

**Vega Collegiate Academy, Inc.**  
*(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)*

Financial Statements

**June 30, 2022**



**Vega Collegiate Academy, Inc.**  
*(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)*  
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June 30, 2022

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COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

Board of Directors  
Vega Collegiate Academy, Inc.  
Aurora, Colorado

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of Vega Collegiate Academy (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School'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 and each major fund information of the School a component unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 School 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**

The School's 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.

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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 School's ability to continue as a going concern for one year after the date that the financial statements are issued.

***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 School'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 School's ability to continue as a going concern for a reasonable period of time.

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



**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the [identify the required supplementary information, such as management’s discussion and analysis and budgetary comparison supplementary information listed in the table of contents 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.

*Hick & Company, PC*

Englewood, Colorado  
October 6, 2022



**Vega Collegiate Academy, Inc.**  
Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

As management of Vega Collegiate Academy, Inc. (Vega or the School), we offer readers of Vega Collegiate Academy, Inc.'s basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

**Financial Highlights**

The year ended June 30, 2022 is the fifth year of operations for Vega. As of June 30, 2022, net position decreased by \$(381,210) to \$(2,111,752). Vega Collegiate Academy, Inc.'s governmental funds reported an ending fund balance of \$3,552,843, a decrease of \$(2,439,003) from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was \$4,802,440.

**Overview of Financial Statements**

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

***Government-Wide Financial Statements***

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

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

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

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Aurora Public Schools). The governmental activities of Vega include instruction and supporting services.

**Vega Collegiate Academy, Inc.**  
Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

***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 School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

**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.

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

The School maintains two governmental funds and adopts an annually appropriated budget for the funds. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget.

***Notes to the Financial Statements***

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

**Vega Collegiate Academy, Inc.**  
Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

**Government-Wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2022, Vega's net position was \$(2,111,752). This position includes a net pension liability in the amount of \$4,472,790, representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of \$108,524, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, \$(2,793,673) is invested in capital assets and \$223,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.



**Vega Collegiate Academy, Inc.**  
Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

	<b>2021-2022</b>	<b>2020-2021</b>
<b>Vega Collegiate Academy, Inc.'s Net Position</b>		
<b>ASSETS</b>		
Cash	\$ 3,498,927	\$ 5,917,353
Accounts and Grants Receivable	279,605	255,165
Prepaid Expenses	16,439	11,085
Deposits	5,967	4,167
Reserves Held by District	50,594	50,594
Capital Assets, Not Depreciated	6,309,853	2,914,824
Capital Assets, Net of Accumulated Depreciation	<u>6,073,177</u>	<u>5,986,479</u>
<b>TOTAL ASSETS</b>	<u>16,234,562</u>	<u>15,139,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Outflows	3,596,569	3,722,989
Deferred OPEB Outflows	<u>96,866</u>	<u>83,510</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,693,435</u>	<u>3,806,499</u>
<b>LIABILITIES</b>		
Accounts Payable	275,783	214,975
Accrued Liabilities	22,481	31,543
Accrued Interest	263,073	246,996
Noncurrent Liabilities		
Due Within One Year	191,706	-
Due in More Than One Year	14,984,997	13,855,288
Net Pension Liabilities	4,472,790	4,444,426
Net OPEB liabilities	<u>108,524</u>	<u>119,589</u>
<b>TOTAL LIABILITIES</b>	<u>20,319,354</u>	<u>18,912,817</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenue	425	-
Deferred Pension Inflows	1,681,636	1,725,382
Deferred OPEB Inflows	<u>38,334</u>	<u>38,509</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,720,395</u>	<u>1,763,891</u>
<b>NET POSITION</b>		
Investment in Capital Assets	(2,793,673)	(4,953,985)
Restricted for Emergencies	223,000	120,000
Unrestricted	<u>458,921</u>	<u>3,103,443</u>
<b>TOTAL NET POSITION</b>	<u>\$ (2,111,752)</u>	<u>\$ (1,730,542)</u>

**Vega Collegiate Academy, Inc.**  
Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

**Vega Collegiate Academy, Inc.'s Change in Net Position**

	<b>2021-2022</b>	<b>2020-2021</b>
<b>REVENUES</b>		
Per Pupil Revenue	\$ 4,802,440	\$ 2,755,616
District Mill Levy	1,305,845	866,813
Grants not Restricted to Specific Programs	368,761	86,838
Charges for Services	5,215	-
Operating Grants and Contributions	1,840,939	862,640
Capital Grants and Contributions	92,296	93,794
Investment Income	9,584	619
Other	<u>19,500</u>	<u>326,600</u>
<b>TOTAL REVENUE</b>	<u><b>8,444,580</b></u>	<u><b>4,992,920</b></u>
<b>EXPENSES</b>		
Instruction	4,057,945	1,597,466
Support Services	4,184,457	2,691,878
Debt Service - Interest	<u>583,388</u>	<u>767,556</u>
<b>TOTAL EXPENSES</b>	<u><b>8,825,790</b></u>	<u><b>5,056,900</b></u>
<b>CHANGE IN NET POSITION</b>	<b>(381,210)</b>	<b>(63,980)</b>
<b>NET POSITION, Beginning</b>	<u><b>(1,730,542)</b></u>	<u><b>(1,666,562)</b></u>
<b>NET POSITION, Ending</b>	<u><u><b>\$ (2,111,752)</b></u></u>	<u><u><b>\$ (1,730,542)</b></u></u>

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$3,552,843, a decrease of \$(2,439,003) from the prior year. The School maintains a Special Revenue Fund to account for the activities of the Building Corporation. The Building Corp fund reported an ending fund balance of \$1,063,688, a decrease of \$(2,618,043) from the prior year.

**Vega Collegiate Academy, Inc.**  
Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

**General Fund Budgetary Highlights**

Vega recognized \$189,330 more revenue than expected and spent \$326,053 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Revenues and expenditures were adjusted to align with actual student counts and updated resource assumptions.

**Capital Assets & Long-Term Debt**

The School has invested in capital assets in the form of the School's educational facility, furniture and equipment, and vehicles. More information regarding capital assets may be found in Note 3 to the financial statements. Depreciation expenses for capital assets are booked under the Supporting Services program of the School's operations.

The School has long-term debt in the form of 2021 Charter School Revenue Bonds issued through the Colorado Educational and Cultural Facility Authority (CECFA). Proceeds of the Bonds were used for the acquisition of land, an educational facility, and renovating, constructing, and equipping the educational facility. During FY22, the school took out two separate bank loans. One was for asbestos mitigation and the other was for education equipment for the facility. More information regarding long-term liabilities may be found in Note 4 to the financial statements.

**Economic Factors and Next Year's Budget**

The primary factor driving the budget for Vega Collegiate Academy, Inc. is student enrollment. Enrollment for the 2021-2022 school year was 495.00 funded students. Enrollment projected for 2022-2023 is 580.00 funded students. This factor was considered when preparing Vega's budget for 2022-2023.

**Requests for Information**

This financial report is designed to provide a general overview of Vega Collegiate Academy, Inc.'s finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School:

Vega Collegiate Academy, Inc.  
1345 Macon Street  
Aurora, CO 80010

## **Basic Financial Statements**

**Vega Collegiate Academy, Inc.**  
(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash	\$ 3,498,927
Receivables	81,243
Grants Receivable	196,948
Reserves Held by District	50,594
Prepaid Expenses	16,439
Deposits	5,967
Capital Assets, <i>Not Being Depreciated</i>	6,309,853
Capital Assets, <i>Net of Accumulated Depreciation</i>	6,073,177
Total Assets	16,233,148
<b>Deferred Outflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	3,596,569
OPEB, <i>Net of Accumulated Amortization</i>	96,866
Total Deferred Outflows of Resources	3,693,435
<b>Liabilities</b>	
Accounts Payable	275,783
Accrued Liabilities	22,481
Accrued Interest	263,073
Noncurrent Liabilities	
Due in One Year	191,706
Due in More Than One Year	14,984,997
Net Pension Liability	4,472,790
Net OPEB Liability	108,524
Total Liabilities	20,319,354
<b>Deferred Inflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	1,681,636
OPEB, <i>Net of Accumulated Amortization</i>	38,334
Deferred Income	425
Total Deferred Inflows of Resources	1,720,395
<b>Net Position</b>	
Net Investment in Capital Assets	(2,793,673)
Restricted for Emergencies	223,000
Unrestricted	457,507
Total Net Position	\$ (2,113,166)

See Notes to the Financial Statements.

**Vega Collegiate Academy, Inc.**  
(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)  
Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government</b>					
<i>Governmental Activities</i>					
Instruction	\$ 4,057,945	\$ 5,215	\$ 1,834,506	\$ -	\$ (2,218,224)
Supporting Services	4,184,457	-	5,019	92,296	(4,087,142)
Debt Service - Interest	583,388	-	-	-	(583,388)
 Total Primary Government	 \$ <u>8,825,790</u>	 \$ <u>5,215</u>	 \$ <u>1,839,525</u>	 \$ <u>92,296</u>	 <u>(6,888,754)</u>
 <b>General Revenues</b>					
Per Pupil Revenue					4,802,440
District Mill Levy					1,305,845
Grants not Restricted to Specific Programs					368,761
Investment Income					9,584
Others					<u>19,500</u>
 Total General Revenues					 <u>6,506,130</u>
 Change in Net Position					 (382,624)
 <b>Net Position, Beginning of year</b>					 <u>(1,730,542)</u>
 <b>Net Position, End of year</b>					 \$ <u><u>(2,113,166)</u></u>

**Vega Collegiate Academy, Inc.**  
*(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)*  
Balance Sheet  
Governmental Fund  
June 30, 2022

	General	Building	Total
<b>Assets</b>			
Cash	\$ 2,435,239	\$ 1,063,688	\$ 3,498,927
Receivables	81,243	-	81,243
Grants Receivable	196,948	-	196,948
Prepaid Expenditures	16,439	-	16,439
Deposits	5,967	-	5,967
Reserves Held by District	50,594	-	50,594
 Total Assets	\$ 2,786,430	\$ 1,063,688	\$ 3,850,118
<b>Liabilities and Fund Balance</b>			
<i>Liabilities</i>			
Accounts Payable	\$ 275,783	\$ -	\$ 275,783
Accrued Liabilities	22,481	-	22,481
Deferred Income	425	-	425
 Total Liabilities	298,689	-	298,689
<i>Fund Balance</i>			
Nonspendable:			
Prepaid Expenditures	16,439	-	16,439
Restricted for:			
Emergencies	223,000	-	223,000
Unrestricted, Unassigned	2,248,302	1,063,688	3,311,990
 Total Fund Balance	2,487,741	1,063,688	3,551,429
 Total Liabilities and Fund Balance	\$ 2,786,430	\$ 1,063,688	\$ 3,850,118
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>			
Total Fund Balance of the Governmental Fund			\$ 3,551,429
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.			12,383,030
Long-term liabilities and related items are not reported in governmental funds:			
Revenue Bonds net of premium			(15,176,703)
Accrued Bond Interest			(263,073)
Net pension liability			(4,472,790)
Pension-related deferred outflows of resources			3,596,569
Pension-related deferred inflows of resources			(1,681,636)
Net OPEB liability			(108,524)
OPEB-related deferred outflows of resources			96,866
OPEB-related deferred inflows of resources			(38,334)
 Total Net Position of Governmental Activities			\$ (2,113,166)

See Notes to the Financial Statements.

**Vega Collegiate Academy, Inc.**  
(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2022

	General	Building	Total
<b>Revenues</b>			
<i>Local Sources</i>			
District Mill Levy	\$ 1,305,845	\$ -	\$ 1,305,845
Contributions	368,761	310,990	679,751
Miscellaneous	5,215	-	5,215
Investment Income	7,109	2,475	9,584
<i>State Sources</i>			
Per Pupil Revenue	4,802,440	-	4,802,440
Capital Construction	92,296	-	92,296
Grants	948,934	-	948,934
<i>Federal Sources</i>			
Grants	857,478	-	857,478
Total Revenues	8,388,078	313,465	8,701,543
<b>Expenditures</b>			
Instruction	4,451,209	-	4,451,209
Supporting Services	5,106,237	2,338,618	7,444,855
Debt Service			
Interest and Fees	100,298	592,890	693,188
Total Expenditures	9,657,744	2,931,508	12,589,252
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	(1,269,666)	(2,618,043)	(3,887,709)
<b>Other Financing Sources (Uses)</b>			
Proceeds from Debt	1,447,292	-	1,447,292
Total Other Financing Sources (Uses)	1,447,292	-	1,447,292
<b>Net Change in Fund Balance</b>	177,626	(2,618,043)	(2,440,417)
<b>Fund Balance, Beginning of year</b>	2,310,115	3,681,731	5,991,846
<b>Fund Balance, End of year</b>	\$ 2,487,741	\$ 1,063,688	\$ 3,551,429



**Vega Collegiate Academy, Inc.**  
*(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)*  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of the Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2022

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

Net Change in Fund Balance of the Governmental Fund	\$ (2,440,417)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation expense	(19,942)
Additions	3,501,669
<p>Repayment of debt principal are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not affect the statement of activities</p>	
Bond Principal Payments	125,877
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in:</p>	
Proceeds from Revenue Bonds	(1,447,292)
Accrued interest	(16,077)
Net pension liability	(28,364)
Pension-related deferred outflows of resources	(126,420)
Pension-related deferred inflows of resources	43,746
Net OPEB liability	11,065
OPEB-related deferred outflows of resources	13,356
OPEB-related deferred inflows of resources	175
	175
Change in Net Position of Governmental Activities	\$ <u><u>(382,624)</u></u>

**Vega Collegiate Academy, Inc.**  
(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)  
Notes to Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies**

**Nature of Operations**

The Laurus Collegiate, Inc. d/b/a Vega Collegiate Academy, Inc. (the School) was established pursuant to the Colorado Charter Schools Act to form and operate a charter school within Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District). The School began operations in the Fall of 2017.

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

**Reporting Entity**

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

Based upon the application of this criteria, the School does not include additional organizations in its reporting entity. The School is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

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

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major fund:

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

*Special Revenue Fund* – This fund is used to account for the financial activities of the Building Corporation, primarily related to capital assets and the related debt service.

**Assets, Liabilities and Net Position/Fund Balance**

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

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized.

Capital assets are amortized or depreciated using the straight-line method over the life of the related lease agreement or the estimated useful lives, as follows:

Leasehold Improvements	2 years
Equipment	5 - 15 years
Building	40 years

*Compensated Absences* - Employees are allowed to use sick and personal leave, which is not paid at separation of employment. Therefore, no liability is reported in the financial statements for these compensated absences.

*Long-Term Debt* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as current expenses or expenditures.

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Risk Management**

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

**Subsequent Events**

The School has evaluated subsequent events through October 6, 2022, the date the financial statements were available to be issued.

**Note 2: Deposits and Investments**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**Investments**

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

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

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**Note 2: Deposits and Investments**

**Investments** (Continued)

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

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

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

At June 30, 2022, the School had no investments.

**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2022, is summarized below. Depreciation and amortization are combined in the following table.

<b>Governmental Activities</b>	<b>Balance 06/30/21</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/22</b>
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 2,914,824	\$ 3,395,029	\$ -	\$ 6,309,853
Total Capital Assets, Not Being Depreciated	<u>2,914,824</u>	<u>3,395,029</u>	<u>-</u>	<u>6,309,853</u>
Capital Assets, Being Depreciated				
Leasehold Improvements	112,200	63,375	-	175,575
Equipment	25,319	43,265	-	68,584
Building	<u>5,934,773</u>	<u>-</u>	<u>-</u>	<u>5,934,773</u>
Total Capital Assets, Being Depreciated	<u>6,072,292</u>	<u>106,640</u>	<u>-</u>	<u>6,178,932</u>
Less: Accumulated Depreciation				
Leasehold Improvements	(76,512)	(8,446)	-	(84,958)
Equipment	<u>(9,301)</u>	<u>(11,496)</u>	<u>-</u>	<u>(20,797)</u>
Total Accumulated Depreciation	<u>(85,813)</u>	<u>(19,942)</u>	<u>-</u>	<u>(105,755)</u>
Governmental Activities Capital Assets, net	<u>\$ 8,901,303</u>	<u>\$ 3,481,727</u>	<u>\$ -</u>	<u>\$ 12,383,030</u>

Depreciation and amortization expense was charged to the supporting services program of the School.

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**Note 4: Long-Term Debt**

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

	<b>Balance 06/30/21</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 06/30/22</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Bank Loan	\$ -	\$ 1,300,000	\$ (40,046)	\$ 1,259,954	\$ 49,394
Bank Loan	-	147,292	(22,292)	125,000	27,312
2021 Series A Revenue Bonds	12,290,000	-	-	12,290,000	-
2021 Series A Revenue Bond Premium	1,190,288	-	(63,539)	1,126,749	-
2021 Series B Revenue Bonds	375,000	-	-	375,000	115,000
	<u>\$ 13,855,288</u>	<u>\$ 1,447,292</u>	<u>\$ (125,877)</u>	<u>\$ 15,176,703</u>	<u>\$ 191,706</u>

During the fiscal year ended June 30, 2022, the School obtained two bank loans to help finance the construction of the new building. The first loan was for \$1,300,000 and requires 60 monthly payments of \$7,210 and is due August 30, 2026. The loan requires a balloon payment at the end of 60 months for the balance of the outstanding loan, which is estimated to be \$1,044,014.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 49,394	\$ 37,124	\$ 86,518
2024	50,896	35,622	86,518
2025	52,445	34,073	86,518
2026	54,040	32,478	86,518
2027	<u>1,053,179</u>	<u>5,252</u>	<u>1,058,431</u>
Total	<u>\$ 1,259,954</u>	<u>\$ 144,549</u>	<u>\$ 1,404,503</u>

This loan carries interest at 3.0% and is collateralized by furniture and equipment. The second loan was for \$147,292 and requires 60 monthly payments of \$2,820 and is due August 15, 2026. This loan carries interest at 5.8% and is collateralized by equipment.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 27,312	\$ 6,531	\$ 33,843
2024	28,938	4,905	33,843
2025	30,662	3,181	33,843
2026	32,488	1,355	33,843
2027	<u>5,600</u>	<u>41</u>	<u>5,641</u>
Total	<u>\$ 125,000</u>	<u>\$ 16,013</u>	<u>\$ 141,013</u>



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**Note 4: Long-Term Debt** (Continued)

In February 2021, the Colorado Educational and Cultural Facilities Authority (CECFA) issued a \$12,290,000 Charter School Revenue Bonds, Series 2021A and \$375,000 Charter School Revenue Bonds, Federally Taxable Series 2021B. Proceeds were used for the acquisition of land and building, renovating, constructing and equipping an educational facility.

Future debt service requirements for the loan, based upon the amount and terms as of June 30, 2022, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 115,000	\$ 631,375	\$ 746,375
2024	120,000	626,200	746,200
2025	125,000	620,800	745,800
2026	130,000	615,175	745,175
2027	135,000	608,750	743,750
2028-2032	780,000	2,935,750	3,715,750
2033-2037	1,000,000	2,720,000	3,720,000
2038-2042	1,270,000	2,444,250	3,714,250
2043-2047	1,630,000	2,092,500	3,722,500
2048-2052	2,075,000	1,642,500	3,717,500
2053-2057	2,650,000	1,068,750	3,718,750
2058-2061	2,635,000	337,750	2,972,750
Total	<u>\$ 12,665,000</u>	<u>\$ 16,343,800</u>	<u>\$ 29,008,800</u>

**Note 5: Defined Benefit Pension Plan**

**General Information**

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

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

*Benefits provided as of June 30, 2022* - 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 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

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

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

*Contributions provisions as of June 30, 2022:* Eligible employees, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 01, 2021 through June 30, 2022. The School's contribution rate was 20.90% of covered salaries for July 01, 2021 through June 30, 2022. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See 6). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were 637,651, for the year ended June 30, 2022.

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured at December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year, 2021 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of \$4,472,790, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School Proportionate share of net pension liability	\$ 4,973,705
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the School	<u>(500,915)</u>
Proportionate share of the net pension liability	<u>\$ 4,472,790</u>

At December 31, 2021, the School's proportion was 0.0383434725%, which was an increase of 0.0090364510% from its proportion measured at December 31, 2020.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

For the year ended June 30, 2022, the School recognized pension expense of \$1,813,943 and revenue of \$119,744 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 171,238	\$ -
Changes of assumptions and other inputs	341,465	-
Net difference between projected and actual earnings on plan investments	-	1,681,636
Changes in proportion	2,711,495	-
Contributions subsequent to the measurement date	372,371	-
Total	\$ 3,596,569	\$ 1,681,636

\$372,371 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b><u>Year Ended June 30,</u></b>			
2023		\$	1,434,586
2024			467,809
2025			(155,720)
2026			(204,113)
Total		\$	1,542,562

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

*Actuarial assumptions* - The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.00%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

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

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

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

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

- Males: 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.

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

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

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

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges 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.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

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

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

- 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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.



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**Note 5: Defined Benefit Pension Plan (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

	<b>1% Decrease (3.78%)</b>	<b>Current Discount Rate (4.78%)</b>	<b>1% Increase (5.78%)</b>
Proportionate share of the net pension liability	\$ 6,583,581	\$ 4,472,790	\$ 2,711,413

*Pension plan fiduciary net position* - Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 6: Postemployment Healthcare Benefits**

**General Information**

*Plan description* - Eligible employees of the School are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**Note 6: Postemployment Healthcare Benefits (Continued)**

**General Information** (Continued)

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

***PERA Benefit Structure***

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

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**Note 6: Postemployment Healthcare Benefits (Continued)**

**General Information** (Continued)

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

*DPS Benefit Structure*

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

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

*Contributions* - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, 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% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School was \$32,577, for the year ended June 30, 2022.

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**Note 6: Postemployment Healthcare Benefits (Continued)**

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

At June 30, 2022, the School reported a liability of \$108,524 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability (TOL) was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021.

The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2021, relative to the contributions of all participating employers to the HCTF. At December 31, 2022, the School's proportion was 0.0125853329%, which was an increase of 0.0027724373% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$22,175. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 166	\$ 25,732
Changes of assumptions and other inputs	2,248	5,887
Net difference between projected and actual earnings on plan investments	-	6,715
Changes in proportion	75,394	-
Contributions subsequent to the measurement date	19,058	-
Total	<u>\$ 96,866</u>	<u>\$ 38,334</u>

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**Note 6: Postemployment Healthcare Benefits (Continued)**

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

\$19,058 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>		
2021	\$	12,543
2022		11,645
2023		5,986
2024		5,012
2025		3,658
Thereafter		<u>630</u>
Total	\$	<u><u>39,474</u></u>

*Actuarial Assumptions* - The TOL in the December 31, **2020** actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
4.5% in 2021, 6.0% in 2022, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.75% in 2021, gradually increasing to 4.5% in 2029	
<i>DPS Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

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**Note 6: Postemployment Healthcare Benefits** (Continued)

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

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

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

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$633, Monthly Premium of \$230, Monthly Costs Adjusted to Age 65 of \$591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$596, Monthly Premium of \$199, Monthly Costs Adjusted to Age 65 of \$562.

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

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**Note 6: Postemployment Healthcare Benefits (Continued)**

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

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	2.30%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

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

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

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.



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**Note 6: Postemployment Healthcare Benefits (Continued)**

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

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

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

- 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 2021 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 PERA Board's actuary, as discussed above.

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

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges 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.

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, as presented previously (see Note 5).

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**Note 6: Postemployment Healthcare Benefits (Continued)**

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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**Note 6: Postemployment Healthcare Benefits (Continued)**

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

*Sensitivity of the School's proportionate share of 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ <u>126,039</u>	\$ <u>108,524</u>	\$ <u>93,563</u>

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 2.75% to 5.50%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Proportionate share of the net OPEB liability	\$ <u>105,407</u>	\$ <u>108,524</u>	\$ <u>112,134</u>

*OPEB plan fiduciary net position* - Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**Note 7: Commitments and Contingencies**

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2022, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the School believes it is in substantial compliance with the requirements of the Amendment. As required by the Amendment, the School has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2022, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$223,000.

**Special Education Reserve**

The School's charter contract with the District requires the School to deposit \$50,000 over two fiscal years to a reserve account held by the District to be used for future legal costs related to the special education program. At June 30, 2022, the special education reserve was reported in the financial statements as Reserves Held by District, in the amount of \$50,594.

**Current Economic Conditions**

During the year ended June 30, 2021, the United States of America and the State of Colorado have declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. The School has adapted and made changes to operations due to potential impact on health and safety. Should these conditions persist, the School could be negatively impacted.

## **Required Supplementary Information**

**Vega Collegiate Academy, Inc.**  
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Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability and Contributions  
Public Employees' Retirement Association of Colorado School Division Trust Fund  
For the Year Ended June 30, 2022

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/17
<b>Proportionate Share of the Net Pension Liability</b>					
School's Proportion of the Net Pension Liability	0.0383434725%	0.0293982740%	0.0192636780%	0.0150966658%	0.0119091571%
<b>Net Pension Liability</b>					
School's Proportionate Share	\$ 4,472,790	\$ 4,444,426	\$ 2,877,952	\$ 2,673,175	\$ 3,850,998
State's Proportionate Share	500,915	-	365,031	365,511	-
<b>Total Proportionate Share</b>	\$ 4,973,705	\$ 4,444,426	\$ 3,242,983	\$ 3,038,686	\$ 3,850,998
School's Covered-Employee Payroll	\$ 2,396,343	\$ 1,568,924	\$ 1,130,140	\$ 829,944	\$ 274,680
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	187%	283%	255%	322%	1402%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75%	67%	65%	57%	44%
	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
<b>School Contributions</b>					
Statutorily Required Contribution	\$ 637,651	\$ 358,207	\$ 240,841	\$ 199,186	\$ 104,477
Contributions in Relation to the Statutorily Required Contribution	(637,651)	(358,207)	(240,841)	(199,186)	(104,477)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's Covered-Employee Payroll	\$ 3,193,828	\$ 1,801,836	\$ 1,242,731	\$ 1,041,208	\$ 553,309
Contributions as a Percentage of Covered-Employee Payroll	19.97%	19.88%	19.38%	19.13%	18.88%

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

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Required Supplementary Information  
Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
Public Employees' Retirement Association of Colorado Health Care Trust Fund  
For the Year Ended June 30, 2022

	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
<b>Proportionate Share of the Net OPEB Liability</b>					
School's Proportion of the Net OPEB Liability	0.0125853329%	0.0125853329%	0.0125853329%	0.0098128956%	0.0067667805%
School's Proportionate Share of the Net OPEB Liability	\$ 108,524	\$ 119,589	\$ 141,459	\$ 133,509	\$ 87,941
School's Covered Payroll	\$ 2,396,343	\$ 1,568,924	\$ 1,130,140	\$ 829,944	\$ 331,382
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	5%	8%	13%	16%	27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	33%	24%	17%	18%
	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
<b>School Contributions</b>					
Statutorily Required Contribution	\$ 32,577	\$ 18,379	\$ 12,676	\$ 10,620	\$ 5,644
Contributions in Relation to the Statutorily Required Contribution	<u>(32,577)</u>	<u>(18,379)</u>	<u>(12,676)</u>	<u>(10,620)</u>	<u>(5,644)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 3,193,828	\$ 1,801,836	\$ 1,242,731	\$ 1,041,208	\$ 555,823
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

**Vega Collegiate Academy, Inc.**  
(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
District Mill Levy	\$ 1,509,932	\$ 1,595,070	\$ 1,305,845	\$ (289,225)
Student Fees	2,700	2,475	5,215	2,740
Grants and Contributions	-	310,000	368,761	58,761
Miscellaneous	12,000	12,000	7,109	(4,891)
<i>State Sources</i>				
Per Pupil Revenue	5,073,919	4,760,593	4,802,440	41,847
Capital Construction	157,680	144,540	92,296	(52,244)
Grants	143,879	566,455	948,934	382,479
<i>Federal Sources</i>				
Grants	401,990	809,029	857,478	48,449
<b>Total Revenues</b>	<u>7,302,100</u>	<u>8,200,162</u>	<u>8,388,078</u>	<u>187,916</u>
<b>Expenditures</b>				
Salaries	3,081,489	3,399,665	3,406,236	(6,571)
Benefits	1,001,480	1,227,962	1,085,453	142,509
Purchased Services	1,696,862	2,706,056	2,912,834	(206,778)
Supplies and Materials	403,663	376,664	503,492	(126,828)
Property	553,450	2,173,450	1,620,073	553,377
Other	108,080	100,000	129,656	(29,656)
<b>Total Expenditures</b>	<u>6,845,024</u>	<u>9,983,797</u>	<u>9,657,744</u>	<u>326,053</u>
<b>Excess Revenues Over (Under) Expenditures</b>	457,076	(1,783,635)	(1,269,666)	(138,137)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Debt	-	1,447,292	1,447,292	-
<b>Net Change in Fund Balance</b>	457,076	(336,343)	177,626	513,969
<b>Fund Balance, Beginning of year</b>	<u>2,164,314</u>	<u>2,310,115</u>	<u>2,310,115</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ 2,621,390</u>	<u>\$ 1,973,772</u>	<u>\$ 2,487,741</u>	<u>\$ 513,969</u>



**Vega Collegiate Academy, Inc.**  
*(A Component Unit of the Joint School District No. 28-J  
of the Counties of Adams and Arapahoe, Colorado)*  
Notes to Required Supplementary Information  
June 30, 2022

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

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

**Changes in Assumptions and Other Inputs**

For the year ended 2022, the total pension liability was determined by an actuarial valuation as of December 31, 2020. The following revised economic and demographic assumptions were effective as of December 31, 2020.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption decreased from 2.4% from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption decreased from 3.5% in the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

**Note 2: Stewardship, Compliance and Accountability**

**Budgets and Budgetary Accounting**

A budget is adopted for the School on a basis consistent with generally accepted accounting principles.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year-end.