revenue	5,086,964	4,873,232
Mill Levy Revenue	43,500	47,841
Capital Construction	82,557	87,697
Investment Earnings	49,089	75,130
Other	19,916	19,683
Total General Revenue	<u>5,282,026</u>	<u>5,103,583</u>
Total Revenue	<u>5,681,994</u>	<u>5,686,021</u>
Expenses:		
Current:		
Instruction	3,072,602	2,957,209
Supporting Services	2,258,145	2,537,620
Interest and Fiscal Charges	305,632	0
Total Expenses	<u>5,636,379</u>	<u>5,494,829</u>
Increase (Decrease) in Net Assets	45,615	191,192
Beginning Net Assets, June 30	<u>1,531,234</u>	<u>1,340,042</u>
Prior period adjustment	(1,523,827)	
Ending Net Assets, June 30	<u><u>\$ 53,022</u></u>	<u><u>\$ 1,531,234</u></u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, June 30, 2009, the School's governmental funds reported a combined ending fund balance of \$1,381,697, an increase of \$39,545. The grants, capital reserve, and food service fund balances had no change ending the year with no fund balance.

General Fund Budgetary Highlights

The School approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. For FY 2008/2009, the state requirement for instructional supplies and materials spending in the general fund was \$184 per funded pupil count (FPC). Also, \$298 per FPC was the required transfer for capital reserve and insurance reserve spending. The spending requirements for FY 2009/2010 have been eliminated due to the state of the Colorado economy. The above requirements may be reinstated for FY 2010/11. This will not be known until the school finance bill is passed in May of 2010.

Salaries and benefits cost per FPC for the general fund increased 5.3% from \$4,347 in FY 2007/2008 to \$4,576 in FY 2008/2009.

Capital Asset and Debt Administration

Capital assets. The Bromley East Charter School's investment in capital assets increased during the year due to the addition of the internal service fund. Total depreciation for FY 2008/2009 was \$213,857 resulting in net capital assets of \$8,296,250.

Long-Term Lease Agreement

Bromley East Charter School entered into a lease agreement with the Community Education Center (CEC), Inc in 1999. The bonds under which the lease was based were refinanced in June 2005. Under the terms of the new agreement, Bromley will make monthly lease payments ranging from \$65,655 to \$82,264, commencing June 1, 2005, through June 1, 2035. In March 2005, Brighton Collegiate High School (BCHS) agreed to pay 9.5% of the annual debt service to Bromely East Charter School for distributions received from the original 2000 bond issue. The amount due from BCHS is only payable if their student FTE count exceeds 350. The School also is party to an operating lease with CEC which addresses insurance, accounting and trustee costs related to the building. The cost of the operating lease for FY 2008/09 is \$0.00. The reason for the reduced cost is that the CEC Board of Directors desires to wind down CEC's activities and close the operating account.

The School has agreed to maintain a repair and replacement reserve of \$250,000, to be funded with annual payments of \$50,000 commencing September 15, 2005 with \$100,000 carried over from the 2000 bond issue. The annual payment of \$50,000 in FY 2007/2008 was the last installment to this account. In addition, the School has agreed to maintain an unrestricted fund balance of not less than 5% of total expenses at the end of each fiscal year or approximately \$240,000. The total lease payments will be \$992,745 for FY 2009/2010.

Economic Factors and Next Year's Budget

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision stabilizes and removes funding from the political process. As a result of this provision the single most important factor in projecting School revenues is estimated future inflation. The FY 2009/2010 budget projects the Bromley East Charter School will increase the general fund balance by approximately \$165,013.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF NET ASSETS

June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 1,817,512
Restricted Investments	1,739,171
Accounts Receivable	21,704
Interest Receivable	3,187
Prepaid Items	9,953
Inventories	1,548
Bond Issue Costs	383,391
Deposits	1,000
Capital Assets, Not Depreciated	144,120
Capital Assets, Depreciated Net of Accumulated Depreciation	<u>8,152,130</u>
TOTAL ASSETS	<u><u>12,273,716</u></u>
LIABILITIES	
Accounts Payable	19,323
Accrued Expenses	59,347
Accrued Salaries and Benefits	206,836
Deferred Revenues	8,170
Claims Payable	119,418
Accrued Interest	189,217
Noncurrent Liabilities	
Due Within One Year	330,000
Due in More Than One Year	<u>11,288,383</u>
TOTAL LIABILITIES	<u><u>12,220,694</u></u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(1,582,962)
Restricted for Emergencies	162,000
Unrestricted	<u>1,473,984</u>
TOTAL NET ASSETS	<u><u>\$ 53,022</u></u>

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

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 3,072,602	\$ -	\$ 216,207	\$ -	\$ (2,856,395)
Supporting Services	2,258,145	183,761	-	82,557	(1,991,827)
Interest and Fiscal Charges	305,632	-	-	-	(305,632)
Total Governmental Activities	<u>\$ 5,636,379</u>	<u>\$ 183,761</u>	<u>\$ 216,207</u>	<u>\$ 82,557</u>	<u>(5,153,854)</u>
		GENERAL REVENUES			
					5,086,964
					43,500
					49,089
					<u>19,916</u>
					<u>5,199,469</u>
					45,615
					<u>7,407</u>
					<u>\$ 53,022</u>

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

BROMLEY EAST CHARTER SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	GENERAL	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS				
Cash and Investments	\$ 1,752,528	\$ -	\$ 8,058	\$ 1,760,586
Accounts Receivable	14,200	-	7,504	21,704
Inventories	-	-	1,548	1,548
Due from Other Funds	8,940	-	-	8,940
Prepaid Expenditures	9,953	-	-	9,953
Deposits	1,000	-	-	1,000
TOTAL ASSETS	\$ 1,786,621	\$ -	\$ 17,110	\$ 1,803,731
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 19,323	\$ -	\$ -	\$ 19,323
Accrued Expenses	59,347	-	-	59,347
Accrued Salaries and Benefits	206,836	-	-	206,836
Claims Payable	119,418	-	-	119,418
Due to Other Funds	-	-	8,940	8,940
Deferred Revenues	-	-	8,170	8,170
TOTAL LIABILITIES	404,924	-	17,110	422,034
FUND BALANCES				
Reserved for Emergencies	162,000	-	-	162,000
Reserved for Deposits and Prepaids	10,953	-	-	10,953
Reserved for SPED Legal	94,000	-	-	94,000
Reserved for Repair and Replacement	250,000	-	-	250,000
Unreserved, reported in General Fund	864,744	-	-	864,744
TOTAL FUND BALANCES	1,381,697	-	-	1,381,697
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,786,621	\$ -	\$ 17,110	

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

Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds.	120,603
Internal Service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	(1,449,278)
Net assets of governmental activities	<u>\$ 53,022</u>

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

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	GENERAL	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES				
Local Sources	\$ 5,200,965	\$ 82,557	\$ 183,309	\$ 5,466,831
State Sources	90,037	-	3,297	93,334
Federal Sources	74,736	-	89,222	163,958
TOTAL REVENUES	5,365,738	82,557	275,828	5,724,123
EXPENDITURES				
Current				
Instruction	3,054,238	-	18,364	3,072,602
Supporting Services	1,328,266	-	280,961	1,609,227
Capital Outlay	-	9,550	-	9,550
Building Lease	-	687,567	-	687,567
Debt Service				
Interest and Fiscal Charges	305,632	-	-	305,632
TOTAL EXPENDITURES	4,688,136	697,117	299,325	5,684,578
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	677,602	(614,560)	(23,497)	39,545
OTHER FINANCING SOURCES (USES)				
Transfers In	-	614,560	23,497	638,057
Transfers Out	(638,057)	-	-	(638,057)
TOTAL OTHER FINANCING SOURCES (USES)	(638,057)	614,560	23,497	-
NET CHANGE IN FUND BALANCES	39,545	-	-	39,545
FUND BALANCES, Beginning	1,342,152	-	-	1,342,152
FUND BALANCES, Ending	<u>\$ 1,381,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,381,697</u>

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

BROMLEY EAST CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$	39,545
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 assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the depreciation expense in the current period.		(26,350)
Some revenues which were previously deferred in the funds were recognized as income in the previous period in the statement of activities.		(42,129)
The Internal Service fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the internal service fund is reported with the governmental activities.		<u>74,549</u>
Change in net assets of governmental activities	\$	<u><u>45,615</u></u>

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

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF NET ASSETS
 PROPRIETARY FUND TYPES

June 30, 2009

	Governmental Activities- <u>Internal Service Fund</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 56,926
Restricted Investments	1,739,171
Interest Receivable	<u>3,187</u>
Total Current Assets	<u>1,799,284</u>
Long-term Assets	
Bond Issue Costs, net of Accumulated Amortization	383,391
Capital Assets, Net of Accumulated Depreciation	<u>8,175,647</u>
Total Long-term Assets	<u>8,559,038</u>
TOTAL ASSETS	<u>10,358,322</u>
LIABILITIES	
Current Liabilities	
Interest Payable	189,217
Loan Payable - Current Portion	<u>330,000</u>
Total Current Liabilities	<u>519,217</u>
Long-Term Liabilities	
Loan Payable	<u>11,288,383</u>
TOTAL LIABILITIES	<u>11,807,600</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(1,703,565)
Unrestricted	<u>254,287</u>
TOTAL NET ASSETS	<u>\$ (1,449,278)</u>

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

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
Year Ended June 30, 2009

	Governmental Activities- Internal Service Fund
OPERATING REVENUES	
Rent	\$ 993,199
Investment Income	33,886
	<hr/>
TOTAL OPERATING REVENUES	1,027,085
	<hr/>
OPERATING EXPENSES	
Purchased Services	16,734
Depreciation	187,506
Amortization	96,886
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TOTAL OPERATING EXPENSES	301,126
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OPERATING INCOME	725,959
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NON-OPERATING EXPENSES	
Interest Expense	(651,410)
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TOTAL NON-OPERATING EXPENSES	(651,410)
	<hr/>
NET INCOME	74,549
	<hr/>
NET ASSETS, Beginning	(1,523,827)
	<hr/>
NET ASSETS, Ending	\$ (1,449,278)
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The accompanying notes are an integral part of the financial statements.

BROMLEY EAST CHARTER SCHOOL

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2009
 Increase (Decrease) in Cash

	Governmental <u>Activities-</u> Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	\$ 993,199
Cash Paid to Suppliers	(13,990)
Investment Income	41,742
Net Cash Provided (Used) by Operating Activities	<u>1,020,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	<u>(45,114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Interest Expense	(655,143)
Principle Payments on Loan	(320,000)
Net Cash Provided by Financing Activities	<u>(975,143)</u>
NET INCREASE (DECREASE) IN CASH	694
CASH, Beginning	<u>56,232</u>
CASH, Ending	<u><u>\$ 56,926</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>\$ 725,959</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	187,506
Amortization Expense	96,886
Changes in Assets and Liabilities	
Accrued Interest Receivable	7,856
Prepaid Items	2,744
Total Adjustments	<u>294,992</u>
Net Cash Provided (Used) for Operating Activities	<u><u>\$ 1,020,951</u></u>

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

BROMLEY EAST CHARTER SCHOOL
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2009

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 29,480</u>
LIABILITIES	
Due to Student Groups	<u><u>\$ 29,480</u></u>

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

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Community Education Center, Inc.

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

The School is a component unit of the Brighton School District 27J (the "District").

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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 assets and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

The School reports the following major governmental funds:

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

Capital Reserve Fund – This fund accounts for the acquisition and construction of capital facilities and other expenditures.

Additionally, the School reports the following fund types:

The *Internal Service Fund* is used to account for activity of CEC.

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

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

Assets, Liabilities and Fund Balance/Net Assets

Investments – Investments are recorded at fair value.

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

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

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

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, 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.

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

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

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

Net Assets/Fund Equity – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Compensated Absences

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

Risk Management

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

The School, in conjunction with Brighton Collegiate High School and Belle Creek Charter School, has established a self-insurance pool for employee health benefits. The School's premiums are determined at the beginning of each fiscal year and are deposited into a claims account throughout the year. The claims account is reported as cash with an offsetting liability in the General Fund. The Pool's fiscal year ends each September 30, and includes individual stop loss insurance of \$45,000 and aggregate stop loss insurance of \$749,784 for the fiscal year ending October 8, 2008.

NOTE 2: *STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

Budgets and Budgetary Accounting

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

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2009 consisted of the following:

Cash on Hand	\$	500
Deposits		171,378
Investments		<u>3,414,285</u>
Total	\$	<u>3,586,163</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, 2009, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 3: CASH AND INVESTMENTS (Continued)

At June 30, 2009, the School had deposits with financial institutions with a carrying amount of \$171,378. The bank balances with the financial institutions were \$181,153. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

The School 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.

Credit Risk

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

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

As of June 30, 2009, the District has the following investments:

	<u>Fair Value</u>	<u>Investment Maturity (Years)</u>	
		<u>Less than One Year</u>	<u>More Than 5 Years</u>
Money Market Mutual Fund	\$ 301,335	\$ 301,335	\$ -
Governmental Agency Securities	1,696,398	699,838	996,560
Colostrust and CSAFE	1,416,552	1,416,552	-
Total	<u>\$ 3,414,285</u>	<u>\$ 2,417,725</u>	<u>\$ 996,560</u>

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 3: CASH AND INVESTMENTS (Continued)

The School had invested \$1,416,552 in the Colorado Government Liquid Asset Trust and the Colorado Surplus Asset Fund Trust (COLOTRUST and CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrust is rated AAA and CSAFE is rated AAAM by Standard and Poor's.

Restricted Cash and Investments

Cash in the amount of \$1,739,171 is restricted for debt service.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2009 is summarized below.

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities				
Capital assets, Not Depreciated				
Land	\$ 144,120	\$ -	\$ -	\$ 144,120
Capital Assets, Being Depreciated				
Buildings	9,375,323	-	-	9,375,323
Building Improvements	100,785	-	-	100,785
Vehicles and Equipment	154,633	-	9,000	145,633
Total Capital Assets, Being Depreciated	<u>9,630,741</u>	<u>-</u>	<u>9,000</u>	<u>9,621,741</u>

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Accumulated Depreciation				
Buildings	1,156,289	187,507	-	1,343,796
Building Improvements	11,541	6,719	-	18,260
Furniture and Equipment	<u>96,924</u>	<u>19,631</u>	<u>9,000</u>	<u>107,555</u>
Total Accumulated Depreciation	<u>1,264,754</u>	<u>213,857</u>	<u>9,000</u>	<u>1,469,611</u>
 Total Capital Assets, Being Depreciated, Net	 <u>8,365,987</u>	 <u>(213,857)</u>	 <u>-</u>	 <u>8,152,130</u>
 Net Capital Assets	 <u>\$ 8,510,107</u>	 <u>\$ (213,857)</u>	 <u>\$ -</u>	 <u>\$ 8,296,250</u>

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

NOTE 5: 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 nine months. The salaries and benefits earned, but unpaid, as of June 30, 2009, were \$206,836 in the General Fund.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 6: LONG-TERM DEBT

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2009:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due In</u> <u>One Year</u>
Building Loan	\$13,765,000	\$ -	\$ 320,000	\$13,445,000	\$ 330,000
Premium	706,555	-	29,591	676,964	-
Loss on Refunding	<u>(2,613,313)</u>	<u>-</u>	<u>(109,732)</u>	<u>(2,503,581)</u>	<u>-</u>
Total	<u>\$11,858,242</u>	<u>\$ -</u>	<u>\$ 239,859</u>	<u>\$11,618,383</u>	<u>\$ 330,000</u>

Building Loan

In June, 2005, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$14,370,000 Charter School Revenue Bonds (Bromley East Charter School Project), Series 2005. Proceeds of the bonds were used to refund the CECFA Charter School Revenue Bonds, Series 2000. Proceeds from the bonds were loaned to CEC under a lease agreement to purchase the School's building by refunding existing debt, and to make improvements to the building. The School is obligated to make monthly lease payments to CEC for use of the building. CEC is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 3% to 5.25%. The lease matures in September 2032.

Defeased Bonds

Defeased Bonds in the amount of \$12,010,000 were outstanding as of June 30, 2009.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 6: LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 330,000	\$ 643,794	\$ 973,794
2011	340,000	633,531	973,531
2012	350,000	622,531	972,531
2013	360,000	611,219	971,219
2014	375,000	599,500	974,500
2015 – 2019	2,095,000	2,758,993	4,853,993
2020 – 2024	2,680,000	2,184,170	4,864,170
2025 – 2029	3,445,000	1,379,792	4,824,792
2030 – 2033	<u>3,470,000</u>	<u>375,900</u>	<u>3,845,900</u>
Total	<u>\$ 13,445,000</u>	<u>\$ 9,809,430</u>	<u>\$ 23,254,430</u>

NOTE 7: INTERFUND BALANCES AND TRANSFERS

The School made the following transfers during the year.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Reserve Fund	General Fund	\$ 614,560
Food Service Fund	General Fund	<u>23,497</u>
Totals		<u>\$ 638,057</u>

The General Fund is required by State statute to transfer \$298 per pupil to the Capital Reserve fund or use this amount for insurance costs. The General also transferred funds to the Lunch fund to assist in subsidizing the operations of the fund.

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 8: *DEFINED BENEFIT PENSION PLAN*

Plan Description. The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy. The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the School it is 10.15 % of covered salary. A portion of the School's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 9). If the School rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. The School is also required to pay an amortization equalization disbursement equal to 2.8 % of the total payroll for the calendar year 2009, (1.9 % of total payroll for the calendar year 2008). For the years ending June 30, 2007, 2008, and 2009, the School's employer contributions for the SDTF were \$258,088, \$304,430, and \$353,241, respectively, equal to their required contributions for each year.

NOTE 9: *POSTEMPLOYMENT HEALTHCARE BENEFITS*

Plan Description. The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

BROMLEY EAST CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 9: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy. The School is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ending June 30, 2007, 2008, and 2009, the School's employer contributions to the HCTF were \$24,148, \$26,766, and \$28,732, respectively, equal to their required contributions for each year.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2009, the reserve of \$162,000 was recorded as a reservation of fund balance in the General Fund.

NOTE 11: CHANGE IN ACCOUNTING

The beginning net assets of the governmental activities were decreased by \$1,523,827, to include the activity of the CEC.

REQUIRED SUPPLEMENTARY INFORMATION

BROMLEY EAST CHARTER SCHOOL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 5,221,598	\$ 5,120,292	\$ 5,086,964	\$ (33,328)
Mill Levy Override	47,250	47,250	43,500	(3,750)
Tuition and Fees	-	-	1,550	1,550
Interest	68,500	68,500	49,089	(19,411)
Other	15,500	15,500	19,862	4,362
State and Federal Sources				
Grants and Donations	186,200	164,773	164,773	-
TOTAL REVENUES	<u>5,539,048</u>	<u>5,416,315</u>	<u>5,365,738</u>	<u>(50,577)</u>
EXPENDITURES				
Instruction				
Salaries	2,361,898	2,361,898	2,350,734	11,164
Employee Benefits	558,054	558,054	552,537	5,517
Purchased Services	20,500	20,500	1,789	18,711
Supplies and Materials	233,975	230,396	141,694	88,702
Other	5,500	5,500	7,484	(1,984)
Total Instruction	<u>3,179,927</u>	<u>3,176,348</u>	<u>3,054,238</u>	<u>122,110</u>
Supporting Services				
School Administration				
Salaries	487,910	487,910	482,108	5,802
Employee Benefits	119,665	119,665	130,342	(10,677)
Purchased Services	698,415	698,415	656,303	42,112
Supplies and Materials	45,450	45,450	37,484	7,966
Other	139,824	23,670	22,029	1,641
Debt Service				
Interest	227,857	227,857	305,632	(77,775)
Total Supporting Services	<u>1,719,121</u>	<u>1,602,967</u>	<u>1,633,898</u>	<u>(30,931)</u>
TOTAL EXPENDITURES	<u>4,899,048</u>	<u>4,779,315</u>	<u>4,688,136</u>	<u>91,179</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>640,000</u>	<u>637,000</u>	<u>677,602</u>	<u>40,602</u>
OTHER FINANCING USES				
Transfers Out	(640,000)	(637,000)	(638,057)	(1,057)
NET CHANGE IN FUND BALANCE	-	-	39,545	39,545
FUND BALANCE, Beginning	<u>1,417,290</u>	<u>1,342,152</u>	<u>1,342,152</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,417,290</u>	<u>\$ 1,342,152</u>	<u>\$ 1,381,697</u>	<u>\$ 39,545</u>

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Grants and Donations	\$ 81,185	\$ 200,357	\$ 82,557	\$ (117,800)
Other	82,500	-	-	-
TOTAL REVENUES	<u>163,685</u>	<u>200,357</u>	<u>82,557</u>	<u>(117,800)</u>
EXPENDITURES				
Capital Outlay				
Property	50,000	50,027	9,550	40,477
Building Lease	753,685	787,330	687,567	99,763
TOTAL EXPENDITURES	<u>803,685</u>	<u>837,357</u>	<u>697,117</u>	<u>140,240</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(640,000)</u>	<u>(637,000)</u>	<u>(614,560)</u>	<u>22,440</u>
OTHER FINANCING SOURCES				
Transfers In	<u>640,000</u>	<u>637,000</u>	<u>614,560</u>	<u>(22,440)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

BROMLEY EAST CHARTER SCHOOL
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	FOOD SERVICE	GRANTS	TOTALS
ASSETS			
Current Assets			
Cash and Investments	\$ -	\$ 8,058	\$ 8,058
Accounts Receivable	7,392	112	7,504
Inventories	1,548	-	1,548
TOTAL ASSETS	8,940	8,170	17,110
LIABILITIES AND FUND BALANCES			
Accounts Payable	8,940	-	8,940
Deferred Revenues	-	8,170	8,170
TOTAL LIABILITIES	8,940	8,170	17,110
NET ASSETS			
Unrestricted	-	-	-
TOTAL NET ASSETS	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<u>FOOD SERVICE</u>	<u>GRANTS</u>	<u>TOTALS</u>
REVENUES			
Local Sources			
Food Sales	\$ 182,211	\$ -	\$ 182,211
Other	54	-	54
Grants	-	1,044	1,044
State Sources			
Grants	-	3,297	3,297
Federal Sources			
Grants	75,199	14,023	89,222
	<u>257,464</u>	<u>18,364</u>	<u>275,828</u>
TOTAL REVENUES			
EXPENDITURES			
Instruction	-	18,364	18,364
Supporting Services	280,961	-	280,961
	<u>280,961</u>	<u>18,364</u>	<u>299,325</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,497)</u>	<u>-</u>	<u>(23,497)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	23,497	-	23,497
	<u>23,497</u>	<u>-</u>	<u>23,497</u>
CHANGE IN FUND BALANCES	-	-	-
NET ASSETS, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL
 FOOD SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Lunch Charges	\$ 171,000	\$ 196,350	\$ 182,211	\$ (14,139)
Other	150	150	54	(96)
Federal Sources				
Grants	86,000	88,500	75,199	(13,301)
TOTAL REVENUES	257,150	285,000	257,464	(27,536)
EXPENDITURES				
Instruction				
Salaries	80,909	83,000	87,513	(4,513)
Employee Benefits	11,327	11,620	11,927	(307)
Supplies	157,064	183,030	179,688	3,342
Property	7,500	7,000	1,833	5,167
Other	350	350	-	350
TOTAL EXPENDITURES	257,150	285,000	280,961	4,039
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(23,497)	(23,497)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	23,497	23,497
CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL
 GRANTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Grants	\$ 9,600	\$ 9,600	\$ 1,044	\$ (8,556)
State Source				
Grants	2,340	7,340	3,297	(4,043)
Federal Sources				
Grants	17,450	17,060	14,023	(3,037)
TOTAL REVENUES	29,390	34,000	18,364	(15,636)
EXPENDITURES				
Instruction				
Salaries	8,440	8,440	6,326	2,114
Purchased Services	12,350	12,350	7,937	4,413
Supplies	8,600	13,210	4,101	9,109
TOTAL EXPENDITURES	29,390	34,000	18,364	15,636
CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

AGENCY FUND - STUDENT ACTIVITY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended June 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	<u>\$ 27,800</u>	<u>\$ 72,151</u>	<u>\$ 70,471</u>	<u>\$ 29,480</u>
LIABILITIES				
Accounts Payable - Due to Student Groups	<u>\$ 27,800</u>	<u>\$ 72,151</u>	<u>\$ 70,471</u>	<u>\$ 29,480</u>

See the accompanying independent auditors' report.

BROMLEY EAST CHARTER SCHOOL

STUDENT ACTIVITY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Student Groups	<u>\$ 57,050</u>	<u>\$ 65,550</u>	<u>\$ 72,151</u>	<u>\$ 6,601</u>
TOTAL REVENUES	<u>57,050</u>	<u>65,550</u>	<u>72,151</u>	<u>6,601</u>
EXPENDITURES				
Student Groups	<u>57,050</u>	<u>65,550</u>	<u>70,471</u>	<u>(4,921)</u>
TOTAL EXPENDITURES	<u>57,050</u>	<u>65,550</u>	<u>70,471</u>	<u>(4,921)</u>
CHANGE IN NET ASSETS	-	-	1,680	1,680
NET ASSETS, Beginning	<u>-</u>	<u>-</u>	<u>27,800</u>	<u>27,800</u>
NET ASSETS, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,480</u>	<u>\$ 29,480</u>

See the accompanying independent auditors' report.