

ANIMAS HIGH SCHOOL

BASIC FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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Management's Discussion and Analysis

As management of Animas High School (AHS or the "school"), we offer readers of Animas High School's financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2022.

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 17 through 48 of this report.

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

Government-wide Financial Analysis - Animas High School's primary source of revenue is the state equalization revenue from the Colorado Department of Education. These revenues are based on a per pupil allocation as determined by the Colorado State Legislature. The state per pupil revenue allocation is as follows:

2013/2014	\$5,834.75	PPR
2014/2015	\$6,803.51	PPR
2015/2016	\$7,131.89	PPR
2016/2017	\$7,256.57	PPR
2017/2018	\$7,509.45	PPR
2018/2019	\$7,923.93	PPR
2019/2020	\$8,341.46	PPR
2020/2021	\$7,972.04	PPR
2021/2022	\$8,849.15	PPR

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



The following table shows AHS' condensed Statement of Net Position – Governmental Activities and Statement of Activities – Governmental Activities for the years ended June 30, 2022 and 2021:

Animas High School- Statement of Net Position	2022	2021
ASSETS:		
Cash	\$ 700,297	\$ 763,671
Accounts receivable	2,470,082	198,342
Other current assets	(2,247,696)	(38,481)
Capital assets, net of accumulated depreciation	<u>10,782</u>	<u>17,186</u>
Total Assets	<u>933,465</u>	<u>940,716</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Difference between projected and actual investment earnings on pension and other postemployment benefit plans	<u>571,870</u>	<u>888,066</u>
Total Deferred Outflows of Resources	<u>571,870</u>	<u>888,066</u>
LIABILITIES:		
Accounts payable	10,213	9,829
Unearned revenues	19,709	23,914
Noncurrent liabilities	<u>2,596,841</u>	<u>3,771,953</u>
Total Liabilities	<u>2,626,763</u>	<u>3,805,696</u>
DEFERRED INFLOWS OF RESOURCES:		
Difference between expected and actual experience on pension and other postemployment benefits plans	<u>1,417,780</u>	<u>2,053,323</u>
Total Deferred Inflows of Resources	<u>1,417,780</u>	<u>2,053,323</u>
NET POSITION (DEFICIT):		
Investment in Capital Assets, net related debt	10,782	17,186
Restricted for Tabor	88,000	76,000
Unrestricted	<u>(2,637,989)</u>	<u>(4,123,422)</u>
Total Net Position (Deficit)	<u>(2,539,207)</u>	<u>(4,030,236)</u>



Animas High School- Statement of Activities - June 30,	2022	2021
REVENUES:		
State per pupil revenue	\$ 1,876,696	\$ 1,616,948
Property taxes, levied for specific purposes	233,084	229,792
Operating grants and donations	582,965	1,130,592
Capital grant and donations	10,720,822	1,860,991
Fundraising	6,823	1,797
Other	48,579	28,920
Total Revenues	<u>13,468,969</u>	<u>4,869,040</u>
EXPENDITURES:		
Instruction	619,725	502,596
Supporting Services	<u>11,358,216</u>	<u>2,385,871</u>
Total Expenditures	<u>11,977,941</u>	<u>2,888,467</u>
Excess of Revenues over Expenditures	1,491,028	1,980,573
NET POSITION (DEFICIT) - End of Year	<u>(4,030,236)</u>	<u>(6,010,809)</u>
	<u>(2,539,208)</u>	<u>(4,030,236)</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 \$88,000 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. The AHSBC secured a new loan that will pay off the previous loan as well as release the collateral from the original loan back to Twin Buttes. The new loan includes the full payoff of the old loan as well as \$1,000,000 in contingency funds for the new building. Interest only payments are due from July through October 2022 and then will convert to a traditional loan with a 25 year amortization and payoff.

BEST Award and Permanent Campus at Fort Lewis College

In 2013, the City of Durango, Durango Fire Department and CDOT requested the school relocate to a more suitable site. The school secured land for a permanent site in the Twin Buttes development and settled into a 2nd temporary home. In the spring of 2020 Animas High School was awarded a grant through the [Building Excellent Schools Today \(BEST\)](#) Colorado Department of Education (CDE) program. AHS broke ground last year on a new 40,500 square foot facility on the campus of Fort Lewis College. The building was designed for project-based learning and includes small break-out spaces, larger convening areas and ample access to natural light. It also includes walls that can open for multi-class collaboration and spaces for curating and displaying student work, a Maker Space, a Music Lab and connected indoor/outdoor spaces to support large scale projects. The unique location on a college campus increases opportunities for student and faculty collaboration and offers greater access to higher education. It is anticipated the school will be completed in late 2022 with a move in date in early 2023.

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 Rebecca Ruland, Head of School or Jeff King, Board President of Animas High School, PO Box 3496, Durango, Colorado, 81302.



Rebecca Ruland, Head of School

9/14/22
Date



Jeff King, Board President

9/14/2022
Date

INDEPENDENT AUDITORS' REPORT

Board of Directors
Animas High School
Durango, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Animas High School, as of and for the year ended June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of Animas High School, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

May Jackson Hendrick, LLC

Parker, Colorado
September 15, 2022

BASIC FINANCIAL STATEMENTS

ANIMAS HIGH SCHOOL
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 700,297	\$ 1,843,304	\$ 2,543,601
Accounts receivable	2,470,082	-	2,470,082
Due to/from related entity	(2,320,817)	2,320,817	-
Prepaid expenses	73,121	-	73,121
Capital assets, net of accumulated depreciation	<u>10,782</u>	<u>10,872,049</u>	<u>10,882,831</u>
Total Assets	<u>933,465</u>	<u>15,036,170</u>	<u>15,969,635</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Difference between projected and actual investment earnings on pension and other postemployment benefit plans	<u>571,870</u>	-	<u>571,870</u>
Total Deferred Outflows of Resources	<u>571,870</u>	-	<u>571,870</u>
LIABILITIES:			
Accounts payable	10,213	2,168,815	2,179,028
Unearned revenues	19,709	-	19,709
Noncurrent liabilities			
Due in more than one year	<u>2,596,841</u>	<u>2,853,218</u>	<u>5,450,059</u>
Total Liabilities	<u>2,626,763</u>	<u>5,022,033</u>	<u>7,648,796</u>
DEFERRED INFLOWS OF RESOURCES:			
Difference between expected and actual experience on pension and other postemployment benefit plans	<u>1,417,780</u>	-	<u>1,417,780</u>
Total Deferred Inflows of Resources	<u>1,417,780</u>	-	<u>1,417,780</u>
NET POSITION (DEFICIT):			
Investment in capital assets, net of related debt	10,782	8,018,831	8,029,613
Restricted for:			
Tabor	88,000	-	88,000
Building	-	1,834,433	1,834,433
Unrestricted	<u>(2,637,989)</u>	<u>160,873</u>	<u>(2,477,116)</u>
Total Net Position (Deficit)	<u>\$ (2,539,208)</u>	<u>\$ 10,014,137</u>	<u>\$ 7,474,929</u>

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

ANIMAS HIGH SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	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	\$ 619,725	\$ 47,415	\$ -	\$ -	\$ (572,310)	\$ -	\$ (572,310)
Supporting services	<u>560,473</u>	<u>-</u>	<u>582,965</u>	<u>10,720,822</u>	<u>10,743,314</u>	<u>-</u>	<u>10,743,314</u>
Total Governmental Activities	<u>1,180,198</u>	<u>47,415</u>	<u>582,965</u>	<u>10,720,822</u>	<u>10,171,004</u>	<u>-</u>	<u>10,171,004</u>
Business-type Activities:							
Building corporation	2,586,997	-	181,292	-	-	(2,405,705)	(2,405,705)
Interest on long-term debt	<u>221,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,442)</u>	<u>(221,442)</u>
Total Business-type Activities	<u>2,808,439</u>	<u>-</u>	<u>181,292</u>	<u>-</u>	<u>-</u>	<u>(2,627,147)</u>	<u>(2,627,147)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,988,637</u>	<u>\$ 47,415</u>	<u>\$ 764,257</u>	<u>\$ 10,720,822</u>	<u>10,171,004</u>	<u>(2,627,147)</u>	<u>7,543,857</u>
GENERAL REVENUES:							
Per pupil revenue					1,876,696	-	1,876,696
Property taxes, levied for specific purposes					233,084	-	233,084
Fundraising					6,823	-	6,823
Investment revenue					1,164	-	1,164
Transfers					<u>(10,797,743)</u>	<u>10,797,743</u>	<u>-</u>
TOTAL GENERAL REVENUES					<u>(8,679,976)</u>	<u>10,797,743</u>	<u>2,117,767</u>
CHANGE IN NET POSITION					1,491,028	8,170,596	9,661,624
NET POSITION (DEFICIT), Beginning					<u>(4,030,236)</u>	<u>1,843,541</u>	<u>(2,186,695)</u>
NET POSITION (DEFICIT), Ending					<u>\$ (2,539,208)</u>	<u>\$ 10,014,137</u>	<u>\$ 7,474,929</u>

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

ANIMAS HIGH SCHOOL
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022

	General
ASSETS:	
Cash	\$ 693,247
Grants and accounts receivable	2,475,399
Prepaid expenses	73,121
Total Assets	\$ 3,241,766
LIABILITIES:	
Accounts payable	2,329,296
Unearned revenues	19,709
Total Liabilities	2,349,005
FUND BALANCE:	
Nonspendable	73,121
Retricted for:	
Tabor	88,000
Unassigned	731,640
Total Fund Balance	892,761
Total Liabilities and Fund Balance	\$ 3,241,766
Amounts reported for Governmental Activities in the Statement of Net Position (Deficit) are different because:	
Fund Balance - Governmental Fund	\$ 892,761
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	10,782
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	571,870
Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,596,841)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	(1,417,780)
Net Position (Deficit) - Governmental Activities	\$ (2,539,208)

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, 2022

	General
REVENUES:	
Local sources	\$ 248,041
State sources	12,947,137
Federal sources	193,796
Total Revenues	13,388,974
EXPENDITURES:	
Current	
Instructional	1,564,752
Supporting services	1,243,817
Total Expenditures	2,808,569
Excess of Revenues Over Expenditures	10,580,405
OTHER FINANCING SOURCES (USES):	
Transfers out	(10,577,432)
Net Other Financing Sources (Uses)	(10,577,432)
Net Change in Fund Balance	2,973
FUND BALANCE, Beginning	889,788
FUND BALANCE, Ending	\$ 892,761

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

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, 2022

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

Net Change in Fund Balance - Governmental Fund	\$	2,973
<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>1,494,460</u>
Change in Net Position - Governmental Activities	\$	<u><u>1,491,028</u></u>

ANIMAS HIGH SCHOOL
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUND
JUNE 30, 2022

	<u>Building Corporation</u>
ASSETS:	
Current Assets	
Cash	\$ 1,843,304
Due from related organization	<u>2,320,817</u>
Total Current Assets	<u>4,164,121</u>
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>10,872,049</u>
Total Noncurrent Assets	<u>10,872,049</u>
Total Assets	<u>15,036,170</u>
LIABILITIES:	
Current Liabilities	
Accounts payable	\$ <u>2,168,815</u>
Total Current Liabilities	2,168,815
Note payable	<u>2,853,218</u>
Total Liabilities	<u>5,022,033</u>
NET POSITION (DEFICIT):	
Investment in capital assets, net of related debt	8,018,831
Unrestricted	160,873
Restricted	<u>1,834,433</u>
Total Net Position (Deficit)	<u>\$ 10,014,137</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, 2022

	<u>Building Corporation</u>
OPERATING REVENUES:	
Rental income	\$ 220,311
Contribution income	<u>181,292</u>
Total Operating Revenues	<u>401,603</u>
OPERATING EXPENSES:	
Depreciation	78,993
Other operating expenses	<u>2,508,004</u>
Total Operating Expenses	<u>2,586,997</u>
Net Operating Loss	<u>(2,185,394)</u>
NON-OPERATING REVENUES (EXPENSES):	
Transfers in	10,577,432
Interest expense	<u>(221,442)</u>
Net Non-Operating Revenue	<u>10,355,990</u>
Net Income	8,170,596
NET POSITION, Beginning	<u>1,843,541</u>
NET POSITION (DEFICIT), Ending	<u><u>\$ 10,014,137</u></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, 2022

	<u>Building Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received	\$ 8,733,495
Interest paid	(221,442)
Operating expenses	<u>1,663,180</u>
Net Cash Provided by Operating Activities	<u>10,175,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed asset	<u>(9,980,211)</u>
Net Cash Used by Investing Activities	<u>(9,980,211)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Acquisition of long-term debt	2,853,218
Pay-off of long-term debt	<u>(2,515,998)</u>
Net Cash Provided by Financing Activities	<u>337,220</u>
Net Change in Cash	532,242
Cash, Beginning	<u>1,311,062</u>
Cash, Ending	<u><u>\$ 1,843,304</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Income	\$ 8,170,596
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	78,993
Loss in fixed asset value	2,189,211
Increase/Decrease in assets and liabilities:	
Accounts receivable	(2,245,540)
Prepaid expenses	7,064
Accounts payable	<u>1,974,909</u>
Net cash provided by operating activities	<u><u>\$ 10,175,233</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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other 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 (FNP) and additions to/deductions from the FNP 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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.

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance / Net Position (Deficit) Classifications:

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.

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, 2022, the School had the following cash:

Checking and savings	\$ 2,543,601
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ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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.

Capital Assets

Capital assets activity for the year ended June 30, 2022 is as follows:

	Balance			Balance
<u>Governmental Activities:</u>	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
<u>Capital Assets:</u>				
FFE	\$ 173,182	\$ -	\$ -	\$ 173,182
Total Capital Assets	<u>173,182</u>	<u>-</u>	<u>-</u>	<u>173,182</u>
 <u>Accumulated Depreciation:</u>				
FFE	<u>155,996</u>	<u>6,404</u>	<u>-</u>	<u>162,400</u>
Total Accumulated Depreciation	<u>155,996</u>	<u>6,404</u>	<u>-</u>	<u>162,400</u>
 Net Capital Assets	 <u>\$ 17,186</u>			 <u>\$ 10,782</u>
 <u>Business-type Activities:</u>				
<u>Capital Assets:</u>				
Building	\$ 3,738,364	\$ 9,980,211	\$ 2,845,974	\$10,872,601
Land Improvements	<u>44,072</u>	<u>-</u>	<u>-</u>	<u>44,072</u>
Total Capital Assets	<u>3,782,436</u>	<u>9,980,211</u>	<u>2,845,974</u>	<u>10,916,673</u>
 <u>Accumulated Depreciation:</u>				
Building	608,438	76,055	656,763	27,730
Land Improvements	<u>13,956</u>	<u>2,938</u>	<u>-</u>	<u>16,894</u>
Total Accumulated Depreciation	<u>622,394</u>	<u>78,993</u>	<u>656,763</u>	<u>44,624</u>
 Net Capital Assets	 <u>\$ 3,160,042</u>			 <u>\$10,872,049</u>

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

Capital Assets (Continued)

Business-type Activities current fiscal year fixed asset addition of \$9,980,211 represents additional work in progress for the new school being built at the Fort Lewis College campus; this adds to the June 30, 2021 work in progress of \$772,222 for a total work in progress of \$10,752,433 as of June 30, 2022. Depreciation on the new school will begin when the certificate of occupancy is received.

Business-type Activities current fiscal year fixed asset deletion of \$2,845,974 and related accumulated depreciation of \$656,763 represents a ninety-six percent write-down of the school's existing buildings due to asset impairment. As a result, the AHSBC recognized a loss in fixed asset value of \$2,189,211. The remaining four percent of the school's existing buildings of \$120,168 will continue to be depreciated throughout the school's occupancy at its current location. Any remaining value at the time the school vacates its current location will be written off and offset against any sale proceeds.

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 \$78,993.

Unearned Revenues

Unearned revenues represent student club funds and student fees collected for the next school year. As of June 30, 2022, AHS had the following unearned revenues:

2022 – 2023 Student clubs	\$ 10,957
2022 – 2023 Student fees	<u>8,752</u>
Total	<u>\$ 19,709</u>

Unearned revenue will be recognized as revenue when the School has provided services to students for the fees collected.

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. During the fiscal year ended June 30, 2022, the remaining \$50,000 was also forgiven and converted into an assistance fund grant.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 3 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Long-term Debt (Continued)

Business-type Activities:

During the fiscal year ended June 30, 2022, the AHSBC long-term debt was refinanced into a new loan which will encompass the new school construction loan. The total loan shall not exceed the principal sum of \$3,500,000, matures in September 2046 and bears an interest rate of 3.75% through September 2030 and for each successive one-year period thereafter, the interest rate will be adjusted to the Prime Rate, as of the date that is 120 days prior to the end of the preceding one-year period, plus 0.75%.

At June 30, 2022, the note payable balance was \$2,523,218.

Interest only payments equal to 3.75% of the unpaid principal balance are payable through September 2022. Principal and interest payments begin October 2022 and continue through maturity.

Future annual maturities will be detailed once the construction loan is finalized subsequent to the completion of the new school.

The monthly loan 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, 2022.

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental</u>					
<u>activities:</u>					
CSI loan	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
<u>Business-type</u>					
<u>activities:</u>					
Building loan	2,515,998	2,853,218	2,515,998	2,853,218	-
Total	<u>\$ 2,565,998</u>	<u>\$ 2,853,218</u>	<u>\$2,565,998</u>	<u>\$ 2,853,218</u>	<u>\$ -</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 school to be built on the Fort Lewis College (FLC) campus.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

BEST Grant Award (Continued)

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

During the fiscal year ended June 30, 2021, AHS began transforming conceptual designs into buildable blueprints. Construction of AHS' new school began during the fiscal year ended June 30, 2022, it is anticipated the school will move from its current location to FLC in late 2022 or early 2023.

NOTE 4 **DEFINED BENEFIT 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

	7/1/2021 – 6/30/2022
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	9.88%
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).

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 \$266,339 for the year ended June 30, 2022.

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

At June 30, 2022, the AHS reported a liability of \$2,476,999 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the AHS as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with AHS were as follows:

AHS proportionate share of the net pension liability	\$2,476,999
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with AHS	29,995
Total	\$2,506,994

At December 31, 2021, the AHS' proportion was .021285%, which was a decrease of .002471% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, AHS recognized pension expense of (\$1,128,612) and revenue of \$29,995 for support from the State as a nonemployer contributing entity. At June 30, 2022, 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	\$ 94,829	\$ -
Changes in assumptions or other inputs	189,100	-
Net difference between projected and actual earnings on pension plan investments	-	931,278
Changes in proportion and difference between contributions recognized and proportionate share of contributions	145,410	416,342
Contributions subsequent to the measurement date	131,244	-
Total	\$ 560,583	\$ 1,347,620

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

\$131,244 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2023	\$ 88,674
2024	54,094
2025	2,642
Total	\$ 145,410

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- 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.
- 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 (FNP), 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 FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payment reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 3,645,940	\$ 2,476,998	\$ 1,501,561

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

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

Plan description. Eligible employees of the 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, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

PERA Benefit Structure

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and AHS is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from AHS were \$13,579 for the year ended June 30, 2022.

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

At June 30, 2022, AHS reported a liability of \$119,842 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. AHS' proportion of the net OPEB liability was based on AHS contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, AHS' proportion was .0138974%, which was an increase of .000160 percent from its proportion measured as of December 31, 2020.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

For the year ended June 30, 2022 AHS recognized OPEB expense of (\$8,733). At June 30, 2022, 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	\$ 183	\$ 28,415
Changes of assumptions or other inputs	2,461	6,501
Net difference between projected and actual earnings on OPEB plan investments	-	7,418
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,910	27,826
Contributions subsequent to the measurement date	6,733	-
Total	\$ 11,287	\$ 70,160

\$6,733 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,:	
2023	\$ 10,715
2024	10,377
2025	5,975
2026	2,249
2027	379
2028	41
Total	\$ 29,736

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

Post-retirement non-disabled 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% of the rates for all ages, with generational projection using scale MP- 2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 5 **DEFINED BENEFIT OTHER POST EMPLOYMENT 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.

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

Sensitivity of the 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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 116,397	\$ 119,842	\$ 123,825

Discount rate - The discount rate used to measure the TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above.

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 139,179	\$ 119,842	\$ 103,317

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR 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 September 2021, the School entered into a lease agreement to lease the school for the fiscal year ending June 30, 2023 from AHSBC. The lease may be renewed at the end of each fiscal year for a term of twelve months coinciding with the next succeeding fiscal year of the School. The following are the future monthly lease obligation for the fiscal year ending June 30, 2023 for the School:

July 2022	\$ 5,394
August 2022	5,574
September 2022	5,574
October 2022	18,453
November 2022	18,453
December 2022	18,453
January 2023	18,453
February 2023	18,453
March 2023	18,453
April 2023	18,453
May 2023	18,453
June 2023	<u>18,453</u>
Total	<u>\$ 182,619</u>

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

Lease Commitments (Continued)

School Lease Agreement (Continued)

Occupancy expense for the year ended June 30, 2022 was \$220,311.

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, 2023	\$ 5,907
June 30, 2024	<u>2,953</u>
Total	<u>\$ 8,860</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. The agreement terminated during the fiscal year ended June 30, 2022 in conjunction with the long-term debt refinance (NOTE 3). AHSBC is required to convey the temporary site (land) back to the developer in its original condition during 2023.

Parking Lot Use Agreement

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

Current Vulnerability Due to Certain Concentrations

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

ANIMAS HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

Taxpayer's Bill of Rights (TABOR)

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

NOTE 9 **EVALUATION OF SUBSEQUENT EVENTS**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 15, 2022, the date the financial statements were available to be issued. The School has not identified any subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

ANIMAS HIGH SCHOOL
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2022

	2013	2014	2015	2016	December 31, 2017	2018	2019	2020	2021
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%	0.02128%
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	\$ 2,476,999
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	\$ 1,330,238
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%	186.21%
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%	74.86%
School's Contributions									
Contractually required contribution	\$ 188,272	\$ 233,669	\$ 268,377	\$ 274,121	\$ 278,025	\$ 266,129	\$ 254,209	\$ 249,399	\$ 264,451
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>	<u>264,451</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,437)</u>	<u>\$ -</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	1,330,238
Contributions as a percentage of covered payroll	15.53%	16.43%	17.33%	19.15%	18.63%	19.13%	19.25%	19.63%	19.88%

* 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, 2022

	2017	2018	December 31, 2019	2020	2021
Proportionate Share of the Net OPEB Liability					
School's proportion of net OPEB liability	0.01838%	0.01645%	0.01469%	0.01374%	0.01390%
School's proportionate share of the net OPEB liability	\$ 238,926	\$ 223,789	\$ 165,070	\$ 130,539	\$ 119,842
School's covered payroll	\$ 1,212,320	\$ 1,422,208	\$ 1,320,504	\$ 1,270,367	\$ 1,330,238
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	19.71%	15.74%	12.50%	10.28%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	17.03%	24.49%	32.78%	39.40%
School's Contributions					
Contractually required contribution	\$ 15,224	\$ 14,190	\$ 13,469	\$ 12,958	\$ 13,568
Contributions in relation to the contractually required contribution	<u>15,224</u>	<u>14,190</u>	<u>13,469</u>	<u>12,958</u>	<u>13,568</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	1,492,547	1,391,159	1,320,504	1,270,367	1,330,238
Contributions as a percentage of covered payroll	1.02%	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>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local Sources	\$ 276,850	\$ 248,041	\$ (28,809)
State Sources	2,419,690	12,947,137	10,527,447
Federal Sources	150,460	193,796	43,336
Total Revenues	<u>2,847,000</u>	<u>13,388,974</u>	<u>10,541,974</u>
Expenditures:			
Instructional Services:			
Salaries and benefits	1,259,522	1,362,602	(103,080)
Materials, supplies and purchased services	237,061	202,149	34,912
Total Instructional	<u>1,496,583</u>	<u>1,564,752</u>	<u>(68,169)</u>
Supporting Services:			
Salaries and benefits	601,051	573,146	27,905
Materials, supplies and purchased services	763,713	670,671	93,042
Total Supporting Services	<u>1,364,764</u>	<u>1,243,817</u>	<u>120,947</u>
Total Expenditures	<u>2,861,347</u>	<u>2,808,569</u>	<u>52,778</u>
Excess (Deficiency) of Revenues over Expenditures	(14,347)	10,580,405	10,594,752
Other Financing Sources (Uses):			
Transfers out	-	(10,577,432)	(10,577,432)
Net Other Financing Sources (Uses)	-	(10,577,432)	(10,577,432)
Net Change in Fund Balance	(14,347)	2,973	17,320
Fund Balance - beginning of year	<u>889,788</u>	<u>889,788</u>	<u>-</u>
Fund Balance - end of year:			
Nonspendable	-	73,121	73,121
Restricted for Tabor	85,840	88,000	2,160
Unassigned	789,601	731,640	(57,961)
Total Fund Balance - end of year	<u>\$ 875,441</u>	<u>\$ 892,761</u>	<u>\$ 17,320</u>