5280 HIGH SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2021

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JOHN CUTLER & ASSOCIATES

Board of Directors
5280 High School
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the 5280 High School, component unit of the Denver Public School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of 5280 High School, as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedules of the School's proportionate share, and schedules of the School's contributions on pages 43-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Cutler & Associates, LLC

October 22, 2021

5280 High School
Management's Discussion and Analysis

As management of 5280 High School (5280 or the School), we offer readers of 5280 High School's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021.

Financial Highlights

The year ended June 30, 2021 is the third year of operations for 5280. As of June 30, 2021, net position increased by $747,075 to $1,502,308. This balance includes net pension and other post-employment benefit liabilities and associated deferred outflows and inflows, and is the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was $843,813. At the close of the fiscal year, 5280 High School's governmental funds reported an ending fund balance of $403,122, an increase of $69,169 from prior year. This increase is the result of operational savings and funding received late in the year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The 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.

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

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

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

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Denver Public Schools). The governmental activities of the School include instruction and supporting services.

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 governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The School has two governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts annually appropriated budgets for the General Fund. A budgetary comparison schedule for the General Fund has been provided herein.

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. This information is provided in pages 6-38.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of 5280 High School, assets exceeded liabilities resulting in a net position of $1,502,308 in FY 2020-2021. Of the School's total net position, $32,600 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the School's general operating expenses.

5280 High School's Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
ASSETS		
Cash	374,793	233,385
Accounts Receivable	58,526	146,053
Prepaid Assets	6,077	-
Capital Assets, not Depreciated	-	145,865
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,792,714	616,925
Total Assets	**2,232,110**	**1,142,228**
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	451,971	361,940
Related to OPEB	17,703	24,801
Total Deferred Outflows of Resources	**469,674**	**386,741**
LIABILITIES		
Accounts Payable	2,861	11,927
Accrued Salaries and Benefits	33,413	33,558
Unearned Revenues	-	-
Noncurrent Liabilities		
PPP Loan	-	159,700
Due in One Year	360,876	58,553
Due in More than One Year	91,921	-
Net Pension Liability	341,521	348,419
OPEB Liability	17,376	28,113
Total Liabilities	**847,968**	**640,270**
DEFERRED INFLOWS OF RESOURCES		
Related Pensions	339,783	127,494
Related OPEB	11,725	5,972
Total Deferred Inflows of Resources	**351,508**	**133,466**
NET POSITIONS		
Investment in Capital Assets	1,792,714	616,925
Restricted for PPP Expenses	-	159,700
Restricted for Emergencies	32,600	30,800
Unrestricted	(323,006)	(52,192)
Total Net Positions	**1,502,308**	**755,233**

The largest portion of the School's assets is in capital assets, at 80% of total assets in 2021.

5280 High School's Change in Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
Program Revenue		
Charges for Services	-	-
Operating Grants & Contributions	970,667	973,994
Capital Grants and Contributions	29,537	29,537
Total Program Revenue	**1,000,204**	**1,003,531**
General Revenue		
Per Pupil Revenue	843,813	814,269
Mill Levy Override	240,347	198,346
Unrestricted State Funds	-	12,123
Other	1,797	13,420
Special Item		
Forgiveness of Debt	159,700	-
Total General Revenue	**1,245,657**	**1,038,158**
Total Revenue	**2,245,861**	**2,041,689**
Expenses:		
Instruction	657,540	426,366
Supporting Services	834,267	1,188,540
Interest & Fiscal Charges	6,979	27,268
Total Expenses	**1,498,786**	**1,642,174**
Increase/(Decrese) in Net Positions	747,075	399,515
Net Position, Beginning	755,233	355,718
Net Position, Ending	1,502,308	755,233

The largest portion of the School's revenues came from Operating Grants and Contributions – 44%, respectively in 2021.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $403,122, an increase of $69,169 from prior year. As of the end of the current fiscal year, the School's Building Corporation reported an ending fund balance of $0, no change from the prior year. This fund records the activity of the 5280 Building Corporation (the "Corporation"), created for the purpose of issuing and paying debt on behalf of the School.

General Fund Budgetary Highlights

The School approves a General Fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized $21,966 more revenue than expected and spent $(1,411,568) less than planned, when compared to the final budget. One budget amendment was made during FY 2020-2021.

Capital Assets & Long-Term Debt

The School has invested in capital assets for machinery and equipment, as well as tenant improvements made to the School's facility. Depreciation expenses for capital assets are booked under Supporting Services of the School's operations.

The School has long-term debt in the form of a Note Payable to Imladris, LLC. Imladris, LLC is owned by a former board member of the school. Proceeds from the loan were used for building improvements and are scheduled to be repaid in full by September 2022.

Economic Factors and Next Year's Budget

The primary factors driving the budget for 5280 High School are student enrollment and Per Pupil Revenue. Enrollment for the 2020-2021 school year was 105 funded students. This information was analyzed as part of the 2021-2022 budget which is projecting a 115.00 funded student count. Per Pupil Revenue is expected to decline significantly in 2020-2021 as the result of the COVID-19 pandemic. The longer-term economic impacts of the pandemic in relation to the state budget and K-12 education are unknown.

Requests for Information

This financial report is designed to provide a general overview of 5280 High School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School:

5280 High School
1200 W. Mississippi Ave
Denver, CO 80223

BASIC FINANCIAL STATEMENTS

5280 HIGH SCHOOL

STATEMENT OF NET POSITION
As of June 30, 2021

	Governmental Activities	
	2021	2020
ASSETS		
Cash	$ 374,793	$ 233,385
Accounts Receivable	58,526	146,053
Prepaid Assets	6,077	-
Capital Assets, not depreciated	-	145,865
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,792,714	616,925
TOTAL ASSETS	2,232,110	1,142,228
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	451,971	361,940
Related to OPEB	17,703	24,801
TOTAL DEFERRED OUTFLOWS OF RESOURCES	469,674	386,741
LIABILITIES		
Accounts Payable	2,861	11,927
Accrued Salaries and Benefits	33,413	33,558
Unearned Revenues	-	-
Noncurrent Liabilities		
PPP Loan	-	159,700
Due in One Year	360,876	58,553
Due in More than One Year	91,921	-
Noncurrent Liability - Net Pension Liability	341,521	348,419
Noncurrent Liability - OPEB Liability	17,376	28,113
TOTAL LIABILITIES	847,968	640,270
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	339,783	127,494
Related to OPEB	11,725	5,972
TOTAL DEFERRED INFLOWS OF RESOURCES	351,508	133,466
NET POSITION		
Investment in Capital Assets	1,792,714	616,925
Restricted for PPP Expenses	-	159,700
Restricted for Emergencies	32,600	30,800
Unrestricted	(323,006)	(52,192)
TOTAL NET POSITION	$ 1,502,308	$ 755,233

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

5280 HIGH SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSTION	
					Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	$ 657,540	$ -	$ 970,667	$ -	$ 313,127	$ 547,628
Supporting Services	834,267	-	-	29,537	(804,730)	(1,159,003)
Interest on Long Term Debt	6,979	-	-	-	(6,979)	(27,268)
Total Governmental Activities	$ 1,498,786	$ -	$ 970,667	$ 29,537	(498,582)	(638,643)
GENERAL REVENUES						
Per Pupil Revenue					843,813	814,269
Mill Levy Override					240,347	198,346
Unrestricted State Funds					-	12,123
Other Income					1,797	13,420
SPECIAL ITEM						
Forgiveness of Debt					159,700	-
TOTAL GENERAL REVENUES					1,245,657	1,038,158
CHANGE IN NET POSITION					747,075	399,515
NET POSITION, Beginning					755,233	355,718
NET POSITION, Ending					$ 1,502,308	$ 755,233

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

5280 HIGH SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL FUND	DEBT SERVICE FUND	GENERAL FUND 2021	GENERAL FUND 2020
ASSETS				
Cash	$ 374,793	$ -	$ 374,793	$ 233,385
Accounts Receivable	58,526	-	58,526	146,053
Prepaid Assets	6,077	-	6,077	-
TOTAL ASSETS	$ 439,396	$ -	$ 439,396	$ 379,438
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 2,861	$ -	$ 2,861	$ 11,927
Accrued Salaries and Benefits	33,413	-	33,413	33,558
TOTAL LIABILITIES	36,274	-	36,274	45,485
FUND EQUITY				
Fund Balance				
Nonspendable	6,077	-	6,077	-
Restricted for Emergencies	32,600	-	32,600	30,800
Restricted for PPP Expenditures	-	-	-	159,700
Unassigned	364,445	-	364,445	143,453
TOTAL FUND EQUITY	403,122	-	403,122	333,953
TOTAL LIABILITIES AND FUND BALANCES	$ 439,396	$ -		

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

	2021	2020
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,792,714	762,790
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension and OPEB of of ($358,897), deferred outflows related to pensions and OPEB of $469,674, deferred inflows related to pensions and OPEB of ($351,508) and notes payable of ($452,797).	(693,528)	(341,510)
Net assets of governmental activities	$ 1,502,308	$ 755,233

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

5280 HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	GENERAL FUND	DEBT SERVICE FUND	2021	2020
REVENUES				
Local Sources	$ 1,853,441	$ -	$ 1,853,441	$ 1,755,358
State and Federal Sources	232,720	-	232,720	274,208
TOTAL REVENUES	2,086,161	-	2,086,161	2,029,566
EXPENDITURES				
Current				
Instruction	598,803	-	598,803	401,257
Supporting Services	644,600	1,160,854	1,805,454	1,215,740
Debt Service				
Principal	-	205,756	205,756	311,269
Interest	-	6,979	6,979	27,268
TOTAL EXPENDITURES	1,243,403	1,373,589	2,616,992	1,955,534
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	842,758	(1,373,589)	(530,831)	74,032
OTHER FINANCING SOURCES (USES)				
Proceeds from the Issuance of Debt	600,000	-	600,000	159,700
Transfers In	-	1,373,589	1,373,589	499,734
Transfers Out	(1,373,589)	-	(1,373,589)	(499,734)
TOTAL OTHER FINANCING SOURCES (USES)	(773,589)	1,373,589	600,000	159,700
NET CHANGE IN FUND BALANCES	69,169	-	69,169	233,732
FUND BALANCES, Beginning	333,953	-	333,953	100,221
FUND BALANCES, Ending	$ 403,122	$ -	$ 403,122	$ 333,953

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

5280 HIGH SCHOOL

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

Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	$	69,169
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capial outlay $1,071,865 exceeded depreciation expense ($87,327).		1,029,924
Loan proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.		(600,000)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the note payments $205,756 and loan forgiveness $159,700.		365,456
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.		(117,474)
Change in net position of governmental activities	$	747,075

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The 5280 High School (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter School within the Denver Public School District (the "District") in the State of Colorado. The School began classes in the fall of 2018.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

5280 Building Corporation

The 5280 Building Corporation (the "Corporation") was created. The purpose of the Corporation is to provide a mechanism to issue and pay debt on behalf of 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 debt service fund. Separate financial statements are not available.

The School is a component unit of the Denver Public School District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

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

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

Government-Wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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 financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the financial activities of the School's Building Corporation.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are reported at fair value.

Receivables – Receivables are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

Unearned Revenues – Unearned revenues include grant funds that have been collected but the corresponding expense has not been incurred.

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Leasehold improvements of the School are depreciated using the straight-line method over ten years.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as expense in the period where they are incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

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

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

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The School classifies prepaid assets as nonspendable as of June 30, 2021.

- 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. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2021.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balances.

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

Compensated Absences

The School's policy allows employees to accumulate Paid Time Off (PTO) during the year. Upon termination of employment, no payment is made to the employee for accrued but unpaid PTO, therefore no liability has been recorded in the government-wide financial statements.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School purchases commercial insurance for these risks of loss. Settled claims have not exceeded coverage in the last three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for the General Fund and the Building Corporation on a basis consistent with generally accepted accounting principles.

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: ***CASH AND INVESTMENTS***

Cash and Investments at June 30, 2021 consisted of the following:

Deposits	$ 374,793
Total	**$ 374,793**

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2021, the School had deposits with financial institutions with a carrying amount of $374,793. The bank balances with the financial institutions were $421,159. Of this amount $250,000 was covered by federal depository insurance and $171,159 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA)

NOTE 4: *CAPITAL ASSETS*

Capital Assets activity for the year ended June 30, 2021 is summarized below.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital Assets, not depreciated				
Construction in Process	$ 145,865	$ -	$ 145,865	$ -
Building Improvements	$ 652,905	$ 1,217,730	$ -	$ 1,870,635
Machinery and Equipment	23,276	45,386	-	68,662
Total Capital Assets Depreciated	676,181	1,263,116	(145,865)	1,939,297
Accumulated Depreciation				
Building Improvements	52,273	80,768	-	133,041
Machinery and Equipment	6,983	6,559	-	13,542
Total Accumulated Depreciation	59,256	87,327	-	146,583
Net Capital Assets, Depreciated	616,925	1,175,789	-	1,792,714
Net Capital Assets	**$ 762,790**	**$ 1,175,789**	**$ (145,865)**	**$ 1,792,714**

Depreciation is charged to the supporting services program of the School.

NOTE 5: *ACCRUED SALARIES AND BENEFITS*

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2021, were $33,413. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: ***NOTE PAYABLE - PPP***

On May 14, 2020, the School received a loan in the amount of $159,700 through the Small Business Administration's Paycheck Protection Program under Division A, Title I of the Coronavirus Aid Relief and Economic Security Act. ("CARES Act").

The full amount of this loan was forgiven on May 24, 2021.

NOTE 7: ***LONG-TERM DEBT***

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Payments	Balance June 30, 2021	Due In One Year
Linda Brown Note Payable	$ 36,365	$ -	$ 36,365	$ -	$ -
CSFC	22,188	-	22,188	-	-
Imladris, LLC (Linda Brown)	-	600,000	147,203	452,797	360,876
Total	**$ 58,553**	**$ 600,000**	**$ 205,756**	**$ 452,797**	**$ 360,876**

Linda Brown Note Payable

In May 2018, Linda Brown, a former member of the Board of Directors for 5280 High School from 2017 to 2018 issued a Note Payable to the School for $300,000. Proceeds from the note were used to provide funding for improvements of the building and infrastructure. The School is required to make payments at the first of each month to Linda Brown beginning on January 1, 2020. Payments will continue for twenty months, with the last payment being made on August 1, 2021. The School pays an annual interest rate of three and a half percent (3.5%). The first nineteen payments will be in the amount of $15,463 and the final payment will be for $21,069. In accordance with the school's Conflict of Interest policy, Linda was not present and did not participate in any dialogue or voting regarding this loan. This loan was paid in full during the year ended June 30, 2021.

NOTE 7: ***LONG-TERM DEBT*** (Continued)

Charter Facility Solutions Loan

In June 2018, the School entered into a loan agreement with Charter Facility Solutions, a Colorado nonprofit organization for $250,000. Proceeds from the loan were used to provide funding for leasehold improvements of the building and infrastructure. The School is required to pay installments on the 15th of each month at a rate of three and a half percent (3.5%) per annum. The first installment was paid in July of 2018 in the amount of $8,715. The installments increases to $11,141 in July of 2020. The final installment is scheduled for August of 2021. The loan was paid in full during the year ended June 30, 2021.

Imladris, LLC Note Payable

On November 1, 2020, Linda Brown on behalf of Imladris, LLC, a former member of the Board of Directors for 5280 High School from 2017 to 2018, issued a Note Payable to the School for $600,000. The School is required to make payments at the first of each month to Linda Brown beginning on February 1, 2021. Payments will continue for twenty months, with the last payment being made on September 1, 2022. The School pays an annual interest rate of three and a half percent (3.0%). The payments will range from $29,294 to $30,717. In accordance with the school's Conflict of Interest policy, Linda was not present and did not participate in any dialogue or voting regarding this loan.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 360,876	$ 8,648	$ 369,524
2023	91,921	461	92,382
TOTAL	**$ 452,797**	**$ 9,109**	**$ 461,906**

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Summary of Significant Accounting Policies (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

Contributions provisions as of June 30, 2021: Eligible employees of, the School, and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	10.90%	10.90%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412	(12.75%)[1]	(12.09%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS Division	**7.13%**	**7.79%**

[1] To conform with this presentation of contribution rates, the 2020 annual PCOP offset of 12.50 percent has been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements.

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were $49,270 for the year ended June 30, 2021.

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

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

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

At June 30, 2021, the School reported a liability of $341,521 for its proportionate share of the net pension liability.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	$341,921
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	-
Total	$341,921

At December 31, 2020, the School's proportion was .0759 percent, which was an increase of .0230 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized pension expense of $164,630 and revenue of $0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the School 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	$50,537	N/A
Changes of assumptions or other inputs	$71,490	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$339,783
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$303,284	N/A
Contributions subsequent to the measurement date	$26,660	N/A
Total	$451,971	$339,783

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

$49,106 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$85,881
2023	$95,280
2024	($42,283)
2025	($53,350)

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.80%-11.50%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

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

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

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

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

- Employer contributions for the DPS Division Trust Fund are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

- The AIR balance was excluded from the initial 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 position and the subsequent AIR benefit payments were estimated and included in the projections.

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

- Based on the above assumptions and methods, the DPS Division'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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$766,460	$341,521	($9,145)

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

OPEB. The School participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-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 DPS 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.

NOTE 9: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

General Information about the OPEB Plan

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

Benefits provided. The DPS 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 Heath Care Trust Fund (HCTF) and the DPS HCTF. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

NOTE 9: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

General Information about the OPEB Plan (Continued)

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 DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the DPS HCTF.

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the School were $6,725 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of $17,376 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The School proportion of the net OPEB liability was based on the School contributions to the DPS HCTF for the calendar year 2020 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2020, the School proportion was .0759 percent, which was a decrease of .00004 percent from its proportion measured as of December 31, 2019.

NOTE 9: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

For the year ended June 30, 2021, the School recognized OPEB expense of $28,357. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	N/A	$6,697
Changes of assumptions or other inputs	$2	$1,155
Net difference between projected and actual earnings on OPEB plan investments	N/A	$2,994
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$14,211	$879
Contributions subsequent to the measurement date	$3,490	N/A
Total	$17,703	$11,725

$3,490 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	$6,079
2023	$3,361
2024	($2,634)
2025	($2,172)
2026	($1,203)
Thereafter	($943)

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A Premiums	3.5% in 2020, gradually increasing to 4.5% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability used in the December 31, 2019, valuation for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.80%-11.50%

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

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

Mortality assumptions used in the roll forward calculation for the determination of the total pension liability of the DPS Division as shown below were applied, as applicable, in the roll forward calculation for the DPS HCTF.

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the DPS HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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

NOTE 9: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

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

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	**$17,376**	**$17,376**	**$17,378**

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS 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 DPS HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$22,145	$17,376	$13,303

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

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Lease Agreement

The School entered into a Lease Agreement with Imladris, LLC for the use of their building at 1200 W. Mississippi Ave and 1240 W. Mississippi Ave. The School entered into the agreement on July 1, 2020 which will end on June 30, 2022. The monthly rent is $8,521.88 per month and will increase from the current base rent of $102,262.50 by 10% on the first date of the first renewal term of the lease.

Total rent expense for the year ended June 30, 2021 for this lease was $0 as the lessor waived all rent payments.

NOTE 10: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment.

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2021, the reserve of $32,600 was recorded as a reservation of fund balance in the General Fund. The School has designated their deposits and prepaids as assets to cover this reserve.

NOTE 11: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through October 22, 2021. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

5280 HIGH SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	2021				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 855,553	$ 828,615	$ 843,813	$ 15,198	$ 814,269
Mill Levy Override	218,557	251,991	240,347	(11,644)	198,346
Grants and Donations	885,000	475,000	767,484	292,484	729,323
Tuition and Fees	1,125	800	1,321	521	-
Other	43,574	25,300	476	(24,824)	13,420
State and Federal Sources					
Grants and Donations	61,079	482,489	232,720	(249,769)	274,208
TOTAL REVENUES	2,064,888	2,064,195	2,086,161	21,966	2,029,566
EXPENDITURES					
Salaries	619,142	658,176	661,637	(3,461)	579,203
Employee Benefits	177,156	154,673	149,745	4,928	142,856
Purchased Services	347,029	389,439	330,309	59,130	581,152
Supplies and Materials	84,150	105,356	92,941	12,415	108,846
Property	1,081,000	1,120,950	-	1,120,950	41,234
Other	62,694	30,290	8,771	21,519	2,509
Debt Service					
Principal	301,315	196,087	-	196,087	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	2,672,486	2,654,971	1,243,403	1,411,568	1,455,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(607,598)	(590,776)	842,758	1,433,534	573,766
OTHER FINANCING USES					
Proceeds from Issuance of Debt	600,000	600,000	600,000	-	159,700
Transfers Out	-	-	(1,373,589)	(1,373,589)	(499,734)
TOTAL OTHER FINANCING SOURCES (USES)	600,000	600,000	(773,589)	(1,373,589)	(340,034)
CHANGE IN FUND BALANCES	(607,598)	(590,776)	69,169	659,945	233,732
FUND BALANCE, Beginning	121,246	333,952	333,953	1	100,221
FUND BALANCE, Ending	$ (486,352)	$ (256,824)	$ 403,122	$ 659,946	$ 333,953

See the accompanying independent auditors' report.

5280 HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	2018	2019	2020
School's proportionate share of the Net Pension Liability	0.0786%	0.0529%	0.0759%
School's proportionate share of the Net Pension Liability	$ 529,607	$ 348,419	$ 341,521
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	274,386	154,412	-
Total portion of the Net Pension Liability associated with the School	803,993	502,831	341,521
School's covered-employee payroll	$ 285,364	$ 571,941	$ 659,344
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	185.6%	60.9%	51.8%
Plan fiduciary net position as a percentage of the total pension liability	75.7%	84.7%	90.1%

See the accompanying independent auditors' report.

5280 HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2019	2020	2021
Statutorily required contributions	$ 35,716	$ 36,846	$ 49,270
Contributions in relation to the Statutorily required contributions	35,716	36,846	49,270
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 566,024	$ 571,947	$ 659,344
Contributions as a percentage of covered-employee payroll	6.31%	6.44%	7.47%

See the accompanying independent auditors' report.

5280 HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

Years Ended December 31,

	2018	2019	2020
School's proportionate share of the Net Pension Liability	0.079%	0.076%	0.076%
School's proportionate share of the Net Pension Liability	$ 35,500	$ 28,113	$ 17,376
School's covered-employee payroll	$ 566,024	$ 571,941	$ 659,344
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	6.27%	4.92%	2.64%
Plan fiduciary net position as a percentage of the total pension liability	34.72%	46.98%	65.43%

See the accompanying independent auditors' report.

5280 HIGH SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

Years Ended June 30,

	2019	2020	2021
Statutorily required contributions	$ 5,773	$ 5,835	$ 6,725
Contributions in relation to the Statutorily required contributions	5,773	5,835	6,725
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 566,024	$ 571,947	$ 659,344
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.