JEFFERSON ACADEMY
BASIC FINANCIAL STATEMENTS

June 30, 2021

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FINANCIAL SECTION

Board of Directors
Jefferson Academy
Westminster, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Jefferson Academy, component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Jefferson 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Jefferson Academy as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of School's proportionate share, and the schedules of the School's contributions on pages 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Cutler & Associates, LLC

November 17, 2021

Jefferson Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

As management of the Jefferson Academy Charter School, we offer readers of the Jefferson Academy's financial statements this narrative overview and analysis of the financial activities of Jefferson Academy Charter School for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

Financial Highlights

- The Governmental Fund balance decreased by $2,029,448 primarily due to the refinance and buy-down of the debt.
- Total unrestricted cash and investments decreased by $522,075 due to the debt buy-down and refinance.
- Jefferson Academy's net position increased $8,804,891 due to the decrease in pension expense and the refinance of long-term liabilities.

Overview of Financial Statements

This report follows the guidelines set forth by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. The rule was intended to help make reports easier to understand for oversight bodies, in particular the Jefferson County Public Schools R-1 School District, which authorizes Jefferson Academy, and the general public. The Jefferson Academy basic financial statements are comprised of four components: 1) Management's Discussion and Analysis; 2) government-wide financial statements; 3) fund financial statements; and 4) notes to the financial statements, which provide additional, detailed information. Included as Required Supplementary Information is budget-to-actual information related to the School's General Fund and Pension and OPEB Schedules as required under GASB Statement Nos. 68 and 75, further discussed in Notes 7 and 8.

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the Jefferson Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 3 through 5 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. Jefferson Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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.

Jefferson Academy adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for these funds. In accordance with C.R.S 22-44-106(2), Jefferson Academy incorporates an expense line to appropriate general fund reserves so that fund reserves do not exceed 15% of the amount budgeted to the fund.

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. The notes to the financial statements can be found starting on page 6 of this report.

Financial Analysis of the School's Funds

For the year ended June 30, 2021, Jefferson Academy's governmental funds reported a combined ending fund balance of $5,695,877, an overall decrease of $2,029,448 as a result of the buy down and refinancing of debt.

General Fund Budgetary Highlights

Jefferson Academy's budgeted general fund revenue for 2020-21 was $15,077,221, while actual revenue was $15,202,693, resulting in a surplus of $125,472 (not including transfers and other financing sources). Jefferson Academy's initial budget for general fund expenditures was $20,276,775, while actual expenditures were $18,874,948, resulting in a surplus of $1,401,827. There was a net decrease in fund balance of $2,029,448 with a final fund balance of $5,695,877.

Capital Asset and Debt Administration

Capital Assets. Jefferson Academy's capital assets as of June 30, 2021, amounted to $36,865,946. Jefferson Academy's capital assets include approximately 21 acres of land and approximately 192,000 square feet of building spaces located at 9955 Yarrow Street, Broomfield, CO 80021 and 11251 Reed Way, Broomfield, CO 80020. Additional information on the School's capital assets can be found in Note 4 of this report.

Long-Term Debt. As of June 30, 2021, Jefferson Academy had outstanding debt of $20,073,553, which is a decrease of $5,208,232 from the previous year. Long-term debt is detailed in Note 6 of this report.

Economic Factors and Next Year's Budget

Jefferson Academy's student enrollment for the 2020-21 school year was 1911.20 full-time equivalent (FTE) students. State funding is expected to remain stable for the 2021-22 school year. Because of the pandemic, Jefferson Academy is experiencing decreased enrollment for the 2021-22 school year but is anticipating, in 2022-23, increased enrollment, increased salary and benefit costs along with other support service costs. Jefferson Academy anticipates the completion of all improvement projects by the end of 2022. Summit Academy anticipates a spend down of their portion of the reserves to complete their expansion project. All will impact 2022 fiscal plans and operations. The initial budget projects maintaining reserves in excess of those mandated by Board policy, statutory requirements, and loan covenants for the 2021-22 fiscal year.

Financial Analysis of the School's Funds

The focus of Jefferson Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing Jefferson Academy's financing requirements.

Jefferson Academy
Statement of Net Position
As of June 30, 2021

	Governmental Activities 2021	Governmental Activities 2020
ASSETS		
Cash and Investments	$ 5,842,295	$ 6,364,370
Restricted Cash and Investments	791,969	2,238,882
Accounts Receivable	51,044	
Capital Assets, Not Depreciated	2,530,113	20,281,631
Capital Assets, Depreciated, Net of Accumulated Depreciation	34,335,833	16,629,379
TOTAL ASSETS	43,551,254	45,514,262
DEFERRED OUTFLOWS OF RESOURCES		
Related To Pensions	7,362,167	2,992,091
Related to OPEB	71,908	79,691
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,434,075	3,071,782
LIABILITIES		
Accounts Payable	211,872	139,356
Accrued Salaries	777,559	738,571
Accrued Interest Payable	28,553	164,932
Noncurrent Liabilities		
Due in One Year	465,730	675,184
Due in More Than One Year	19,579,270	24,441,669
Net Pension Liability	23,643,694	20,745,756
Net OPEB Liability	859,591	1,020,062
TOTAL LIABILITIES	45,566,269	47,925,530
DEFERRED INFLOWS OF RESOURCES		
Related To Pensions	10,016,898	14,156,470
Related to OPEB	295,631	202,404
TOTAL DEFERRED INFLOWS OF RESOURCES	10,312,529	14,358,874
NET POSITION		
Net Investment in Capital Assets	16,820,946	11,794,157
Restricted for Emergencies	470,666	440,767
Restricted for Capital Projects	53	-
Restricted for Debt Service	292,750	-
Unrestricted	(22,477,884)	(25,933,284)
TOTAL NET POSITION	$ (4,893,469)	$ (13,698,360)

JEFFERSON ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense (Revenue) and Changes in Net Position 2021	2020
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 3,892,855	$ 359,560	$ 1,383,709	$ -	$(2,149,586)	$(5,444,872)
Supporting Services	7,597,431	-	-	506,252	(7,091,179)	(6,528,583)
Interest on Long-Term Debt	946,992	-	-		(946,992)	(970,990)
Total Governmental Activities	$12,437,278	$ 359,560	$ 1,383,709	$ 506,252	(10,187,757)	(12,944,445)
GENERAL REVENUES						
Per Pupil Revenue					15,202,780	15,139,587
Mill Levy Override					3,439,649	3,206,941
Other					320,306	133,501
Unrestricted State Aid					-	83,233
SPECIAL ITEM						
Capital Contribution from the District					-	543,324
TOTAL GENERAL REVENUES					18,992,648	19,106,586
CHANGE IN NET POSITION					8,804,891	6,162,141
NET POSITION, Beginning,					(13,698,360)	(19,860,501)
NET POSITION, Ending					$ (4,893,469)	(13,698,360)

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of Jefferson Academy's financial position. Current assets decreased based on the buy down of debt. The net pension liability and associated deferred outflows of resources and inflows of resources fluctuates based on the financial position of the Public Employee's Retirement Association of Colorado (PERA). The school is required to report its proportionate share of PERA's unfunded pension liability. For the year ended June 30, 2021, Jefferson Academy's assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by $2,878,454, primarily due to the net pension liability of $23,643,694 (see Note 7). The overall net position in fiscal year 2021 increased by $8,804,891 from the previous year primarily due to the net investment of capital assets and the refinance of long-term liabilities.

COVID-19
The COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses and communities. Specific to Jefferson Academy, COVID-19 has impacted various parts of its operations. Jefferson Academy has increased its purchase of instructional materials, cleaning supplies and facility needs in order to better support students and staff while navigating the pandemic. Jefferson Academy has hired additional staff to handle the increased workload involving recovering the lost learning time of students. Jefferson Academy has increased Professional Development of all staff to promote the successful education of all students during this time. Jefferson Academy's personnel budget has been impacted due to the Federal Emergency Leave requirements. Jefferson Academy has received COVID-19 Relief Funds (CARES Act) along with ESSER Funds which have helped offset the costs noted above. At this time, the total impact to Jefferson Academy has not been significant and, based on our experience to date, we expect this to remain the case. Management is continually monitoring and evaluating the state of the school and is taking appropriate actions to mitigate any negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still ongoing.

Requests for Information
This financial report is designed to provide a general overview of Jefferson Academy's finances for all those with an interest in the School's financial performance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jefferson Academy Board Treasurer.

BASIC FINANCIAL STATEMENTS

JEFFERSON ACADEMY

STATEMENT OF NET POSITION
As of June 30, 2021

	Governmental Activities	
	2021	2020
ASSETS		
Cash and Investments	$ 5,842,295	$ 6,364,370
Restricted Cash and Investments	791,969	2,238,882
Accounts Recievable	51,044	
Capital Assets, Not Depreciated	2,530,113	20,281,631
Capital Assets, Depreciated, Net of Accumulated Depreciation	34,335,833	16,629,379
TOTAL ASSETS	43,551,254	45,514,262
DEFERRED OUTFLOWS OF RESOURCES		
Related To Pensions	7,362,167	2,992,091
Related To OPEB	71,908	79,691
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,434,075	3,071,782
LIABILITIES		
Accounts Payable	211,872	139,356
Accrued Salaries	777,559	738,571
Accrued Interest Payable	28,553	164,932
Noncurrent Liabilities		
Due in One Year	465,730	675,184
Due in More Than One Year	19,579,270	24,441,669
Net Pension Liability	23,643,694	20,745,756
Net OPEB Liability	859,591	1,020,062
TOTAL LIABILITIES	45,566,269	47,925,530
DEFERRED INFLOWS OF RESOURCES		
Related To Pensions	10,016,898	14,156,470
Related To OPEB	295,631	202,404
TOTAL DEFERRED INFLOWS OF RESOURCES	10,312,529	14,358,874
NET POSITION		
Net Investment in Capital Assets	16,820,946	11,794,157
Restricted for Emergencies	470,666	440,767
Restricted for Captal Projects	53	-
Restricted for Debt Service	292,750	-
Unrestricted	(22,477,884)	(25,933,284)
TOTAL NET POSITION	$ (4,893,469)	$ (13,698,360)

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

JEFFERSON ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense (Revenue) And Changes in Net Position 2021	2020
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 3,892,855	$ 359,560	$ 1,383,709	$ -	$ (2,149,586)	$ (5,444,872)
Supporting Services	7,597,431	-	-	506,252	(7,091,179)	(6,528,583)
Interest on Long-Term Debt	946,992	-	-	-	(946,992)	(970,990)
Total Governmental Activities	$ 12,437,278	$ 359,560	$ 1,383,709	$ 506,252	(10,187,757)	(12,944,445)
GENERAL REVENUES						
Per Pupil Revenue					15,202,780	15,139,587
Mill Levy Override					3,439,649	3,206,941
Other					350,219	133,501
Unrestricted State Aid					-	83,233
SPECIAL ITEM						
Capital Contribution from the District					-	543,324
TOTAL GENERAL REVENUES					18,992,648	19,106,586
CHANGE IN NET POSITION					8,804,891	6,162,141
NET POSITION, Beginning					(13,698,360)	(19,860,501)
NET POSITION, Ending					$ (4,893,469)	$ (13,698,360)

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

JEFFERSON ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	TOTAL GOVERNMENTAL FUNDS 2021	TOTAL GOVERNMENTAL FUNDS 2020
ASSETS		
Cash and Investments	$ 5,842,295	$ 6,364,370
Restricted Cash and Investments	791,969	2,238,882
Accounts Recivable	51,044	-
TOTAL ASSETS	6,685,308	8,603,252
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	211,872	139,356
Accrued Salaries and Benefits	777,559	738,571
TOTAL LIABILITIES	989,431	877,927
FUND BALANCES		
Restricted for Emergencies	470,666	440,767
Restricted for Capital Outlay	53	241,651
Restricted for Debt Service	292,750	1,832,299
Unassigned	4,932,408	5,210,608
TOTAL FUND BALANCES	$ 5,695,877	$ 7,725,325
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	36,865,946	36,911,010
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of bonds and loans payable ($20,045,000) and accrued interest payable ($28,553).	(20,073,553)	(25,281,785)
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability ($23,643,694), net OPEB liability ($859,591), deferred outflows related to pensions and OPEB $7,434,075 and deferred inflows related to pensions and OPEB ($10,312,529).	(27,381,739)	(33,052,910)
Net position of governmental activities	$ (4,893,469)	$ (13,698,360)

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

JEFFERSON ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	TOTAL GOVERNMENTAL FUNDS	
	2021	2020
REVENUES		
Local Sources	$ 19,543,367	$ 19,082,407
State Sources	1,698,802	795,743
TOTAL REVENUES	21,242,169	19,878,150
EXPENDITURES		
Current		
Instruction	8,032,810	8,979,358
Supporting Services	8,155,927	6,712,686
Capital Outlay	927,656	5,356,685
Debt Service		
Principal	675,184	648,147
Interest	1,083,371	930,725
TOTAL EXPENDITURES	18,874,948	22,627,601
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,367,221	(2,749,451)
OTHER FINANCING SOURCES		
Capital Contribution from the District	20,045,000	-
Proceeds from the Issuance of Debt	(24,441,669)	6,000,000
TOTAL OTHER FINANCING SOURCES	(4,396,669)	6,000,000
NET CHANGE IN FUND BALANCES	(2,029,448)	3,250,549
FUND BALANCES, Beginning	7,725,325	4,474,776
FUND BALANCES, Ending	$ 5,695,877	$ 7,725,325

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

JEFFERSON ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ (2,029,448)
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. This is the amount by which capital outlay $1,314,995 exceeded depreciation expense ($1,360,059), in the current period.	(45,064)
Loan proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(20,045,000)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include changein accrued interest payable ($136,379), and payments to escrow agents ($25,116,853).	25,253,232
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	5,671,171
Change in Net Position of Governmental Activities	$ 8,804,891

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Jefferson Academy was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 of the State of Colorado.

The accounting policies of the Jefferson Academy 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 Jefferson Academy and organizations for which the Jefferson Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Jefferson Academy. In addition, any legally separate organizations for which the Jefferson Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Jefferson Academy 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 Jefferson Academy.

The Jefferson Academy includes the Jefferson Academy Building Corporation (the "Building Corporation") within its reporting entity. The Building Corporation was formed to support and assist the Jefferson Academy to perform its function and to carry out its purpose, specifically to assist in the financing of the Jefferson Academy's facilities. The Building Corporation is blended into the Jefferson Academy's financial statements as a Debt Service Fund. Separate financial statements are not available for this entity. The Jefferson Academy is a component unit of Jefferson County School District No. R-1.

Government-Wide and Fund Financial Statements

The Jefferson Academy financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Jefferson Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (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 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.

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 Jefferson Academy.

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

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

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

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

The Jefferson Academy reports the following major governmental funds:

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

Investments – Investments are recorded at fair value.

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 Jefferson Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Assets, Liabilities and Fund Balance/Net Position

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

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

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

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

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. 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.

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

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Jefferson Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Jefferson Academy also classified bond reserves and capital reserve amounts as restricted.

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

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

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Jefferson Academy did not have any committed resources as of June 30, 2021.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Compensated Absences

The Jefferson Academy's policy allows employees to accumulate sick leave. Upon termination of employment, no financial compensation is paid for unused sick days. Therefore, no liability for accumulated sick leave is reported in the financial statements.

Risk Management

The Jefferson Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, and bills the Jefferson Academy for its portion of coverage. Settled claims have not exceeded insurance coverage in the last three years.

Comparative Data

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

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

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

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

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for the General and the Capital Reserve Funds on a basis consistent with generally accepted accounting principles.

Jefferson Academy management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July1. 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***

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	$ 1,300
Pooled Cash with District	6,311,661
Investments	321,303
Total Cash and Investments	**$ 6,634,264**

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

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

Cash and Investments	$ 5,842,295
Restricted Cash and Investments	791,969
Total	**$ 6,634,264**

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, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the Jefferson Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Jefferson Academy has no policy regarding custodial credit risk for deposits as the deposits are maintained by the District.

At June 30, 2021, the School had no deposits with financial institutions.

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2020 the Jefferson Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled $6,311,661.

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

Investments

Interest Rate Risk

The Jefferson Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Jefferson Academy is required to follow the investment policy of the District.

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
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Jefferson Academy has no policy for managing credit risk or interest rate risk, however they are required to follow the policies of the District as all funds are maintained by the District.

Local Government Investment Pool

The Jefferson Academy had invested $321,303 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

Investments (Continued)

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

Restricted Cash

Cash in the amount of $2,238,882 are restricted for debt servicing, bond reserves and capital projects.

NOTE 4: ***CAPITAL ASSETS***

Capital Assets activity for the year ended June 30, 2021 is summarized below.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 1,924,838	$ -	-	$ 1,924,793
Construction in Progress	18,356,838	-	17,751,518	605,320
Total Capital Assets, Not Depreciated	20,281,631	-	17,751,518	2,530,113
Capital Asset, depreciated				
Building	25,766,296	19,066,513	-	44,832,809
Equipment	173,812	-	-	173,812
Total Capital Assets, Depreciated	25,940,108	19,066,513	-	45,006,621
Accumulated Depreciation				
Building	9,203,339	1,338,951	-	10,542,290
Equipment	107,390	21,108	-	128,498
Total Accumulated Depreciation	9,310,729	1,360,059	-	10,670,788
Capital Assets, depreciated, net	16,629,379	17,706,454	-	34,335,833
Total Capital Assets	**$ 36,911,010**	**$ 17,706,454**	**$ (17,751,518)**	**$ 36,865,946**

NOTE 4: ***CAPITAL ASSETS*** (Continued)

Depreciation in the amount of $1,360,059 has been charged to the Supporting Services Program of the Academy.

NOTE 5: ***ACCRUED SALARIES AND BENEFITS***

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, were $777,559. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: ***LONG-TERM DEBT***

Following is a summary of the Jefferson Academy's long-term debt transactions for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Payments	Balance June 30, 2021	Due In One Year
2019 CECFA Loan	$ 6,841,853	$ -	$ 6,841,853	$ -	$ -
2014 Revenue Refunding and Improvement Bonds	18,275,000	-	18,275,000	-	-
2021 Refunding Note	-	20,045,000	-	20,045,000	
	$ 25,116,853	**$ 6,000,000**	**$ 25,116,853**	**$ 20,045,000**	**$**

2021 Refunding Revenue Note

In June of 2021, the Colorado Educational and Cultural Facilities Authority (CECFA) authorized up to $20,045,000 of Charter School Refunding Revenue Notes, Series 2021. The notes were used to fully refund the 2019 and 2014 Notes. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the notes. Interest accrues at 3.34%. The notes mature on May 25,2030.

NOTE 6: ***LONG-TERM DEBT*** (Continued)

2019 Revenue Note

In February 2019, the Colorado Educational and Cultural Facilities Authority (CECFA) authorized up to $7,000,000 of Charter School Revenue Notes, Series 2019. During the year ended June 30, 2019, the Building Corporation received the first draw in the amount of $1,000,000. The remaining $6,000,000 in proceeds were received in July and September 2019. Proceeds from the notes were loaned to the Jefferson Academy under a lease agreement to provide funding for additional capital projects. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the notes. Interest accrues at 4.450%. The notes mature on November 30, 2029. These Notes were refunded with the 2021 Notes.

2014 Revenue Refunding and Improvement Bonds

In November 2014, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $20,430,000 of Charter School Revenue Refunding and Improvement Bonds, Series 2012. Proceeds from the bonds were loaned to the Jefferson Academy under a lease agreement to advance refund the Series 2012 Bonds and to provide funding for additional capital projects. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at 3.74%. The bonds mature on May 30, 2030. These Bonds were paid in full with the issuance of the 2021 Notes.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 822,596	$ 729,384	$ 1,591,980
2023	547,332	672,792	1,220,124
2024	566,484	653,640	1,220,124
2025	586,308	633,816	1,220,124
2026	606,832	613,292	1,220,124
2027-2030	16,915,448	2,679,401	19,594,849
Total	**$ 20,045,000**	**$ 5,982,325**	**$ 26,027,325**

Defeased Bonds

A portion of the net proceeds of the 2014 bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the Jefferson Academy's liabilities. At June 30, 2020, the outstanding defeased bonds were $1,955,000.

NOTE 7: *DEFINED BENEFIT PENSION PLAN*

Summary of Significant Accounting Policies

Pensions. The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Eligible benefit recipients under the PERA benefit structure who began membership 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 aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

Contributions provisions as of June 30, 2021: Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) 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. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $1,550,553 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the School reported a liability of $23,643,695 for its proportionate share of the net pension liability. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

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)

School's proportionate share of the net pension liability	$23,643,695
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	-
Total	$23,643,695

At December 31, 2020, the School's proportion was .1564 percent, which was a decrease of .00175 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized pension expense of $5,611,706 and revenue of $0 for support from the State as a nonemployer contributing entity.

At June 30, 2021, the School 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
Difference between expected and actual experience	$1,299,103	N/A
Changes of assumptions or other inputs	$2,274,450	$3,974,305
Net difference between projected and actual earnings on pension plan investments	N/A	$5,204,512
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$2,948,475	$838,081
Contributions subsequent to the measurement date	$840,179	N/A
Total	$7,362,167	$10,016,898

$840,179 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Year ended June 30:	
2022	($3,663,137)
2023	$1,505,045
2024	($515,739)
2025	($821,078)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

[1]Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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, 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.

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)

- **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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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)

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	**100.00%**	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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 current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, 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. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

- 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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- The AIR balance was excluded from the initial FNP, 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 FNP position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$32,251,936	$23,643,694	$16,470,193

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

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at `www.copera.org/investments/pera-financial-reports`.

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

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

General Information about the OPEB Plan (Continued)

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.

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

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit.

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

General Information about the OPEB Plan (Continued)

There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $75,264 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of $859,591 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the School's proportion was .0904 percent, which was an increase of .000029 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized OPEB expense of $59,461.

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

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

At June 30, 2021, the School 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
Difference between expected and actual experience	$2,281	$188,980
Changes of assumptions or other inputs	$6,423	$52,709
Net difference between projected and actual earnings on OPEB plan investments	N/A	$35,124
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$20,099	$18,818
Contributions subsequent to the measurement date	$43,106	N/A
Total	$71,908	$295,631

$43,106 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	($63,775)
2023	($58,861)
2024	($61,977)
2025	($56,510)
2026	($24,133)
Thereafter	($1,574)

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

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

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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

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

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to**
Medicare Advantage/Self-Insured Rx	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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, 2019, 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.

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

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

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

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

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

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

	Trust Fund			
	State Division	**School Division**	**Local Government Division**	**Judicial Division**
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%[1]	N/A

[1] C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

NOTE 8: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

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

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.

- 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

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

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

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:
[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	**$837,374**	**$859,591**	**$885,455**

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	**$ 984,677**	**$ 85,591**	**$ 752,715**

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

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

City and County of Broomfield Intergovernmental Agreement

In June 2014, the Jefferson Academy entered into an intergovernmental agreement with the City and County of Broomfield. The agreement states that the Jefferson Academy will make additional improvements to its athletic field using Service Expansion Fee (SEF) funding provided by the City and County of Broomfield. In exchange for the funding provided by the City and County of Broomfield, the Jefferson Academy has entered into a Joint Use Agreement with the City and County of Broomfield to allow residents to use the Jefferson Academy's athletic field. For the year ended June 30, 2015, the City and County of Broomfield paid $753,529 under the terms of the agreement. For the year ended June 30, 2020, the City and County of Broomfield paid $1,000,000 and amended the Joint Use Agreement to include the newly constructed Auditorium.

Building Lease

The Jefferson Academy entered into two lease agreements for the buildings used in connection with the Summit Academy, the home school program sponsored by the Jefferson Academy. The Jefferson Academy is required to make combined monthly lease payments ranging from $20,418 to $23,010 through June 30, 2023.

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

Future lease payments are as follows:

Year Ended June 30,	
2022	$ 271,655
2023	281,157
Total	**$ 552,812**

Total rent expense for the year ended June 30, 2021 for these leases were $615,718.

Claims and Judgments

The Jefferson Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Jefferson Academy may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited, but the Jefferson Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Jefferson Academy.

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 Jefferson Academy believes it has complied with the Amendment. As required by the Amendment, the Jefferson Academy has established a reserve for emergencies. At June 30, 2021, the reserve of $470,666 was recorded as a restriction of fund balance in the General Fund. The District also holds $470,666 in pooled cash on behalf of the Jefferson Academy for this reserve.

NOTE 10: ***DEFICIT NET POSITION***

The net position of the governmental activities is in a deficit position of $4,893,469 due to the Jefferson Academy including its Net Pension Liability per the requirements of GASB Statement No. 68.

NOTE 11: ***SUBSEQUENT EVENT***

Potential subsequent events were considered through November 17, 2021. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON ACADEMY

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	2021				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL 2020
REVENUES					
Local Sources					
Per Pupil Revenue	$ 13,997,653	$ 15,077,221	$ 15,202,780	$ 125,559	$ 15,139,587
Mill Levy Override	3,146,569	3,129,523	3,439,649	310,126	3,206,941
Charges for Services	461,351	637,020	359,560	(277,460)	527,685
Donations	15,000	12,501	191,159	178,658	74,693
Other	164,001	10,500	350,219	339,719	133,501
State Sources		-			
Grants and Donations	489,331	520,545	1,698,802	1,178,257	795,743
TOTAL REVENUES	18,273,905	19,387,310	21,242,169	1,854,859	19,878,150
EXPENDITURES					
Current					
Salaries	8,704,623	8,921,802	8,719,574	202,228	8,602,520
Employee Benefits	2,584,017	2,536,027	2,361,906	174,121	2,457,265
Purchased Services	5,515,957	5,615,950	3,988,610	1,627,340	3,583,180
Supplies and Materials	1,469,290	2,019,731	1,118,647	901,084	1,049,079
Property	800,000	1,183,265	927,656	255,609	5,356,685
Debt Service					
Principal	-	-	675,184	-	648,147
Interest	-	-	1,083,371	(1,083,371)	930,725
TOTAL EXPENDITURES	19,073,887	20,276,775	18,874,948	2,077,011	22,627,601
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(799,982)	(889,465)	2,367,221	3,931,870	(2,749,451)
OTHER FINANCING SOURCES					
Proceeds from the Issuance of Debt	-	-	20,045,000	20,045,000	-
Payments to Escrow Agents	-	-	(24,441,669)	(24,441,669)	6,000,000
TOTAL OTHER FINANCING SOURCES	-	-	(4,396,669)	(4,396,669)	6,000,000
NET CHANGE IN FUND BALANCE	(799,982)	(889,465)	(2,029,448)	(464,799)	3,250,549
FUND BALANCE, Beginning	-	889,464	7,725,325	6,835,861	4,474,776
FUND BALANCE, Ending	$ (799,982)	$ (1)	$ 5,695,877	$ 6,371,062	$ 7,725,325

See the accompanying independent auditors' report.

JEFFERSON ACADEMY

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

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020
School's proportionate share of the Net Pension Liablility	0.1075%	0.1225%	0.1339%	0.1394%	0.1533%	0.1363%	0.1389%	0.1564%
School's proportionate share of the Net Pension Liablility	$ 13,712,290	$ 16,607,879	$ 20,487,056	$ 41,519,350	$ 49,559,873	$ 24,136,901	20,745,756	23,643,695
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	$ -	$ -	$ -	$ -	$ -	$ 3,300,386	$ 2,631,335	$ -
Total portion of the Net Pension Liability associated with the School	$ 13,712,290	$ 16,607,879	$ 20,487,056	$ 41,519,350	$ 49,559,873	$ 27,437,287	$ 23,377,091	$ 23,643,695
School's covered payroll	$ 4,242,039	$ 4,613,746	$ 4,797,724	$ 5,392,348	$ 5,841,710	$ 6,325,436	$ 6,889,530	$ 7,378,815
School's proportionate share of the Net Pension Liablility as a percentage of its covered payroll	323.2%	360.0%	427.0%	770.0%	848.4%	433.8%	339.3%	320.4%
Plan fiduciary net position as a percentage of the total pension liability	64.07%	62.80%	59.20%	43.10%	43.96%	57.01%	64.52%	67.00%

Notes:

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

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

See the accompanying independent auditors' report.

JEFFERSON ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily required contributions	$ 540,129	$ 821,569	$ 982,678	$ 1,058,298	$ 1,141,784	$ 1,299,318	$ 1,381,605	$ 1,550,553
Contributions in relation to the Statutorily required contributions	540,129	821,569	982,678	1,058,298	1,141,784	1,299,318	1,381,605	1,550,553
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 3,032,598	$ 4,450,243	$ 5,137,768	$ 5,655,891	$ 6,014,618	$ 6,695,398	$ 7,057,220	$ 7,378,815
Contributions as a percentage of covered payroll	17.81%	18.46%	19.13%	18.71%	18.98%	19.41%	19.58%	21.01%

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

See the accompanying independent auditors' report.

JEFFERSON ACADEMY

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

Years Ended December 31,

	2016	2017	2018	2019	2020
School's proportionate share of the Net OPEB Liability	0.0683%	0.0871%	0.0886%	0.0908%	0.0904%
School's proportionate share of the Net OPEB Liability	$ 1,064,825	$ 1,131,737	$ 1,205,495	$ 1,020,062	$ 859,591
School's covered payroll	$ 5,392,348	$ 5,841,710	$ 6,325,436	$ 6,889,530	$ 7,378,815
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	19.7%	19.4%	19.1%	14.8%	11.6%
Plan fiduciary net position as a percentage of the total OPEB liability	16.72%	17.53%	17.03%	24.49%	32.78%

Notes:

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

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

See the accompanying independent auditors' report.

JEFFERSON ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021
Statutorily required contributions	$ 57,690	$ 61,349	$ 68,293	$ 71,984	$ 75,264
Contributions in relation to the Statutorily required contributions	57,690	61,349	68,293	71,984	75,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 5,655,891	$ 6,014,618	$ 6,695,398	$ 7,057,220	$ 7,378,815
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditors' report.