

**THE JUNIPER SCHOOL
DURANGO, COLORADO**

**FINANCIAL STATEMENTS
June 30, 2022**



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

THE JUNIPER SCHOOL

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
The Juniper School
Durango, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Juniper School (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the 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 School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Certified Public Accountants

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 31, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Durango Schools of Choice dba, The Juniper School (the "School"), we offer this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. It should be read in conjunction with the School's Basic Financial Statements and Independent Auditors' Report.

The Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

The net position of the School increased by \$1,304,355. The School's statement of activities shows total revenues of \$2,382,898 and expenses totaled \$1,078,543.

The School ended the year, June 30, 2022, with total net position of \$1,023,699. The balance of cash and investments at June 30, 2022, was \$384,828. The School's net position without the Pension and OPEB liability and related deferred inflows/outflows would be \$2,607,914.

The School's statement of revenues, expenditures and changes in fund balances shows revenues of \$1,447,816 and expenditures totaled \$1,397,521.

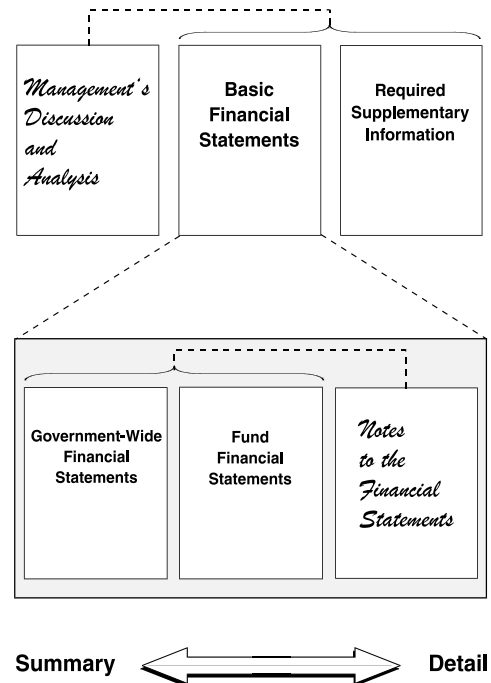
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The school is a 501c(3) non-profit corporation engaged in a single governmental program.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the School as a whole and present a long-term view of the School's property and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the School's operations in more detail than the government-wide statements by providing information about the School's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax mill levies and the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements. The Notes to the Basic Financial Statements can be found on pages 17 through 37 of this report.



Government-wide Financial Statements

The analysis of the School's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the School is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the School's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the School's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The School's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the School and grants (program revenues), and revenues provided by the taxpayers or by CDE in per pupil revenue funding processes (general revenues). All the School's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

In the Statement of Net Position and the Statement of Activities, the School is reporting its governmental activities. The School currently has no business-type activities as defined in the GASB Statement No. 34.

Governmental activities – All of the School's basic services are reported here, including the instruction, counseling, maintenance, and general administration. Taxes, tuition, fees, state, and federal grants finance most of these activities.

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 non-profits, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The School's General fund, governmental, and the Juniper Building Corporation, proprietary, uses the following accounting approaches.

- Governmental funds – All of the School's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the School's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.
- Proprietary funds – The School also maintains a proprietary fund to record the activity of the Juniper Building Corporation. The Building Corporation was formed for the purpose of acquiring capital assets and paying debt on behalf of the School. Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is dependent upon determination of net income, financial position, and cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School's primary source of revenue is the state equalization revenue from the Colorado Department of Education. These revenues are based on a per pupil allocation as determined by the Colorado State Legislature. The state per pupil revenue allocation was \$8,890 for the school year ended June 30, 2022. The School's enrollment for the FY2022 school year was 143 students, encompassing six classes. Other sources of revenues include donations, student fees and smaller program specific State and Federal grants.

As the School continues to increase student numbers in all grade levels, the instructional, administrative and facilities expenses increase. There were independent contractors that worked at the school providing instruction for the diverse elective program. Increases in non-payroll expenditures can be attributed to additional instructional supplies and equipment.

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the School's governmental activities for the year ended June 30, 2022 and 2021.

Net position over time may serve as a useful indicator of a government's financial position. The School's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,023,699 at the close of the most recent fiscal year.

The School's investment in capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related outstanding debt that was used to acquire those assets represents \$2,217,156. The School uses these capital assets to provide educational services to its citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$46,500 of the District's net position represents resources that are subject to external restrictions for the TABOR reserve.

In addition, pension and OPEB plan contributions and the School's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements. The School's net position without the pension & OPEB liability and related deferred inflows/outflows would be \$2,607,914.

TABLE I: Statement of Net Position June 30,

	<u>2022</u>	<u>2021</u>
Current Assets	\$ 459,099	\$ 388,075
Capital Assets, Net of Accumulated Depreciation	<u>5,795,048</u>	<u>5,004,792</u>
Total Assets	<u>6,254,147</u>	<u>5,392,867</u>
Deferred Outflows of Resources	<u>477,467</u>	<u>857,185</u>
Current Liabilities	174,699	181,523
Long-Term Liabilities	<u>4,821,191</u>	<u>5,531,935</u>
Total Liabilities	<u>4,995,890</u>	<u>5,713,458</u>
Deferred Inflows of Resources	<u>712,025</u>	<u>817,250</u>
Net Investment in Capital Assets	2,217,156	1,323,940
Restricted for TABOR	46,500	42,000
Unrestricted	<u>(1,239,957)</u>	<u>(1,646,596)</u>
Net Position	<u>\$ 1,023,699</u>	<u>\$ (280,656)</u>

Changes in Net Position

The fiscal year ended June 30, 2022, was the fifth full year of operation for the School.

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Per Pupil Operating Revenue funded by property taxes, vehicle registrations, and state equalization amounted to \$1,035,982, or 43.5% of total revenue. An additional \$214,473, or 9.0% is from the District mill levy. Most of the underlying increase in the School's financial position, came from the capital grants and operating grants. The Pension and OPEB Liability amounts tend to obscure the District position in a given year.

The School's net position increased during the year ended June 30, 2022, by \$1,304,355 (see Table II). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$(1,239,957), as result of the School's participation in a cost-sharing multiple-employer defined benefit pension plan and the School's cost-sharing multiple-employer defined benefit OPEB.

TABLE II: Condensed Statement of Changes in Net Position for the Years Ended June 30,

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues		
Charges for Services	\$ -	\$ -
Operating Grants and Contributions	169,158	434,813
Capital Grants and Contributions	<u>940,889</u>	<u>835,134</u>
Grant Revenue		
Per Pupil Operating Revenue	1,035,982	1,111,787
District Mill Levy	214,473	231,815
Other Revenue	<u>22,396</u>	<u>38,863</u>
Total Revenues	<u>2,382,898</u>	<u>2,652,412</u>
Expenses		
Instructional Program	563,088	561,168
Support Program	<u>515,455</u>	<u>666,093</u>
Total Expenses	<u>1,078,543</u>	<u>1,227,261</u>
Change in Net Position	1,304,355	1,425,151
Net Position - Beginning of Year	<u>(280,656)</u>	<u>(1,705,807)</u>
Net Position - End of Year	<u>\$ 1,023,699</u>	<u>\$ (280,656)</u>

The effect of the PERA pension and OPEB expense on the School's total net position for the Fiscal Year 2022 and 2021 is summarized below:

	<u>2022</u>	<u>2021</u>
Net Position (GAAP Basis)	\$ 1,023,699	\$ (280,686)
GASB 68 - Pension	1,517,608	1,845,732
GASB 75 - OPEB	<u>66,607</u>	<u>68,376</u>
Net Position Excluding Pension and OPEB	<u>\$ 2,607,914</u>	<u>\$ 1,633,422</u>

The effect of the PERA pension and OPEB expense on the School's unrestricted net position for the Fiscal Year 2022 and 2021 is summarized below:

	<u>2022</u>	<u>2021</u>
Unrestricted Net Position (GAAP Basis)	\$ (1,239,957)	\$ (1,646,596)
GASB 68 - Pension	1,517,608	1,845,732
GASB 75 - OPEB	<u>66,607</u>	<u>68,376</u>
Unrestricted Net Position Excluding Pension and OPEB	<u>\$ 344,258</u>	<u>\$ 267,512</u>

FUND BALANCES

The School's total General Fund Balance is \$519,600. The General Fund Balance is classified as follows:

Tabor Reserve - The Taxpayers Bill of Rights law requires governmental entities to reserve 3% of its state revenues. Accordingly, a reserve of fund balance in the amount of \$46,500 has been established in these financials.

Committed Construction - \$67,552 are amounts for future construction and equipment purchases.

Assigned Board Designated: \$36,563

Unassigned - \$364,930 are amounts available for current spending.

BUDGETARY HIGHLIGHTS

The School's budget for the general fund revenue for FY2022 was \$1,476,685 while actual revenue was \$1,447,816, resulting in a negative variance of \$28,869. The budget for general fund expenditures was \$1,724,405, while actual expenditures were \$1,397,521, resulting in a positive variance of \$326,884. After PERA state contribution the surplus for the year created a change in fund balance of \$50,295. These numbers are based on the budget resolution that was adopted in June 2022. The year ended close to our original planned budget which will be the goal moving into FY 2023

CAPITAL ASSET

At the end of 2022, the School has \$5,795,048 of capital assets, net of accumulated depreciation. Financial statement Note 3 discloses the capital asset activity of the School for the year ended June 30, 2022.

FACTORS BEARING ON THE SCHOOL'S FUTURE

The primary factor driving the budget for the School is student enrollment. Funded pupil count for the year FY 2022 was 143, with this past year FY2021 at 136. The enrollment projected for FY2023 school year is expected to be 164. The School is expanding and is in the process of purchasing an additional modular in order to expand to 7th and 8th grade levels. The funding of the modular will be financed through the remaining bond funds of \$500,000 and the rest through a loan. These factors were considered in preparing the School's budget for the current fiscal year.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the school's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager or Board Treasurer of Durango Schools of Choice dba The Juniper School, 225 Sawyer Drive, Durango CO 81303.

THE JUNIPER SCHOOL
BASIC FINANCIAL STATEMENTS

THE JUNIPER SCHOOL
STATEMENT OF NET POSITION

June 30, 2022

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 384,828
Accounts Receivable	-
Intergovernmental Receivable	11,699
Prepaid Expenses	62,572
Capital Assets	
Capital Assets not being depreciated	2,083,804
Capital Assets net of depreciation	3,711,244
TOTAL ASSETS	6,254,147
DEFERRED OUTFLOWS OF RESOURCES	
Pension	457,421
OPEB	20,046
TOTAL DEFERRED OUTFLOWS OF RESOURCES	477,467
LIABILITIES	
Current Liabilities	
Accounts Payable	7,117
Accrued Salaries and Benefits	61,224
Loan Payable	106,358
Long-term Liabilities	
Loan Payable	3,471,534
Net Pension Liability	1,287,374
Net OPEB Liability	62,283
TOTAL LIABILITIES	4,995,890
DEFERRED INFLOWS OF RESOURCES	
Pension	687,655
OPEB	24,370
TOTAL DEFERRED INFLOWS OF RESOURCES	712,025
NET POSITION	
Net Investment in Capital Assets	2,217,156
Restricted for TABOR	46,500
Unrestricted	(1,239,957)
TOTAL NET POSITION	\$ 1,023,699

The accompanying notes are an integral part of this financial statement.

THE JUNIPER SCHOOL
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 563,088	\$ -	\$ 59,662	\$ 908,945	\$ 405,519
Student Support Services	39,733	-	105,205	-	65,472
Instructional Staff Support Services	29,893	-	427	-	(29,466)
General Administration Support Services	65,953	-	-	-	(65,953)
School Administration Support Services	125,440	-	2,545	-	(122,895)
Business Support Services	29,634	-	612	-	(29,022)
Operations & Maintenance of Plant Services	78,365	-	707	31,944	(45,714)
Central Supporting Services	24,968	-	-	-	(24,968)
Community Service	-	-	-	-	-
Interest Expense	121,469	-	-	-	(121,469)
Total Governmental Activities	\$ 1,078,543	\$ -	\$ 169,158	\$ 940,889	31,504

General Revenues:

Per Pupil Revenue	1,035,982
District Mill Levy	214,473
Other Revenues	22,396
	<u>2,272,851</u>

Total General Revenues:

1,272,851

Change in Net Position

1,304,355

Net Position - Beginning of Year

(280,656)

Net Position - End of Year

\$ 1,023,699

The accompanying notes are an integral part of this financial statement.

THE JUNIPER SCHOOL
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2022

	GENERAL FUND
ASSETS	
Cash	\$ 380,845
Due From Other Fund	191,342
Intergovernmental Receivable	11,699
Prepaid Expenses	4,055
TOTAL ASSETS	\$ 587,941
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 7,117
Accrued Salaries & Benefits	61,224
TOTAL LIABILITIES	68,341
FUND BALANCE	
Nonspendable	4,055
Restricted for TABOR	46,500
Committed	
Construction	67,552
Assigned	
Board Designated	36,563
Unassigned	364,930
TOTAL FUND BALANCE	519,600
TOTAL LIABILITIES AND FUND BALANCE	\$ 587,941

The accompanying notes are an integral part of this financial statement.

THE JUNIPER SCHOOL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances	\$	519,600
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets, being depreciated	\$ 49,020	
Accumulated Depreciation	<u>(22,683)</u>	26,337
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position.		477,467
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(1,349,657)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		(712,025)
The Internal Service Fund is used by management to account for the activities of the Juniper Building Corporation. The assets and liabilities of this fund are included in the governmental activities of the statement of net position.		<u>2,061,977</u>
Net position of governmental activities	\$	<u><u>1,023,699</u></u>

The accompanying notes are an integral part of this financial statement.

**THE JUNIPER SCHOOL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2022**

	GENERAL FUND
REVENUES	
Local Sources	\$ 1,397,358
State Sources	38,759
Federal Sources	11,699
	1,447,816
TOTAL REVENUES	1,447,816
EXPENDITURES	
Instructional Program	670,953
Student Support Services	59,477
Instructional Staff Support Services	37,413
General Administration Support Services	65,953
School Administration Support Services	178,725
Business Support Services	42,444
Operations and Maintenance of Plant Services	317,588
Central Supporting Services	24,968
Community Service	-
	1,397,521
TOTAL EXPENDITURES	1,397,521
Net Change in Fund Balance	50,295
Fund Balance at Beginning of Year	469,305
Fund Balance at End of Year	\$ 519,600

The accompanying notes are an integral part of this financial statement.

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

Net change in fund balances - total governmental funds \$ 50,295

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

Fixed asset additions	\$	-	
Depreciation expense		(9,804)	
		(9,804)	(9,804)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense. 329,893

The Internal Service Fund is used by management to account for the activities of the building corporation. The net revenue (expense) of the internal service fund is charged to governmental activities. 933,971

Change in net position of governmental activities \$ 1,304,355

THE JUNIPER SCHOOL
PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets	
Cash	\$ 3,983
Accounts Receivable	-
Prepaid Expenses	58,517
Total Current Assets	62,500
Noncurrent Assets	
Capital Assets	
Land	2,083,804
Land Improvements	112,261
Building	3,684,703
Equipment	20,647
Less: Accumulated Depreciation	(132,704)
Total Noncurrent Assets	5,768,711
TOTAL ASSETS	5,831,211
LIABILITIES	
Current Liabilities	
Due to Other Funds	191,342
Loan Payable	106,358
Total Current Liabilities	297,700
Noncurrent Liabilities	
Loan Payable	3,471,534
Total Noncurrent Liabilities	3,471,534
TOTAL LIABILITIES	3,769,234
NET POSITION	
Net Investment in Capital Assets	2,190,819
Unrestricted	(128,842)
TOTAL NET POSITION	\$ 2,061,977

The accompanying notes are an integral part of this financial statement.

THE JUNIPER SCHOOL
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Lease Income	\$ 224,429
Contribution Income	26,137
	250,566
OPERATING EXPENSES	
Purchased Services	5,210
Depreciation Expense	98,861
	104,071
OPERATING INCOME (LOSS)	146,495
NONOPERATING REVENUES (EXPENSES)	
Bond Proceeds Passed Through Durango 9R	908,945
Interest Expense	(121,469)
	787,476
TOTAL NONOPERATING REVENUES (EXPENSES)	787,476
CHANGE IN NET POSITION	933,971
NET POSITION, Beginning of Year	1,128,006
NET POSITION, End of Year	\$ 2,061,977

The accompanying notes are an integral part of this financial statement.

THE JUNIPER SCHOOL
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Operating Revenues	\$ 338,777
Cash Payments for Operating Expenses	(5,210)
	333,567
Cash Flows from Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(1,019,307)
Bond Proceeds Passed Through	908,945
Principal Payments	(102,960)
Interest Expense	(121,469)
	(334,791)
Cash Flows from Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,224)
Cash and Cash Equivalents, Beginning of Year	5,207
Cash and Cash Equivalents, End of Year	\$ 3,983
Operating Income (Loss)	\$ 146,495
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	98,861
(Increase) Decrease in:	
Accounts Receivable	88,211
	333,567
Net Cash Provided (Used) by Operating Activities	\$ 333,567

The accompanying notes are an integral part of this financial statement.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Durango Schools of Choice, Inc., doing business as “The Juniper School” (the School) a Colorado non-profit corporation, was established pursuant to the Colorado Charter Schools Act to form and operate a charter school within Durango School District 9-R (the District). The School began classes in the fall of 2017.

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

REPORTING ENTITY

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

The Juniper School Building Corporation (JSBC or the Corporation) is considered to be financially accountable to the School. The purpose of the Corporation is to hold title to real and/or personal property for and for making the same available for use by the Juniper School, and to otherwise provide a public building, facilities, and equipment. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School’s financial statements as a proprietary fund. Separate financials are not available.

The School is a component unit of the Durango School District 9-R (the District). The School’s charter is authorized by the District and the majority of the School’s funding is provided by the District. The District passes through 97% of the per pupil revenue and mill levies to the School, maintaining 3% as an administrative fee for the use of their building, transportation, and other miscellaneous expenses.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the School. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each reported as a separate column.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are 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 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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The School reports the following major governmental funds:

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

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is dependent upon determination of net income, financial position, and cash flows.

The School reports the following internal service fund:

- The **Building Corporation Fund** is the fund used to account for the activities for the Juniper School Building Corporation.

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed in GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The School’s cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with initial maturity of three months or less.

Receivables/Payables From Other Charter School Funds

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds”.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and construction in progress are reported in the government-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$5,000 and a useful life in excess of one year. Capital 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. Property and equipment acquired for proprietary funds is capitalized in the fund. Property and equipment acquired for governmental fund operations are recorded as expenditures in the fund making the disbursement and capitalized at cost in the government wide presentation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Equipment	5
Buildings	12-50

Unearned Grant Revenues

Unearned revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions must be deferred.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Pensions

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

Other Postemployment Benefits (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the 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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the School is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent is expressed by the Board of Education.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The School does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain amounts reported in the prior year financial statements have been reclassified to align with the current year financial statement presentation.

Stewardship

The General Fund budget is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The School did not adopt an original or final budget appropriation resolution for FY2022. This may be a violation of Colorado State Statute 22-44-103(1).

The Building Corporation Fund is a 501(c)(3) nonprofit, therefore no budget was adopted during FY2022.

New Accounting Pronouncements

During fiscal year 2022, the District adopted the provisions of GASB Statement No.87, *Leases*, that establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements of the School.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 CASH AND DEPOSITS

Cash and Deposits

Colorado State Statutes govern the School's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does have a deposit policy for custodial credit risk. As of year-end, \$130,712 of the School's bank balance of \$384,695 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 2,083,804	\$ -	\$ -	\$ 2,083,804
Construction in Progress	2,132,565	-	2,132,565	-
Total capital assets not being depreciated	<u>4,216,369</u>	<u>-</u>	<u>-</u>	<u>2,083,804</u>
Capital assets being depreciated				
Land Improvements	-	112,261	-	112,261
Building	786,126	2,898,577	-	3,684,703
Equipment	49,020	20,647	-	69,667
Total capital assets being depreciated	<u>835,146</u>	<u>3,031,485</u>	<u>-</u>	<u>3,866,631</u>
Less accumulated depreciation for:				
Land Improvements	-	4,094	-	4,094
Building	33,844	91,816	-	125,660
Equipment	12,879	12,754	-	25,633
Total accumulated depreciation	<u>46,723</u>	<u>108,664</u>	<u>-</u>	<u>155,387</u>
Total Capital Assets being depreciated, net	<u>788,423</u>	<u>2,922,821</u>	<u>-</u>	<u>3,711,244</u>
Total Capital Assets	<u>\$ 5,004,792</u>	<u>\$ 2,922,821</u>	<u>\$ -</u>	<u>\$ 5,795,048</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Instructional Program	\$ 108,664
Total Depreciation Expense	<u>\$ 108,664</u>

NOTE 4 LONG-TERM LIABILITIES

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022	Due within one year
<i>Governmental Activities:</i>					
Bank of the San Juans Loan	\$ 3,680,852	\$ -	\$ 102,960	\$ 3,577,892	\$ 106,358
Total	<u>\$ 3,680,852</u>	<u>\$ -</u>	<u>\$ 102,960</u>	<u>\$ 3,577,892</u>	<u>\$ 106,358</u>

THE JUNIPER SCHOOL
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Loan Payable

2020 Bank of the San Juans Construction loan

The Juniper Building Corporation entered into a \$3,750,000 construction loan agreement with the Bank of the San Juans beginning February 2020 at a 3.3% interest rate, for the purchase and related building improvements incurred by the Corporation. Regular principal and interest payments began in May 2021. The building is included in capital assets at a cost of \$3,684,703 and accumulated depreciation of \$125,660.

The annual debt service for the loan is as follows:

	Principal		Interest		Total
2023	\$ 106,358	\$	118,070	\$	224,428
2024	109,868		114,560		224,428
2025	113,494		110,934		224,428
2026	117,239		107,190		224,429
2027	121,108		103,321		224,429
2028-2032	668,191		453,952		1,122,143
2033-2037	785,964		336,180		1,122,144
2038-2040	1,555,670		136,687		1,692,357
	\$ 3,577,892	\$	1,480,894	\$	5,058,786

NOTE 5 ACCRUED SALARIES AND BENEFITS

The teachers are employed under ten month contracts. All School employees are paid on a twelve-month basis and, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the School's share of benefits, has been accrued in the financial statements in the amount of \$61,224.

NOTE 6 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

THE JUNIPER SCHOOL
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The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

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

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

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

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

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

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

Contributions provisions as of June 30, 2022. Eligible employees of the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

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June 30, 2022

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$137,038, for the year ended June 30, 2022.

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

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

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

At June 30, 2022, the District reported a liability of \$1,287,374 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 District 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 District were as follows:

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The Juniper School's proportionate share of the net position liability	\$	1,287,374
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with The Juniper School		147,581
Total	<u>\$</u>	<u>1,434,955</u>

At December 31, 2021, the District's proportion was 0.011%, which was a decrease of 0.001% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$328,124) and revenue of \$15,756 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 49,286	\$ -
Changes of assumptions or other inputs	98,281	-
Net difference between projected and actual earnings on pension plan investments	-	484,014
Changes in proportion and differences between contributions recognized and proportionate share of contributions	243,611	203,641
Contributions subsequent to the measurement date	66,243	-
Total	<u>\$ 457,421</u>	<u>\$ 687,655</u>

\$66,243 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$ 27,793
2024	(124,473)
2025	(141,049)
2026	(58,749)
2027	-
Thereafter	-

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%

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Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

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

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

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

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

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

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

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced 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.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,894,909	\$ 1,287,374	\$ 780,408

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

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. Eligible employees of the District 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, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

THE JUNIPER SCHOOL
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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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$7,031 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$62,283 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

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At December 31, 2021, the District proportion was 0.007%, which was an increase of 0.00001% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022 the District recognized OPEB expense of (\$1,769). At June 30, 2022, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 95	\$ 14,768
Net difference between projected and actual earnings on OPEB plan investments	-	3,855
Changes of assumptions or other inputs	1,290	3,379
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,262	2,368
Contributions subsequent to the measurement date	3,399	-
Total	\$ 20,046	\$ 24,370

\$3,399 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	(203)
2024	(970)
2025	(4,781)
2026	(1,272)
2027	(424)
Thereafter	(74)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/ premiums (actual dollars) are assumed for 2021, for the PERA Benefit Structure:

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

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

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

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

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 60,495	\$ 62,283	\$ 64,355

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

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

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 72,336	\$ 62,283	\$ 53,697

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

NOTE 8 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$0 for the Voluntary Investment Program.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Grant Programs

The School participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount of expenses which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

THE JUNIPER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 TABOR EMERGENCY RESERVE

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

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is accounted for as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 11 SUBSEQUENT EVENTS

During fiscal year 2023, The School began purchasing an additional modular in order to expand to 7th and 8th grade levels. Total costs are estimated to be \$600,000 for purchase and installation. \$440,000 will be financed through remaining bond funds and the rest through a loan or other sources of funds. Installation and construction is expected to be completed by August 2023.

THE JUNIPER SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the School's major special revenue funds. In addition, pension plan and OPEB contributions and the School's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

THE JUNIPER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 1,525,066	\$ 1,464,507	\$ 1,397,358	\$ (67,149)
State Sources	12,500	12,178	38,759	26,581
Federal Sources	-	-	11,699	11,699
TOTAL REVENUES	1,537,566	1,476,685	1,447,816	(28,869)
EXPENDITURES				
Instructional Program	709,917	707,285	670,953	36,332
Student Support Services	60,797	60,837	59,477	1,360
Institutional Staff Support Services	-	-	37,413	(37,413)
General Administration Support Services	36,000	36,000	65,953	(29,953)
School Administration Support Services	236,665	236,785	178,725	58,060
Business Support Services	89,253	90,293	42,444	47,849
Operations and Maintenance of Plant Services	352,456	580,723	317,588	263,135
Central Supporting Services	12,982	12,482	24,968	(12,486)
Community Services	-	-	-	-
TOTAL EXPENDITURES	1,498,070	1,724,405	1,397,521	326,884
Net Change in Fund Balance	39,496	(247,720)	50,295	298,015
Fund Balance at Beginning of Year	469,305	469,305	469,305	-
Fund Balance at End of Year	\$ 508,801	\$ 221,585	\$ 519,600	\$ 298,015

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

THE JUNIPER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School's proportion of the net pension liability	0.0110624170%	0.0124721993%	0.0099825296%	0.0105752437%	0.0086057437%
School's proportionate share of the net pension liability (asset)	\$ 1,287,374	\$ 1,885,545	\$ 1,491,368	\$ 1,872,564	\$ 2,782,792
State's proportionate share of the net pension liability (asset) associated with the School	<u>147,581</u>	<u>-</u>	<u>189,161</u>	<u>256,047</u>	<u>-</u>
Total	<u>\$ 1,434,955</u>	<u>\$ 1,885,545</u>	<u>\$ 1,680,529</u>	<u>\$ 2,128,611</u>	<u>\$ 2,782,792</u>
School's covered payroll	\$ 691,362	\$ 652,679	\$ 586,740	\$ 590,696	\$ 231,568
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	186.21%	288.89%	254.18%	317.01%	1201.72%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%	43.96%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

See Notes to the Required Supplementary Information

THE JUNIPER SCHOOL
SCHEDULE OF SCHOOL'S CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 137,038	\$ 134,049	\$ 115,778	\$ 121,730	\$ 92,096
Contributions in relation to the contractually required contribution	(137,038)	(134,049)	(115,778)	(121,730)	(92,096)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 689,322	\$ 675,725	\$ 597,405	\$ 636,329	\$ 487,477
Contributions as a percentage of covered payroll	19.88%	19.84%	19.38%	19.13%	18.89%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

See Notes to the Required Supplementary Information

THE JUNIPER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School's proportion of the net OPEB liability	0.0072228846%	0.0072085927%	0.0065254277%	0.0068739603%	0.0048897599%
School's proportionate share of the net OPEB liability (asset)	\$ 62,283	\$ 68,498	\$ 73,346	\$ 93,523	\$ 63,547
School's covered payroll	\$ 691,362	\$ 652,679	\$ 586,740	\$ 590,696	\$ 231,568
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.01%	10.49%	12.50%	15.83%	27.44%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

See Notes to the Required Supplementary Information

THE JUNIPER SCHOOL
SCHEDULE OF SCHOOL'S CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 7,031	\$ 6,892	\$ 6,094	\$ 6,491	\$ 4,972
Contributions in relation to the contractually required contribution	<u>(7,031)</u>	<u>(6,892)</u>	<u>(6,094)</u>	<u>(6,491)</u>	<u>(4,972)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 689,322	\$ 675,725	\$ 597,405	\$ 636,329	\$ 487,477
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

See Notes to the Required Supplementary Information

THE JUNIPER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- AI cap decreased from 1.25% to 1.00%

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.72%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant

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Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from 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.

2020

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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2019

- 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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.

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.