JUSTICE HIGH SCHOOL

FINANCIAL STATEMENTS

June 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Justice High School
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and remaining fund information of Justice High School, a component unit of Boulder Valley School District, as of and for the year ended June 30, 2019, which collectively comprise Justice High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and remaining fund information of Justice High School as of June 30, 2019, 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.

Emphasis of Matters

Separate Charter School

Justice High School has a separate charter school contract with Boulder Valley School District. The Colorado Department of Education requires each School to provide separate audited financial statements. As described in Note 1, the majority of the School's funding is provided by the District. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii – ix, budgetary comparison information on pages 29 – 30 and pension and other post-employment benefits schedules on pages 31 – 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Justice High School's basic financial statements. The budgetary comparison schedule - Building Corporation Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule - Building Corporation Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule - Building Corporation Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
November 14, 2019

JUSTICE HIGH SCHOOL

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2019

As management of Justice High School (the "School"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

The School was formed in 2002 and was granted a charter with the Boulder Valley School District RE-2 (the "District") in 2006.

Financial Highlights

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $1,655,813 (net position).
- The School's total net position increased $237,676 in 2019.
- At the end of the current fiscal year, the School's governmental funds reported fund balances of $320,777, an increase of $130,948 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund is $225,396, or approximately 16.3% of total general fund expenditures.

Overview of Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 1-2.

Fund Financial Statements. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. 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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Both the balance sheet and the statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and the governmental activities.

The School reports two governmental funds that are considered major funds: the general fund and the operations and technology fund, and one additional fund reported as a non-major governmental fund. The governmental fund financial statements can be found on pages 3-5.

Notes to Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 6-28.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year.

At June 30, 2019, $205,909 of the School's net position represents its investment in capital assets (e.g. land, land improvements, buildings, equipment and vehicles), less the outstanding debt used to acquire those assets. This amount increased from the prior year as debt principal payments and capital asset additions exceeded depreciation expense. The School uses capital assets to provide a variety of services to its students. Accordingly, these assets are not available for future spending. Although the School'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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional $94,018 of net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a deficit of $1,955,740, which represents the portion that is unrestricted and would otherwise be used to meet the School's ongoing obligations.

Net position increased $237,676 from the previous year, due primarily to increased grant and per pupil revenues, in addition to a decrease in net pension liability and changes in related deferred inflows and outflows of resources.

Justice High School
Comparative Summary of Net Position

	Governmental Activities	
	2019	**2018**
Assets		
Current and other assets	$ 335,318	$ 191,284
Capital assets	1,279,859	1,282,305
Total Assets	1,615,177	1,473,589
Deferred Outflows of Resources	542,011	1,072,338
Liabilities		
Accounts payable	14,541	1,455
Long-term liabilities	1,073,950	1,121,521
Net pension liability	1,402,022	3,116,635
Net OPEB liability	70,022	71,171
Total Liabilities	2,560,535	4,310,782
Deferred Inflows of Resources	1,252,466	128,634
Net Position		
Net investment in capital assets	205,909	160,784
Restricted	94,018	58,052
Unrestricted	(1,955,740)	(2,112,325)
Total Net Position	$ (1,655,813)	$ (1,893,489)

Current and other assets include primarily cash, and increased $144,034 (75.3%) from the prior year, due primarily to an excess of revenues over expenditures, excluding adjustments to net pension and OPEB expense. Capital assets decreased $2,446 due primarily to current year depreciation expense.

Net pension liability decreased $1,714,613, in addition to changes in related deferred inflows of resources and deferred outflows of resources, due to the application of GASB Nos. 68 and 71, when compared to typical accounting treatment reported in the governmental funds. The net impact caused the School to recognize approximately $160,000 of negative pension related expense during 2019 in the Statement of Activities, compared to prior year pension related expense of approximately $512,000. The significant change is primarily the result of Senate Bill (SB) 18-200, passed by the Colorado General Assembly and signed into law on June 4, 2018. SB 18-200 requires increases to employer and employee contribution rates and modifications to certain retirement benefits. Beginning July 1, 2018, the State is also required to contribute $225.0 million each year directly to Colorado PERA for the benefit of the School Division Trust Fund and certain other divisions of Colorado PERA.

Net position increased $237,676 during 2019, the reasons for which are discussed below.

Justice High School
Comparative Summary of Changes in Net Position

	Governmental Activities	
	2019	**2018**
Revenues:		
Program revenues		
Charges for services	$ 15,423	$ 15,675
Operating grants and contributions	543,304	263,909
Capital grants and contributions	26,688	18,728
General revenues		
Per pupil revenue	722,010	541,758
District mill levy	189,570	129,239
At-risk supplemental aid	51,023	50,473
Total Revenues	1,548,018	1,019,782
Expenses:		
Instruction	512,232	611,495
Supporting services	732,113	811,534
Interest expense	65,997	68,761
Total Expenses	1,310,342	1,491,790
Change in Net Position	237,676	(472,008)
Net Position, Beginning	(1,893,489)	(1,421,481)
Net Position, Ending	$ (1,655,813)	$ (1,893,489)

Total revenues increased $528,236 (51.8%) from the prior year, due to the following:

- Operating grants and contributions increased $279,395 due to increased funding opportunities from the State of Colorado (Expelled and At-Risk Student Services grant) and the Federal government (21^{st} Century grant, which was not available last fiscal year).
- The School's primary sources of revenue, per pupil revenues and mill levy overrides, flow from the District based upon the School's enrollment. 2019 per pupil revenue increased $180,252 (33.3%) based on a 25.4% increase in enrolled students, in addition to a 3.4% cost of living adjustment, as determined by the State. The School shares in the District's mill levy override revenues on a per pupil basis and received an additional $60,331 in 2019, due to a combination of increased enrollment and an increase in the operations and technology mill levy approved by voters in November 2016.

Total expenses decreased $181,448 (12.2%) from the prior year, comprised of a decrease of approximately $672,000 in pension and related costs, offset by an increase in personnel costs, primarily as a result of increased programming related to additional State and Federal funding opportunities.

Financial Analysis of Governmental Funds

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

General Fund: The general fund is the chief operating fund of the School, and the focus of the fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, an unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the School itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes.

At the end of the current fiscal year, unassigned fund balance of the general fund was $225,396, while the total fund balance increased $105,476 to $264,499. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 16.3% of total general fund expenditures, while total fund balance represents approximately 19.2% of the same amount.

Operations and Technology Fund: The operations and technology fund accounts for revenues and expenditures related to an operations and technology mill levy approved by voters November 2016. Property tax revenue is shared by the District on a per pupil basis.

General Fund Budgetary Highlights

A General Fund Budgetary Schedule is located on page 29 of the financial statements.

Actual revenues were consistent with budgeted revenues.

Actual expenditures were $299,445 less than budgeted expenditures, due to unspent budgeted reserves of $28,540, instruction expenditures $243,697 less than budget, and supporting services $27,208 less than budget.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets (net of depreciation) as of June 30, 2019, and 2018 is as follows.

Justice High School
Capital Assets (Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	$ 812,500	$ 812,500
Buildings and Improvements	458,399	469,805
Equipment and Vehicles	8,960	-
	$ 1,279,859	$ 1,282,305

The School reported depreciation expense of $12,221 and acquired a vehicle during 2019. Additional information on capital assets can be found in Note 3 of the financial statements.

Long-Term Debt. The School's long-term debt as of June 30, 2019, and 2018 is as follows.

Justice High School
Long-term Debt

	Governmental Activities	
	2019	2018
Note Payable	$ 1,073,950	$ 1,121,521

The School made principal payments on the note of $47,571 during 2019. Additional information on long-term debt can be found in Note 4 of the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the School is student enrollment. Enrollment for the 2018-19 School year was 89 full-time equivalent (FTE) students. Enrollment projected for the 2019-20 school year is 85 FTE students, which is lower than the maximum enrollment allowed by the School's contract with the District. The School's contract with the District provides funding of $8,411 per student in 2019-20, compared to $8,058 in 2018-19. Additionally, the School receives override and categorical revenue from the District on a per pupil basis. While these revenue sources remain relatively flat, for the tenth consecutive year the Colorado State Legislature continued to lower the statewide total funding by applying a budget stabilization factor (negative factor, previously) to reduce total program funding received. The School may need to seek other local sources to balance its budget.

Requests for Information

The financial report is designed to provide a general overview of the School's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Tijani R. Cole, Principal
Justice High School
805 Excalibur Street
Lafayette, CO 80026

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BASIC FINANCIAL STATEMENTS

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Justice High School
STATEMENT OF NET POSITION
June 30, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 333,955
Prepaid Items	1,363
Capital Assets, Not Being Depreciated	812,500
Capital Assets, Net of Accumulated Depreciation	467,359
TOTAL ASSETS	1,615,177
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Items	534,594
OPEB Related Items	7,417
TOTAL DEFERRED OUTFLOWS OF RESOURCES	542,011
LIABILITIES	
Accounts Payable	14,541
Noncurrent Liabilities	
Due Within One Year	50,505
Due in More Than One Year	1,023,445
Net Pension Liability	1,402,022
Net OPEB Liability	70,022
TOTAL LIABILITIES	2,560,535
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	1,151,815
OPEB Related Items	100,651
TOTAL DEFERRED INFLOWS OF RESOURCES	1,252,466
NET POSITION	
Net Investment in Capital Assets	205,909
Restricted for Operations and Technology	53,741
Restricted for Emergencies	40,277
Unrestricted	(1,955,740)
TOTAL NET POSITION	$ (1,655,813)

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

Justice High School
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

FUNCTIONS/ PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 512,232	$ -	$ 237,111	$ 26,688	$ (248,433)
Supporting Services	732,113	15,423	306,193	-	(410,497)
Interest Expense	65,997	-	-	-	(65,997)
Total Governmental Activities	$ 1,310,342	$ 15,423	$ 543,304	$ 26,688	(724,927)
			GENERAL REVENUES		
			Per Pupil Revenue		722,010
			District Mill Levy		189,570
			At-Risk Supplemental Aid		51,023
			TOTAL GENERAL REVENUES		962,603
			CHANGE IN NET POSITION		237,676
			NET POSITION, Beginning		(1,893,489)
			NET POSITION, Ending		$ (1,655,813)

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

Justice High School
BALANCE SHEET
Governmental Funds
June 30, 2019

	GENERAL	OPERATIONS AND TECHNOLOGY	NONMAJOR GOVERNMENTAL FUND	TOTAL
ASSETS				
Cash	$ 277,677	$ 56,278	$ -	$ 333,955
Prepaid Items	1,363	-	-	1,363
TOTAL ASSETS	$ 279,040	$ 56,278	$ -	$ 335,318
LIABILITIES				
Accounts Payable	$ 14,541	$ -	$ -	$ 14,541
TOTAL LIABILITIES	14,541	-	-	14,541
FUND BALANCES				
Nonspendable for Prepaid Items	1,363	-	-	1,363
Restricted for Operations and Technology	-	53,741	-	53,741
Restricted for Emergencies	37,740	2,537	-	40,277
Unassigned	225,396	-	-	225,396
TOTAL FUND BALANCES	264,499	56,278	-	320,777
TOTAL LIABILITIES AND FUND BALANCES	$ 279,040	$ 56,278	$ -	$ 335,318

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

Total Fund Balances of the Governmental Funds	$ 320,777
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,279,859
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(1,073,950)
Net pension ($1,402,022) and net OPEB ($70,022) liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,472,044)
Deferred outflows of resources related to pensions $534,594 and OPEB $7,417 used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	542,011
Deferred inflows of resources related to pensions ($1,151,815) and OPEB ($100,651) used in governmental activities are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(1,252,466)
Total Net Position of Governmental Activities	$ (1,655,813)

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

Justice High School

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Governmental Funds

Year Ended June 30, 2019

	GENERAL	OPERATIONS AND TECHNOLOGY	NONMAJOR GOVERNMENTAL FUND	TOTAL
REVENUES				
Local Sources	$ 883,622	$ 73,632	$ 113,568	$ 1,070,822
State Sources	400,856	-	-	400,856
Federal Sources	201,056	-	-	201,056
TOTAL REVENUES	1,485,534	73,632	113,568	1,672,734
EXPENDITURES				
Current				
Instruction	534,366	-	-	534,366
Supporting Services	845,692	48,160	-	893,852
Debt Service				
Principal	-	-	47,571	47,571
Interest	-	-	65,997	65,997
TOTAL EXPENDITURES	1,380,058	48,160	113,568	1,541,786
NET CHANGE IN FUND BALANCES	105,476	25,472	-	130,948
FUND BALANCES, Beginning	159,023	30,806	-	189,829
FUND BALANCES, Ending	$ 264,499	$ 56,278	$ -	$ 320,777

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

Justice High School

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

Year Ended June 30, 2019

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

Net Change in Fund Balances of Governmental Funds	$	130,948
Governmental funds report capital outlay as an expenditure. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($12,221) exceeded capital outlay $9,775 in the current year.		(2,446)
Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		47,571
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount of pension expense $160,170 and OPEB expense ($98,567) not reported in the governmental funds.		61,603
Change in Net Position of Governmental Activities	$	237,676

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Justice High School (the "School") was formed in 2002 and was granted a charter with Boulder Valley School District (the "District") in 2006.

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 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 provides benefits to, or imposes financial burdens on, the School. Based upon the application of this criteria, the School does not include additional organizations within its reporting entity.

The accompanying financial statements present the School and a non-profit organization considered to be a blended component unit. Blended component units, although legally separate entities, are, in substance, part of the School's operations. Phoenix Building Corporation meets the requirements for blending.

Phoenix Building Corporation was established for the purpose of acquiring the School's building and to accumulate resources from the collection of rents from the School to make payments for Phoenix Building Corporation's debt service costs. Phoenix Building Corporation does not issue separate financial statements.

The School is a component unit of the District. The District granted the School's charter and the majority of the School's funding is provided by the District.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues.

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year and within 90 days of the end of the current year for grants. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The major funds presented in the accompanying basic financial statements are as follows:

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

The *Operations and Technology Fund* accounts for revenues and expenditures related to an operations and technology mill levy approved by voters November 2016.

Assets, Liabilities and Fund Equity

Cash and Investments - Investments are reported at fair value.

Prepaid Items - Payments made to vendors for services that will benefit subsequent years are recorded as prepaid items in the government-wide and fund financial statements using the consumption method.

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

Assets, Liabilities and Fund Equity (Continued)

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

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

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

Land Improvements	15 to 20 years
Buildings and Improvements	50 years
Equipment	5 to 20 years

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School reports certain items in this category related to its defined benefit pension and OPEB plans (see Notes 6 and 7).

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Net Pension Liability - The School reports a net pension liability for its proportionate share of PERA's unfunded pension liability. See Note 6 for additional information.

Net OPEB Liability - The School reports a net OPEB liability for its proportionate share of PERA's unfunded OPEB liability. See Note 7 for additional information.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School reports certain items in this category related to its defined benefit pension and OPEB plans (see Notes 6 and 7).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. Amounts that are not in a spendable form or are either legally or contractually required to be maintained intact are reported as nonspendable fund balance. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balance to a specific purpose through an informal action. The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the School uses restricted fund balance first, followed by committed, assigned and unassigned balances.

On-behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to $225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the School by the State of Colorado has been recorded in the fund financial statements.

District Purchased Services

The District provides certain maintenance, insurance, administrative and other services to the School. Total current year costs charged to the School were $216,663.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the District's risk management programs for these risks of loss. Settled claims have not exceeded coverage limits in the last three years.

NOTE 2: **CASH AND INVESTMENTS**

At June 30, 2019, the School's cash was held by the District as part of its pooled cash and investments.

Deposits

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

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes an investment for a period in excess of five years. State statues generally do not address custodial risk.

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

The School had no investments at June 30, 2019.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, is summarized below.

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 812,500	$ -	$ -	$ 812,500
Total Capital Assets, Not Being Depreciated	812,500	-	-	812,500
Capital Assets, Being Depreciated				
Buildings and Improvements	490,625	-	-	490,625
Equipment	-	9,775	-	9,775
Total Capital Assets, Being Depreciated	490,625	9,775	-	500,400
Less Accumulated Depreciation For				
Buildings and Improvements	20,820	11,406	-	32,226
Equipment	-	815	-	815
Total Accumulated Depreciation	20,820	12,221	-	33,041
Total Capital Assets, Being Depreciated, Net	469,805	(2,446)	-	467,359
Governmental Activities Capital Assets, Net	$ 1,282,305	$ (2,446)	$ -	$ 1,279,859

Depreciation expense was charged to the instruction services program of the School.

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2019.

	Balance 6/30/18	Additions	Payments	Balance 6/30/19	Due Within One Year
Note Payable	$ 1,121,521	$ -	$ 47,571	$ 1,073,950	$ 50,505

On July 7, 2016 Phoenix Building Corporation purchased the School's building, financing $1,210,000 of the purchase price via a promissory note that requires monthly principal and interest payments of $9,464 through May 30, 2021 and a payment of $979,449 due at maturity, June 30, 2021. The note bears interest at a fixed rate of 6.0%.

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 50,505	$ 63,063	$ 113,568
2021	1,023,445	60,109	1,083,554
Total	$ 1,073,950	$ 123,172	$ 1,197,122

NOTE 5: LEASES

The School leases its building from Phoenix Building Corporation. The lease requires monthly payments, which approximate Phoenix Building Corporation's required payments on the note (Note 4), in addition to reasonable costs associated with administration of the lease agreement and execution of the building purchase. The lease agreement, including executed extensions, expires July 7, 2020. Phoenix Building Corporation has pledged the lease payments to pay debt principal and interest, which are paid directly by the School to Charter Schools Development Corporation, per the lease agreement.

Rent expense is $113,568 for the year ended June 30, 2019, and is included in support services expenditures.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.

- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Summary of Significant Accounting Policies (Continued)

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2018 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified 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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

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

	January 1, 2018 Through December 30, 2018	January 1, 2019 Through December 30, 2019
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.50%	5.50%
Total Employer Contribution Rate to the SCHDTF[1]	19.13%	19.13%

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

NOTE 6: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

General Information about the Pension Plan (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $82,521 for the year ended June 30, 2019.

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

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

At June 30, 2019, the School reported a liability of $1,402,022 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$	1,402,022
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	$	191,707
Total	$	1,593,729

At December 31, 2018, the School's proportion was 0.00791787 percent, which was a decrease of 0.00172028 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized net negative pension expense of $160,860 and revenue of $1,056 for support from the State as a nonemployer contributing entity. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 47,558	$ -
Changes of assumptions or other inputs	261,694	871,907
Net difference between projected and actual earnings on pension plan investments	76,419	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	105,620	279,908
Contributions subsequent to the measurement date	43,303	-
Total	$ 534,594	$ 1,151,815

$43,303 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2020	$ (75,253)
2021	(371,101)
2022	(255,973)
2023	41,803
2024	-
Thereafter	-

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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

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

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

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

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

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,782,431	$ 1,402,022	$ 1,082,795

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

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure

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

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

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $4,400 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of $70,022 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the School's proportion was 0.00514665 percent, which was a decrease of 0.00032971 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of $98,468. At June 30, 2019, the School 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	$ 254	$ 107
Changes of assumptions or other inputs	491	-
Net difference between projected and actual earnings on OPEB plan investments	403	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,960	100,544
Contributions subsequent to the measurement date	2,309	-
Total	$ 7,417	$ 100,651

$2,309 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 7: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

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

Year ended June 30,		
2020	$	(18,812)
2021		(18,812)
2022		(18,812)
2023		(18,532)
2024		(19,780)
Thereafter		(795)

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

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

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.

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

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

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 7: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

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

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

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

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

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

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

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%.

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$68,088	$70,022	$72,246

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

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

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

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

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

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$78,349	$70,022	$62,904

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

NOTE 8: **COMMITMENTS AND CONTINGENCIES**

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2019, significant amounts of related expenditures have not been audited, but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the "Amendment") to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The School believes it is in compliance with the Amendment. The Amendment requires all governments to establish a reserve for emergencies, representing 3% of fiscal year spending. At June 30, 2019, the emergency reserve of $40,277 was reported as restricted fund balance and net position.

REQUIRED SUPPLEMENTARY INFORMATION

Justice High School
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 487,582	$ 722,010	$ 722,010	$ -
District Mill Levy	78,313	115,938	115,938	-
Grants and Contributions	-	5,000	30,251	25,251
Local Sources	-	20,600	15,423	(5,177)
State Sources				
Capital Construction	16,231	25,969	26,688	719
At-Risk Supplemental Aid	-	45,000	51,023	6,023
Grants	156,066	363,886	323,145	(40,741)
Federal Sources				
Grants	59,926	221,979	201,056	(20,923)
TOTAL REVENUES	798,118	1,520,382	1,485,534	(34,848)
EXPENDITURES				
Instruction	416,585	778,063	534,366	243,697
Supporting Services	507,228	872,900	845,692	27,208
Reserves	18,794	28,540	-	28,540
TOTAL EXPENDITURES	942,607	1,679,503	1,380,058	299,445
NET CHANGE IN FUND BALANCE	(144,489)	(159,121)	105,476	264,597
FUND BALANCE, Beginning	144,489	159,121	159,023	(98)
FUND BALANCE, Ending	$ -	$ -	$ 264,499	$ 264,499

Justice High School
BUDGETARY COMPARISON SCHEDULE
OPERATIONS AND TECHNOLOGY FUND
Year Ended June 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL Positive (Negative)
REVENUES				
District Mill levy	$ 38,003	$ 53,765	$ 73,632	$ 19,867
TOTAL REVENUES	38,003	53,765	73,632	19,867
EXPENDITURES				
Supporting Services	20,897	82,034	48,160	33,874
Emergency Reserves	1,704	2,537	-	2,537
Reserves	34,200	-	-	-
TOTAL EXPENDITURES	56,801	84,571	48,160	36,411
NET CHANGE IN FUND BALANCE	(18,798)	(30,806)	25,472	56,278
FUND BALANCE, Beginning	18,798	30,806	30,806	-
FUND BALANCE, Ending	$ -	$ -	$ 56,278	$ 56,278

Justice High School

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION AND OTHER POST EMPLOYMENT BENEFIT LIABILITIES

June 30, 2019

As of December 31,	2018	2017	2016
Net Pension Liability			
School's proportion of the net pension liability	0.00791787%	0.00963815%	0.00883449%
School's proportionate share of the net pension liability	$ 1,402,022	$ 3,116,635	$ 2,630,368
State's proportionate share of the net pension liability associated with the School**	191,707	-	-
Total	$ 1,593,729	$ 3,116,635	$ 2,630,368
School's covered payroll	435,287	444,597	396,508
School's proportionate share of the net pension liability as a percentage of its covered payroll	322.09%	701.00%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.10%
Net Other Post Employment Benefit (OPEB) Liability			
School's proportion of the net OPEB liability	0.00514665%	0.00547636%	0.00502163%
School's proportionate share of the net OPEB liability	70,022	71,171	65,107
School's covered payroll	435,287	444,597	396,508
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

2015	2014	2013
0.00675977%	0.00985398%	0.01246728%
$ 1,033,860	$ 1,335,545	$ 1,570,914
-	-	-
$ 1,033,860	$ 1,335,545	$ 1,570,914
294,592	412,810	496,501
350.95%	323.52%	316.40%
59.20%	62.80%	64.06%

Justice High School
SCHEDULE OF THE CONTRIBUTIONS AND RELATED RATIOS
June 30, 2019

As of June 30,	2019	2018	2017
Defined Benefit Pension Plan			
Statutorily required contributions	$ 82,521	$ 89,183	$ 81,900
Contributions in relation to the statutorily required contribution	82,521	89,183	81,900
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	431,372	473,129	445,593
Contribution as a percentage of covered payroll	19.13%	18.85%	18.38%
Defined Benefit Other Post Employment Benefit Plan			
Statutorily required contributions	$ 4,400	$ 4,826	$ 4,545
Contributions in relation to the statutorily required contribution	4,400	4,826	4,545
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	431,372	473,129	445,593
Contribution as a percentage of covered payroll	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of June 30. This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

2016	**2015**	**2014**
$ 41,508	$ 62,448	$ 75,984
41,508	62,448	75,984
$ -	$ -	$ -
234,114	369,953	475,494
17.73%	16.88%	15.98%
$ 2,388	$ 3,774	$ 4,850
2,388	3,774	4,850
$ -	$ -	$ -
234,114	369,953	475,494
1.02%	1.02%	1.02%

Justice High School
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted on a basis consistent with generally accepted accounting principles ("GAAP").

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, management submits to the Board of Directors proposed budgets for the fiscal year commencing the following July 1. The budgets include proposed expenditures and the means of financing them.
- Prior to June 30, the budgets are adopted by the Board of Directors. However, as of June 30, 2018, the Board of Directors had not adopted budgets. Accordingly, and consistent with C.R.S. § 22-44-104, 90% of the last duly adopted budget is deemed to have been budgeted as the original budget for the year ended June 30, 2019.
- Expenditures may not legally exceed budget appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at fiscal year end.

NONMAJOR GOVERNMENTAL FUND

Special Revenue Fund

Building Corporation Fund - This fund accounts for the activity of Phoenix Building Corporation.

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Justice High School
BUDGETARY COMPARISON SCHEDULE
BUILDING CORPORATION FUND
Year Ended June 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL Positive (Negative)
REVENUES				
Local Sources	$ 102,211	$ 113,568	$ 113,568	$ -
TOTAL REVENUES	102,211	113,568	113,568	-
EXPENDITURES				
Debt Service				
Principal	40,326	47,571	47,571	-
Interest	61,885	65,997	65,997	-
TOTAL EXPENDITURES	102,211	113,568	113,568	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -

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