JEFFERSON ACADEMY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

JEFFERSON ACADEMY
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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Jefferson Academy
Westminster, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Jefferson Academy, a component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Jefferson Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Jefferson Academy, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements of the governmental activities and the major fund of Jefferson Academy as of and for the year ended June 30, 2021 were audited by other auditors whose report dated November 17, 2021 expressed unmodified opinions on those statements. We express no opinion on them.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jefferson Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedule, and GASB required pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

The Adams Group, LLC

Denver, Colorado
October 19, 2022

Jefferson Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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 increased by $1,720,083 primarily due to an increase in funding, influx of ESSER grant dollars and lower debt payments as a result of last year's refinance.
- Total unrestricted cash and investments and accounts receivable increased by $1,498,895.
- Jefferson Academy's net position increased $6,214,974 due to the decrease in pension liability 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 composed 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 and fund financial statements can be found on pages 1 through 6 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 7 of this report.

Financial Analysis of the School's Funds

For the year ended June 30, 2022, Jefferson Academy's governmental funds reported a combined ending fund balance of $7,415,960, an overall increase of $1,720,083 as a result of an increase in funding, influx of ESSER grant dollars and lower debt payments as a result of last year's refinance.

General Fund Budgetary Highlights

Jefferson Academy's budgeted general fund PPR revenue for 2021-22 was $16,740,475, while actual PPR revenue was $16,796,658, resulting in a surplus of $56,183 (not including transfers and other financing sources). Jefferson Academy's initial budget for general fund expenditures was $22.442,468, while actual expenditures were $20,223,270, resulting in a surplus of $2,219,198. There was a net increase in fund balance of $1,720,083 with a final fund balance of $7,415,960.

Capital Asset and Debt Administration

Capital Assets. Jefferson Academy's capital assets as of June 30, 2022, amounted to $35,838,238. 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, 2022, Jefferson Academy had outstanding debt of $19,579,270, which is a decrease of $465,730 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 2021-22 school year was 1919 full-time equivalent (FTE) students. State funding is expected to remain stable for the 2022-23 school year. Jefferson Academy 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 2023. The initial budget projects maintaining reserves in excess of those mandated by Board policy, statutory requirements, and loan covenants for the 2022-23 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's Statement of Net Position
Governmental Activities

	2022	2021
Assets		
Current and other assets	$ 8,529,645	$ 6,685,308
Capital assets	35,838,238	36,865,946
Total Assets	44,367,883	43,551,254
Deferred outflows of resources	4,841,248	7,434,075
Liabilities		
Current and other liabilities	1,759,628	1,483,714
Noncurrent liabilities	36,883,200	44,082,555
Total Liabilities	38,642,828	45,566,269
Deferred inflows of resources	9,244,798	10,312,529
Net Position		
Net investment in capital assets	16,258,968	16,820,946
Restricted:		
Emergencies	553,342	470,666
Capital projects	-	53
Debt service	472,977	292,750
Unrestricted	(15,963,782)	(22,477,884)
Total Net Position	$ 1,321,505	$ (4,893,469)

Jefferson Academy's Statement of Activities
Governmental Activities

	2022	2021
Program revenue:		
Charges for services	$ 529,913	$ 359,560
Operating grants and contributions	674,547	1,383,709
Capital grants and contributions	822,697	506,252
Total program revenue	2,027,157	2,249,521
General revenue:		
Per pupil revenue	16,796,658	15,202,780
Mill levy revenue	3,462,026	3,439,649
Other	353,567	350,219
Total general revenue	20,612,251	18,992,648
Total revenue	22,639,408	21,242,169
Expenses:		
Current:		
Instruction	7,447,414	3,892,855
Supporting services	8,279,009	7,597,431
Interest on long-term debt	698,011	946,992
Total expenses	16,424,434	12,437,278
Change in net position	6,214,974	8,804,891
Net Position, Beginning	(4,893,469)	(13,698,360)
Net Position, Ending	$ 1,321,505	$ (4,893,469)

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 increased. The net pension liability and associated deferred outflows of resources and inflows of resources fluctuates based on the financial position of the Public Employees 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, 2022, Jefferson Academy reported a net pension liability of $17,015,559 and a net OPEB liability of $832,222 due to involvement in Colorado PERA. See Notes 7 and 8 for additional information.

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 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 educational, social/emotional 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
JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
Assets		
Cash and investments	$ 7,337,211	$ 5,842,295
Restricted cash and investments	1,137,411	791,969
Accounts receivable	55,023	51,044
Capital assets, not depreciated	1,924,793	2,530,113
Capital assets, net of depreciation	33,913,445	34,335,833
Total Assets	44,367,883	43,551,254
Deferred Outflows of Resources		
Related to pension	4,756,575	7,362,167
Related to OPEB	84,673	71,908
Total Deferred Outflows of Resources	4,841,248	7,434,075
Liabilities		
Accounts payable	182,697	211,872
Accrued salaries and benefits	930,988	777,559
Accrued interest	111,092	28,553
Noncurrent liabilities:		
Due within one year	534,851	465,730
Due in more than one year	19,044,419	19,579,270
Pension liability	17,015,559	23,643,694
OPEB liability	823,222	859,591
Total Liabilities	38,642,828	45,566,269
Deferred Inflows of Resources		
Related to pension	8,936,940	10,016,898
Related to OPEB	307,858	295,631
Total Deferred Inflows of Resources	9,244,798	10,312,529
Net Position		
Net investment in capital assets	16,258,968	16,820,946
Restricted:		
Emergencies	553,342	470,666
Capital projects	-	53
Debt service	472,977	292,750
Unrestricted	(15,963,782)	(22,477,884)
Total Net Position	$ 1,321,505	$ (4,893,469)

See accompanying Notes to Financial Statements.

JEFFERSON ACADEMY
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2022	2021
Governmental Activities:						
Instruction	$ 7,447,414	$ 529,913	$ 674,547	$ -	$ (6,242,954)	$ (2,149,586)
Supporting services	8,279,009	-	-	822,697	(7,456,312)	(7,091,179)
Interest on long-term debt	698,011	-	-	-	(698,011)	(946,992)
Total Governmental Activities	$ 16,424,434	$ 529,913	$ 674,547	$ 822,697	(14,397,277)	(10,187,757)

	2022	2021
GENERAL REVENUES:		
Per pupil revenue	16,796,658	15,202,780
Mill levy override	3,462,026	3,439,649
Other	353,567	350,219
Total General revenues	20,612,251	18,992,648
Change in net position	6,214,974	8,804,891
Net Position, Beginning	(4,893,469)	(13,698,360)
Net Position, Ending	$ 1,321,505	$ (4,893,469)

See accompanying Notes to Financial Statements.

JEFFERSON ACADEMY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Cash and investments	$ 7,337,211	$ 5,842,295
Restricted cash and investments	1,137,411	791,969
Accounts receivable	55,023	51,044
Total Assets	$ 8,529,645	$ 6,685,308
Liabilities and fund balances		
Liabilities:		
Accounts payable	$ 182,697	$ 211,872
Accrued salaries and benefits	930,988	777,559
Total Liabilities	1,113,685	989,431
Fund balances:		
Restricted:		
Emergencies	553,342	470,666
Capital projects	-	53
Debt service	584,069	292,750
Unassigned	6,278,549	4,932,408
Total Fund Balances	7,415,960	5,695,877
Total Liabilities and Fund Balances	$ 8,529,645	$ 6,685,308

See accompanying Notes to Financial Statements.

JEFFERSON ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balance, governmental fund	$ 7,415,960
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 governmental funds.	35,838,238
Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Bonds payable	(19,579,270)
Accrued interest payable	(111,092)
Net OPEB liability	(823,222)
Net pension liability	(17,015,559)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	4,756,575
Related to OPEB	84,673
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	(8,936,940)
Related to OPEB	(307,858)
Total net position of governmental activities	$ 1,321,505

See accompanying Notes to Financial Statements.

JEFFERSON ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Revenues		
Local sources	$ 21,142,164	$ 19,543,367
Federal and state sources	801,189	1,698,802
Total revenues	21,943,353	21,242,169
Expenditures		
Current		
Instruction	12,120,528	8,032,810
Supporting services	6,221,667	8,155,927
Capital outlay	799,873	927,656
Debt Service:		
Principal	465,730	675,184
Interest and other charges	615,472	1,083,371
Total expenditures	20,223,270	18,874,948
Excess (deficiency) of revenues over (under) expenditures	1,720,083	2,367,221
Other financing sources and (uses)		
Proceeds from the issuance of debt	-	20,045,000
Payments to escrow agents	-	(24,441,669)
Total other financing sources and (uses)	-	(4,396,669)
Net change in fund balances	1,720,083	(2,029,448)
Fund Balances - Beginning	5,695,877	7,725,325
Fund Balances - Ending	$ 7,415,960	$ 5,695,877

See accompanying Notes to Financial Statements.

JEFFERSON ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental fund:	$	1,720,083
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay		1,029,634
Depreciation expense		(2,057,342)
The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		465,730
Interest payable on debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		(82,539)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
OPEB income		36,907
Pension income		5,102,501
Change in net position of governmental activities	$	6,214,974

See accompanying Notes to 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 (the District) of the State of Colorado.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of Jefferson Academy's significant accounting policies consistently applied in the preparation of these financial statements follows:

Financial Reporting Entity

Jefferson Academy is a component unit of the District which grants the charter and provides the majority of the funding to Jefferson Academy. The financial reporting entity consists of Jefferson Academy and organizations for which Jefferson Academy is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of Jefferson Academy. In addition, any legally separate organizations for which Jefferson Academy is financially accountable are considered part of the reporting entity.

Jefferson Academy follows the GASB accounting pronouncements, which provide guidance for determining the governmental activities, organizations, and functions that should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, the following organization is included in Jefferson Academy's reporting entity and the activity is blended within the General Fund.

Jefferson Academy Building Corporation

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of 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.

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.

Fund Financial Statements

The accounts of Jefferson Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major fund presented in the accompanying basic financial statements are as follows:

Major Governmental Fund

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Grants and entitlement revenues are recognized when compliance with the matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts, and a deferred inflow of resources account is established when receipts exceed the related expenditures.

On-Behalf Payments – GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division. This payment is required on July 1st of each year until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for Jefferson Academy by the State of Colorado has been recorded in the fund financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

Cash & Investments – Investments are reported at amortized cost.

Receivables – Receivables consists primarily of amounts owed from state and local governments and other local entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Items – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid items. Prepayments are recorded using the consumption method where services are allocated over appropriate service periods.

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 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 acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Capital assets of Jefferson Academy are depreciated using the straight-line method. Jefferson Academy depreciates the capital assets over an estimated useful life of ranging from 5 to 50 years.

Deferred Outflows of Resources – Jefferson Academy's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. Jefferson Academy reports deferred outflows of resources related to GASB Statement Nos. 68 and 75. See Notes 7 and 8 for additional information.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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/expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Net Pension Liability – Jefferson Academy's governmental activities report a net pension liability as of June 30, 2022. Jefferson Academy is required to report their proportionate share of PERA's unfunded pension liability. See Note 7 for additional information.

Postemployment Benefits Other Than Pensions (OPEB) – Jefferson Academy participates in the Health care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees; Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and 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. Investments are reported at fair value. See Note 8 for additional information.

Deferred Inflows of Resources – Jefferson Academy's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. Jefferson Academy reports deferred inflows of resources related to GASB Statement Nos. 68 and 75. See Notes 7 and 8 for additional information.

Net Position – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

Jefferson Academy has negative unrestricted net position of $15,963,782 which is a result of Jefferson Academy's participation in PERA. Management anticipates that the unrestricted net position will become positive as the State of Colorado and PERA continue to work to fully fund the pension.

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 Jefferson Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

<u>Nonspendable</u> - This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2022, Jefferson Academy had no items classified as nonspendable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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. Jefferson Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Restricted balance related to Emergency Reserves as of June 30, 2022 is $553,342. The General Fund has debt service restrictions totaling $584,069 as of June 30, 2022 due to the Series 2021 Refunding Note.

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 (i.e. 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. Jefferson Academy has no items reported as committed as of June 30, 2022.

Assigned – This classification includes amounts that are subject to a purpose constraint that represents an intended use but does not meet the criteria to be classified as restricted or committed. Only the Board may assign fund balances for specific purposes. The purpose of this assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Jefferson Academy had no items reported as assigned fund balance as of June 30, 2022.

Unassigned – This classification includes the residual fund balance for the General Fund.

When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, Jefferson Academy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Year GASB Pronouncements

For the year ended June 30, 2022, Jefferson Academy adopted the provisions of GASB Statement No. 87, *Leases*, which is effective for financial statement periods beginning after June 15, 2021. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. For the year ended June 30, 2022, the implementation of the new standard had no impact on Jefferson Academy.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the general fund for fiscal year 2022, on a basis consistent with generally accepted accounting principles.

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

NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022, consisted of the following:

Petty cash	$	1,300
Pooled cash with District		7,889,253
Investments		584,069
Total	$	8,474,622
Cash and investments	$	7,337,211
Restricted cash and investments		1,137,411
Total	$	8,474,622

Cash Deposits

Jefferson Academy's deposits are governed by Colorado Statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible public depositories. Eligibility is determined by state regulators.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (Continued)

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. At June 30, 2021, Jefferson Academy's balance in equity for unrestricted pooled cash of the District totaled $7,889,253.

Investments

Jefferson Academy has not adopted a formal investment policy; however, Jefferson Academy follows the investment policy of the District, which follows state statutes regarding investments.

Jefferson Academy generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, Jefferson Academy is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities, and the World Bank

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of $1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Concentration of Credit Risk

State statutes do not limit the amount Jefferson Academy may invest in one issuer, except for corporate securities.

Federated Treasury Obligations

As of June 30, 2022, Jefferson Academy invested $584,069 in the MSILF Treasury Fund #8354, a money market mutual fund which, complies with the Rule 2a-7 definition of a government money market fund. The Fund is rated AAAm by Standard & Poor's and is valued at amortized cost. Based on this valuation method, additional disclosures are not required under the fair value hierarchy.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Restricted Cash and Investments

Investments in the amount of $584,069 are restricted in the general fund for debt service requirements, as a result of the Series 2021 Refunding Notes. This balance is made up of accounts set up for the payment of principal and interest as of June 30, 2022. Pooled cash is restricted in the amount of $553,342 for purposes of TABOR.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is summarized below:

	Balances June 30, 2021	Additions	Deletions	Balances June 30, 2022
Governmental Activities:				
Capital Assets, not Depreciated				
Land	$ 1,924,793	$ -	$ -	$ 1,924,793
Construction in progress	605,320	918,328	1,523,648	-
Total capital assets, not depreciated	2,530,113	918,328	1,523,648	1,924,793
Capital Assets, Being Depreciated				
Buildings and building improvements	44,832,809	1,627,964	-	46,460,773
Equipment	173,812	6,990	-	180,802
Total capital assets, depreciated	45,006,621	1,634,954	-	46,641,575
Accumulated depreciation				
Building and building improvements	10,542,290	2,043,411	-	12,585,701
Equipment	128,498	13,931	-	142,429
Total accumulated depreciation	10,670,788	2,057,342	-	12,728,130
Net capital assets, depreciated	34,335,833	(422,388)	-	33,913,445
Total Capital Assets	$ 36,865,946	$ 495,940	$ 1,523,648	$ 35,838,238

Depreciation of $2,057,342 has been charged to the Supporting Services function of Jefferson 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 - July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $930,988 in the general fund.

NOTE 6 – LONG-TERM DEBT

Following is a summary of Jefferson Academy's long-term debt transactions for the year ended June 30, 2022:

	Balances June 30, 2021	Additions	Deletions	Balances June 30, 2022	Due In One Year
2021 Refunding Note	$ 20,045,000	$ -	$ 465,730	$ 19,579,270	$ 534,851
Total	$ 20,045,000	$ -	$ 465,730	$ 19,579,270	$ 534,851

2021 Refunding Revenue Note

In June 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.

The balance outstanding on the notes at June 30, 2022 was $19,579,270. Future debt service requirements to maturity for the long-term debt transactions are as follows:

Year ended June 30,	Principal	Interest	Total
2023	$ 534,851	$ 675,914	$ 1,210,765
2024	553,571	656,867	1,210,438
2025	572,946	637,153	1,210,099
2026	592,999	616,749	1,209,748
2027	613,754	595,631	1,209,385
2028 - 2030	16,711,149	1,652,663	18,363,812
Total	$ 19,579,270	$ 4,834,977	$ 24,414,247

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions: Jefferson Academy participates in School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description: Eligible employees of Jefferson Academy are provided with pensions through the School Division Trust Fund (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 are 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2021: 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 (HAS) multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

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 five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2022: Eligible employees of Jefferson Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq and § 24-51-413.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

Eligible employees are required to contribute 10.5 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
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).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and Jefferson Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for Jefferson Academy were $1,689,975 for the year ended June 30, 2022.

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. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution 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.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard updated procedures were used to roll-forward the total pension liability to December 31, 2021. Jefferson Academy's proportion of the net pension liability was based on Jefferson Academy's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, Jefferson Academy reported a liability of $17,015,559 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by Jefferson Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Jefferson Academy were as follows:

Jefferson Academy's Proportionate Share of the Net Pension Liability	$	17,015,559
State's Proportionate Share of the Net Pension Liability as a as a nonemployer contributing entity associated with Jefferson Academy		1,950,617
Total	$	18,966,176

At December 31, 2021, Jefferson Academy's proportion of the net pension liability was 0.1462%, which was a decrease of 0.0102% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, Jefferson Academy recognized pension income of $4,961,681 and revenue of $466,294 for support from the State as a nonemployer contributing entity. At June 30, 2022, Jefferson Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 651,424	$ -
Changes of Assumptions or other Inputs	1,299,011	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	6,397,342
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	1,825,180	2,539,598
Contributions Subsequent to the Measurement Date	980,960	-
Total	$ 4,756,575	$ 8,936,940

$980,960 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	$ (275,071)
2024	(2,230,928)
2025	(1,878,825)
2026	(776,501)
Total	$ (5,161,325)

Actuarial Assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Actuarial Assumptions
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%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Compounded Annually)	1.00%
PERA Benefit Structure hired after December 31, 2006[1]	Financed by the Annual Increase Reserve (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.

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis

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.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- **Females:** 105 percent of the rates for all ages, with generational project 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 actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019 and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The 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 Return
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	6.00	4.70
Total	100.00%	

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.

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

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

- The projected benefit payments reflect the lowered AI cap, from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 25,045,512	$ 17,015,559	$ 10,314,864

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

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

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

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 health benefits program 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 Trust Fund or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and Jefferson Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Jefferson Academy were $86,709 for the year ended June 30, 2022.

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

At June 30, 2022, Jefferson Academy reported a liability of $823,222 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. Jefferson Academy's proportion of the net OPEB liability was based on the Jefferson Academy's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, Jefferson Academy's proportion was 0.0955%, which was an increase of 0.0050% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, Jefferson Academy recognized OPEB income of $36,907. At June 30, 2022, Jefferson Academy 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	$ 1,254	$ 195,196
Changes of Assumptions or other Inputs	17,044	44,655
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	50,958
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	16,044	17,049
Contributions Subsequent to the Measurement Date	50,331	-
Total	$ 84,673	$ 307,858

$50,331 reported as deferred outflows of resources related to OPEB resulting from Jefferson Academy's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2023.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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,	Amount
2023	$ (70,426)
2024	(78,662)
2025	(72,526)
2026	(38,374)
2027	(8,131)
Thereafter	(5,397)
Total	$ (273,516)

Actuarial Assumptions: The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial cost, actuarial assumptions, and other inputs:

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 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	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.75% in 2021 gradually increasing to 4.50% in 2029

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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, 2020, valuation, the following monthly costs/premiums are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	$ 633	$ 230	$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is $471 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, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect the generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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.

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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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 following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Initial per capital 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 2021 plan year.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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 for 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.

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 Return
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	6.00	4.70
Total	100.00%	

Note: 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 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of Jefferson Academy's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates: The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or on 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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 799,581	$ 823,222	$ 850,608

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 project of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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 FNP was projected to be available to make all projected future benefit payments of current members.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 OPEB 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 period.

Sensitivity of Jefferson Academy's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the HCTF collective net OPEB liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as 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):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 956,086	$ 823,222	$ 709,733

OPEB Plan Fiduciary Net Position: Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report 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, 2018, the City and County of Broomfield paid $1,000,000 and amended the Joint Use Agreement to include the newly constructed Auditorium. For the year ended June 30, 2021, the City and County of Broomfield paid $150,000 to reimburse costs of auditorium audio/visual equipment purchased with Jefferson Academy general funds. The Joint Use Agreement was not amended following the $150,000 donation.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

Future lease payments are as follows:

Year Ended June 30,	Amount
2023	$ 281,157

Tabor

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments.

TABOR required local governments to establish Emergency Reserves. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year spending limits will require judicial interpretation. Jefferson Academy believes it has complied with the Amendment. As required, Jefferson Academy has established a reserve for emergencies. At June 30, 2022, the reserve of $553,342 was recorded as a restricted net position/fund balance for TABOR.

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, 2022, 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.

NOTE 10 – RISK MANAGEMENT

Jefferson Academy is exposed to various risks of loss related to tors; 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 Jefferson Academy for its portion of coverage. Settlement claims have not exceeded this coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE
ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022				2021
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Local sources					
Per pupil revenue	$ 16,932,169	$ 16,740,475	$ 16,796,658	$ 56,183	$ 15,202,780
Mill levy override	3,386,578	3,385,616	3,462,026	76,410	3,439,649
Charges for services	542,206	525,206	529,913	4,707	359,560
Donations	15,000	18,400	36,591	18,191	191,159
Other	129,000	169,000	316,976	147,976	350,219
Federal and state sources					
Grants and capital contributions	652,358	652,358	801,189	148,831	1,698,802
Total revenues	21,657,311	21,491,055	21,943,353	452,298	21,242,169
Expenditures					
Current:					
Salaries	10,224,866	10,518,093	9,743,975	774,118	8,719,574
Employee benefits	2,910,647	2,971,893	2,854,060	117,833	2,361,906
Purchased services	4,876,819	4,586,247	4,519,106	67,141	3,988,610
Supplies and materials	2,040,383	1,921,796	1,225,054	696,742	1,118,647
Capital outlay	978,671	1,078,672	799,873	278,799	927,656
Debt service:					
Principal	953,506	953,506	465,730	487,776	675,184
Interest	412,261	412,261	615,472	(203,211)	1,083,371
Total expenditures	22,397,153	22,442,468	20,223,270	2,219,198	18,874,948
Excess (deficiency) of revenues over (under) expenditures	(739,842)	(951,413)	1,720,083	2,671,496	2,367,221
Other financing sources and (uses)					
Proceeds from the issuance of debt	-	-	-	-	20,045,000
Payments to escrow agents	-	-	-	-	(24,441,669)
Total other financing sources and (uses)	-	-	-	-	(4,396,669)
Net change in fund balances	$ (739,842)	$ (951,413)	1,720,083	$ 2,671,496	(2,029,448)
Fund Balances - Beginning			5,695,877		7,725,325
Fund Balances - Ending			$ 7,415,960		$ 5,695,877

See the accompanying independent auditors' report.

JEFFERSON ACADEMY
SCHEDULE OF JEFFERSON ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE FISCAL YEARS

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
School's Proportion of the Net Pension Liability	0.1462%	0.1564%	0.1389%	0.1363%	0.1533%	0.1394%	0.1339%	0.1225%	0.1075%
School's Proportionate Share of the Net Pension Liability	$ 17,015,559	$ 23,643,695	$ 20,745,756	$ 24,136,901	$ 49,559,873	$ 41,519,350	$ 20,487,056	$ 16,607,879	$ 13,712,290
State's Proportionate Share of the Net Pension Liability associated with the School **	1,950,617	-	2,631,335	3,300,386	-	-	-	-	-
Total	$ 18,966,176	$ 23,643,695	$ 23,377,091	$ 27,437,287	$ 49,559,873	$ 41,519,350	$ 20,487,056	$ 16,607,879	$ 13,712,290
School's Covered Payroll	$ 8,218,727	$ 7,378,815	$ 6,889,530	$ 6,325,436	$ 5,841,710	$ 5,392,348	$ 4,797,724	$ 4,613,746	$ 4,242,039
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	207.0%	320.4%	301.1%	381.6%	848.4%	770.0%	427.0%	360.0%	323.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.07%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

** A direct distribution provision to allocate funds from the State of Colorado to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

See the accompanying independent auditors' report.

JEFFERSON ACADEMY
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST NINE FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 1,689,975	$ 1,466,908	$ 1,367,689	$ 1,280,830	$ 1,135,560	$ 1,039,553	$ 910,926	$ 751,201	$ 484,609
Contributions in Relation to the Contractually Required Contribution	1,689,975	1,466,908	1,367,689	1,280,830	1,135,560	1,039,553	910,926	751,201	484,609
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 8,500,880	$ 7,378,815	$ 7,057,220	$ 6,695,398	$ 6,014,618	$ 5,655,891	$ 5,137,768	$ 4,450,243	$ 3,032,598
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

See the accompanying independent auditors' report.

JEFFERSON ACADEMY
SCHEDULE OF JEFFERSON ACADEMY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST SIX FISCAL YEARS

Fiscal Year	2022	2021	2020	2019	2018	2018
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2017
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.0947%	0.0904%	0.0908%	0.0886%	0.0871%	0.0683%
School's Proportionate Share of the Collective Net OPEB Liability	$ 823,222	$ 859,591	$ 1,020,062	$ 1,205,495	$ 1,131,737	$ 1,064,825
School's Covered Payroll	$ 8,218,727	$ 7,378,815	$ 6,889,530	$ 6,325,436	$ 5,841,710	$ 5,392,348
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll Covered Payroll	10.0%	11.65%	14.81%	19.06%	19.37%	19.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

See the accompanying independent auditors' report.

JEFFERSON ACADEMY
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST SIX FISCAL YEARS

	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 86,709	$ 75,264	$ 71,984	$ 68,293	$ 61,349	$ 57,690
Contributions in Relation to the Contractually Required Contribution	86,709	75,264	71,984	68,293	61,349	57,690
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 8,500,880	$ 7,378,815	$ 7,057,220	$ 6,695,398	$ 6,014,618	$ 5,655,891
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of June 30 based on the fiscal year end of Jefferson Academy.
Information earlier than 2017 was not available.

See the accompanying independent auditors' report.