

ANIMAS HIGH SCHOOL

BASIC FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1 - 5
Independent Auditors' Report	6 - 7
Basic Financial Statements:	
<i>Government-wide Financial Statements</i>	
Statement of Net Position (Deficit)	8
Statement of Activities	9
<i>Government Fund</i>	
Balance Sheet	10
Statement of Revenues, Expenditures and Change in Fund Balance	11
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund to the Statement of Activities	12
<i>Proprietary Fund</i>	
Statement of Net Position (Deficit)	13
Statement of Revenues, Expenses and Change in Net Position (Deficit) -	14
Statement of Cash Flows	15
<i>Notes to Basic Financial Statements</i>	16 - 50
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability and Contributions	51
Schedule of Proportionate Share of the Net OPEB Liability and Contributions	52
Budgetary Comparison Schedule - General Fund	53



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, 2021.

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 50 of this report.

Supplementary Information - Supplementary information is contained on pages 51 through 53 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 for the fiscal year ended June 30, 2021 was \$7,972.04.

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



The following tables show AHS' condensed Statement of Net Position – Governmental Activities and Statement of Activities – Governmental Activities for the years ended June 30, 2021 and 2020:

Animas High School- Statement of Net Position	2021	2020
ASSETS:		
Cash	\$ 763,671	\$ 646,205
Accounts receivable	198,342	116,653
Other current assets	(38,481)	25,029
Capital assets, net of accumulated depreciation	17,186	23,590
Total Assets	<u>940,716</u>	<u>811,477</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Difference between projected and actual investment earnings on pension and other postemployment benefit plans	888,066	421,843
Total Deferred Outflows of Resources	<u>888,066</u>	<u>421,843</u>
LIABILITIES:		
Accounts payable	9,829	3,839
Unearned revenues	23,914	103,397
Noncurrent liabilities	3,771,953	3,889,914
Total Liabilities	<u>3,805,696</u>	<u>3,997,150</u>
DEFERRED INFLOWS OF RESOURCES:		
Difference between expected and actual experience on pension and other postemployment benefits plans	2,053,323	3,246,977
Total Deferred Inflows of Resources	<u>2,053,323</u>	<u>3,246,977</u>
NET POSITION (DEFICIT):		
Investment in Capital Assets, net related debt	17,186	23,590
Restricted for Tabor	76,000	76,000
Unrestricted	(4,123,422)	(6,110,398)
Total Net Position (Deficit)	<u>\$(4,030,236)</u>	<u>\$(6,010,809)</u>



Animas High School- Statement of Activities - June 30,	2021	2020
REVENUES:		
State per pupil revenue	\$ 1,616,948	\$ 1,851,285
Property taxes, levied for specific purposes	229,792	160,045
Operating grants and donations	1,130,592	257,355
Capital grant and donations	1,860,991	58,001
Fundraising	1,797	12,202
Other	28,920	163,811
Total Revenues	<u>4,869,040</u>	<u>2,502,699</u>
EXPENDITURES:		
Instruction	502,596	604,599
Supporting Services	2,385,871	828,143
Total Expenditures	<u>2,888,467</u>	<u>1,432,742</u>
Excess of Revenues over Expenditures	1,980,573	1,069,957
NET POSITION-(DEFICIT) - Beginning of Year	<u>(6,010,809)</u>	<u>(7,080,765)</u>
NET POSITION (DEFICIT) - End of Year	<u>\$ (4,030,236)</u>	<u>\$ (6,010,809)</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. In Spring of 2020, Animas High School was awarded a Building Excellent Schools Today (BEST) grant. This award would provide roughly 75% of the funding for a new building, with the other 25% required as a local match. The total cost of the building will be ~\$18.1 million with BEST contributing \$13.7 million and a local match of \$4.4 million. Over the last year Animas High School has been able to secure the necessary match (~\$4.4 Million) that will enable us to build a new permanent facility on the Fort Lewis College campus. This match has come through donations and a partnership with the local school district for a community bond measure that also included charter schools. At this time, AHS will need an additional year to year and a half at its current location until the new location (22 Osprey Way) will be ready to move into. The AHSBC is moving forward with a refinance through Alpine Bank that will pay off the First Southwest Bank (FSWB) loan as well as release the collateral from the original loan. This loan will include the full payoff for the FSWB loan as well as \$1,000,000 in contingency funds for the new building. The loan will be a 12-month interest only loan until we move into the new building at which point the interest only loan will convert into a traditional loan with a 25-year amortization and payoff. The goal is to have this refinance completed within the first semester of the 2021-2022 school year, if not sooner.

Request for Information

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

Sean Woytek

09/30/2021

Sean Woytek, Head of School

Date

Jeffrey J. King

09/30/2021

Jeff King, Board President

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, 2021, 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, 2021, 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.



Parker, Colorado
September 21, 2021

BASIC FINANCIAL STATEMENTS

ANIMAS HIGH SCHOOL
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 763,671	\$ 1,311,062	\$ 2,074,733
Accounts receivable	198,342	-	198,342
Due to/from related entity	(75,277)	75,277	-
Prepaid expenses	36,796	7,064	43,860
Capital assets, net of accumulated depreciation	<u>17,186</u>	<u>3,160,042</u>	<u>3,177,228</u>
Total Assets	<u>940,716</u>	<u>4,553,445</u>	<u>5,494,161</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Difference between projected and actual investment earnings on pension and other postemployment benefit plans	<u>888,066</u>	<u>-</u>	<u>888,066</u>
Total Deferred Outflows of Resources	<u>888,066</u>	<u>-</u>	<u>888,066</u>
LIABILITIES:			
Accounts payable	9,829	193,906	203,735
Unearned revenues	23,914	-	23,914
Noncurrent liabilities			
Due in one year	25,000	17,877	42,877
Due in more than one year	<u>3,746,953</u>	<u>2,498,121</u>	<u>6,245,074</u>
Total Liabilities	<u>3,805,696</u>	<u>2,709,904</u>	<u>6,515,600</u>
DEFERRED INFLOWS OF RESOURCES:			
Difference between expected and actual experience on pension and other postemployment benefit plans	<u>2,053,323</u>	<u>-</u>	<u>2,053,323</u>
Total Deferred Inflows of Resources	<u>2,053,323</u>	<u>-</u>	<u>2,053,323</u>
NET POSITION (DEFICIT):			
Investment in capital assets, net of related debt	17,186	644,044	661,230
Restricted for:			
Tabor	76,000	-	76,000
Building	-	1,133,574	1,133,574
Unrestricted	<u>(4,123,422)</u>	<u>65,923</u>	<u>(4,057,499)</u>
Total Net Position (Deficit)	<u>\$ (4,030,236)</u>	<u>\$ 1,843,541</u>	<u>\$ (2,186,695)</u>

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

ANIMAS HIGH SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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	\$ 502,596	\$ 27,972	\$ -	\$ -	\$ (474,624)	\$ -	\$ (474,624)
Supporting services	333,800	-	1,130,592	1,860,991	2,657,782	-	2,657,782
Total Governmental Activities	836,396	27,972	1,130,592	1,860,991	2,183,158	-	2,183,158
Business-type Activities:							
Building corporation	127,107	-	11,225	3,956	-	(111,926)	(111,926)
Interest on long-term debt	32,736	-	-	-	-	(32,736)	(32,736)
Total Business-type Activities	159,843	-	11,225	3,956	-	(144,662)	(144,662)
TOTAL PRIMARY GOVERNMENT	\$ 996,239	\$ 27,972	\$ 1,141,817	\$ 1,864,947	2,183,158	(144,662)	2,038,496
GENERAL REVENUES:							
Per pupil revenue					1,616,948	-	1,616,948
Property taxes, levied for specific purposes					229,792	-	229,792
Fundraising					1,797	-	1,797
Investment revenue					132	3	135
Other					816	-	816
Transfers					(2,052,070)	2,052,070	-
TOTAL GENERAL REVENUES					(202,585)	2,052,073	1,849,488
CHANGE IN NET POSITION					1,980,573	1,907,411	3,887,984
NET POSITION (DEFICIT), Beginning					(6,010,809)	(63,870)	(6,074,679)
NET POSITION (DEFICIT), Ending					\$ (4,030,236)	\$ 1,843,541	\$ (2,186,695)

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

ANIMAS HIGH SCHOOL
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021

	General
ASSETS:	
Cash	\$ 763,671
Grants and accounts receivable	123,065
Prepaid expenses	36,796
Total Assets	\$ 923,531
LIABILITIES:	
Accounts payable	9,829
Unearned revenues	23,914
Total Liabilities	33,743
FUND BALANCE:	
Nonspendable	36,796
Retricted for:	
Tabor	76,000
Unassigned	726,992
Total Fund Balance	839,788
Total Liabilities and Fund Balance	\$ 873,531
Amounts reported for Governmental Activities in the Statement of Net Position (Deficit) are different because:	
Fund Balance - Governmental Fund	\$ 839,788
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	17,186
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	888,066
Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,746,953)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	(2,078,323)
Net Position (Deficit) - Governmental Activities	\$ (4,080,236)

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

ANIMAS HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2021

	General
REVENUES:	
Local sources	\$ 2,063,231
State sources	2,137,909
Federal sources	362,228
Total Revenues	4,563,368
EXPENDITURES:	
Current	
Instructional	1,477,764
Supporting services	934,479
Total Expenditures	2,412,243
Excess of Revenues Over Expenditures	2,151,125
OTHER FINANCING SOURCES (USES):	
Loan proceeds	50,000
Transfers out	(1,991,985)
Net Other Financing Sources (Uses)	(1,941,985)
Net Change in Fund Balance	209,139
FUND BALANCE, Beginning	680,649
FUND BALANCE, Ending	\$ 889,788

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, 2021

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

Net Change in Fund Balance - Governmental Fund	\$	209,139
<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>		
		(6,404)
<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>1,777,839</u>
Change in Net Position - Governmental Activities	\$	<u><u>1,980,573</u></u>

ANIMAS HIGH SCHOOL
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUND
JUNE 30, 2021

	<u>Building Corporation</u>
ASSETS:	
Current Assets	
Cash	\$ 1,311,062
Due from related organization	75,277
Prepaid expenses	<u>7,064</u>
Total Current Assets	<u>1,393,403</u>
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>3,160,042</u>
Total Noncurrent Assets	<u>3,160,042</u>
Total Assets	<u>4,553,445</u>
LIABILITIES:	
Current Liabilities	
Accounts payable	\$ 193,906
Current portion of long-term debt	<u>17,877</u>
Total Current Liabilities	211,783
Note payable, net of current portion	<u>2,498,121</u>
Total Liabilities	<u>2,709,904</u>
NET POSITION (DEFICIT):	
Investment in capital assets, net of related debt	644,044
Unrestricted	65,923
Restricted	<u>1,133,574</u>
Total Net Position (Deficit)	<u>\$ 1,843,541</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
YEAR ENDED JUNE 30, 2021

	<u>Building Corporation</u>
OPERATING REVENUES:	
Rental income	\$ 60,085
Contribution income	15,181
Other revenue	3
Total Operating Revenues	<u>75,269</u>
OPERATING EXPENSES:	
Depreciation	78,992
Other operating expenses	48,115
Total Operating Expenses	<u>127,107</u>
Net Operating Loss	<u>(51,838)</u>
NON-OPERATING REVENUES (EXPENSES):	
Transfers in	1,991,985
Interest expense	(32,736)
Net Non-Operating Revenue	<u>1,959,249</u>
Net Income	1,907,411
NET POSITION, Beginning	<u>(63,870)</u>
NET POSITION (DEFICIT), Ending	<u>\$ 1,843,541</u>

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

ANIMAS HIGH SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

	<u>Building Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received	\$ 1,981,628
Interest paid	(43,981)
Operating expenses	<u>136,195</u>
Net Cash Provided by Operating Activities	<u>2,073,842</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed asset	<u>(772,222)</u>
Net Cash Used by Investing Activities	<u>(772,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments	<u>(16,104)</u>
Net Cash Used by Financing Activities	<u>(16,104)</u>
Net Change in Cash	1,285,516
Cash, Beginning	<u>25,546</u>
Cash, Ending	<u><u>\$ 1,311,062</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Income	\$ 1,907,411
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	78,992
Increase/Decrease in assets and liabilities:	
Accounts receivable	(85,626)
Prepaid expenses	(6,564)
Accounts payable	190,874
Accrued expenses	<u>(11,245)</u>
Net cash provided by operating activities	<u><u>\$ 2,073,842</u></u>

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021

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, 2021

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, 2021

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 \$5,000 or greater. Repairs and maintenance expenses are charged as expenditures when incurred.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021

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, 2021

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.

NOTE 3 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS

Cash

As of June 30, 2021, the School had the following cash:

Checking and savings	\$ 2,074,733
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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, 2021

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

Capital Assets

Capital assets activity for the year ended June 30, 2021 is as follows:

<u>Governmental Activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Capital Assets:				
FFE	\$ 173,182	\$ -	\$ -	\$ 173,182
Total Capital Assets	<u>173,182</u>	<u>-</u>	<u>-</u>	<u>173,182</u>
Accumulated Depreciation:				
FFE	<u>149,592</u>	<u>6,404</u>	<u>-</u>	<u>155,996</u>
Total Accumulated Depreciation	<u>149,592</u>	<u>6,404</u>	<u>-</u>	<u>155,996</u>
Net Capital Assets	<u>\$ 23,590</u>			<u>\$ 17,186</u>
 <u>Business-type Activities:</u>				
Capital Assets:				
Building	\$ 2,966,142	\$ 772,222	\$ -	\$ 3,738,364
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>3,782,436</u>
Accumulated Depreciation:				
Building	532,384	76,054	-	608,438
Land Improvements	<u>11,018</u>	<u>2,938</u>	<u>-</u>	<u>13,956</u>
Total Accumulated Depreciation	<u>543,402</u>	<u>78,992</u>	<u>-</u>	<u>622,394</u>
Net Capital Assets	<u>\$ 2,466,812</u>			<u>\$ 3,160,042</u>

Business-type Activities current fiscal year fixed asset addition of \$772,222 represents work in progress for the new school being built at the Fort Lewis College campus. Depreciation will be calculated on the building once it has been completed.

Depreciation expense in the Statement of Activities - Governmental Activities for the Instructional and Supporting Services programs was \$2,665 and \$3,739, respectively.

Depreciation expense in the Statement of Activities - Business-type Activities was \$78,992.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Unearned Revenues

Unearned revenues represent student club funds and student fees collected for the next school year. As of June 30, 2021, AHS had the following unearned revenues:

2021 – 2022 Student clubs	\$ 10,305
2021 – 2022 Student fees	<u>13,609</u>
Total	<u>\$ 23,914</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 memorandum of understanding for \$100,000 from the Charter School Institute (CSI) Assistance Fund in October 2020. During the fiscal year ended June 30, 2021, \$50,000 of the \$100,000 was forgiven and converted into an assistance fund grant. The remaining \$50,000 converted into a zero-interest loan payable to CSI over a term of 24 equal monthly payments of \$2,083 beginning July 1, 2021 and ending June 30, 2023.

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

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

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, 2021.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 3 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Long-term Debt (Continued)

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>					
CSI loan	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 25,000
<u>Business-type activities:</u>					
Building loan	2,532,102	-	16,104	2,515,998	17,877
Total	<u>\$ 2,532,102</u>	<u>\$ 50,000</u>	<u>\$ 16,104</u>	<u>\$ 2,565,998</u>	<u>\$ 42,877</u>

Governmental Activities:

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 25,000	\$ -	\$ 25,000
2023	25,000	-	25,000
Total	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>

Business-type Activities:

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

BEST Grant Award

In September 2020, AHS received notification it had been awarded \$13.7 million from the competitive Building Excellent Schools Today (BEST) Grant process through the Colorado Department of Education for the construction of a new facility to be built on the Fort Lewis College (FLC) campus.

The total projected cost of building AHS' new permanent campus at FLC is expected to be approximately \$20,000,000. AHS has pursued a variety of funding sources in addition to the BEST Grant, including bonds, loans and a capital campaign.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

BEST Grant Award (Continued)

During the fiscal year ended June 30, 2021, AHS began transforming conceptual designs into buildable blueprints. Construction of AHS' new campus is expected to take 12 to 24 months, which indicates the school will move from its current location to FLC as soon as Fall 2022 and ideally no later than Fall 2023.

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, 2020 – 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.

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 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.

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, 2021 – Eligible employees and AHS and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Employer contribution requirements are summarized in the table below:

	7/1/2020 – 6/30/2021
Employer Contribution Rate	10.90%
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	19.88%

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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

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 \$249,399 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The AHS proportion of the net pension liability was based on AHS’ contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, AHS reported a liability of \$3,591,414 for its proportionate share of the net pension liability.

At December 31, 2020, the AHS' proportion was .023755 percent, which was an increase of .001290 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, AHS recognized pension expense of (\$808,979).

At June 30, 2021, 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	\$ 197,330	\$ -
Changes in assumptions or other inputs	345,481	603,686
Net difference between projected and actual earnings on pension plan investments	-	790,552
Changes in proportion and difference between contributions recognized and proportionate share of contributions	206,670	579,369
Contributions subsequent to the measurement date	129,356	-
Total	\$ 878,837	\$ 1,973,607

\$129,356 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, 2022.

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,	
2022	\$ 566,381
2023	173,818
2024	45,840
Total	\$ 786,039

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Actuarial assumptions – The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 - 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

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, 2019, 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020.

The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 - 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

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

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

The mortality tables described above are generational mortality tables on a benefit-weighted basis

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 4 DEFINED BENEFIT PENSION PLAN (Continued)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- 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.

As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.

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	\$ 4,898,984	\$ 3,591,414	\$ 2,501,779

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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).

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

PERA Benefit Structure

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

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and AHS is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from AHS were \$12,958 for the year ended June 30, 2021.

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

At June 30, 2021, AHS reported a liability of \$130,539 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. AHS' proportion of the net OPEB liability was based on AHS contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, AHS' proportion was .0137375 percent, which was an decrease of .000949 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 AHS recognized OPEB expense of (\$8,101). At June 30, 2021, 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	\$ 346	\$ 28,698
Changes of assumptions or other inputs	975	8,004
Net difference between projected and actual earnings on OPEB plan investments	-	5,334
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,205	37,680
Contributions subsequent to the measurement date	6,722	-
Total	\$ 9,247	\$ 79,716

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

\$6,460 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, 2022. 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,:	
2022	\$ 10,461
2023	10,461
2024	10,124
2025	5,721
2026	1,995
2027	121
Total	\$ 38,885

Actuarial assumptions - The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in agenda
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2020, gradually rising to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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, 2021

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.31%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

Post-retirement non-disabled 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, 2021

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

Post-retirement non-disabled 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.

The mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA’s 2020 Annual Report for more information.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

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

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above. The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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	7.10%	8.10%	9.10%
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	\$ 127,163	\$ 130,539	\$ 134,465

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the 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, 2021

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	\$ 149,532	\$ 130,539	\$ 114,307

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

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 was not required to make a monthly lease payment for the months the Building Corporation has elected to defer the monthly loan payment.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Lease Commitments (Continued)

School Lease Agreement (Continued)

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

The following is the future lease obligations for the School:

For the year ending:	
June 30, 2022	\$ 240,336

Occupancy expense for the year ended June 30, 2021 was \$60,085.

Office Equipment Leases

The School leases office equipment which 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, 2022	\$ 5,907
June 30, 2023	5,907
June 30, 2024	<u>2,953</u>
Total	<u>\$ 14,767</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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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.

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 21, 2021, the date the financial statements were available to be issued. The School identified the following subsequent events:

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 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

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
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%	0.02376%
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	\$ 3,591,414
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	\$ 1,270,367
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%	282.71%
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%	66.99%
School's Contributions								
Contractually required contribution	\$ 188,272	\$ 233,669	\$ 268,377	\$ 274,121	\$ 278,025	\$ 266,129	\$ 254,209	\$ 249,399
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>	<u>249,399</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,437)</u>	<u>\$ -</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	1,270,367
Contributions as a percentage of covered payroll	15.53%	16.43%	17.33%	19.15%	18.63%	19.13%	19.25%	19.63%

* 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, 2021

	December 31,			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Proportionate Share of the Net OPEB Liability				
School's proportion of net OPEB liability	0.01838%	0.01645%	0.01469%	0.01374%
School's proportionate share of the net OPEB liability	\$ 238,926	\$ 223,789	\$ 165,070	\$ 130,539
School's covered payroll	\$ 1,212,320	\$ 1,422,208	\$ 1,320,504	\$ 1,270,367
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	19.71%	15.74%	12.50%	10.28%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	17.03%	24.49%	32.78%
School's Contributions				
Contractually required contribution	\$ 15,224	\$ 14,190	\$ 13,469	\$ 12,958
Contributions in relation to the contractually required contribution	<u>15,224</u>	<u>14,190</u>	<u>13,469</u>	<u>12,958</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	1,492,547	1,391,159	1,320,504	1,270,367
Contributions as a percentage of covered payroll	1.02%	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, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Local Sources	\$ 274,950	\$ 2,063,231	\$ 1,788,281
State Sources	2,221,335	2,137,909	(83,426)
Federal Sources	105,842	362,228	256,386
Total Revenues	<u>2,602,127</u>	<u>4,563,368</u>	<u>1,961,241</u>
Expenditures:			
Instructional Services:			
Salaries and benefits	1,219,092	1,207,011	12,081
Materials, supplies and purchased services	141,470	270,753	(129,283)
Total Instructional	<u>1,360,562</u>	<u>1,477,764</u>	<u>(117,202)</u>
Supporting Services:			
Salaries and benefits	640,415	614,146	26,269
Materials, supplies and purchased services	614,536	320,333	294,203
Total Supporting Services	<u>1,254,951</u>	<u>934,479</u>	<u>320,472</u>
Total Expenditures	<u>2,615,513</u>	<u>2,412,243</u>	<u>203,270</u>
Excess (Deficiency) of Revenues over Expenditures	(13,386)	2,151,125	2,164,511
Other Financing Sources (Uses):			
Loan proceeds	-	50,000	50,000
Transfers out	-	(1,991,985)	(1,991,985)
Net Other Financing Sources (Uses)	-	<u>(1,941,985)</u>	<u>(1,941,985)</u>
Net Change in Fund Balance	(13,386)	209,139	222,525
Fund Balance - beginning of year	<u>680,649</u>	<u>680,649</u>	-
Fund Balance - end of year:			
Nonspendable	-	36,796	36,796
Restricted for Tabor	76,668	76,000	(668)
Unassigned	590,595	776,992	186,397
Total Fund Balance - end of year	<u>\$ 667,263</u>	<u>\$ 889,788</u>	<u>\$ 222,525</u>