Knowledge Quest Academy

Financial Statements and Supplementary Information

For the Year Ended June 30, 2021

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO
International Limited, a UK company limited by guarantee.

Knowledge Quest Academy

Contents

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Independent Auditors' Report

Board of Directors
Knowledge Quest Academy
Milliken, Colorado

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Knowledge Quest Academy (the Academy), a component unit of Weld County School District RE-5J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 the Academy's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 the 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 the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, budgetary comparison information on page 45, and the pension and other post-employment benefits related schedules on pages 46 through 49 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

BDO USA, LLP

February 18, 2022

Knowledge Quest Academy
(A Component Unit of the Johnstown-Milliken School District RE.5J)
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

As management of the Knowledge Quest Academy (KQA/the Academy), we offer readers of the Knowledge Quest Academy financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2021.

Financial Highlights

The period ended June 30, 2021 was the twentieth year of operations for the Academy. Liabilities and deferred inflows of the Academy exceeded its assets and deferred outflows at June 30, 2021 by $1,050,681. This negative net position is being driven by the net pension and post-employment benefit liabilities or GASB Statements 68 and 75 disclosures.

At the close of the fiscal year the Academy's General fund reported an ending fund balance of $2,822,145 reflecting an increase of $510,509 or 22.1%. 4.1% of the Fund Balance is reserved for Tabor with the balance unrestricted or unassigned.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the 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 only result in cash flows in future fiscal periods (e.g., uncollected grant revenue and earned but unpaid salary and benefits).

The government-wide financial statement of activities identifies functions/programs of the Academy, which will be supported primarily by per pupil revenue (PPR) passed through from the District (Johnstown-Milliken RE.-5J). The governmental activities of the Academy include instruction and supporting expenses.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The three funds of the Academy, General, Capital Lease-Building Corporation and Pupil Activities, are all governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy'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 Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Academy maintains three governmental funds, the General Fund, Capital Lease/Building Corporation Fund, and a Pupil Activity Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Lease/Building Corporation Fund and Pupil Activity Fund.

The Academy adopts an annual appropriations budget for all Funds. Budgetary comparison statements have been provided for the General Fund and Pupil Activities on pages 53-57.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 16-44.

Government-wide Financial Analysis
As noted earlier, net position may serve over time as a useful indicator of an entities' financial condition. In the case of the Academy, liabilities and deferred inflows exceeded assets and deferred outflows by $1,050,681 for all government funds at the close of the

most recent fiscal year. $114,394 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the Academy. The net position improved by $1,824,795 primarily due to the improvement in the pension and post-employment benefit liabilities and the growth in the General Fund ending fund balance.

KQA's Net Position for the Years Ended June 30, 2021 and June 30, 2020

ASSETS	30-Jun-21	30-Jun-20
Cash and Investments	$ 3,581,660	$ 3,271,860
Receivables and Prepaid Items	65,266	209
Capital Net of Accumulated Depreciation	4,090,609	4,099,590
Total Assets	7,737,535	7,371,659
Deferred outflow of resources-Pensions/OPEB	1,559,750	558,275
LIABILITIES		
Accounts Payable	10,278	194,711
Accrued Salaries and Benefits	138,441	124,701
Accrued Interest	58,760	76,702
Deferred Revenue	4,087	3,446
Noncurrent – Due in One Year	195,000	190,000
Noncurrent - Due in more than One Year	3,790,000	3,985,000
Noncurrent – Pension	4,282,979	3,557,627
Noncurrent – OPEB	155,600	174,915
Total Liabilities	8,635,145	8,307,102
Deferred Inflows – Pensions/OPEB	$ 1,712,821	$ 2,498,308
Investment in Capital Assets, Net	142,346	(75,410)
Restricted for Debt Service	590,468	504,148
Restricted for Emergencies	114,394	108,000
Unrestricted	(1,897,889)	(3,412,214)
Total Net Position	$ (1,050,681)	$ (2,875,476)

The majority of the Academy's Government Wide assets (52.9%) are in net capital assets. 46.3% percent of total assets represent cash and investments. The Academy's net position is a negative $1,050,681 which reflects a significant improvement of $1,824,795 in net position.

KQA's Change in Net Position
For the Years Ended June 30, 2021 and June 30, 2020

	June 30, 2021	June 30, 2020
Program Revenue:		
Charges for Services	2,103	21,238
Grants and Contributions	348,710	83,718
Total Program Revenue	350,813	104,956
General Revenue:		
Per Pupil Revenue	3,085,876	3,240,888
Mill Levy Override	452,465	49,020
Capital Construction Funding	121,025	112,098
Other	61,771	95,787
Total General Revenue	3,721,137	3,497,793
Total Revenue	4,071,950	3,602,749
Expenses:		
Current:		
Instruction	1,353,142	1,887,148
Supporting Services	757,705	734,884
Interest and Fiscal Charges	136,308	157,835
Total Expenses	2,247,155	2,779,867
Increase (Decrease) in Net Position	1,824,795	822,882
Beginning Net Position	(2,875,476)	(3,698,358)
Ending Net Position	$ (1,050,681)	$ (2,875,476)

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, June 30, 2021, the Academy's Governmental Funds reported total ending fund balances of $3,494,120 reflecting an increase of $544,909 or 18.5%. Overall, Governmental Fund revenue increased $454,928 or 12.6% from $3,617,022 to $4,071,950. Governmental Fund expenditures grew from $3,323,706 to $3,527,041 or $203,335 and 6.1%.

General Fund Budgetary Highlights

The Academy approves a budget prior to June 30th based on enrollment projections or Full Time Equivalents (FTE) for the upcoming school year. In October after enrollment stabilizes, adjustments are made to the budget. The first year of operations supported enrollment of 138 students for grades K through 7th. FY21, the twentieth year of operations supported 400 students in grades K through 8^{th,} grade as noted below:

Year	K	1st	2nd	3rd	4th	5th	6th	7th	8th	K-8 Count	% Change
FY12	45	47	44	45	38	50	31	43	36	379	10.5%
FY13	40	37	39	35	30	32	36	19	29	297	-21.6%
FY14	50	48	43	44	44	31	38	46	17	361	21.5%
FY15	47	47	46	47	48	48	42	44	41	410	13.6%
FY16	47	48	49	44	48	47	47	40	40	410	0.0%
FY17	48	47	48	48	41	47	46	44	35	404	-1.5%
FY18	47	46	46	46	47	40	49	45	40	406	0.5%
FY19	44	45	46	47	46	50	41	47	42	408	0.5%
FY20	46	43	44	47	44	46	48	40	44	402	-1.5%
FY21	48	47	45	48	47	44	41	43	37	400	-0.5%

The total General Fund revised appropriations were $4,017,147 for FY21. Actual expenditures were $3,178,184 for a positive variance of $838,963.

The Building Corporation-Capital Lease Fund had revenue mirroring the lease payments from the General Fund in addition to mineral extract lease revenue that is retained in the Fund. Expenditures included debt service interest, fees and classroom furniture purchases. The expenditures were in line with the intended budget.

Capital Asset and Debt Administration

Capital Assets The Academy's investment in capital assets totaled $5,707,587 at June 30, 2021. Depreciation taken for FY21 was $109,947 and capital additions were $100,966. Net capital assets were $4,090,609. Please see Note 4 on page 24 for a breakdown of total assets.

Long-Term Lease Agreement

The Academy entered into a lease agreement with the Building Corporation in August, 2005. The lease is renewed annually and expires each June 30th. The refinanced debt was issued in June 2016 for the amount of $4,715,000 to refund the facility debt issue from 2005. 2016 Debt principal payments range from $175,000 to $310,000 with a variable interest rate starting at 2.99% and currently 3.63%.

Economic Factors and Next Year's Budget

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision expired in FY 11 and continues without the 1% increase.

The Per Pupil Revenue (PPR) for FY21 decreased on average 5.4% State wide due to the pandemic. Johnstown-Milliken RE. 5J PPR declined from $8,065 to $7,718 or 4.3%. The Per Pupil Revenue for FY22 increased on average 10.6% State wide. Colorado's economy, is rebounding. With the additional tax collections and Federal support, PPR will likely increase in line with inflation for the next few years. The Governor's budget requests a 5.84% increase for FY23.

The Academy projects expenditures of $5,280,796 based on an enrollment of 407 students for FY22. The School also projects Ending Fund Balance for the General Fund will likely decrease $950,000 by June 30, 2022 to support the facility expansion.

Requests for Information

This financial report is designed to provide a general overview of the KQA's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Knowledge Quest Academy, Attn: Business Office, 705 S School House Drive, Milliken, CO 80543.

Basic Financial Statements

Knowledge Quest Academy

Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	$ 3,581,660
Accounts receivables	449
Grants receivable	64,608
Due from school district	209
Capital assets:	
Not being depreciated	260,000
Being depreciated, net of accumulated depreciation	3,830,609
Total assets	7,737,535
Deferred outflows of resources	
Deferred loss on refunding	36,737
Deferred ouflows of resources related to Other Post Employment Benefits (OPEB)	18,793
Deferred ouflows of resources related to pensions	1,504,220
Total deferred outflows of resources	1,559,750
Liabilities	
Accounts payable	$ 10,278
Accrued salaries and benefits	138,441
Unearned revenue	4,087
Accrued interest	58,760
Noncurrent liabilities	
Due within one year:	
Bonds payable, current portion	195,000
Due in more than one year:	
Bonds payable, non-current	3,790,000
Net OPEB liability	155,600
Net pension liability	4,282,979
Total liabilities	8,635,145
Deferred inflows of resources	
Deferred inflows of resources related to OPEB	50,107
Deferred inflows of resources related to pensions	1,662,714
Total deferred inflows of resources	1,712,821
Net deficit	
Net investment in capital assets	142,346
Restricted for:	
Emergencies	114,394
Debt service	590,468
Unrestricted	(1,897,889)
Total net deficit	$ (1,050,681)

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

Knowledge Quest Academy

Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 1,353,142	$ 2,103	$ 348,710		$ (1,002,329)
Supporting services					
Students	43,343	-	-	-	(43,343)
Instructional staff	61,867	-	-	-	(61,867)
General administration	4,072	-	-	-	(4,072)
School administration	132,633	-	-	-	(132,633)
Business services	53,504	-	-	-	(53,504)
Operations and maintenance	297,041	-	-	121,025	(176,016)
Central support services	55,233	-	-	-	(55,233)
Food service operations	65	-	-	-	(65)
Unallocated depreciation *	109,947	-	-	-	(109,947)
Interest and fiscal charges	136,308	-	-	-	(136,308)
Total governmental activities	$ 2,247,155	$ 2,103	$ 348,710	$ 121,025	(1,775,317)

General revenues	
Per pupil operating revenue	3,085,876
District pass-through mill levy override funds	452,465
Miscellaneous	61,771
Total general revenues	3,600,112
Change in net position	1,824,795
Net deficit at beginning of year,	(2,875,476)
Net deficit at end of year	$ (1,050,681)

* This amount excludes depreciation included in the direct expenses of the various programs.

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

Knowledge Quest Academy

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	KQA Building Corporation	Non Major Governmental Fund	Total Governmental Funds
Assets				
Cash and investments	$ 2,909,685	$ 648,272	$ 23,703	$ 3,581,660
Accounts receivables	449	-	-	449
Grants receivable	64,608	-	-	64,608
Due from school district	209	-	-	209
Total assets	$ 2,974,951	$ 648,272	$ 23,703	$ 3,646,926
Liabilities				
Accounts payable	$ 10,278	$ -	$ -	$ 10,278
Accrued salaries and benefits	138,441	-	-	138,441
Unearned grant revenue	4,087	-	-	4,087
Total liabilities	152,806	-	-	152,806
Fund balance				
Restricted for emergencies	114,394	-	-	114,394
Restricted for debt service	-	590,468	-	590,468
Committed to pupil activities	-	-	23,703	23,703
Unassigned	2,707,751	57,804	-	2,765,555
Total fund balance	2,822,145	648,272	23,703	3,494,120
Total liabilities and fund balance	$ 2,974,951	$ 648,272	$ 23,703	$ 3,646,926

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

Knowledge Quest Academy

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds		$ 3,494,120
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statements.		
Capital assets	5,707,587	
Less: accumulated depreciation	(1,616,978)	4,090,609
The deferred loss on refunding is not available to satisfy current obligations, and therefore, is not reported as deferred outflows of resources in the fund financial		36,737
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reflected in the fund financial statements.		
Deferred outflows of resources related to OPEB	18,793	
Deferred inflows of resources related to OPEB	(50,107)	
Deferred outflows of resources related to pension	1,504,220	
Deferred inflows of resources related to pension	(1,662,714)	(189,808)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the fund financial statements.		
Bonds payable	(3,985,000)	
Accrued interest payable	(58,760)	
Net OPEB liability	(155,600)	
Net pension liability	(4,282,979)	(8,482,339)
Net position (deficit) of the governmental activities		$ (1,050,681)

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

Knowledge Quest Academy

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	KQA Building Corporation	Non Major Governmental Fund	Total Governmental Funds
Revenues				
Local sources	$ 21,312	$ 57,804	$ 9,397	$ 88,513
State sources	195,027	-	-	195,027
Federal sources	250,069	-	-	250,069
Total revenues	466,408	57,804	9,397	533,609
Expenditures				
Instruction	2,239,826	-	7,165	2,246,991
Supporting services	790,321	973	-	791,294
Capital outlay	146,814	-	-	146,814
Debt service		-	-	
Principal		190,000		190,000
Interest and fiscal charges	1,223	150,719	-	151,942
Total expenditures	3,178,184	341,692	7,165	3,527,041
Excess of revenues over (under) expenditures	(2,711,776)	(283,888)	2,232	(2,993,432)
Other financing sources (uses)				
Per pupil operating revenue	3,085,876	-	-	3,085,876
District pass-through mill levy overrid	452,465	-	-	452,465
Transfers in	-	316,056	-	316,056
Transfers out	(316,056)	-	-	(316,056)
Total other financing sources (uses)	3,222,285	316,056	-	3,538,341
Net change in fund balance	510,509	32,168	2,232	544,909
Fund balance at beginning of year	2,311,636	616,104	21,471	2,949,211
Fund balance at end of year	$ 2,822,145	$ 648,272	$ 23,703	$ 3,494,120

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

Knowledge Quest Academy

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - governmental funds		$ 544,909
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the net change resulting from capital outlay and depreciation expense during the current period.		
Depreciation expense	(109,947)	
Capital outlay	100,966	(8,981)
Repayments of bond principal are recorded as expenditures in the governmental funds, but as reductions in long-term liabilities in the statement of net position and does not affect the statement of activities.		190,000
Increase in accrued interest payable reflected as interest expense on the statement of activities and not reflected on the governmental fund statement of revenues, expenditures and changes in fund balances.		17,942
Amortization of deferred loss on refunding is included in the statement of activities as interest expense, but is not reflected on the statement of revenues, expenditures and changes in fund balances.		(2,308)
Changes in the Academy's net OPEB liability, net pension liability, deferred outflows of resources and deferred inflows of resources related to the District's pension and OPEB plans for the current year are not reported in governmental funds but are included in the statement of activities.		
OPEB related changes	16,826	
Pensions related changes	1,066,407	1,083,233
Change in net position of governmental activities		$ 1,824,795

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

1. Summary of Significant Accounting Policies

This summary of the Knowledge Quest Academy's (the Academy) significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Academy's accounting policies are described below.

Reporting Entity

The Knowledge Quest Academy was organized in 2001 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Weld County School District RE-5J (the District) of the State of Colorado. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units. Blended component units, although legally separate entities, are, in substance, part of the Academy's operations. Discretely presented component units, if any, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Academy.

The Academy has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the KQA Building Corporation is included in the Academy's basic financial statements. The KQA Building Corporation was formed to support and assist the Academy in performing its function or carrying out its purpose, specifically to assist in the financing and construction of the Academy's facilities. The KQA Building Corporation is blended into the Academy's financial statements as a special revenue fund.

The Academy is a component unit of the Weld County School District RE-5J as it is fiscally dependent on the District for the majority of funding.

Fund Accounting

The Academy uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The Academy does not have any proprietary or fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the Academy's major governmental funds:

General Fund – The General Fund is the operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include per pupil operating funds passed through from the Weld County School District RE-5J and grants and contributions. Expenditures include all costs associated with the daily operation of the school, except for certain capital outlay expenditures.

KQA Building Corporation – This fund is a special revenue fund used to account for specific revenue sources and the related expenditures of the KQA Building Corporation that are restricted to capital expenditures and debt service.

The following is the Academy's nonmajor governmental fund:

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Basis of Presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Academy as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Academy that are governmental and those that are considered business-type activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Academy's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Academy, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Academy.

Fund financial statements – Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Academy, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. State equalization funds are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Academy before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Academy has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrance accounting is utilized by the Academy to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than $5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets will be depreciated with the exception of land costs. Improvements will be depreciated over the remaining useful lives of the related capital assets.

Description	Governmental Activities
Buildings and improvements	50 years
Equipment	7-10 years

Compensated Absences

Each employee shall have six (6) paid time off ("PTO") days. PTO days are granted August 1st of each school year and expire July 31st of the following school year. PTO days do not roll over. Employees may elect to have a maximum of three (3) PTO days paid out at $100 per day. The election must be communicated by May 15th of the school year. PTO days may be used at the employee's discretion for events such as: sickness (self or family), funeral, doctor appointments, or professional development (note: this list is not all inclusive). PTO days will be taken in either half or full day increments, unless the employee receives written communication from the school principal.

No liability is reported in the financial statements due to the immateriality of the amount involved.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Bonds payable and other long-term obligations are not recognized in the fund financial statements until due. Amounts deferred upon refunding of bonds are amortized over the life of the bonds using the straight-line method.

Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the board of directors (the Academy's highest level of decision-making authority).

Assigned fund balances are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the Academy's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of directors through adoption or amendment of the budget as intended for specific purposes (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Academy applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and then unassigned fund balance.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

2.Cash, Cash Equivalents and Investments

Cash and Deposits

Colorado State statutes govern the Academy's deposit of cash. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy does not have a deposit policy for custodial credit risk. As of year-end, the Academy had total deposits of $2,116,740, of which $526,011 was insured and $1,590,729 was collateralized with securities held by the pledging institution's trust department or agent in the Academy's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Academy's own investment policies and procedures. Investments of the Academy may include:

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

The Academy did not make any investments of funds at any time during the year.

Local Government Investment Pool

At June 30, 2021, the Academy had invested approximately $1.5 million in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

3. Individual Fund Interfund Receivables/Payables and Transfers

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

		Transfers In	Transfers Out
Governmental funds:			
General Fund		$ -	$ 316,056
KQA Building Corporation		316,056	
Total	$ -	$ 316,056	$ 316,056

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The Academy transferred funds from the General Fund to the KQA Building Corporation to fund the debt service payments.

4. Capital Assets

Capital asset activity for the year was as follows:

	Balance Beginning	Additions	Deletions/ Transfers	Balance Ending
Governmental activities:				
Capital assets, not being depreciated				
Land	260,000	-	-	260,000
Total capital assets not being depreciated	260,000	-	-	260,000
Capital assets, being depreciated:				
Buildings and improvements	5,213,821	30,975		5,244,796
Equipment	132,800	69,991		202,791
Total capital assets, being depreciated:	5,346,621	100,966	-	5,447,587
Less accumulated depreciation for:				
Buildings and improvements	(1,376,377)	(105,653)		(1,482,030)
Equipment	(130,654)	(4,294)		(134,948)
Total accumulated depreciation	(1,507,031)	(109,947)	-	(1,616,978)
Total capital assets being depreciated, net	3,839,590	(8,981)	-	3,830,609
Governmental activities capital assets, net	4,099,590	(8,981)	-	4,090,609

5. Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be $138,441. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

6. Long-term Debt

The following is a summary of the changes in long-term debt for the year:

	Balance Beginning	Additions	Reductions/ Amortizations	Balance Ending	Amounts Due in One Year
2016 Charter School Refunding Revenue Bond	$ 4,175,000	$ -	$ (190,000)	$ 3,985,000	$ 195,000
Total long-term obligations	$ 4,175,000	$ -	$ (190,000)	$ 3,985,000	$ 195,000

The bonds payable will be liquidated by the KQA Building Corporation.
Charter School Revenue Bonds

In August 2005, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $5,840,000 in Charter School Revenue Bonds, Series 2005, bearing interest at a rate of 6.50% with a final payment due May 1, 2036. The proceeds from the bonds were loaned to the KQA Building Corporation under a lease agreement to construct the Academy's school facility. The Academy is obligated under a lease agreement to make monthly lease payments to the KQA Building Corporation for use of the building. The KQA Building Corporation is required to make semi-annual payments to the Trustee for payment of the bonds. In June 2016, the CECFA issued $4,715,000 in Charter School Refunding Revenue Bonds, Series 2016, due in annual installments beginning in fiscal year 2020 ranging from $175,000 to $310,000, bearing a variable interest rate starting at 2.99% and currently 3.63%, payable semi-annually on January 1st and July 1st.

The following schedule represents the KQA Building Corporation's debt service requirements to maturity for all outstanding bonded indebtedness:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	$ 195,000	$ 143,204	$ 338,204
2023	205,000	135,834	340,834
2024	210,000	128,188	338,188
2025	215,000	120,698	335,698
2026	220,000	112,343	332,343
2027-2031	1,220,000	432,068	1,652,068
2032-2036	1,410,000	190,052	1,600,052
2037	310,000	5,695	315,695
Total	$ 3,985,000	$ 1,268,082	$ 5,253,082

Prior-year defeasance of debt

In prior years, the Academy defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Academy's financial statements. At year-end, $4,540,000 of bonds outstanding are considered defeased.

7. Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

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

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the School Division Trust Fund (SCHDTF). The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

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

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Academy were $324,803 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.
Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July

1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the Academy reported a liability of $4,282,979 for its proportionate share of the net pension liability. At December 31, 2020, the Academy's proportion was 0.02833 percent, which was an increase of 0.0045 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Academy recognized pension income of $741,604. At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 235,328	$ -
Net difference between projected and actual earnings on pension plan investments	-	942,781
Changes of assumptions or other inputs	412,009	719,933
Changes in proportionate share	680,450	-
Academy contributions subsequent to the measurement date	176,433	-
	$ 1,504,220	$ 1,662,714

The $176,433 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2022	$ (622,830)
2023	209,034
2024	67,157
2025	11,712
	$ (334,927)

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)[1]	Financed by the Annual Increase Reserve

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

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

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

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

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

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	

PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)[1]	Financed by the Annual Increase Reserve

[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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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[1]	6.00%	4.70%
Total	**100.00%**	

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

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected 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 SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

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

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Academy's proportionate share of the net pension liability	$ 5,842,334	$ 4,282,979	$ 2,983,522

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

8. Defined Benefit Other Post-Employment Benefit Plan

General Information about the OPEB Plan

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

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were $16,665 for the year ended June 30, 2021.

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

At June 30, 2021, the Academy reported a liability of $155,600 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total

OPEB liability to December 31, 2020. The Academy's proportion of the net OPEB liability was based on Academy contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Academy's proportion was 0.0164 percent, which was an increase of 0.0008 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Academy recognized OPEB income of $161. At June 30, 2021, the 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
Differences between expected and actual experience	$ 413	$ 34,208
Net difference between projected and actual earnings on OPEB plan investments	-	6,358
Changes of assumptions or other inputs	1,163	9,541
Changes in proportionate share	8,165	-
Academy contributions subsequent to the measurement date	9,052	-
	$ 18,793	$ 50,107

The $9,052 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amortization
2022	$ (10,957)
2023	(10,068)
2024	(11,236)
2025	(7,900)
2026	(1,860)
Thereafter	1,655
	$ (40,366)

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

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

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

Medicare Plan	**Initial Costs for Members without Medicare Part A**		
	Monthly Cost	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Prescription	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.
The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of 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[1]	6.00%	4.70%
Total	**100.00%**	

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ulitimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 151,578	$ 155,600	$ 160,281

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

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

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

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

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

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Academy 's proportionate share of the net OPEB liability	$ 178,242	$ 155,600	$ 136,253

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

9. Defined Contribution Pension Plan

Plan Description

Employees of the Academy that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed $22,664 to the Voluntary Investment Program.

11. Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy participates in the Colorado School District's Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The Academy pays an annual contribution to the Pool for its insurance coverages. The Academy's contribution for the year was $57,310. The Academy continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

12. Commitments and Contingencies

Federal and state funding

The Academy receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt.

TABOR Amendment

Revenue earned in excess of the spending limit must be refunded or approved to be retained by the Academy under specified voting requirements by the entire electorate. On November 4, 1997, the voters of the Weld County School Academy RE-5J approved a ballot initiative permitting the Weld County School Academy RE-5J to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. The Academy believes that the Weld County School Academy RE-5J's ballot issue extends to release the Academy from the spending limits imposed by TABOR. TABOR is complex and subject to judicial interpretation. The Academy believes it is in compliance with the requirements of TABOR. However, the Academy has made certain interpretations of TABOR's language in order to determine its compliance. The Academy has reserved funds in the General Fund in the amount of $114,394 for the emergency reserve.

13. Subsequent Events

Management of the Academy has evaluated subsequent events through February 18, 2022, the date these financial statements were available to be issued. No transactions or events that would require adjustment to or disclosures in the financial statements were identified.

Required Supplementary Information

Knowledge Quest Academy

General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources	$ -	$ -	$ 21,312	$ 21,312
State sources	90,000	193,835	195,027	1,192
Federal sources	-	298,090	250,069	(48,021)
Total revenues	90,000	491,925	466,408	(25,517)
Expenditures				
Instruction	2,336,659	2,537,299	2,239,826	297,473
Supporting services	1,064,564	1,170,988	790,321	380,667
Capital outlay	45,000	283,315	146,814	136,501
Debt service				
Fiscal charges	1,200	1,200	1,223	(23)
Appropriated reserves	(419,408)	24,345	-	24,345
Total expenditures	3,028,015	4,017,147	3,178,184	838,963
Excess of revenues over (under) expenditures	(2,938,015)	(3,525,222)	(2,711,776)	813,446
Other financing sources (uses)				
Per pupil operating revenue	2,938,015	3,033,956	3,085,876	51,920
District pass-through mill levy override funds	-	491,266	452,465	(38,801)
Transfers out	-	-	(316,056)	(316,056)
Total other financing sources (uses)	2,938,015	3,525,222	3,222,285	(302,937)
Net change in fund balance	$ -	$ -	510,509	$ 510,509
Fund balance at beginning of year			2,311,636	
Fund balance at end of year			$ 2,822,145	

Knowledge Quest Academy

Schedule of the Academy's Proportionate Share of the Net Pension Liability

PERA's School Division Trust Fund

Last Ten Years

December 31,	2020	2019	2018	2017	2016	2015	2014	2013
Academy's proportion of the net pension liability	0.0283%	0.0238%	0.0242%	0.0269%	0.0257%	0.0252%	0.0227%	0.0202%
Academy's proportionate share of the net pension liability	$ 4,282,979	$ 3,557,627	$ 4,288,577	$ 8,712,338	$ 7,648,465	$ 3,846,823	$ 3,077,326	$ 2,572,592
State's proportionate share of the net pension liability	-	451,240	586,403	-	-	-	-	-
Total	$ 4,282,979	$ 4,008,867	$ 4,874,980	$ 8,712,338	$ 7,648,465	$ 3,846,823	$ 3,077,326	$ 2,572,592
Academy's covered payroll	$ 1,515,706	$ 1,399,099	$ 1,283,700	$ 1,242,839	$ 1,152,946	$ 1,096,118	$ 951,188	$ 813,090
Academy's proportionate share of the net pension liability as a percentage of its covered-payroll	282.57%	254.28%	334.08%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.84%	64.06%

* The amounts presented for each fiscal year were determined as of 12/31.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. Funding was suspended during 2020.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years

See accompanying Independent Auditor's Report.

Knowledge Quest Academy

Schedule of Academy Contributions
PERA's School Division Trust Fund
Last Ten Years

Years Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 324,803	$ 289,204	$ 255,897	$ 246,369	$ 218,604	$ 200,489	$ 176,624	$ 139,361
Contributions in relation to the contractually required contribution	(324,803)	(289,204)	(255,897)	(246,369)	(218,604)	(200,489)	(176,624)	(139,361)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 1,633,820	$ 1,492,282	$ 1,337,672	$ 1,304,476	$ 1,189,010	$ 1,130,520	$ 1,045,603	$ 871,727
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.89%	18.39%	17.73%	16.89%	15.99%

This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, information will be presented for the years

See accompanying Independent Auditor's Report.

Knowledge Quest Academy

Schedule of the Academy's Proportionate Share of the Net OPEB Liability
PERA's Health Care Trust Fund
Last Ten Years

December 31,	2020	2019	2018	2017	2016
Academy's proportion of the net OPEB liability	0.0164%	0.0156%	0.0157%	0.0153%	0.0146%
Academy's proportionate share of the net OPEB liability	$ 155,600	$ 174,915	$ 214,188	$ 198,953	$ 189,315
Academy's covered payroll	$ 1,515,706	$ 1,399,099	$ 1,283,700	$ 1,242,839	$ 1,152,946
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.27%	12.50%	16.69%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of 12/31.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

See accompanying Independent Auditor's Report.

Knowledge Quest Academy

Schedule of Academy Contributions
PERA's Health Care Trust Fund
Last Ten Years

Years Ended June 30,	2021	2020	2019	2018	2017
Contractually required contribution	$ 16,665	$ 15,221	$ 13,644	$ 13,306	$ 12,128
Contributions in relation to the contractually required contribution	(16,665)	(15,221)	(13,644)	(13,306)	(12,128)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 1,633,820	$ 1,492,282	$ 1,337,672	$ 1,304,476	$ 1,189,010
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

The Academy adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the principal submits to the board of directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of directors to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the principal. Revisions that alter the total expenditures of any fund must be approved by the board of directors.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of directors throughout the year. After budget approval, the Academy board of directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
7. Appropriations lapse at year-end.

Other Supplementary Information

Other Supplementary Information

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the Academy not required to be accounted for in other funds. This fund represents an accounting of the Academy's ordinary operations financed primarily from per pupil operating revenues passed through from the Weld County School District RE- 5J and grants and contributions. It is the most significant fund in relation to the Academy's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

Knowledge Quest Academy

General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources				
Pupil activities	$ -	$ -	$ 2,103	$ 2,103
Other local revenue	-	-	19,209	19,209
Total local sources	-	-	21,312	21,312
State sources				
Capital construction	90,000	116,181	121,025	4,844
State on-behalf payment			-	-
District pass-through		77,654	74,002	(3,652)
Total state sources	90,000	193,835	195,027	1,192
Federal sources				
District pass-through	-	298,090	250,069	(48,021)
Other financing sources				
Per pupil operating revenue	2,938,015	3,033,956	3,085,876	51,920
District pass-through mill levy override funds	-	491,266	452,465	(38,801)
Total other financing sources	2,938,015	3,525,222	3,538,341	13,119
Total revenues	$ 3,028,015	$ 4,017,147	$ 4,004,749	$ (12,398)

Knowledge Quest Academy

General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures				
Instruction				
Salaries	$ 1,432,974	$ 1,540,352	$ 1,397,311	$ 143,041
Employee benefits	662,416	639,025	598,199	40,826
Purchased services	73,694	73,694	74,164	(470)
Supplies and materials	167,575	284,228	170,152	114,076
Total instruction	2,336,659	2,537,299	2,239,826	297,473
Supporting services				
Students				
Salaries	55,500	103,575	49,053	54,522
Employee benefits	11,600	14,925	10,911	4,014
Supplies and materials	200	200	10,239	(10,039)
Total students	67,300	118,700	70,203	48,497
Instructional staff				
Salaries	15,848	32,688	19,517	13,171
Employee benefits	3,312	4,842	4,310	532
Supplies and materials	4,000	4,000	2,865	1,135
Total instructional staff	23,160	41,530	26,692	14,838
General administration				
Purchased services	5,000	5,000	2,405	2,595
Supplies and materials	600	600	1,667	(1,067)
Total general administration	5,600	5,600	4,072	1,528
School administration				
Salaries	152,705	171,157	165,267	5,890
Employee benefits	64,016	24,400	64,088	(39,688)
Purchased services	500	500	2,005	(1,505)
Supplies and materials	700	700	751	(51)
Other	3,400	3,400	3,258	142
Total school administration	221,321	200,157	235,369	(35,212)

Knowledge Quest Academy

General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Business services				
Purchased services	57,489	57,489	53,504	3,985
Supplies and materials	100	100	-	100
Total business services	57,589	57,589	53,504	4,085
Operations and maintenance				
Salaries	75,139	79,805	81,583	(1,778)
Employee benefits	26,404	9,558	28,066	(18,508)
Purchased services	478,557	484,300	166,107	318,193
Supplies and materials	57,000	59,103	69,427	(10,324)
Total operations and maintenance	637,100	632,766	345,183	287,583
Central support services				
Purchased services	50,794	50,794	55,233	(4,439)
Supplies and materials	500	62,652	-	62,652
Total central support services	51,294	113,446	55,233	58,213
Food service operations				
Purchased services	1,200	1,200	65	1,135
Total food service operations	1,200	1,200	65	1,135
Total supporting services	1,064,564	1,170,988	790,321	380,667
Capital outlay				
Facilities acquisition				
Property	45,000	283,315	30,975	252,340
Equipment	-	-	69,991	(69,991)
Non-capital equipment	-	-	45,848	(45,848)
Total capital outlay	45,000	283,315	146,814	136,501
Debt service				
Fiscal charges	1,200	1,200	1,223	(23)
Total debt service	1,200	1,200	1,223	(23)
Appropriated reserves	(419,408)	24,345	-	24,345
Total expenditures	$ 3,028,015	$ 4,017,147	$ 3,178,184	$ 838,963

Budgetary Comparison Schedule - Nonmajor Governmental Fund

The Academy reports the following nonmajor governmental fund:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

Knowledge Quest Academy

Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources	$ 50,000	$ 30,000	$ 9,397	$ (20,603)
Expenditures				
Instruction				
Supplies and materials	50,000	30,000	7,165	22,835
Excess of revenues over (under) expenditures	$ -	$ -	2,232	$ 2,232
Fund balance at beginning of year			21,471	
Fund balance at end of year			$ 23,703	

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