

**JUNIPER RIDGE COMMUNITY SCHOOL**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Title Page	
Table of Contents	
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	
Management's Discussion and Analysis	i – iv
<b>Basic Financial Statements</b>	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Notes to the Financial Statements	6 – 37
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	38
Schedule of the School's Proportionate Share – School Division Trust Fund	39
Schedule of the School's Contributions – School Division Trust Fund	40
Schedule of the School's Proportionate Share – Health Care Trust Fund	41
Schedule of the School's Contributions – Health Care Trust Fund	42

## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Stewards  
Juniper Ridge Community School  
Grand Junction, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

##### *Opinions*

We have audited the financial statements of the governmental activities and each major fund, of Juniper Ridge Community School (the "School"), component unit of Mesa County Valley School District 51, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Juniper Ridge Community School 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). 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 Juniper Ridge Community School and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### *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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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 management's discussion and analysis and required budgetary and pension information on pages 38-42 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*John Luttrell & Associates, LLC*

September 29, 2022

## Management's Discussion and Analysis

### Juniper Ridge Community School

June 30, 2022

As management of the Juniper Ridge Community School (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022.

#### Financial Highlights

The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the fiscal year of 2022 by \$2,881,991 due to the School's net pension liability. Net position increased in 2022 by \$1,159,535. Of the net position \$125,150 is restricted for emergencies in 2022.

At the end of the fiscal year, fund balance for the governmental fund was \$1,197,962 for 2022 and \$954,602 for 2021.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. In order to comply with TABOR, Juniper Ridge Community School created the Juniper Ridge Building Corporation to purchase buildings in which to operate the school. Juniper Ridge Building Corporation purchased modular buildings financed through a loan. GASB requires the combined reporting of these two entities; this is discussed further in Note 1 on page 6 of the financial statements. The School's basic financial statements consist 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 all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position.

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

Both of the government-wide financial statements focus on the governmental activities of the School. The governmental activities include instructional services, student support services, business support services, school administration services, and maintenance and capital asset services. The government-wide financial statements include the School itself and the Juniper Ridge Building Corporation, which is a blended component unit of the School. The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School are governmental funds.

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

The School maintained one governmental fund.

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget on page 38.

The basic general fund financial statements can be found on pages 3 through 5 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 6 through 37 of this report.

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the School, the liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the fiscal year of 2022 by \$2,881,991 and 2021 by \$4,041,526.

#### The School’s Net Position

	<u>Governmental Activities</u>	
	<u>2021-2022</u>	<u>2020-2021</u>
Current assets	\$ 1,380,116	\$ 1,165,733
Capital assets (net)	7,360,880	7,735,940
Deferred outflows of resources	<u>1,137,721</u>	<u>1,697,093</u>
Total assets and deferred outflows	\$ 9,878,717	\$10,598,766
Current liabilities	182,154	211,131
Long-term liabilities	10,861,687	12,177,526
Deferred inflows of resources	<u>1,716,867</u>	<u>2,251,635</u>
Total liabilities and deferred inflows	2,760,708	14,640,292
Net position:		
Net investment in capital assets	300,880	495,940
Restricted	125,150	101,500
Unrestricted	<u>(3,308,021)</u>	<u>(4,638,966)</u>
Total net position	<u>\$ (2,881,991)</u>	<u>\$ (4,041,526)</u>

Governmental activities. Governmental activities increased the School's net position by \$1,159,535 in 2022 and by \$615,535 in 2021, respectively. Key elements of these changes are as follows:

The School's Change in Net Position

	<u>Governmental Activities</u>	
	<u>2021-2022</u>	<u>2020-2021</u>
Revenues:		
	\$	\$
Operating grants	\$ 854,638	\$ 426,764
Capital grants	103,252	107,251
State equalization	3,530,166	2,940,811
Property Tax Revenue	309,211	311,412
Other Income	<u>5,132</u>	<u>132,713</u>
Total Revenues	4,802,399	3,918,951
Expenses:		
Instructional services	530,023	475,965
Interest expense long term debt	321,983	325,650
Support Services	<u>2,790,858</u>	<u>2,501,801</u>
Total Expenses	<u>3,642,864</u>	<u>3,303,416</u>
Change in net position	1,159,535	615,535
Net position – beginning	<u>(4,041,526)</u>	<u>(4,657,061)</u>
Net position – ending	<u>\$ (2,881,991)</u>	<u>\$ (4,041,526)</u>

Governmental fund. The focus of the School's *governmental fund* 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 a government's net resources available for spending at the end of both fiscal years.

At the end of the fiscal year 2022 and 2021, the School's governmental fund reported an ending fund balance of \$1,197,962 and \$954,602 respectively. *Unassigned fund balance* is \$1,028,091 and \$828,248 respectively. Restricted fund balances of \$125,150 and \$101,500 respectively, must be set aside for emergencies (TABOR). The non-spendable fund balance of \$44,721 represents prepaid expenses.

**Capital assets.** The School purchased land for a new school building in 2018, commenced, and completed construction on the new School building in 2019. This caused a significant increase in total capital assets before depreciation of \$7,360,880 for 2022. Accumulated depreciation increased by \$375,060 for both 2022 and 2021. Additional information related to the capital assets is reflected in Note 4 on page 13 of the financial statements.

**Long-term liabilities.** The balance of long-term debt for the School at the end of 2022 was \$7,060,000. The School's net pension liability decreased by \$1,149,199 in 2022 and a net OPEB liability increased by \$13,360. Additional details related to the School's long-term debt and net pension and OPEB liabilities can be found in Note 5 on page 4 and Notes 7 and 8 beginning on page 15 of the financial report.

## Economic Factors and Next Year's Budget

This was the tenth year in operation as a District Charter School and operations were at 90% enrollment capacity. Total Enrollment for Kinder-8<sup>th</sup> grade for the 2022-2023 school year is projected to be 404 students.

## Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Juniper Ridge Community School Board of Stewards by telephone at (970) 986-8219.

## **BASIC FINANCIAL STATEMENTS**

JUNIPER RIDGE COMMUNITY SCHOOL

STATEMENT OF NET POSITION

As of June 30, 2021

	Governmental Activities	
	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 1,116,653	\$ 851,484
Accounts Receivable	64,180	151,542
Grants Receivable	154,562	137,853
Prepays	44,721	24,854
Capital Assets, Not Depreciated	-	-
Capital Assets, Depreciated, Net of Accumulated Depreciation	7,360,880	7,735,940
<b>TOTAL ASSETS</b>	8,740,996	8,901,673
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions	1,085,440	1,672,182
Related to OPEB	52,281	24,911
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	1,137,721	1,697,093
<b>LIABILITIES</b>		
Accounts Payable	51,771	27,313
Accrued Expenses	104,148	158,183
Unearned Revenue	26,235	25,635
<b>Noncurrent Liabilities</b>		
Due within One Year	190,000	85,000
Due in More Than One Year	6,870,000	7,155,000
Net Pension Liability	3,626,246	4,775,445
Net OPEB Liability	175,441	162,081
<b>TOTAL LIABILITIES</b>	11,043,841	12,388,657
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	1,651,279	2,199,440
Related to OPEB	65,588	52,195
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	1,716,867	2,251,635
<b>NET POSITION</b>		
Investment in Capital Assets	300,880	495,940
Restricted for Emergencies	125,150	101,500
Unrestricted	(3,308,021)	(4,638,966)
<b>TOTAL NET POSITION</b>	\$ (2,881,991)	\$ (4,041,526)

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

JUNIPER RIDGE COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	PROGRAM REVENUES			Net Expense (Revenued) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2022	2021
<b>PRIMARY GOVERNMENT</b>						
<b>Governmental Activities</b>						
Instructional	\$ 530,023	\$ -	\$ 829,432	\$ -	\$ 299,409	\$ (84,391)
Supporting Services	2,790,858	-	25,206	103,252	(2,662,400.0)	(2,359,360)
Interest on Long Term Debt	321,983	-	-	-	(321,983.0)	(325,650)
 Total Governmental Activities	 <u>\$ 3,642,864</u>	 <u>\$ -</u>	 <u>\$ 854,638</u>	 <u>\$ 103,252</u>	 <u>(2,684,974)</u>	 <u>(2,769,401)</u>
<b>GENERAL REVENUES</b>						
					3,530,166	2,940,811
					309,211	311,412
					94,285	132,713
					(89,153)	-
					<b>TOTAL GENERAL REVENUES</b>	<b>3,844,509</b>
					<b>3,844,509</b>	<b>3,384,936</b>
					<b>CHANGE IN NET POSITION</b>	<b>1,159,535</b>
					<b>1,159,535</b>	<b>615,535</b>
					<b>NET POSITION, Beginning</b>	<b>(4,041,526)</b>
					<b>(4,041,526)</b>	<b>(4,657,061)</b>
					<b>NET POSITION, Ending</b>	<b>\$ (2,881,991)</b>
					<b>\$ (2,881,991)</b>	<b>\$ (4,041,526)</b>

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

JUNIPER RIDGE COMMUNITY SCHOOL

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	GENERAL FUND	
	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 1,116,653	\$ 851,484
Accounts Receivable	64,180	151,542
Due From District	154,562	137,853
Prepaid Expenses	44,721	24,854
<b>TOTAL ASSETS</b>	<b>\$ 1,380,116</b>	<b>\$ 1,165,733</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 51,771	\$ 27,313
Accrued Expenses	104,148	158,183
Unearned Revenue	26,235	25,635
<b>TOTAL LIABILITIES</b>	182,154	211,131
<b>FUND BALANCES</b>		
Nonspendable	44,721	24,854
Restricted for Emergencies	125,150	101,500
Unassigned	1,028,091	828,248
<b>TOTAL FUND BALANCES</b>	1,197,962	954,602
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	7,360,880	7,735,940
Long-term liabilities and related assets are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$3,626,246), net OPEB liability (\$175,441), deferred outflows related to pensions \$1,085,440, deferred outflows related to OPEB \$52,281, deferred inflows related to pensions (\$1,651,279), deferred inflows related to OPEB (\$65,588), and notes payable (\$7,060,000).	(11,440,833)	(12,732,068)
Net position of governmental activities	<b>\$ (2,881,991)</b>	<b>\$ (4,041,526)</b>

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

JUNIPER RIDGE COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	GENERAL FUND	
	2022	2021
REVENUES		
Local Sources	\$ 3,958,868	\$ 3,420,126
State Sources	217,267	294,122
Federal Sources	715,417	204,703
TOTAL REVENUES	<u>4,891,552</u>	<u>3,918,951</u>
EXPENDITURES		
Current		
Instruction	1,418,311	1,204,310
Supporting Services	2,727,898	2,382,645
Debt Service		
Principal	180,000	170,000
Interest	321,983	325,650
TOTAL EXPENDITURES	<u>4,648,192</u>	<u>4,082,605</u>
NET CHANGE IN FUND BALANCES	243,360	(163,654)
FUND BALANCES, Beginning, Restated	<u>954,602</u>	<u>1,118,256</u>
FUND BALANCES, Ending	<u>\$ 1,197,962</u>	<u>\$ 954,602</u>

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

JUNIPER RIDGE COMMUNITY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 243,360
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount depreciation expense for the year.	(375,060)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the loan payment for the year.	180,000
Deferred Charges related to pensions are not recognized in the governmental funds. However, in the government-wide statements these amounts are capitalized and amortized.	<u>1,111,235</u>
Change in Net Position of Governmental Activities	<u>\$ 1,159,535</u>

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

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

The financial statements of Juniper Ridge Community School (the School) have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The following is a summary of the School's significant accounting policies.

**Reporting Entity**

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

Juniper Ridge Building Corporation

The Juniper Ridge Building Corporation (the "Building Corporation") is considered to be financially accountable to the School. The Building Corporation was formed to support and assist the School to perform its function and to carry out its purpose, specifically to assist in the financing and construction of the School's facilities. The activities of the Building Corporation are included in the General Fund.

**Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**Government-Wide and Fund Financial Statements** (Continued)

Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

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

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

The School reports the following major governmental fund:

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

**Deferred Outflows/Inflows of Resources**

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

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

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

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

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

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements 15 – 35 years; equipment 5 years.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the estimated useful life of 15 years using the straight-line method.

*Long-term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The School reports prepaid expenses as nonspendable resources as of June 30, 2022.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Stewards. These amounts cannot be used for any other purpose unless the Board of Stewards removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2022.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

**Compensated Absences**

The School's policy allows employees to accumulate sick and vacation leave. Upon termination of employment, no financial compensation is paid for these unused compensated absences. Therefore, no liability for accumulated sick leave is reported in the financial statements.

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

**Budgets and Budgetary Accounting**

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

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

**Legal Compliance**

The actual expenditures of the General Fund exceeded the budgeted amounts by \$571,052. The School was conservative in budgeting federal expenditures as the amount was not certain. This may be a violation of State statute.

**NOTE 3: CASH AND INVESTMENTS**

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

Petty Cash	\$ 48
Deposits	1,002,105
Investments	<u>114,500</u>
Total	<b><u>\$ 1,116,653</u></b>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2022 State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**Deposits (Continued)**

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

At June 30, 2022, the School had deposits with financial institutions with a carrying amount of \$1,002,105. The bank balances with the financial institutions were \$1,040,664. Of these balances, \$250,000 was covered by federal depository insurance and \$790,664 was covered by collateral held by authorized escrow agents in the financial institution's name (PDDA).

**Investments**

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

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

The School has no policy for managing credit risk or interest rate risk.

Local Government Investment Pools

The School had invested \$114,500 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**Investments** (Continued)

Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the entities.

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

**NOTE 4: CAPITAL ASSETS**

Capital Assets activity for the year ended June 30, 2022 is summarized below.

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental Activities</b>				
Capital Assets, Depreciated				
Buildings and Improvements	\$ 8,303,602	\$ -	\$ -	8,303,602
Machinery and Equipment	<u>237,624</u>	<u>-</u>	<u>-</u>	<u>237,624</u>
Total Capital Assets, Depreciated	<u>8,541,226</u>	<u>-</u>	<u>-</u>	<u>8,541,226</u>
Accumulated Depreciation				
Buildings and Improvements	625,854	195,628	-	821,482
Machinery and Equipment	<u>179,432</u>	<u>179,432</u>	<u>-</u>	<u>358,864</u>
Total Accumulated Depreciation	<u>805,286</u>	<u>375,060</u>	<u>-</u>	<u>1,180,346</u>
Net Capital Assets	<u>\$ 7,735,940</u>	<u>\$ (375,060)</u>	<u>\$ -</u>	<u>\$ 7,360,880</u>

Depreciation was charged to the Supporting Services activity of the School.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 5: LONG-TERM DEBT**

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

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due In</u> <u>One Year</u>
Lease Payable	<b><u>\$ 7,240,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 180,000</u></b>	<b><u>\$ 7,060,000</u></b>	<b><u>\$ 190,000</u></b>

**Lease Payable**

In February 2019, the School entered into a long-term lease with Mesa County Valley School District No. 51 (District) for the lease/purchase of land and construction of a building. The District issued Certificates of Participation in the amount of \$7,565,000 for the purchase of the land and construction of the building, which is then leased to the School. The lease term is for 25 years with interest from 4% to 5%, after which the property will belong to the School.

The construction of the building was completed and placed into service during the June 30, 2020 year. The following table includes the full amortization of the lease.

Future debt service requirements for the loan and bond are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 190,000	\$ 307,650	\$ 497,650
2024	200,000	297,900	497,900
2025	210,000	287,650	497,650
2026	220,000	276,900	496,900
2027	230,000	265,650	495,650
2028-2032	1,325,000	1,140,375	2,465,375
2033-2037	1,680,000	781,325	2,461,325
2038-2042	2,060,000	401,600	2,461,600
2043-2044	<u>945,000</u>	<u>38,100</u>	<u>983,100</u>
<b>Total</b>	<b><u>\$ 7,060,000</u></b>	<b><u>\$ 3,797,150</u></b>	<b><u>\$ 10,857,150</u></b>

**NOTE 6: RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; thefts of, damage, to, or destruction of assets; errors or omissions; injuries to employees, or natural disasters. The School carries commercial insurance to cover these risks. For the year ended June 30, 2022, the School did not have any claims that exceeded insurable amounts on the last three years.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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).

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary 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% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**General Information about the Pension Plan** (Continued)

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

- Highest average salary multiplied by 2.5% 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% 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% or 100% 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.

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 disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**General Information about the Pension Plan** (Continued)

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

*Contributions provisions as of June 30, 2022:* Eligible employees of, 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 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.88%</b>

\*\*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 \$402,154 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**General Information about the Pension Plan** (Continued)

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 as of 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’s contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of \$3,626,246 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:

The School’s proportionate share of the net pension liability	\$3,626,246
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	372,949
Total	\$3,999,195

At December 31, 2021, the School proportion was 0.031%, which was a decrease of 0.00043% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension income of \$797,617 and expense of \$89,153 for support from the State as a nonemployer contributing entity.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$138,827	N/A
Changes of assumptions or other inputs	\$276,837	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	\$1,363,360
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$464,161	\$287,919
Contributions subsequent to the measurement date	\$205,615	N/A
Total	\$1,085,440	\$1,651,279

\$205,615 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2023	\$77,747
2024	(\$245,202)
2025	(\$338,518)
2026	(\$165,481)

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

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

*Actuarial assumptions.* The TPL 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	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%- 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup> Financed by the AIR	

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

The 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:** 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.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

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

Disabled mortality assumptions 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 period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

The PERA Board first adopted the 7.25% 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:

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

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

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

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 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.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

- 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 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.

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

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

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 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.

*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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$5,337,537	\$3,626,246	\$2,198,237

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

**Summary of Significant Accounting Policies**

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

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

(Continued)

**General Information about the OPEB Plan (Continued)**

*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, 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).

*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.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**General Information about the OPEB Plan (Continued)**

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based 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.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$20,634 for the year ended June 30, 2022.

At June 30, 2022, the School reported a liability of \$175,441 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School proportion was 0.02034%, which was an increase of 0.00329% from its proportion measured as of December 31, 2020.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

For the year ended June 30, 2022, the School recognized OPEB expense of \$20,017. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of</u>
Difference between expected and actual experience	\$267	\$41,599
Changes of assumptions or other inputs	\$3,632	\$9,517
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$10,860
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$37,832	\$3,612
Contributions subsequent to the measurement date	\$10,550	N/A
Total	\$52,281	\$65,588

\$10,550 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2023	(\$3,874)
2024	(\$2,769)
2025	(\$10,215)
2026	(\$9,204)
2027	(\$53)
2028	\$2,258

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

(Continued)

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

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 2021 for the PERA Benefit Structure:

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

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

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

The PERA benefit structure health care cost trend rates used to measure the 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%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were 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.

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

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

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

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

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

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

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

The following health care costs assumptions were updated and used in the roll-forward calculation for the 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 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 percentages and then adding expected inflation.

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

(Continued)

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

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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%
<b>Total</b>	<b>100.00%</b>	

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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$170,403	\$175,441	\$181,278

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

*Discount rate.* The discount rate used to measure the 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.

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

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

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$203,757	\$175,441	\$151,255

*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).

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

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

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2022, the reserve of \$125,150 was recorded as a restriction of fund balance in the General Fund.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 10: DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$2,881,991 due to the School including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

**NOTE 11: SUBSEQUENT EVENTS**

Potential subsequent events were considered through September 29, 2022. It was determined that no events were required to be disclosed through this date.

**REQUIRED SUPPLEMENTARY INFORMATION**

JUNIPER RIDGE COMMUNITY SCHOOL

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2022

	2022				2021 ACTUAL
	ORIGINAL BUDGET	ORIGIANAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	
<b>REVENUES</b>					
Local Sources					
Per Pupil Revenue	\$ 3,343,058	\$ 3,519,530	\$ 3,530,166	\$ 10,636	\$ 2,940,811
Mill Levy Override	311,630	316,144	309,211	(6,933)	311,412
Grants and Donations	48,752	66,212	25,206	(41,006)	35,190
Interest	1,500	1,000	948	(52)	1,114
Other	63,520	66,240	93,337	27,097	131,599
State Sources					
Grants and Donations	99,931	108,468	217,267	108,799	294,122
Federal Sources					
Grants and Donations			715,417	715,417	204,703
<b>TOTAL REVENUES</b>	<b>3,868,391</b>	<b>4,077,594</b>	<b>4,891,552</b>	<b>813,958</b>	<b>3,918,951</b>
<b>EXPENDITURES</b>					
Salaries	1,861,355	1,886,238	2,018,598	(132,360)	1,807,350
Employee Benefits	433,070	440,927	586,527	(145,600)	480,824
Purchased Services	672,898	740,631	1,249,154	(508,523)	1,195,910
Supplies and Materials	198,636	200,766	186,651	14,115	265,122
Property	-	140,000	82,390	57,610	66,311
Other	194,646	166,595	22,889	143,706	5,973
Debt Service					
Principal	180,000	180,000	180,000	-	85,000
Interest	321,983	321,983	321,983	-	176,115
<b>TOTAL EXPENDITURES</b>	<b>3,862,588</b>	<b>4,077,140</b>	<b>4,648,192</b>	<b>(571,052)</b>	<b>4,082,605</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,803</b>	<b>454</b>	<b>243,360</b>	<b>242,906</b>	<b>(163,654)</b>
FUND BALANCE, Beginning	1,386,391	1,254,432	954,602	(299,830)	1,118,256
FUND BALANCE, Ending	\$ 1,392,194	\$ 1,254,886	\$ 1,197,962	\$ (56,924)	\$ 954,602

See the accompanying independent auditors' report.

JUNIPER RIDGE COMMUNITY SCHOOL  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
School's proportionate share of the Net Pension Liability	0.014%	0.019%	0.024%	0.031%	0.030%	0.027%	0.031%	0.031%
School's proportionate share of the Net Pension Liability	\$ 1,889,927	\$ 2,893,389	\$ 7,287,244	\$ 9,918,044	\$ 5,285,001	\$ 4,010,327	\$ 4,775,448	\$ 3,626,246
State of Colorado Proportionate Share of the Net Pension Liability associated with the School	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635,724</u>	<u>\$ 451,404</u>	<u>\$ -</u>	<u>\$ 372,949</u>
Total portion of the Net Pension Liability associates with the School	\$ 1,889,927	\$ 2,893,389	\$ 7,287,244	\$ 9,918,044	\$ 5,920,725	\$ 4,461,731	\$ 4,775,448	\$ 3,999,195
School's covered payroll	\$ 584,197	\$ 819,320	\$ 1,098,494	\$ 1,415,033	\$ 1,640,842	\$ 1,577,362	\$ 1,829,331	\$ 1,947,427
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	323.5%	353.1%	663.4%	700.9%	322.1%	254.2%	261.0%	186.2%
Plan fiduciary net position as a percentage of the total pension liability	63.0%	59.0%	43.0%	57.0%	57.0%	65.0%	67.0%	74.9%

See the accompanying independent auditors' report.

JUNIPER RIDGE COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 115,504	\$ 172,933	\$ 222,764	\$ 309,996	\$ 301,100	\$ 313,179	\$ 363,670	\$ 402,154
Contributions in relation to the Statutorily required contributions	<u>115,504</u>	<u>172,933</u>	<u>222,764</u>	<u>309,996</u>	<u>301,100</u>	<u>313,179</u>	<u>363,670</u>	<u>402,154</u>
Contribution deficiency (excess)	<u>\$ -</u>							
School's covered payroll	\$ 683,428	\$ 969,045	\$ 1,211,601	\$ 1,641,245	\$ 1,573,972	\$ 1,615,988	\$ 1,829,331	\$ 2,022,894
Contributions as a percentage of covered payroll	16.90%	17.85%	18.39%	18.89%	19.13%	19.38%	19.88%	19.88%

See the accompanying independent auditors' report.

JUNIPER RIDGE COMMUNITY SCHOOL

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

Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
School's proportionate share of the Net OPEB Liability	0.174%	0.019%	0.018%	0.018%	0.023%
School's proportionate share of the Net OPEB Liability	\$ 226,486	\$ 263,954	\$ 197,179	\$ 162,081	\$ 175,441
School's covered payroll	\$ 1,415,033	\$ 1,640,842	\$ 1,577,362	\$ 1,829,331	\$ 1,947,427
School's proportionate share of the OPEB Liability as a percentage of its covered payroll	16.0%	16.1%	12.5%	8.9%	9.0%
Plan fiduciary net position as a percentage of the total pension liability	18.00%	17.00%	24.49%	32.78%	39.40%

See the accompanying independent auditors' report.

JUNIPER RIDGE COMMUNITY SCHOOL  
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
 SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 16,741	\$ 16,055	\$ 16,483	\$ 18,659	\$ 20,634
Contributions in relation to the Statutorily required contributions	<u>16,741</u>	<u>16,055</u>	<u>16,483</u>	<u>18,659</u>	<u>20,634</u>
Contribution deficiency (excess)	<u>\$ -</u>				
School's covered payroll	\$ 1,641,245	\$ 1,573,972	\$ 1,615,988	\$ 1,829,331	\$ 2,022,894
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.