

ANIMAS HIGH SCHOOL

BASIC FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

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Management’s Discussion and Analysis

As management of Animas High School (AHS or the “school”), we offer readers of Animas High School’s financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Animas High School’s basic financial statements. Animas High School’s basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The school is a 501c(3) non-profit corporation engaged in a single governmental program.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of Animas High School’s finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all Animas High School’s assets and liabilities, with the difference between the two 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 Animas High 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 in this statement for some items that will only result in cash flows in future periods.

In the Statement of Net Position and the Statement of Activities, we divide the School into two kinds of activities:

- Governmental activities – Most of the School’s day-to-day activities are reported here.
- Business-type activities – The building corporation, which has been charged with the acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements on behalf of the School, activities are reported here.

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 two kinds of funds, governmental and proprietary, uses different accounting approaches.

- Governmental funds – Most of the School's basic day-to-day activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the School's fund balances by law, creditors and the School's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
- Proprietary funds – These funds are reported in the same way that the business-type activities are reported in the Statement of Net Position and the Statement of Net Activities in the government-wide statements but provided more detail and additional information, such as cash flows.

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 16 through 48 of this report.

Supplementary Information - Supplementary information is contained on pages 49 through 51 and provides additional insight into how Animas High School's actual operations compared to the budgeted operations.

Government-wide Financial Analysis - Animas High 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 is as follows:

2013/2014	\$5,834.75	PPR
2014/2015	\$6,803.51	PPR
2015/2016	\$7,131.89	PPR
2016/2017	\$7,256.57	PPR
2017/2018	\$7,509.45	PPR
2018/2019	\$7,923.93	PPR
2019/2020	\$8,341.46	PPR

Other sources of revenues include donations, student fees and smaller program specific State and Federal grants.



The following table shows AHS' condensed Statement of Net Position – Governmental Activities and Statement of Activities – Governmental Activities for the years ended June 30, 2020 and 2019:

Animas High School- Statement of Net Position	2020	2019
ASSETS:		
Cash	\$ 646,205	\$ 322,498
Accounts and Grants Receivable	116,653	3,055
Other Current Assets	25,029	31,036
Capital Assets, net of accumulated depreciation	<u>23,590</u>	<u>28,542</u>
Total Assets	<u>811,477</u>	<u>385,131</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Difference between projected and actual investment earnings on pension and other postemployment benefit plans	<u>421,843</u>	<u>1,414,043</u>
Total deferred outflows of resources	<u>421,843</u>	<u>1,414,043</u>
LIABILITIES:		
Accounts Payable	3,839	4,317
Accrued Expenses	0	7,883
Unearned Revenues	103,397	23,354
Noncurrent liabilities	<u>3,889,914</u>	<u>4,704,588</u>
Total Liabilities	<u>3,997,150</u>	<u>4,740,142</u>
DEFERRED INFLOWS OF RESOURCES		
Difference Between Expected and Actual Experience on Pension and other postemployment benefit plans	<u>3,246,977</u>	<u>4,139,797</u>
Total Deferred Inflows of Resources	<u>3,246,977</u>	<u>4,139,797</u>
NET POSITION (DEFICIT):		
Investment in Capital Assets, net related debt	23,590	28,542
Restricted for Tabor	76,000	72,000
Unrestricted	<u>(6,110,398)</u>	<u>(7,181,307)</u>
Total Net Position (Deficit)	<u>\$ (6,010,809)</u>	<u>\$ (7,080,765)</u>



Animas High School- Statement of Activities - June 30,

	2020	2019
REVENUES		
State Per Pupil Revenue	\$ 1,851,285	\$ 2,096,710
Property Taxes, levied for specific purposes	160,045	98,097
Operating Grants and Donations	257,355	291,734
Capital Grant and Donations	58,001	75,566
Fundraising	12,202	20,823
Other	<u>163,811</u>	<u>184,193</u>
Total Revenues	<u>2,502,699</u>	<u>2,767,124</u>
EXPENDITURES		
Instruction	604,599	913,424
Supporting Services	<u>828,143</u>	<u>1,007,296</u>
Total Expenditures	<u>1,432,742</u>	<u>1,920,720</u>
Excess of Revenues over Expenditures	1,069,957	846,404
NET POSITION-(DEFICIT) - Beginning of Year	<u>(7,080,765)</u>	<u>(7,927,169)</u>
NET POSITION (DEFICIT) - End of Year	<u>\$ (6,010,809)</u>	<u>\$ (7,080,765)</u>

As noted previously, Animas High School uses governmental fund accounting to ensure and demonstrate the compliance with finance-related legal requirements. The focus of the school's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing Animas High School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Tabor Reserve - The Taxpayers Bill of Rights law requires governmental entities to reserve 3% of its expenses. Accordingly, a reserve of fund balance in the amount of \$76,000 has been established in these financials.

Loan Status

The Animas High School Building Corporation (AHSBC) holds the loan for the initial infrastructure and the current buildings at 271 Twin Buttes Ave. At this time, AHS is not ready to move off of the current site for a variety of reasons, but is utilizing the 2020/2021 school year to finalize plans for a permanent location. In addition, during the 18/19 school year, AHS completed a master plan that will aid in the efforts to move to a permanent location. The AHSBC is working diligently to move forward in securing funding and to make timely decisions on a permanent facility while working closely with the financial institution which holds the loan and Twin Buttes.

Request for Information

This financial report is designed to provide a general overview of the schools financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sean Woytek, Head of School or Jeff King, Board President of Animas High School, PO Box 3496, Durango, Colorado, 81302.

Sean Woytek

Sean Woytek, Head of School

09/28/2020

Date

Jeffrey J. King

Jeff King, Board President

09/28/2020

Date

INDEPENDENT AUDITORS' REPORT

Board of Directors
Animas High School
Durango, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Animas High School, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Animas 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, business-type activities and each major fund of Animas High School, as of June 30, 2020, and the respective changes in financial position and cash flow, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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.



BASIC FINANCIAL STATEMENTS

ANIMAS HIGH SCHOOL
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 646,205	\$ 25,546	\$ 671,751
Accounts receivable	116,653	-	116,653
Due to/from related entity	10,349	(10,349)	-
Prepaid expenses	14,680	500	15,180
Capital assets, net of accumulated depreciation	<u>23,590</u>	<u>2,466,812</u>	<u>2,490,402</u>
Total Assets	<u>811,475</u>	<u>2,482,509</u>	<u>3,293,984</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Difference between projected and actual investment earnings on pension and other postemployment benefit plans	<u>421,843</u>	<u>-</u>	<u>421,843</u>
Total Deferred Outflows of Resources	<u>421,843</u>	<u>-</u>	<u>421,843</u>
LIABILITIES:			
Accounts payable	3,839	3,032	6,871
Accrued expenses	-	11,245	11,245
Unearned revenues	103,397	-	103,397
Noncurrent liabilities			
Due in one year	141,526	2,532,102	2,673,628
Due in more than one year	<u>3,748,388</u>	<u>-</u>	<u>3,748,388</u>
Total Liabilities	<u>3,997,150</u>	<u>2,546,379</u>	<u>6,543,529</u>
DEFERRED INFLOWS OF RESOURCES:			
Difference between expected and actual experience on pension and other postemployment benefit plans	<u>3,246,977</u>	<u>-</u>	<u>3,246,977</u>
Total Deferred Inflows of Resources	<u>3,246,977</u>	<u>-</u>	<u>3,246,977</u>
NET POSITION (DEFICIT):			
Investment in capital assets, net of related debt	23,590	(65,290)	(41,700)
Restricted for Tabor	76,000	-	76,000
Unrestricted	<u>(6,110,398)</u>	<u>1,420</u>	<u>(6,108,978)</u>
Total Net Position (Deficit)	<u>\$ (6,010,809)</u>	<u>\$ (63,870)</u>	<u>\$ (6,074,678)</u>

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

ANIMAS HIGH SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGE IN NET POSITION (DEFICIT)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
Instructional	\$ 604,599	\$ 160,327	\$ -	\$ -	\$ (444,272)	\$ -	\$ (444,272)
Supporting services	587,804	-	257,355	58,001	(272,448)	-	(272,448)
Total Governmental Activities	1,192,403	160,327	257,355	58,001	(716,719)	-	(716,719)
Business-type Activities:							
Building corporation	86,293	-	-	-	-	(86,293)	(86,293)
Interest on long-term debt	135,805	-	-	-	-	(135,805)	(135,805)
Total Business-type Activities	222,098	-	-	-	-	(222,098)	(222,098)
TOTAL PRIMARY GOVERNMENT	\$ 1,414,501	\$ 160,327	\$ 257,355	\$ 58,001	(716,719)	(222,098)	(938,817)
GENERAL REVENUES:							
Per pupil revenue					1,851,285	-	1,851,285
Property taxes, levied for specific purposes					160,045	-	160,045
Fundraising					12,202	-	12,202
Investment revenue					375	-	375
Other					3,109	-	3,109
Transfers					(240,339)	240,339	-
TOTAL GENERAL REVENUES					1,786,676	240,339	2,027,015
CHANGE IN NET POSITION					1,069,956	18,241	1,088,198
NET POSITION (DEFICIT), Beginning					(7,080,765)	(82,111)	(7,162,876)
NET POSITION (DEFICIT), Ending					\$ (6,010,809)	\$ (63,870)	\$ (6,074,678)

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

ANIMAS HIGH SCHOOL
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020

	<u>General Fund</u>
ASSETS:	
Cash	\$ 646,205
Grants and accounts receivable	127,002
Prepaid expenses	<u>35,083</u>
Total Assets	<u>\$ 808,289</u>
LIABILITIES:	
Accounts payable	24,243
Accrued expenses	-
Unearned revenues	<u>103,397</u>
Total Liabilities	<u>127,640</u>
FUND BALANCE:	
Nonspendable	35,083
Restricted for Tabor	76,000
Restricted for Forgivable Loan	368,518
Unassigned	<u>201,049</u>
Total Fund Balance	<u>680,649</u>
Total Liabilities and Fund Balance	<u>\$ 808,289</u>

Amounts reported for Governmental Activities in the Statement of Net Position (Deficit) are different because:

Fund Balance - Governmental Fund	\$ 680,649
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	23,590
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	421,843
Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,748,388)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	<u>(3,388,503)</u>
Net Position (Deficit) - Governmental Activities	<u>\$ (6,010,809)</u>

ANIMAS HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
REVENUES:	
Local sources	\$ 315,990
State and Federal sources	<u>2,568,693</u>
Total Revenues	<u>2,884,682</u>
EXPENDITURES:	
Current	
Instructional	1,339,415
Supporting services	<u>1,185,653</u>
Total Expenditures	<u>2,525,068</u>
Net Change in Fund Balance	359,614
FUND BALANCE, Beginning	<u>321,035</u>
FUND BALANCE, Ending	<u><u>\$ 680,649</u></u>

ANIMAS HIGH SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance - Governmental Fund	\$	359,614
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year.</p>		
		(4,952)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
		<u>715,295</u>
Change in Net Position - Governmental Activities	\$	<u><u>1,069,956</u></u>

ANIMAS HIGH SCHOOL
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUND TYPE
JUNE 30, 2020

	<u>Building Corporation</u>
ASSETS:	
Current Assets	
Cash	\$ 25,546
Due from related organization	(10,349)
Prepaid expenses	<u>500</u>
Total Current Assets	<u>15,697</u>
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>2,466,812</u>
Total Noncurrent Assets	<u>2,466,812</u>
Total Assets	<u>2,482,509</u>
LIABILITIES:	
Current Liabilities	
Accounts payable	\$ 3,032
Accrued expenses	11,245
Current portion of long-term debt	<u>2,532,102</u>
Total Current Liabilities	2,546,379
Note payable, net of current portion	<u>-</u>
Total Liabilities	<u>2,546,379</u>
NET POSITION (DEFICIT):	
Investment in capital assets, net of related debt	(65,290)
Unrestricted	<u>1,420</u>
Total Net Position (Deficit)	<u>\$ (63,870)</u>

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

ANIMAS HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION (DEFICIT) - PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2020

	<u>Building Corporation</u>
OPERATING REVENUES:	
Lease revenue	\$ 240,339
Other revenue	<u>-</u>
Total Operating Revenues	<u>240,339</u>
OPERATING EXPENSES:	
Depreciation	78,993
Other operating expenses	<u>7,300</u>
Total Operating Expenses	<u>86,293</u>
Operating Income	<u>154,046</u>
NON-OPERATING EXPENSES:	
Interest expense	<u>135,805</u>
Total Non-Operating Expenses	<u>135,805</u>
Net Income	18,241
NET POSITION, Beginning	<u>(82,111)</u>
NET POSITION (DEFICIT), Ending	<u><u>\$ (63,870)</u></u>

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

ANIMAS HIGH SCHOOL
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2020

	<u>Building Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received	\$ 273,524
Interest paid	(135,805)
Operating expenses	<u>(7,799)</u>
Net Cash Provided by Operating Activities	<u>129,920</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments	<u>(104,535)</u>
Net Cash Used by Financing Activities	<u>(104,535)</u>
Net Change in Cash	25,385
Cash, Beginning	<u>161</u>
Cash, Ending	<u><u>\$ 25,546</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Income	\$ 18,241
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	78,993
Increase/Decrease in assets and liabilities:	
Accounts receivable	33,186
Prepaid expenses	<u>(500)</u>
Net cash provided by operating activities	<u><u>\$ 129,920</u></u>

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Animas High School (AHS or the School), a Colorado non-profit corporation, was created in 2006 for the sole purpose of developing and operating a public, free charter school located in Durango, Colorado.

AHS' financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Financial Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. 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.

The Animas High School Building Corporation (AHSBC or the Corporation) is considered to be financially accountable to the School. The purpose of the Corporation is to hold title to property and facilitate the acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property to be leased to the School. 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 financial statements are not available.

AHS is managed under the direction of the Board of Directors. All Directors have been elected, appointed, or designated.

The School's mission and core values are to prepare students for post-secondary success by creating critical thinkers and engaged, service-oriented citizens able to meet the challenges of the 21st century. This is accomplished through:

- A rigorous academic program that inspires a love of learning and teaches habits of success.
- Engaging students through project-based learning and community partnerships that make education uniquely relevant to students.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

Financial Reporting Entity (Continued)

- A commitment to a collaborative environment within the school.
- A culture of excellence that challenges yet supports each student.
- The utilization of applied technology.
- A small school environment where strong faculty-student relationships develop.

In preparing students for post-secondary success, Animas High School fosters the fundamental attributes of compassion, respect, integrity and resilience. Students are held to high standards of personal responsibility, as demonstrated by their attitudes, behaviors and scholarship. Ultimately, students will become effective citizens, contributing competently and energetically to the world around them.

Basis of Presentation

Government-wide and Fund Financial Statements:

The Statement of Net Position (Deficit) and Statements of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds (of which AHS has none). The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

Program revenues include charges to students or others who purchase, use, or directly benefit from goods, 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.

Unrestricted intergovernmental revenues not included among program revenue are reported instead as general revenues.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

Government-wide and Fund Financial Statements (Continued):

The School reports the following major governmental fund:

General Fund – This fund is the general operating fund of the School. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Additionally, the School reports the following major proprietary fund:

The Building Corporation Fund – This fund is used to account for the activities of the Building Corporation.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

a. Current Financial Resources - Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund uses a fund balance as the measure of available spendable financial resources at the end of the period.

b. Economic Resources - The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting:

In the government-wide financial statements, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

Assets, Liabilities and Fund Balance / Net Position (Deficit)

Cash:

For the purpose of both the government-wide and fund financial statements, cash includes the checking and savings accounts for AHS and AHSBC.

Receivables:

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

In the fund financial statements, grants receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available.

Prepaid Expenses:

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid expenses. Expenditures are reported in the year in which the services are consumed.

Capital Assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. AHS' policy is to capitalize all capital assets with a unit value of \$1,000 or greater. Repairs and maintenance expenses are charged as expenditures when incurred.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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

Capital Assets:

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position (Deficit). Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. Capital assets are depreciated over their estimated useful lives of three to thirty-nine years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Unearned Revenues:

Unearned revenues include amounts received but not available to recognize as revenue as the related expenses have not been incurred.

Pensions:

AHS 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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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

Other Post Employment Benefit (OPEB) Plan:

AHS 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.

Fund Balance / Net Position (Deficit) Classifications:

Government-wide Statements:

Net position (deficit) is classified in the following categories:

Investment in capital assets, net of related debt – This classification includes capital assets net of accumulated depreciation and related debt.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. This classification includes the TABOR Reserve Fund which requires AHS to maintain a reserve for emergencies equal to 3% of fiscal year spending.

Unrestricted – This classification includes net assets that have not been restricted for other purposes.

AHS may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is AHS' policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance / Net Position (Deficit) Classifications:

Fund Statements:

Fund balances are classified in the following categories:

Nonspendable – This classification includes all assets which are not expected to convert to cash.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. This classification includes the TABOR Reserve Fund which requires AHS to maintain a reserve for emergencies equal to 3% of fiscal year spending.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund.

AHS would typically use Restricted fund balances first, followed by Committed resources (if any), and then Assigned resources (if any), as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The preparation of the basic financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget and Budgetary Accounting

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

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

Governmental Accounting Standards Board (GASB) Statement No. 85

GASB Statement No. 85 requires the School to recognize an expenditure and equal revenue for the School's proportionate share of the on-behalf payment made by the State of Colorado as mandated by Senate Bill 18-200.

The School has recorded its proportionate share of the on-behalf payment in the amount of \$32,243 to expense and revenue in the General Fund financial statements. Guidance for recording the on-behalf payment was received subsequent to the Board of Directors approving the final budget for the fiscal year ended June 30, 2020. The School's expenses and revenue exceed the approved final budget reported on page 51.

NOTE 3 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS

Cash

As of June 30, 2020, the School had the following cash:

Checking and savings	\$ 671,751
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Deposits

The Colorado Public Deposit Protection Act (PDPA) requires 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance			Balance
<u>Governmental Activities:</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Capital Assets:				
FFE	\$ 171,607	\$ 1,575	\$ -	\$ 173,182
Total Capital Assets	<u>171,607</u>	<u>1,575</u>	<u>-</u>	<u>173,182</u>
Accumulated Depreciation:				
FFE	<u>143,065</u>	<u>6,527</u>	<u>-</u>	<u>149,592</u>
Total Accumulated Depreciation	<u>143,065</u>	<u>6,527</u>	<u>-</u>	<u>143,592</u>
Net Capital Assets	<u>\$ 28,542</u>			<u>\$ 23,590</u>
 <u>Business-type Activities:</u>				
Capital Assets:				
Building	\$ 2,966,142	\$ -	\$ -	\$ 2,966,142
Land Improvements	<u>44,072</u>	<u>-</u>	<u>-</u>	<u>44,072</u>
Total Capital Assets	<u>3,010,214</u>	<u>-</u>	<u>-</u>	<u>3,010,214</u>
Accumulated Depreciation:				
Building	456,329	76,055	-	532,384
Land Improvements	<u>8,080</u>	<u>2,938</u>	<u>-</u>	<u>11,018</u>
Total Accumulated Depreciation	<u>464,409</u>	<u>78,993</u>	<u>-</u>	<u>543,402</u>
Net Capital Assets	<u>\$ 2,545,805</u>			<u>\$ 2,466,812</u>

Depreciation expense in the Statement of Activities - Governmental Activities for the Instructional and Supporting Services programs was \$2,589 and \$3,938, respectively.

Depreciation expense in the Statement of Activities - Business-type Activities was \$78,993.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

Unearned Revenues

Unearned revenues represent funds the School received from funding agencies and private contributors with specific spending requirements as well as student fees collected for the next school year. As of June 30, 2020, AHS had the following unearned revenues:

Coronavirus Relief Fund Grant	\$	87,077
2020 – 2021 Student clubs		9,267
2020 – 2021 Student fees		<u>7,053</u>
Total		<u>\$ 103,397</u>

Unearned revenue will be recognized as revenue when the School has provided services to students for the fees collected or when allowable grant expenses have been incurred. Grant funds not expended by the grant termination date are required to be returned to the funding agency.

Long-term Debt

Governmental Activities:

AHS entered into a loan through the Paycheck Payment Program (PPP) provided through the United States Small Business Administration (SBA) in response to COVID-19. The school received a loan in the amount of \$368,518 in May 2020.

The loan will be forgiven when the School provides sufficient documentation proving the loan proceeds were used to cover payroll, mortgage, rent and utilities (allowable expenses) over the eight-week period after the loan was made. In addition, the School must maintain employee compensation levels during the eight-week period.

Should the School be unable to provide sufficient documentation that the loan was used to cover the allowable expenses, the School will be required to repay the loan. The loan will carry the following terms: 1% interest rate; six-month payment deferral (interest will continue to accrue during the six-month deferral period); due May 2022.

As of June 30, 2020, the PPP Loan Forgiveness SBA Application had not been made available to loan recipients; therefore, the loan has been presented as a long-term debt.

Once the application is available, the School will submit all necessary information and request loan forgiveness. Upon notification of the loan forgiveness, the School will reclassify the loan and recognize the loan proceeds as grant revenue.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Long-term Debt (Continued)

Governmental Activities (Continued):

Following is a summary of long-term debt transactions for the governmental activities for the year ended June 30, 2020.

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
<u>Governmental activities:</u>					
PPP loan	\$ -	\$ 368,518	\$ -	\$ 368,518	\$ 141,526
Total	<u>\$ -</u>	<u>\$ 368,518</u>	<u>\$ -</u>	<u>\$ 368,518</u>	<u>\$ 141,526</u>

Future debt service requirements for the PPP loan are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$141,526	\$ 3,649	\$145,175
2022	<u>226,992</u>	<u>1,340</u>	<u>228,332</u>
Total	<u>\$368,518</u>	<u>\$ 4,989</u>	<u>\$373,507</u>

Business-type Activities:

AHSBC entered into a note payable for the construction of the Animas High School building in 2013; the debt initially matured in July 2017. AHSBC renewed the note payable and received an extension on the maturity of the debt through October 2020. The note payable carries an interest rate of 5.50% and has monthly payments of \$20,028.

The monthly payments are made by the School via the lease agreement entered into by and between the School and Building Corporation (NOTE 8).

Following is a summary of long-term debt transactions for the business-type activities for the year ended June 30, 2020.

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
<u>Business-type activities:</u>					
Building loan	<u>\$ 2,636,637</u>	\$ -	<u>\$ 104,535</u>	<u>\$ 2,532,102</u>	<u>\$ 2,532,102</u>
Total	<u>\$ 2,636,637</u>	<u>\$ -</u>	<u>\$ 104,535</u>	<u>\$ 2,532,102</u>	<u>\$ 2,532,102</u>

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Long-term Debt (Continued)

Business-type Activities:

Future debt service requirements for the building loan due October 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,532,102	\$ 16,104	\$ 2,548,206
Total	<u>\$ 2,532,102</u>	<u>\$ 16,104</u>	<u>\$ 2,548,206</u>

AHSBC renewed the note payable due October 2020 in September 2020 (NOTE 9)

NOTE 4 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits Provided as of December 31, 2019 – 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. Section 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 annualized into a monthly benefit based on life expectancy and other actuarial factors.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

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, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2020 – Eligible employees and AHS are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, et seq. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	6/1/2019 – 6/30/2020
Employer Contribution Rate	10.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	5.50%
Total Employer Contribution Rate to the SCHDTF	19.38%

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

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

Subsequent to the SCHDTF’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and AHS is statutorily committed to pay the contribution to the SCHDTF. Employer contributions recognized by the SCHDTF from AHS were \$246,875 for the year ended June 30, 2020.

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The AHS proportion of the net pension liability was based on AHS' contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, AHS reported a liability of \$3,356,325 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 AHS 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 AHS were as follows:

AHS proportionate share of the net pension liability	\$3,356,325
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the AHS	\$32,243
Total	\$3,388,568

At December 31, 2019, the AHS' proportion was .022467 percent, which was an increase of .000284 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, AHS recognized pension expense of (\$13,466) and revenue of \$32,243 for support from the State as a nonemployer contributing entity.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2020, AHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,401	\$ 1,919,987
Changes in assumptions or other inputs	63	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and difference between contributions recognized and proportionate share of contributions	278,739	1,259,585
Contributions subsequent to the measurement date	122,480	-
Total	\$ 411,683	\$ 3,179,572

\$122,480 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, 2021.

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,	
2021	\$ 669,751
2022	485,964
2023	93,401
Total	\$ 1,249,119

Actuarial assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the following 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	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.25 percent compounded
and DPS Benefit Structure (automatic)	annually
PERA Benefit Structure hired after 12/31/06	Financed by the
(ad hoc, substantively automatic)	Annual Increase Reserve

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

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.

Post-retirement mortality assumptions reflect the RP-2014 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 changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

As of the most recent adoption of the current 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 Bonds	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 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State 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 higher compared to the current measurement date.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN (Continued)**

Sensitivity of the AHS 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	\$ 4,451,204	\$ 3,356,324	\$ 2,437,077

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 5 **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

Plan description - Eligible employees of AHS 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.

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).

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB)**
PLAN (Continued)

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

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

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

PERA Benefit Structure

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and AHS is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from AHS were \$13,040 for the year ended June 30, 2020.

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

At June 30, 2020, AHS reported a liability of \$165,070 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. AHS' proportion of the net OPEB liability was based on AHS contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

At December 31, 2019, AHS' proportion was .014686 percent, which was a decrease of .001762 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 AHS recognized OPEB expense of \$2,752. At June 30, 2020, AHS 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	\$ 1,683	\$ 36,852
Changes of assumptions or other inputs	89	-
Net difference between projected and actual earnings on OPEB plan investments	-	30,492
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,917	61
Contributions subsequent to the measurement date	6,490	-
Total	\$ 10,179	\$ 67,405

\$6,490 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, 2021. 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,:	
2021	\$ 8,705
2022	8,705
2023	8,705
2024	8,368
2025	3,965
2026	237
Total	\$ 38,685

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

Actuarial assumptions - The total OPEB liability in the December 31, 2018 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 agenda
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 in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2018, 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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, 2018, 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.00%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 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 economic and demographic assumptions were specifically developed for, 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 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.

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 161,149	\$ 165,070	\$ 169,602

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

Sensitivity of AHS' 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	\$ 186,645	\$ 165,070	\$ 146,619

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 6 **CONCENTRATION OF CREDIT RISK**

AHS' financial instruments that are exposed to concentrations of credit risk consist of cash, grants receivable and accounts receivable. AHS places its cash with high credit quality institutions. AHS routinely assesses the financial strength of its donors and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

NOTE 7 **RISK OF LOSS**

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

NOTE 8 **COMMITMENTS AND CONTINGENCIES**

Lease Commitments

School Lease Agreement

The School entered into a lease agreement with the Building Corporation to lease the school for a monthly payment equal to the Building Corporation's monthly loan payment of \$20,028. The lease is scheduled to terminate July 1, 2020.

Occupancy expense for the year ended June 30, 2020 was \$240,339.

The School entered into a lease agreement modification with the Building Corporation in July 2020 (NOTE 9)

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 8 **COMMITMENTS AND CONTINGENCIES (Continued)**

Lease Commitments (Continued)

Office Equipment Leases

The School entered into two leases for office equipment. One lease requires a monthly lease payment of \$310 which terminated in March 2020. The second lease requires a monthly lease payment of \$492 and is scheduled to terminate in December 2023. The following are the future lease obligations:

For the year ending:		
June 30, 2021	\$	5,907
June 30, 2022		5,907
June 30, 2023		5,907
June 30, 2024		<u>2,953</u>
Total	\$	<u>20,674</u>

In addition, the School entered into month to month lease for the rental of a mobile storage unit; the lease can be terminated with a 30-day notice.

School Property Agreement

AHSBC entered into an agreement with the developer of the planned development in which the school's temporary site is located, 271 Twin Buttes Avenue, Durango, La Plata County, Colorado. Per the agreement, the Corporation obtained conveyance of title to the temporary site which provided short-term collateral for the note payable (NOTE 3). The agreement is scheduled to terminate in October 2023 at which time AHSBC is required to convey the temporary site back to the developer.

Parking Lot Use Agreement

AHSBC entered into a use agreement for the parking lot located at 20239 US Highway 160, Durango, La Plata County, Colorado. The agreement is scheduled to continue through October 2020; the initial expiration date. Following the initial expiration date, the term of the agreement shall renew for periods of one year each. Either party may terminate the agreements upon at least 120 days' notice to the other party.

Current Vulnerability Due to Certain Concentrations

The School is dependent on various government agencies for funding and is responsible for meeting the requirements of such agencies. If the School were to lose students or the related government funding, there could be a substantial effect on its ability to continue operations.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 8 **COMMITMENTS AND CONTINGENCIES (Continued)**

Taxpayer's Bill of Rights (TABOR)

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

NOTE 9 **EVALUATION OF SUBSEQUENT EVENTS**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 24, 2020, the date the financial statements were available to be issued. The School identified the following subsequent events:

School Lease Agreement Modification

In July 2020, the School entered into a lease agreement modification with the Building Corporation to lease the school for a monthly payment equal to the Building Corporation's monthly loan payment of \$20,028.

Effective October 2020, the Building Corporation elected to defer its monthly loan payment through June 2021. Per the lease agreement modification, the School is not required to make a monthly lease payment for the months the Building Corporation has elected to defer the monthly loan payment.

The following is the future lease obligations for the School:

For the year ending:

June 30, 2021 (July – September 2020) \$ 60,084

Beginning July 2021, the School will resume monthly lease payments of \$20,028.

Long-term Debt – Business-type Activities

In September 2020, AHSBC renewed the note payable due in October 2020 and received an extension on the maturity of the debt through October 2023. The renewed note payable carries an interest rate of 4.990% and has monthly payments of \$20,028.

The Building Corporation elected to defer the monthly loan payments beginning October 2020 through June 2021.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 9 EVALUATION OF SUBSEQUENT EVENTS (Continued)

Long-term Debt – Business-type Activities (Continued)

Future debt service requirements for the renewed and extended building loan are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ -	\$ -
2022	17,877	222,462	240,339
2023	116,622	123,717	240,339
2024	<u>2,381,499</u>	<u>40,019</u>	<u>2,421,518</u>
Total	<u>\$ 2,515,998</u>	<u>\$ 386,198</u>	<u>\$ 2,902,196</u>

COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. As of March 2020, the World Health Organization declared the outbreak to constitute a “Public Health Emergency of International Concern” and pandemic.

The COVID-19 outbreak has limited the School's ability to provide traditional in-person educational services. Mandatory and voluntary business and school closures throughout Durango, the State of Colorado and the United States are creating a strain on the economy worldwide.

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain

REQUIRED SUPPLEMENTARY INFORMATION

ANIMAS HIGH SCHOOL
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2020

	2013	2014	2015	December 31, 2016	2017	2018	2019
Proportionate Share of the Net Pension Liability							
School's proportion of net pension liability	0.03007%	0.03395%	0.03554%	0.03189%	0.03235%	0.02531%	0.02247%
School's proportionate share of the net pension liability	\$ 3,835,716	\$ 4,601,193	\$ 5,434,894	\$ 9,495,954	\$ 10,461,414	\$ 4,480,798	\$ 3,356,324
School's covered payroll	\$ 1,212,320	\$ 1,422,208	\$ 1,548,626	\$ 1,431,441	\$ 1,492,547	\$ 1,391,159	\$ 1,320,504
School's proportionate share of the net pension liability as a percentage of its covered payroll	316.39%	323.52%	350.95%	663.38%	700.91%	322.09%	254.17%
Plan fiduciary net position as a percentage of the total pension liability	64.10%	62.80%	59.20%	43.10%	43.96%	57.01%	64.52%
School's Contributions							
Contractually required contribution	\$ 188,272	\$ 233,669	\$ 268,377	\$ 274,121	\$ 278,025	\$ 266,129	\$ 254,209
Contributions in relation to the contractually required contribution	<u>188,272</u>	<u>233,669</u>	<u>289,814</u>	<u>274,121</u>	<u>278,025</u>	<u>266,129</u>	<u>254,209</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,437)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	1,212,320	1,422,208	1,548,626	1,431,441	1,492,547	1,391,159	1,320,504
Contributions as a percentage of covered payroll	15.53%	16.43%	17.33%	19.15%	18.63%	19.13%	19.25%

* Complete 10-year information to be presented in future years as it becomes available.

ANIMAS HIGH SCHOOL
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
JUNE 30, 2020

	2017	December 31, 2018	2019
Proportionate Share of the Net OPEB Liability			
School's proportion of net OPEB liability	0.01838%	0.01645%	0.01469%
School's proportionate share of the net OPEB liability	\$ 238,926	\$ 223,789	\$ 165,070
School's covered payroll	\$ 1,212,320	\$ 1,422,208	\$ 1,320,504
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	19.71%	15.74%	12.50%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	17.03%	24.49%
School's Contributions			
Contractually required contribution	\$ 15,224	\$ 14,190	\$ 13,469
Contributions in relation to the contractually required contribution	<u>15,224</u>	<u>14,190</u>	<u>13,469</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	1,492,547	1,391,159	1,320,504
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

* Complete 10-year information to be presented in future years as it becomes available.

ANIMAS HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Local Sources	\$ 352,800	\$ 315,990	\$ (36,810)
State Sources	2,179,663	2,161,878	(17,785)
Federal Sources	410,717	406,815	(3,903)
Total Revenues	<u>2,943,180</u>	<u>2,884,682</u>	<u>(58,498)</u>
Expenditures:			
Instructional Services:			
Salaries and benefits	1,255,708	1,153,947	101,761
Materials, supplies and purchased services	167,534	185,468	(17,934)
Total Instructional	<u>1,423,242</u>	<u>1,339,415</u>	<u>83,827</u>
Supporting Services:			
Salaries and benefits	471,995	623,234	(151,239)
Materials, supplies and purchased services	592,348	562,419	29,929
Total Supporting Services	<u>1,064,343</u>	<u>1,185,653</u>	<u>(121,310)</u>
Total Expenditures	<u>2,487,585</u>	<u>2,525,068</u>	<u>(37,483)</u>
Excess (Deficiency) of Revenues over Expenditures	455,595	359,614	(95,981)
Fund Balance - beginning of year	<u>291,823</u>	<u>321,035</u>	<u>29,212</u>
Fund Balance - end of year:			
Nonspendable	-	35,083	35,083
Restricted for Tabor	74,628	76,000	1,372
Assigned	455,594	77,123	(378,471)
Unassigned	217,196	492,444	275,248
Total Fund Balance - end of year	<u>\$ 747,418</u>	<u>\$ 680,649</u>	<u>\$ (66,769)</u>