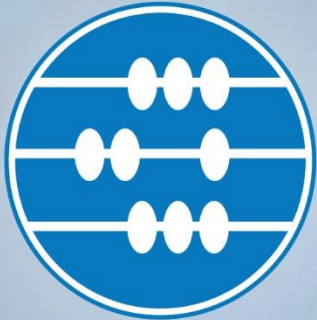


5280 HIGH SCHOOL
BASIC FINANCIAL STATEMENTS
JUNE 30, 2022



Richard C. Brozewicz

Certified Public Accountant

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Richard C. Brozewicz
Certified Public Accountant

Board of Directors
5280 High School
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 5280 High School, component unit of the Denver Public School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of 5280 High School, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 5280 High School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 5280 High School ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 5280 High School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 5280 High School ability to continue as a going concern for a reasonable period of time.

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

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, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 39-43 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



Richard C. Brozewicz
Certified Public Accountant

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.

Richard Brozewicz, CPA

Fate, Texas

October 28, 2022

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, 2022.

Financial Highlights

The year ended June 30, 2022 is the 4th year of operations for 5280. As of June 30, 2022, net position increased by \$1,342,153 to \$2,097,386. 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 \$1,014,317. At the close of the fiscal year, 5280 High School's governmental funds reported an ending fund balance of \$644,030, an increase of \$310,077 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 \$2,097,386 in FY 2021-2022. Of the School's total net position, \$58,666 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**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
ASSETS		
Cash	611,775	374,793
Accounts Receivable	137,651	58,526
Prepaid Assets	43,080	6,077
Capital Assets, not Depreciated	-	-
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,697,653	1,792,714
Total Assets	2,490,159	2,232,110
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	216,897	451,971
Related to OPEB	27,514	17,703
Total Deferred Outflows of Resources	244,411	469,674
LIABILITIES		
Accounts Payable	66,055	2,861
Accrued Salaries and Benefits	82,421	33,413
Unearned Revenues	-	-
Noncurrent Liabilities		
PPP Loan	-	-
Due in One Year	91,921	360,876
Due in More than One Year	-	91,921
Net Pension Liability	4,289	341,521
OPEB Liability	9,689	17,376
Total Liabilities	254,375	847,968
DEFERRED INFLOWS OF RESOURCES		
Related Pensions	372,729	339,783
Related OPEB	10,080	11,725
Total Deferred Inflows of Resources	382,809	351,508
NET POSITIONS		
Investment in Capital Assets	1,605,732	1,792,714
Restricted for PPP Expenses	-	-
Restricted for Emergencies	58,666	32,600
Unrestricted	432,988	(323,006)
Total Net Positions	2,097,386	1,502,308

The largest portion of the School's assets is in capital assets, at 68% of total assets in 2022.

**5280 High School's Change in Net Position
Governmental Activities**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Program Revenue		
Charges for Services	-	-
Operating Grants & Contributions	857,495	970,667
Capital Grants and Contributions	30,964	29,537
Total Program Revenue	888,459	1,000,204
General Revenue		
Per Pupil Revenue	1,014,317	843,813
Mill Levy Override	515,760	240,347
Unrestricted State Funds	-	-
Other	4,380	1,797
Special Item		
Forgiveness of Debt	-	159,700
Total General Revenue	1,534,457	1,245,657
Total Revenue	2,422,916	2,245,861
Expenses:		
Instruction	622,624	657,540
Supporting Services	1,098,087	834,267
Interest & Fiscal Charges	8,649	6,979
Total Expenses	1,729,360	1,498,786
Increase/(Decrease) in Net Positions	693,556	747,075
Net Position, Beginning	1,403,830	755,233
Net Position, Ending	2,097,386	755,233

The largest portion of the School's revenues came from Per Pupil Revenue – 42%, in 2022.

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 \$644,030, an increase of \$240,908 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 \$141,946 more revenue than expected and spent \$(531,208) less than planned, when compared to the final budget. One budget amendment was made during FY 2021-2022.

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. Proceeds from the loan were used for building improvements and are scheduled to be repaid in full by September 2022. More information may be found in Note 6 to the financial statements.

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 2021-2022 school year was 113.5 funded students. This information was analyzed as part of the 2022-2023 budget which is projecting a 104 funded student count.

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 West Mississippi Ave Denver, CO 80223

BASIC FINANCIAL STATEMENTS

5280 HIGH SCHOOL
STATEMENT OF NET POSITION
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 611,775
Accounts Receivable	137,651
Prepaid Expenses	43,080
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,697,653
TOTAL ASSETS	2,490,159
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	216,897
Related to OPEB	27,514
TOTAL DEFERRED OUTFLOWS OF RESOURCES	244,411
LIABILITIES	
Accounts Payable	66,055
Accrued Salaries and Benefits	82,421
Noncurrent Liabilities	
Due in One Year	91,921
Due in More than One Year	-
Net Pension Liability	4,289
Net OPEB Liability	9,689
TOTAL LIABILITIES	254,375
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	372,729
Related to OPEB	10,080
TOTAL DEFERRED INFLOWS OF RESOURCES	382,809
NET POSITION	
Net Investment in Capital Assets	1,605,732
Restricted for Emergencies	58,666
Unrestricted	432,988
TOTAL NET POSITION	\$ 2,097,386

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

5280 HIGH SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	\$ 622,624	\$ -	\$ 894,664	\$ -	\$ 272,040
Supporting Services	1,098,087	-	(37,169)	30,964	(1,104,292)
Interest on long term debt	8,649	-	-	-	(8,649)
Total Governmental Activities	<u>\$ 1,729,360</u>	<u>\$ -</u>	<u>\$ 857,495</u>	<u>\$ 30,964</u>	(840,901)
GENERAL REVENUES					
					1,014,317
					515,760
					-
					4,380
					<u>1,534,457</u>
					693,556
					1,403,830
					<u>\$ 2,097,386</u>

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

5280 HIGH SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	DEBT SERVICE FUND
ASSETS		
Cash and Investments	\$ 611,775	\$ -
Accounts Receivable	137,651	-
Prepaid Asset	43,078	-
TOTAL ASSETS	\$ 792,504	\$ -
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 66,053	\$ -
Accrued Salaries and Benefits	82,421	-
Unearned Revenue	-	-
TOTAL LIABILITIES	148,474	-
 FUND BALANCES		
Nonspendable	\$ 43,078	-
Restricted for Emergencies	58,666	\$ -
Unassigned	542,286	-
TOTAL FUND BALANCES	644,030	-
 TOTAL LIABILITIES AND FUND BALANCES	\$ 792,504	-

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

5280 HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

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

Total fund balances of governmental funds		\$ 644,030
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital Assets, not depreciated	-	
Capital Assets, depreciated	2,051,053	
Accumulated Depreciation	<u>(353,400)</u>	1,697,653
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.		
Note Payable	(91,921)	
Net Pension Liability	(4,289)	
Net OPEB Liability	<u>(9,689)</u>	(105,899)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	216,897	
Deferred outflows of resources - Related to OPEB	27,514	
Deferred inflows of resources - Related to Pensions	(372,729)	
Deferred inflows of resources- Related to OPEB	<u>(10,080)</u>	<u>(138,398)</u>
Net position of governmental activities		<u>\$ 2,097,386</u>

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, 2022

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>
REVENUES		
Local Sources	\$ 1,534,457	\$ -
State Sources	-	-
State & Federal Sources	<u>925,628</u>	<u>-</u>
TOTAL REVENUES	<u>2,460,085</u>	<u>-</u>
EXPENDITURES		
Current		
Instruction	690,407	-
Supporting Services	1,118,216	41,029
Capital Outlay	-	-
Debt Service		
Principal	-	360,878
Interest	<u>-</u>	<u>8,647</u>
TOTAL EXPENDITURES	<u>1,808,623</u>	<u>410,554</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>651,462</u>	<u>(410,554)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	410,554
Transfers Out	<u>(410,554)</u>	<u>-</u>
	<u>(410,554)</u>	<u>410,554</u>
NET CHANGE IN FUND BALANCES	240,908	-
FUND BALANCES, Beginning	<u>403,122</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 644,030</u>	<u>\$ -</u>

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, 2022

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

Net change in fund balances - total governmental funds		\$ 240,908
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlay	111,756	
Depreciation	<u>(108,339)</u>	3,417
Lease proceeds		-
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the state of net position. This amount is the note payments \$360,876</p>		
		360,876
<p>Deferred Charges related to pensions and OPEB are not recognized in the governmental fund. However, for the government-wide funds those amounts are capitalized and amortized.</p>		
Deferred charges related to Pension Plan	69,212	
Deferred charges related to OPEB	<u>19,143</u>	<u>88,355</u>
Change in net position of governmental activities		<u>\$ 693,556</u>

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

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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 the shorter of the useful life of the asset or the remaining lease term.

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022.
- 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, 2022.
- 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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2022 consisted of the following:

Deposits	\$ 611,581
Investments	143
Petty Cash	<u>50</u>
Total	<u>\$ 611,774</u>

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, 2022, 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, 2022, the School had deposits with financial institutions with a carrying amount of \$611,581. The bank balances with the financial institutions were \$646,185. Of this amount \$250,000 was covered by federal depository insurance and \$396,185 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA)

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2022 is summarized below.

	Prior Period 6/30/2021 Balance	Adjusted 6/30/2021 Balance	Additions	Deletions	6/30/2022 Balance
Governmental Activities					
Capital Asset, Being					
Depreciated					
Leasehold Improvements	\$ 1,870,635	\$ 1,870,635	\$ 41,029	\$ -	\$ 1,911,664
Equipment	68,662	68,662	70,727	-	139,389
Total Capital Assets					
Being Depreciated	<u>1,939,297</u>	<u>1,939,297</u>	<u>111,756</u>	<u>-</u>	<u>2,051,053</u>
Accumulated Depreciation					
Leasehold Improvements	133,041	229,617	94,607	-	324,224
Equipment	13,542	15,444	13,732	-	29,176
Total Depreciation	<u>146,583</u>	<u>245,061</u>	<u>108,339</u>	<u>-</u>	<u>353,400</u>
Total Capital Assets, Being Depreciated, Net	<u>1,792,714</u>	<u>1,694,236</u>	<u>3,417</u>	<u>-</u>	<u>1,697,653</u>
Net Capital Assets	<u>\$ 1,792,714</u>	<u>\$ 1,694,236</u>	<u>\$ 3,417</u>	<u>\$ -</u>	<u>\$ 1,697,653</u>

Depreciation is charged to the supporting services program of the School. A prior period adjustment was needed to properly record the depreciation for the capital assets. See Note 12 for further details.

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, 2022, were \$82,421. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: LONG-TERM DEBT

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Imladris, LLC (Linda Brown)	\$ 452,797	\$ -	\$ 360,876	\$ 91,921	\$ 91,921
Net Pension Liability	341,521	-	337,232	4,289	-
Net OPEB Liability	17,376	-	7,687	9,689	-
Total	<u>\$ 811,694</u>	<u>\$ -</u>	<u>\$ 705,795</u>	<u>\$ 105,899</u>	<u>\$ 91,921</u>

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. The loan is paid in full as of September 1, 2022.

Future debt service requirements are as follows:

Year Ended June 30,	Principle	Interest	Total
2023	\$ 91,921	\$ 460	\$ 92,381
Total	<u>\$ 91,921</u>	<u>\$ 460</u>	<u>\$ 92,381</u>

NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES-LEASES

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School's financial statements for the year ended June 30, 2022. There were no material leases for the year ending June 30, 2022.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 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% 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.

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

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

Survivor benefits are determined by several factors, which include the amount of earned

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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, 2022: 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
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 ¹	(12.09%)	(11.47%)
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. §	5.50%	5.50%
Total employer contribution rate to the DPS	7.79%	8.41%

¹ ** Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were \$79,254 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the 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. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

At June 30, 2022, the School reported a liability of \$4,289 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School’s proportionate share of the net pension liability	\$4,289
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$1,259
Total	\$5,548

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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)

At December 31, 2021, the School’s proportion was 0.07183 percent, which was an decrease of 0.00408 percent from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension expense of (\$9,331) and revenue of \$17,796 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$36,622	N/A
Changes of assumptions or other inputs	44,717	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	419,070
Changes in proportion and differences between contributions recognized and proportionate share of contributions	90,263	(46,341)
Contributions subsequent to the measurement date	45,295	N/A
Total	\$216,897	\$372,729

\$45,295 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$45,030
2024	(\$91,952)
2025	(\$103,660)
2026	(\$50,547)

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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)

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80% – 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)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

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

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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)

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

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

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

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

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

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

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

5280 HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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 PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. 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	6.00%	4.70%
Total	100.00%	

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division 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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

5280 HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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)

- 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$413,523	\$4,289	(\$333,605)

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The 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 DPS HCTF and the Health Care Trust Fund (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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the OPEB Plan (Continued)

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

PERA Benefit Structure

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the DPS HCTF or the 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 service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the OPEB Plan (Continued)

There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the DPS HCTF or the 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% 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 \$9,781 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$9,689 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year 2021 relative to the total contributions of participating employers to the DPS HCTF.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

At December 31, 2021, the School’s proportion was 0.09 percent, which was an increase of 0.01620 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$13,808. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of</u>
Difference between expected and actual experience	N/A	\$8,792
Changes of assumptions or other	1	1,177
Net difference between projected and actual earnings on OPEB plan	N/A	5,247
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,178	(5,136)
Contributions subsequent to the measurement date	5,335	N/A
Total	27,514	\$10,080

\$5,335 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 June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 : DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Year ended June 30:	
2023	\$2,436
2024	1,955
2025	2,514
2026	3,691
2027	1,312
Thereafter	191

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

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage	3.80%-11.50%
Long-term investment rate of return, net of OPEB	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to .50% in 2029
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT 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	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	\$596	\$199	\$562

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

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

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

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

5280 HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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)

are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for

Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for the DPS Division as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed using a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

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

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

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

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

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

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

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

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

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

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

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

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

5280 HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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)

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.

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
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	6.00%	4.70%
Total	100.00%	

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

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:

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

	1% Decrease in Trend	Current Trend Rates	1% Increase in Trend
Initial PERACare Medicare	3.50%	4.50%	5.50%
Ultimate PERACare Medicare	3.50%	4.50%	5.50%
Initial Medicare Part A trend	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend	3.50%	4.50%	5.50%
Net OPEB Liability	\$9,688	\$9,689	\$9,691

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, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 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.

5280 HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Based on the above assumptions and methods, the 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.

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	Current Discount Rate	1% Increase
Proportionate share of the net OPEB liability	\$15,513	\$9,689	\$4,722

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.

5280 HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022, 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, 2022, the reserve of \$58,666 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 28, 2022. It was determined that no events were required to be disclosed through this date.

NOTE 12: **PRIOR PERIOD ADJUSTMENT**

Beginning net assets of 5280 High School as of June 30, 2022 were restated for a prior period adjustment. Net assets were decreased by \$98,478, the adjustments related to correcting the useful life of capital assets from a incorrect GAAP method to a compliant GAAP useful life. Net assets of 5280 High School as of June 30, 2022 were restated from \$1,502,308 to \$1,403,830.

REQUIRED SUPPLEMENTARY INFORMATION

5280 HIGH SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 965,883	\$ 1,002,057	\$ 1,014,317	\$ 12,260	\$ 843,813
Mill Levy Override	467,364	489,133	515,760	26,627	240,347
Interest	-	-	-	-	-
Other	9,900	10,400	4,380	(6,020)	1,797
State Sources					
Capital Construction	32,120	31,190	30,964	(226)	-
State and Federal Sources					
Grants and Donations	469,030	785,359	894,664	109,305	1,000,204
TOTAL REVENUES	<u>1,944,297</u>	<u>2,318,139</u>	<u>2,460,085</u>	<u>141,946</u>	<u>2,086,161</u>
EXPENDITURES					
Salaries	820,625	995,453	1,039,562	(44,109)	624,763
Employee Benefits	203,755	266,561	238,971	27,590	186,619
Purchased Services	299,601	388,402	345,432	42,970	330,309
Supplies and Materials	107,550	103,337	83,745	19,592	92,941
Property	83,250	204,000	99,377	104,623	-
Other	58,686	21,202	1,536	19,666	1,169,625
Debt Service					
Principal	360,876	360,876	-	360,876	205,756
Interest	-	-	-	-	6,979
Total Expenditures	<u>1,934,343</u>	<u>2,339,831</u>	<u>1,808,623</u>	<u>531,208</u>	<u>2,616,992</u>
TOTAL EXPENDITURES	<u>1,934,343</u>	<u>2,339,831</u>	<u>1,808,623</u>	<u>531,208</u>	<u>2,616,992</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,954</u>	<u>(21,692)</u>	<u>651,462</u>	<u>673,154</u>	<u>(530,831)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the issuance of Debt	-	-	-	-	600,000
Transfers in	-	-	-	-	1,373,589
Transfers out	-	-	(410,554)	(410,554)	(1,373,589)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(410,554)</u>	<u>(410,554)</u>	<u>600,000</u>
NET CHANGE IN FUND BALANCES	9,954	(21,692)	240,908	262,600	69,169
FUND BALANCE, Beginning	<u>403,122</u>	<u>403,122</u>	<u>403,122</u>	<u>-</u>	<u>333,953</u>
FUND BALANCE, Ending	<u>\$ 413,076</u>	<u>\$ 381,430</u>	<u>\$ 644,030</u>	<u>\$ 262,600</u>	<u>\$ 403,122</u>

See the accompanying independent auditors' report.

5280 HIGH SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net Pension Liability (Asset)	0.08507%	0.0759%	0.0529%	0.0786%
Proportionate Share of the Net Pension Liability (Asset)	\$ 5,080	\$ 341,521	\$ 348,419	\$ 529,607
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	<u>1,491</u>	<u>-</u>	<u>154,412</u>	<u>274,386</u>
Total Proportionate Share of the Net Pension Liability (Asset)	<u>6,571</u>	<u>341,521</u>	<u>502,831</u>	<u>803,993</u>
Covered payroll	\$ 778,162	\$ 659,344	\$ 571,941	\$ 285,364
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.8%	51.8%	60.9%	185.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.9%	90.1%	84.7%	75.7%

NOTE: Information for the prior six year was not available for this report

See the accompanying independent auditors' report.

5280 HIGH SCHOOL
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 79,254	\$ 49,270	\$ 36,846	\$ 35,716
Contributions in Relation to the Contractually Required Contributions	<u>79,254</u>	<u>49,270</u>	<u>36,846</u>	<u>35,716</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 958,968	\$ 659,344	\$ 571,947	\$ 566,024
Contributions as a Percentage of Covered Payroll	8.26%	7.47%	6.44%	6.31%

NOTE: Information for the prior six year was not available for this report.

See the accompanying independent auditors' report.

5280 HIGH SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net OPEB Liability (Asset)	0.10909%	0.076%	0.076%	0.079%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 11,476	\$ 17,376	\$ 28,113	\$ 35,500
Covered payroll	\$ 778,162	\$ 659,344	\$ 571,941	\$ 566,024
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	1.47%	2.64%	4.92%	6.27%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	83.93%	65.43%	46.98%	34.72%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditors' report.

5280 HIGH SCHOOL
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 9,781	\$ 6,725	\$ 5,835	\$ 5,773
Contributions in Relation to the Contractually Required Contributions	<u>9,781</u>	<u>6,725</u>	<u>5,835</u>	<u>5,773</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 958,968	\$ 659,344	\$ 571,947	\$ 566,024
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditors' report.