



JUNIPER RIDGE COMMUNITY SCHOOL  
FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2019

## CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION .....	7
STATEMENT OF ACTIVITIES .....	8
BALANCE SHEET – GOVERNMENTAL FUND.....	9
RECONCILIATION OF GOVERNMENTAL FUND – FUND BALANCE TO THE STATEMENT OF NET POSITION.....	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND.....	11
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES.....	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND .....	13
NOTES TO FINANCIAL STATEMENTS.....	14
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
PENSION SCHEDULES .....	43
OPEB SCHEDULES .....	45



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2019

Board of Directors  
Juniper Ridge Community School  
Grand Junction, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Juniper Ridge Community School as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Juniper Ridge Community School's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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



Board of Directors  
Juniper Ridge Community School  
Page Two

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Juniper Ridge Community School as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

*Chadwick, Steinkirchner, Davis & Co., P.C.*

## Management's Discussion and Analysis

### Juniper Ridge Community School

June 30, 2019

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, 2019.

#### Financial Highlights

The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the fiscal year of 2019 by \$5,641,295 due to the School's net pension liability. Net position decreased in 2019 by \$21,620. Of the net position \$86,141 is restricted for emergencies in 2019.

At the end of the fiscal year, fund balance for the governmental fund was \$665,462 for 2019 and \$490,453 for 2018.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. Juniper Ridge Community School created the Juniper Ridge Building Corporation to purchase buildings in which to operate the school in order to comply with TABOR. 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 A on page 14 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 7 and 8 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 13.

The basic general fund financial statements can be found on pages 9 through 13 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 14 through 42 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 2019 by \$5,641,245 and 2018 by \$5,619,675.

**The School’s Net Position**

	<u>Governmental Activities</u>	
	<u>2018-2019</u>	<u>2017-2018</u>
Current assets	\$ 740,207	\$ 617,253
Capital assets	4,782,067	1,545,427
Deferred outflows of resources	<u>2,256,621</u>	<u>4,199,580</u>
Total assets and deferred outflows	7,778,895	6,362,260
Current liabilities	152,245	1,299,861
Long-term liabilities	9,833,111	10,272,723
Deferred inflows of resources	<u>3,434,834</u>	<u>409,351</u>
Total liabilities and deferred inflows	13,420,190	11,981,935
Net position:		
Net investment in capital assets	420,411	249,315
Restricted	86,141	89,732
Unrestricted	<u>(6,147,847)</u>	<u>(5,958,722)</u>
Total net position	<u>\$ (5,641,295)</u>	<u>\$ (5,619,675)</u>

**Governmental activities.** Governmental activities decreased the School's net position by \$21,620 in 2019 and decreased it by \$2,496,369 in 2018. Key elements of these changes are as follows:

### The School's Change in Net Position

	<u>Governmental Activities</u>	
	<u>2018-2019</u>	<u>2017-2018</u>
<b>Revenues:</b>		
Charges for services	\$ 116,839	\$ 114,148
Operating grants	124,019	72,226
Capital grants	93,528	94,556
State equalization	2,400,400	2,608,706
Property Tax Revenue	91,355	110,156
Investment Earnings	103,204	524
Gain on Sale of Assets	<u>254,273</u>	<u>-</u>
Total revenues	<u>3,183,618</u>	<u>3,000,316</u>
<b>Expenses:</b>		
Instructional services	2,109,686	3,913,233
Interest expense long term debt	134,336	60,133
Student support	357,187	842,601
School administration	344,854	334,639
Business support	17,015	94,450
Operations/maintenance	<u>242,160</u>	<u>250,629</u>
Total expenses	<u>3,205,238</u>	<u>5,496,685</u>
Change in net position	( 21,620)	(2,496,369)
Net position – beginning	(5,619,675)	(2,949,258)
Change of accounting principle		<u>( 174,048)</u>
Net position – beginning, restated		<u>(3,123,306)</u>
Net position – ending	<u>\$ (5,641,295)</u>	<u>\$ (5,619,675)</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 2019 and 2018, the School's governmental fund reported an ending fund balance of \$665,462 and \$490,453 respectively. *Unassigned fund balance* is \$537,984 and \$341,439 respectively. Restricted fund balances of \$86,141 and \$89,732 respectively, must be set aside for emergencies (TABOR). Nonspendable fund balance of \$41,337 is a deposit on a land lease and prepaid expenses.

### General Fund Budgetary Highlights

Variations between original and final budgets occurred due to the issuance of debt for the construction of property. Variations between final budget and actual occurred because the construction was not completed until after year end.

**Capital assets.** The School purchased land for a new school building in 2018 and commenced construction on the new School building in 2019. This caused a significant increase in total capital assets before depreciation of \$3,291,056 for 2019. Accumulated depreciation increased by \$54,416 in 2019 and \$71,858 in 2018. Additional information related to the capital assets is reflected in Note C on Page 19 of the financial statements.

**Long-term liabilities.** The balance of long-term debt for the School at the end of 2019 was \$4,361,656. The School had an increase in debt due to the construction of the new school facility, and paid off the land purchase. The School's net pension liability decreased by \$4,633,043 in 2019 and a net OPEB liability increased by \$37,468. Additional details related to the School's long-term debt and net pension and OPEB liabilities can be found in Note D on page 20 and 21 and Note F and G beginning on page 22 of the financial report.

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

This was the sixth year in operation as a District Charter School and operations were at 86.2% enrollment capacity. The School discontinued the High School program at the end of 2017/18. Total Enrollment for Kinder-8<sup>th</sup> grade for the 2019-2020 school year is projected to be 358 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.

Juniper Ridge Community School

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 555,075
Accounts receivable, net of allowance for doubtful accounts of \$25,077	20,111
Due from Mesa County Valley School District #51	123,684
Prepaid expenses	29,671
Other assets	11,666
Total current assets	740,207
Noncurrent assets	
Capital assets, net	4,782,067
Total assets	5,522,274
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	2,192,077
Deferred outflows related to OPEB	64,544
Total deferred outflows of resources	2,256,621
Total assets and deferred outflows of resources	\$ 7,778,895
<b>LIABILITIES</b>	
Accounts payable	\$ 2,117
Accrued payroll liabilities	52,918
Unearned revenue	19,710
Current portion of long-term liabilities	77,500
Total current liabilities	152,245
Long-term liabilities due in more than one year:	
Net pension liability	5,285,001
Net OPEB liability	263,954
Lease payable, less current portion	4,284,156
Total liabilities	9,985,356
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	3,434,432
Deferred inflows related to OPEB	402
Total deferred inflows of resources	3,434,834
<b>NET POSITION</b>	
Net investment in capital assets	420,411
Restricted for emergencies	86,141
Unrestricted	(6,147,847)
Total net position	(5,641,295)
Total liabilities, deferred inflows of resources, and net position	\$ 7,778,895

The accompanying notes are an integral part of the statements.

Juniper Ridge Community School

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Governmental activities:</b>						
Instructional services	\$ 2,109,686	\$ 116,839	\$ 124,019	\$ 93,528	\$ (1,775,300)	\$ (1,775,300)
Interest expense on long-term debt	134,336	-	-	-	(134,336)	(134,336)
<b>Support services:</b>						
Student support	357,187	-	-	-	(357,187)	(357,187)
Business support	17,015	-	-	-	(17,015)	(17,015)
School administration	344,854	-	-	-	(344,854)	(344,854)
Operations and maintenance	242,160	-	-	-	(242,160)	(242,160)
Total support services	961,216	-	-	-	(961,216)	(961,216)
Total governmental activities	<u>\$ 3,205,238</u>	<u>\$ 116,839</u>	<u>\$ 124,019</u>	<u>\$ 93,528</u>	<u>(2,870,852)</u>	<u>(2,870,852)</u>
<b>General revenues:</b>						
State equalization					2,400,400	2,400,400
Property tax revenue					91,355	91,355
Gain on sale of assets					254,273	254,273
Investment earnings					103,204	103,204
Total general revenues					<u>2,849,232</u>	<u>2,849,232</u>
Change in net position					(21,620)	(21,620)
Net position at beginning of year					(5,619,675)	(5,619,675)
Net position at end of year					<u>\$ (5,641,295)</u>	<u>\$ (5,641,295)</u>

The accompanying notes are an integral part of the statements.

Juniper Ridge Community School

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2019

		General Fund
<b>ASSETS</b>		
Cash and investments	\$	555,075
Accounts receivable, net of allowance for doubtful accounts of \$25,077		20,111
Due from Mesa County Valley School District #51		123,684
Prepaid expenses		29,671
Other assets		11,666
Total assets	\$	740,207
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$	2,117
Accrued payroll liabilities		52,918
Unearned revenue		19,710
Total liabilities		74,745
<b>Fund balances</b>		
Nonspendable:		
Prepaid expenses		29,671
Other		11,666
Restricted - TABOR reserve		86,141
Unassigned		537,984
Total fund balances		665,462
Total liabilities and fund balances	\$	740,207

The accompanying notes are an integral part of the statements.

Juniper Ridge Community School

RECONCILIATION OF GOVERNMENTAL FUND - FUND BALANCE  
TO THE STATEMENT OF NET POSITION

June 30, 2019

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Total governmental fund balance	\$ 665,462
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 are not reported in the funds.	4,782,067
The amount by which pension and OPEB related deferred outflows of resources are more than pension and OPEB related deferred inflows of resources, both of which are not recorded in the funds.	(1,178,213)
Net pension and OPEB liability reported as a liability in governmental activities is not reported in the funds.	(5,548,955)
Lease payable reported as liability in governmental activities is not reported in the funds.	<u>(4,361,656)</u>
Net position of governmental activities	<u><u>\$ (5,641,295)</u></u>

The accompanying notes are an integral part of the statements.

Juniper Ridge Community School

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUND

Year ended June 30, 2019

	General Fund
Revenues	
Local sources	\$ 326,372
State sources	2,602,973
	Total revenues 2,929,345
Expenditures	
Current	
Instructional services	1,739,201
Student support	308,183
Business support	17,015
School administration	297,542
Operation and maintenance	242,160
Debt service principal	1,373,611
Debt service interest	139,478
Capital outlay	4,780,870
	Total expenditures 8,898,060
	Revenues in excess (deficiency) of expenditures (5,968,715)
Other financing sources (uses)	
Sales proceeds	1,704,568
Debt proceeds	4,439,156
	Total other financing sources (uses) 6,143,724
	Revenues and other sources in excess (deficiency) of expenditures and other (uses) 175,009
Fund balance beginning of year	490,453
Fund balance end of year	\$ 665,462

The accompanying notes are an integral part of the statements.

Juniper Ridge Community School

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2019

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Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balance - governmental fund	\$ 175,009
In the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the governmental funds, capital outlays are an expenditure in the current period. This is the amount by which depreciation was less than capital expenditures (\$54,416-\$4,741,352).	4,686,936
In the governmental funds, the disposal of capital assets are not recognized, whereas in the government-wide statements they represent a reduction of the book value. This is the amount of the book value.	(1,450,295)
In the governmental funds, expenditures related to pension and OPEB obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the plan), whereas in the statement of activities, they are measured on full accrual basis. This is the amount by which pension and OPEB expense in the statement of activities was more than pension and OPEB expenditures in the governmental funds.	(372,867)
Governmental funds report debt proceeds and principal payments as other financing sources and expenditures, respectively. However, in the statement of net position the proceeds and principal payments increase or reduce the liability. This is the difference between debt proceeds and principal payments during the year (\$4,439,156 - \$1,373,611).	(3,065,545)
Governmental funds do not report accrued interest as part of expenditures. However, they are reported as expenses in the statement of activities. This is the amount accrued interest decreased in the Statement of Net Position from the prior year.	<u>5,142</u>
Change in net position of governmental activities	<u>\$ (21,620)</u>

The accompanying notes are an integral part of the statements.

Juniper Ridge Community School

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND - BUDGET AND ACTUAL

Year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Revenues				
Local sources	\$ 261,206	\$ 248,898	\$ 326,372	\$ 77,474
State sources	2,562,418	2,572,342	2,602,973	30,631
Total revenues	<u>2,823,624</u>	<u>2,821,240</u>	<u>2,929,345</u>	<u>108,105</u>
Expenditures				
Current				
Instructional services	2,242,812	2,238,814	1,739,201	499,613
Student support	153,327	161,956	308,183	(146,227)
Business support	10,400	14,486	17,015	(2,529)
School administration	48,340	45,399	297,542	(252,143)
Operation and maintenance	218,967	224,736	242,160	(17,424)
Contingency	94,730	54,897	-	54,897
Debt service principal	-	77,500	1,373,611	(1,296,111)
Debt service interest	-	84,894	139,478	(54,584)
Capital outlay	55,000	7,575,655	4,780,870	2,794,785
Total expenditures	<u>2,823,576</u>	<u>10,478,337</u>	<u>8,898,060</u>	<u>1,580,277</u>
Revenues in excess (deficiency) of expenditures	48	(7,657,097)	(5,968,715)	1,688,382
Other financing sources (uses)				
Sales proceeds	-	-	1,704,568	1,704,568
Debt proceeds	-	7,500,000	4,439,156	(3,060,844)
Total other financing sources (uses)	<u>-</u>	<u>7,500,000</u>	<u>6,143,724</u>	<u>(1,356,276)</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	48	(157,097)	175,009	332,106
Fund balance beginning of year	<u>-</u>	<u>157,097</u>	<u>490,453</u>	<u>333,356</u>
Fund balance end of year	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 665,462</u>	<u>\$ 665,462</u>

The accompanying notes are an integral part of the statements.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE A – 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:

**1. The Reporting Entity**

Juniper Ridge Community School consists of a school established under the Charter Schools Act serving kindergarten through eighth grade students. It is governed by an independently elected Board of Directors. The School is considered a component unit of Mesa County Valley School District, and is reported discretely in a separate column on their financial statements to emphasize that it is legally separate from the District.

In evaluating how to define the School, for financial reporting purposes, management has considered all aspects of where financial responsibility rests. The School's financial reporting entity includes organizations for which the School is financially accountable and other organizations for which the nature and significance of their relationships with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by GASB.

The Juniper Ridge Building Corporation was created to allow for financing the School's modular classrooms and new building and is included in the School's reporting entity as a blended component unit because of significant operational or financial relationships.

**2. 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. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Juniper Ridge Community School presently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, 2019

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Program revenues include 1) charges to customers or applicants 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 revenue and other items not properly included among program revenues are reported instead as general revenues.

3. 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and net pension liability are recorded only when payment is due.

Intergovernmental revenue, 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. 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.

The School reports the following major governmental fund:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Assets, Liabilities and Net Position or Equity

*Cash and Investments*

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the School are reported at fair value.

State statutes authorize the School to invest in obligations of the U.S. Treasury, obligations unconditionally guaranteed by U.S. agencies, certain international agency securities, certain types of bonds of U.S. local government entities, bankers' acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts.

*Inventory*

Inventory consists of school supplies and is recorded at cost using the first-in first-out method.

*Capital Assets*

Capital assets, which include property, plant, and equipment, are reported 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. The School has no reportable infrastructure.

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

Property, plant, and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Modular classrooms	20
Leasehold improvements	2

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

5. Stewardship, compliance and accountability

*Budgetary Information*

Prior to May 15, management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes expenditures and the means of financing them. Public board meetings are conducted to obtain comments. Prior to June 30, the budget is adopted by the Board.

During the budget year, the Board of Directors has the option of changing and finalizing the budget for the fiscal year. One supplemental budget amendment was adopted during the fiscal year ended June 30, 2019 to include debt funding of the new facilities.

*Budgeted level of expenditures*

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Directors. At year-end, all appropriations lapse in accordance with Colorado statutes.

*Budgetary basis of accounting*

Appropriated budgets are adopted by the Board of Directors for the General Fund on a basis consistent with generally accepted accounting principles (GAAP).

6. Pensions

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

**7. Other Post-Employment Benefit Plan (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 the OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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, 2019

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**NOTE B – CASH AND INVESTMENTS**

Cash and investment deposits in banking institutions as of June 30, 2019 consist of the following:

Demand accounts	\$ 454,317
Petty cash	48
Certificate of deposit	<u>100,710</u>
Total cash and investments	<u>\$ 555,075</u>

*Deposits*

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government including component units deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 102% of the aggregate uninsured deposits. As of June 30, 2019, the School had deposits of \$591,124, of which \$250,000 was covered by federal depository insurance and \$341,124 was collateralized.

*Investments*

Interest rate risk – The School does not have a formal policy limiting investment maturities other than that established by state statute of five years that would help manage its exposure to fair value losses from increasing interest rates.

**NOTE C – CAPITAL ASSETS**

The following is a summary of activity in the capital assets for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated:				
Land	\$ 1,017,088	\$ –	\$ 1,017,088	\$ –
Construction in progress	<u>131,012</u>	<u>4,741,352</u>	<u>433,208</u>	<u>4,439,156</u>
Total capital assets not depreciated	1,148,100	4,741,352	1,450,296	4,439,156
Capital assets depreciated:				
Modular classrooms	478,480	–	–	478,480
Leasehold improvements	<u>115,225</u>	–	–	<u>115,225</u>
Total capital assets depreciated	593,705	–	–	593,705
Accumulated depreciation	<u>(196,378)</u>	<u>(54,416)</u>	–	<u>(250,794)</u>
Net capital assets depreciated	397,327	(54,416)	–	342,911
Capital assets, net	<u>\$ 1,545,427</u>	<u>\$4,686,936</u>	<u>\$ 1,450,296</u>	<u>\$ 4,782,067</u>

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE C – CAPITAL ASSETS – CONTINUED**

Depreciation expense was charged for functions/programs of the School as follows:

Governmental activities:	
Instructional services	<u>\$54,416</u>

**NOTE D – LONG-TERM LIABILITIES**

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reductions</u>	<u>Ending Balance</u>
Note payable – bank	\$ 893,927	\$ –	\$ 893,927	\$ –
Note payable – CSDC	263,178	–	263,178	–
Note payable – other	139,006	–	139,006	–
Lease payable	–	4,439,156	77,500	4,361,656
Total debt	<u>1,296,111</u>	<u>4,439,156</u>	<u>1,373,611</u>	<u>4,361,656</u>
Net pension liability	9,918,044	–	4,633,043	5,285,001
Net OPEB liability	<u>226,486</u>	<u>37,468</u>	–	<u>263,954</u>
	<u>\$ 11,440,641</u>	<u>\$ 4,476,624</u>	<u>\$6,006,654</u>	<u>\$ 9,910,611</u>

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 not completed as of June 30, 2019; therefore, the full amount of the lease payable has not been recorded. The following table includes the full amortization of the lease.

Debt service requirements for the lease payable are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 77,500	\$ 249,362	\$ 326,862
2021	170,000	325,650	495,650
2022	180,000	316,900	496,900
2023	190,000	307,650	497,650
2024	200,000	297,900	497,900
2025-2029	1,150,000	1,325,750	2,475,750
2030-2034	1,460,000	1,001,250	2,461,250
2035-2039	1,830,000	634,600	2,464,600
2040-2044	<u>2,230,000</u>	<u>230,000</u>	<u>2,460,000</u>
Total	<u>\$ 7,487,500</u>	<u>\$ 4,689,062</u>	<u>\$ 12,176,562</u>

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE E – FUND BALANCES**

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a School's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the School's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The School will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is School policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE F – DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the School are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report 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, 2018.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contributions provisions as of June 30, 2019:* Eligible employees, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.13%</b>	<b>19.13%</b>

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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 \$301,100 for the year ended June 30, 2019.

*On-behalf contributions to SCHDTF.* The State of Colorado makes employer pension contributions on behalf of the School. For the year ended June 30, 2019, State of Colorado contributions recognized by the School were based on the State’s proportionate share of the collective NPL associated with the School, and the School recognized revenue and expenditures of \$42,921 in pension contributions from the State of Colorado.

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

**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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year 2018 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the School reported a liability of \$5,285,001 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by 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 proportionate share of the net pension liability	\$5,285,001
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$635,724
Total	\$5,920,725

At December 31, 2018, the School proportion was 0.02985 percent, which was a decrease of .00082 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$660,347 and revenue of \$3,713 for support from the State as a nonemployer contributing entity. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	179,273	–
Changes of assumptions or other inputs	986,469	3,286,703
Net difference between projected and actual earnings on pension plan investments	288,066	–
Changes in proportion and differences between contributions recognized and proportionate share of contributions	589,143	147,729
Contributions subsequent to the measurement date	149,126	N/A
Total	2,192,077	3,434,432

\$149,126 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, 2020. 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, 2019:</b>	
2020	184,450
2021	(978,005)
2022	(755,503)
2023	157,577
2024	–
Thereafter	–

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.78 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

---

**NOTE F – DEFINED BENEFIT PENSION PLAN – 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. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	6,718,975	5,285,001	4,081,656

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

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**General Information about the OPEB Plan**

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

*PERA Benefit Structure*

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

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

*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 basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$16,055 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of \$263,954 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The School proportion of the net OPEB liability was based on School contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

At December 31, 2018, the School proportion was 0.01940 percent, which was an increase of .00197 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of \$33,389. At June 30, 2019, 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 Resources</u>
Difference between expected and actual experience	958	402
Changes of assumptions or other inputs	1,852	–
Net difference between projected and actual earnings on OPEB plan investments	1,518	–
Changes in proportion and differences between contributions recognized and proportionate share of contributions	52,265	–
Contributions subsequent to the measurement date	7,951	N/A
Total	64,544	402

\$7,951 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

<b>Year ended June 30, 2019:</b>	
2020	\$12,419
2021	12,419
2022	12,419
2023	13,473
2024	5,279
Thereafter	182

*Actuarial assumptions.* The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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.

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

JUNIPER RIDGE COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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

*Sensitivity of the School 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
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$256,665	\$263,954	\$272,337

JUNIPER RIDGE COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, 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 3.50%.
- 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

JUNIPER RIDGE COMMUNITY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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**NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$295,341	\$263,954	\$237,120

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

**NOTE H – RISK MANAGEMENT**

The School insures against loss or damage to property; pays premiums on loss insurances; and pays judgments, administrative and legal claims. This activity occurs in the General Fund.

The School is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. The School uses workers compensation and other liability insurance to help mitigate these risks. During the year ended June 30, 2019, the School paid \$28,477 in related insurance premiums to insurers.

**NOTE I – TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the Amendment. However, the School has made certain interpretations of the Amendment's language in order to determine its compliance.

Juniper Ridge Community School

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2019

Measurement date:	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entity proportionate share of NPL associated with employer	Total of employer and nonemployer proportionate share of NPL	Employer covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
December 31, 2014	0.01394%	\$ 1,889,927	\$ -	\$ 1,889,927	\$ 584,167	324%	63%
December 31, 2015	0.01892%	2,893,389	-	2,893,389	819,320	353%	59%
December 31, 2016	0.02448%	7,287,244	-	7,287,244	1,098,494	663%	43%
December 31, 2017	0.03067%	9,918,044	-	9,918,044	1,415,033	701%	44%
December 31, 2018	0.02985%	5,285,001	635,724	5,920,725	1,640,842	322%	57%

Juniper Ridge Community School

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2019

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2015	\$ 115,504	\$ 115,504	\$ -	\$ 683,428	17%
June 30, 2016	172,933	172,933	-	969,045	18%
June 30, 2017	222,764	222,764	-	1,211,601	18%
June 30, 2018	309,996	309,996	-	1,641,245	19%
June 30, 2019	301,100	301,100	-	1,573,972	19%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

For the measurement period ended December 31, 2018, the discount rate changed from 4.78% to 7.25%. This change significantly affected the total plan net pension liability and the employer share of the net pension liability. There were no other changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Juniper Ridge Community School

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2019

	Employer proportion of NOPEBL	Employer proportionate share of NOPEBL	Employer covered payroll	Employer proportionate share of NOPEBL as a percentage of covered payroll	OPEB plan's fiduciary net position as a percentage of total OPEB liability
<u>Measurement date:</u>					
December 31, 2017	0.01743%	\$ 226,486	\$ 1,415,033	16%	18%
December 31, 2018	0.01940%	263,954	1,640,842	16%	17%

Juniper Ridge Community School

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

June 30, 2019

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2018	\$ 16,741	\$ 16,741	\$ -	\$ 1,641,245	1.02%
June 30, 2019	16,055	16,055	-	1,573,972	1.02%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.