

**5280 HIGH SCHOOL**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2025**



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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
5280 High School  
Denver, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and major fund of the 5280 High School (the School), component unit of the Denver Public School District, as of and for the year ended June 30, 2025, 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 and the major fund of the School, as of June 30, 2025, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

### ***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the beginning net position and fund balance was restated to correct errors in the prior year. Our opinions are not modified with respect to this matter. As discussed in Note 13 to the financial statements, the school has suffered recurring losses from operations and has upcoming debt due. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 13. Our opinion is not modified with respect to this matter.

### ***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.

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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 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 School's ability to continue as a going concern for a reasonable period of time.

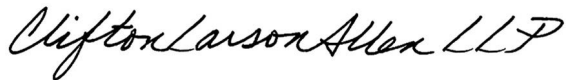
Board of Directors  
5280 High School

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 45-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

Denver, Colorado  
October 27, 2025

## **BASIC FINANCIAL STATEMENTS**

**5280 HIGH SCHOOL  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 475,442
Accounts Receivable	274,288
Prepaid Expenses	28,102
Capital Assets, Not Depreciated	899,312
Capital Assets, Net of Accumulated Depreciation	1,716,203
OPEB Asset	45,486
Right-of-Use Asset - Net of Accumulated Amortization	872,017
Total Assets	4,310,850
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pension Plan	568,752
Related to OPEB	24,117
Total Deferred Outflows of Resources	592,869
<b>LIABILITIES</b>	
Accounts Payable	201,954
Accrued Salaries and Benefits	113,440
Accrued Interest	17,759
Unearned Revenue	429,698
Noncurrent Liabilities:	
Due in One Year	1,966,867
Due in More Than One Year	891,681
Net Pension Liability	944,758
Total Liabilities	4,566,157
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to OPEB	28,811
Total Deferred Inflows of Resources	28,811
<b>NET POSITION</b>	
Net Investment in Capital Assets	628,984
Restricted for Emergencies	95,859
Restricted for Net OPEB Asset	45,486
Unrestricted	(461,578)
Total Net Position	\$ 308,751

See accompanying Notes to Financial Statements.

**5280 HIGH SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Instructional	\$ 2,318,459	\$ -	\$ 1,391,945	\$ 35,353	\$ (891,161)
Supporting Services	982,676	-	-	-	(982,676)
Interest on Long-Term Debt	228,265	-	119,000	-	(109,265)
Total Governmental Activities	<u>\$ 3,529,400</u>	<u>\$ -</u>	<u>\$ 1,510,945</u>	<u>\$ 35,353</u>	<u>(1,983,102)</u>
<b>GENERAL REVENUES</b>					
Per Pupil Revenue					1,218,987
Mill Levy Override					664,010
Interest					15
Other					111,638
Total General Revenue					<u>1,994,650</u>
<b>CHANGES IN NET POSITION</b>					
					11,548
Net Position - Beginning, As Originally Reported					1,745,400
Restatements					<u>(1,448,197)</u>
Net Position - Beginning, As Restated					<u>297,203</u>
<b>NET POSITION - END OF YEAR</b>					<u><u>\$ 308,751</u></u>

See accompanying Notes to Financial Statements.

**5280 HIGH SCHOOL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	General Fund
<b>ASSETS</b>	
Cash and Investments	\$ 475,442
Accounts Receivable	274,288
Prepaid Item	28,102
Total Assets	\$ 777,832
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts Payable	201,954
Accrued Salaries and Benefits	113,440
Unearned Revenue	429,698
Total Liabilities	745,092
<b>FUND BALANCES</b>	
Nonspendable	28,102
Restricted for Emergencies	95,859
Unassigned	(91,221)
Total Fund Balances	32,740
Total Liabilities and Fund Balances	\$ 777,832

See accompanying Notes to Financial Statements.

**5280 HIGH SCHOOL  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2025**

Total Fund Balance - Governmental Funds	\$	32,740
<p>Amounts reported for governmental activities in the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.</p>		
Capital Assets, Not Depreciated	899,312	
Capital Assets, Depreciated	2,164,079	
Accumulated Depreciation	(447,876)	
Right-to-Use Asset	1,229,838	
Accumulated Amortization	<u>(357,821)</u>	3,487,532
<p>Long-term liabilities and related assets are not due and payable the current period and, therefore, are not reported in the funds.</p>		
Lease Payable	(990,548)	
Accrued Interest Payable	(17,759)	
Note Payable	(1,868,000)	
Net Pension Liability	(944,758)	
Net OPEB Asset	<u>45,486</u>	(3,775,579)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred Outflows of Resources - Related to Pensions	568,752	
Deferred Outflows of Resources - Related to OPEB	24,117	
Deferred Inflows of Resources - Related to OPEB	<u>(28,811)</u>	<u>564,058</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position		<u>\$ 308,751</u>

See accompanying Notes to Financial Statements.

**5280 HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025**

	General Fund
<b>REVENUES</b>	
Local Sources	\$ 2,911,662
State Sources	494,302
Federal Sources	171,885
Total Revenues	3,577,849
<b>EXPENDITURES</b>	
Current:	
Instruction	2,278,389
Supporting Services	982,676
Capital Outlay	57,498
Debt Service:	
Principal	82,858
Interest	210,506
Total Expenditures	3,611,927
<b>NET CHANGE IN FUND BALANCES</b>	(34,078)
Fund Balance - Beginning, As Originally Reported	255,588
Restatements	(188,770)
Fund Balance - Beginning, As Restated	66,818
<b>FUND BALANCES - END OF YEAR</b>	\$ 32,740

See accompanying Notes to Financial Statements.

**5280 HIGH SCHOOL  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ (34,078)

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

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.

Capital Outlay	57,498	
Net Book Value of Disposed Assets	(58,687)	
Amortization	(160,222)	
Depreciation	<u>(322,467)</u>	(483,878)

Repayment of long-term debt is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the note payments and other accrued interest.

Lease Principal Payments	82,858	
Accrued Interest	<u>(17,759)</u>	65,099

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.

Deferred Charges Related to Pension Plan	463,345	
Deferred Charges Related to OPEB	<u>1,060</u>	<u>464,405</u>

Change in Net Position of Governmental Activities as Reported on the Statement of Activities \$ 11,548

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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.

**A. 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 within the General Fund. The Corporation signed an agreement for the building lease and total payments made on the lease for the year ended June 30, 2025 were \$114,984. The Corporation also entered into an agreement to purchase a building in 2023 and the payments related to debt service (interest only) for this building were \$154,920. Separate financial statements are not available.

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

**B. 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 FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**B. 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.

**C. 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 FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**C. 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.

**D. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheet 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 sheet 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.

**E. 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 FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**E. 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 acquisition 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.

Leases

The School determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the School's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the School's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

Leases (Continued)

The School recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the School uses the incremental borrowing rate to calculate the present value of expected lease payments.

On-Behalf Payments

Accounting principles generally accepted in the United States of America require that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2025. The School is required to report its proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. See Note 9 for additional information.

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 FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**E. 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 fund balance.** 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, 2025.
- **Restricted fund balance.** 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 fund balance.** 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, 2025.
- **Unassigned fund balance.** 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 FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**F. Compensated Absences**

The School implemented GASB Statement No. 101, *Compensated Absences* in the current period. The School 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. The School evaluated the liability for compensated absences that consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The maximum amount of PTO that can be carried over into the next fiscal year is 4 days. The School evaluated the impact of the change and it was insignificant and not reported on the financial statements.

**G. 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.

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

**Budgets and Budgetary Accounting**

A budget is adopted for the General Fund 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.

**Stewardship**

The School has a negative unassigned fund balance of \$91,221 as of June 30, 2025. The plan to eliminate the deficit is discussed further in Note 13.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3 CASH AND INVESTMENTS**

Cash and Investments at June 30, 2025 consisted of the following:

Deposits	<u>\$ 475,442</u>
Total	<u><u>\$ 475,442</u></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, 2025, 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, 2025, the School had deposits with financial institutions with a carrying amount of \$475,442.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 4 CAPITAL ASSETS**

Capital Assets activity for the year ended June 30, 2025 is summarized below.

	<u>Beginning Balance *</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 899,312	\$ -	\$ -	\$ 899,312
Total Capital Assets, Not Being Depreciated	899,312	-	-	899,312
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,001,809	-	-	2,001,809
Leasehold Improvements	104,772	-	-	104,772
Furniture and Equipment	139,389	57,498	(139,389)	57,498
Right to Use - Building	<u>1,229,838</u>	<u>-</u>	<u>-</u>	<u>1,229,838</u>
Subtotal	3,475,808	57,498	(139,389)	3,393,917
Less: Accumulated Depreciation for:				
Buildings and Improvements	(100,090)	(311,031)	-	(411,121)
Leasehold Improvements	(25,320)	(10,477)	-	(35,797)
Furniture and Equipment	(80,702)	(958)	80,702	(958)
Right to Use - Building	<u>(197,599)</u>	<u>(160,222)</u>	<u>-</u>	<u>(357,821)</u>
Subtotal	<u>(403,711)</u>	<u>(322,466)</u>	<u>80,702</u>	<u>(805,697)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,072,097</u>	<u>(264,968)</u>	<u>(58,687)</u>	<u>2,588,220</u>
Governmental Activities, Capital Assets, Net	<u>\$ 3,971,409</u>	<u>\$ (264,968)</u>	<u>\$ (58,687)</u>	<u>\$ 3,487,532</u>

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

\*The School removed \$1,359,428, net of accumulated depreciation of \$447,663, of Leasehold Improvements from the beginning balance. See Note 11 for further information. Also, the School added \$1,032,239 of Right to Use-Building that was not part of the capital assets Note in the prior year. This amount was reflected in the Statement of Net Position in the prior year financial statements.

The School recognized an impairment loss for property located at 1100 W. Mississippi Ave, Denver, Colorado. The assets are no longer in use by the School and the carrying amount of the assets was greater than the recently appraised value. The impairment loss was \$210,940 and is reflected in the Instructional program on the Statement of Activities and in the above schedule as an increase the depreciation expense under the Building and Improvement category.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 5 ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a 12-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, 2025, were \$113,440. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

**NOTE 6 LONG-TERM DEBT**

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2025:

	Beginning Balance	Additions	Payments	Ending Balance	Due In One Year
First Bank	\$ 1,868,000	\$ -	\$ -	\$ 1,868,000	\$ 1,868,000
Net Pension Liability	992,479	-	(47,721)	944,758	-
Net OPEB Liability	(7,026)	-	(38,460)	(45,486)	-
Total	<u>\$ 2,853,453</u>	<u>\$ -</u>	<u>\$ (86,181)</u>	<u>\$ 2,767,272</u>	<u>\$ 1,868,000</u>

On July 10, 2023 the School entered into a two year interest only loan with FirstBank with a stated interest rate of 9.250%. The full amount of \$1,868,000 was due June 20, 2025. See Note 12 for further details on the loan modification.

Year Ending June 30, 2026	Future Debt Payments		Total
	Principal	Interest	
	<u>\$ 1,868,000</u>	<u>\$ -</u>	<u>\$ 1,868,000</u>

**NOTE 7 LEASES**

The school entered into a 10-year lease with Imaldris LLC on November 11, 2022 for use of the main school building. The rate varies from \$8,692 to \$14,154 per month during the term. There was no imputed interest so the 10-year treasury rate of 4.9%. On April 19, 2022, the school entered into a lease with ATCO for a modular building for a period of five years. The lease amounts are \$1,955 per month. There was no imputed interest rate so we used the five-year treasury rate of 4.86% to calculate the imputed interest. The future payments of principal and interest are as follows.

	Beginning Balance	Additions	Payments	Ending Balance	Due In One Year
Imaldris, LLC	\$ 981,832	\$ -	\$ (37,727)	\$ 944,105	\$ 77,147
ATCO	91,574	-	(45,131)	46,443	21,720
Total	<u>\$ 1,073,406</u>	<u>\$ -</u>	<u>\$ (82,858)</u>	<u>\$ 990,548</u>	<u>\$ 98,867</u>

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 LEASES (CONTINUED)**

<u>Year Ending June 30,</u>	<u>Future Debt Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 98,867	\$ 45,325	\$ 144,192
2027	109,872	40,355	150,227
2028	99,693	35,367	135,060
2029	109,427	30,325	139,752
2030	121,927	24,808	146,735
2031-2033	450,762	34,914	485,676
Total	<u>\$ 990,548</u>	<u>\$ 211,094</u>	<u>\$ 1,201,642</u>

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

**A. 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.

**B. General Information about the Pension 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 (IRC). 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](http://www.copera.org/investments/pera-financial-reports).

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. General Information about the Pension Plan (Continued)**

Benefits Provided

Benefits provided as of December 31, 2024. 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 the 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 PERA benefit structure is the greater of the:

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

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

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 five years of service credit has been obtained and the benefit structure under which contributions were made.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. General Information about the Pension Plan (Continued)**

Benefits Provided (Continued)

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 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

Contributions provisions as of June 30, 2025, 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 11.00% of their PERA- includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Employer Contribution Rate	11.40 %	11.40 %
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	(9.78)	(9.12)
Amortization Equalization Disbursement (AED) as Specified in in C.R.S. §24-51-411	4.50	4.50
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. §24-51-411	5.50	5.50
Total Employer Contribution Rate to the DPS Division	10.60 %	11.26 %

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

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. General Information about the Pension Plan (Continued)**

Contributions (Continued)

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 \$92,915 for the year ended June 30, 2025.

The DPS Division is permitted under C.R.S. § 24-51-412 to offset the contribution rate for Pension Certificates of Participation (PCOP). The offset, expressed as a percentage of covered payroll, is equal to the annual assumed payment obligations for PCOPs issued in 1997 and 2008, including subsequent refinancing, by the Denver Public Schools at a fixed effective annual interest rate of 8.50%. At a minimum, the DPS Division employer rate, after applying the PCOP offset, must be sufficient to fund the Denver Public Schools Health Care Trust Fund (DPS HCTF) and the AIR contribution rates as it applies to the DPS Division.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the state is required to contribute a \$225 million 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. The direct distribution from the state was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the state reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) provided compensatory payment of \$14.561 million for 2023 only.

**C. 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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The School's proportion of the net pension liability was based on the School's contributions to the DPS Division for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

At June 30, 2025, the School reported a liability of \$944,758 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	\$ 944,758
The State's Proportionate Share of the Net Pension Liability as a Nonemployer Contributing Entity Associated with the School	167,693
Total	<u>\$ 1,112,451</u>

At December 31, 2024, the School's proportion was 0.166779%, which was an increase of 0.013549% from its proportion measured as of December 31, 2023. For the year ended June 30, 2024, the School recognized pension income of \$370,430 and revenue of \$36,901 for support from the state as a nonemployer contributing entity. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 119,826	\$ -
Changes of Assumptions or Other Inputs	75,441	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	74,168	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	206,402	-
Contributions Subsequent to the Measurement Date	92,915	-
Total	<u>\$ 568,752</u>	<u>\$ -</u>

**5280 HIGH SCHOOL  
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**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

\$92,915 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 283,813
2027	332,376
2028	(88,464)
2029	(51,888)
Total	<u>\$ 475,837</u>

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40% - 11.00%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Post-Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007 and DPS Benefit Structure (Compounded Annually)	1.00%
PERA Benefit Structure Hired After December 31, 2006 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Actuarial Assumptions (Continued)

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:

- 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, 2023, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020.

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.

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**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Actuarial Assumptions (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.

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	51.00 %	5.00 %
Fixed Income	23.00	2.60
Private Equity	10.00	7.60
Real Estate	10.00	4.10
Alternatives	6.00	5.20
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%.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Discount Rate

The discount rate used to measure the 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.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the state, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Discount Rate (Continued)

- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2024, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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 1-percentage-point lower (6.25%) or 1-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	\$ 2,059,898	\$ 944,758	\$ 23,029

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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](http://www.copera.org/investments/pera-financial-reports).

*Events Subsequent to Measurement Date*

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

**A. 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.

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](http://www.copera.org/investments/pera-financial-reports).

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

**B. General Information about the OPEB Plan**

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 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.

DPS 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 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.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

**B. General Information about the OPEB Plan (Continued)**

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the 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 \$8,417 for the year ended June 30, 2025.

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

At June 30, 2025, the School reported a liability (asset) of \$(45,486) for its proportionate share of the net OPEB liability. The net OPEB asset for the DPS HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The School's proportion of the net OPEB asset was based on the School's contributions to the DPS HCTF for the calendar year 2024 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2024, the School's proportion was 0.1963816%, which was an increase of 0.035899% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the School recognized OPEB expense (income) of \$7,357. At June 30, 2025, 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 Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 13,906
Changes of Assumptions or Other Inputs	185	14,644
Net Difference Between Projected and Actual Earnings on OPEB Plan	126	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	15,389	261
Contributions Subsequent to the Measurement Date	8,417	-
Total	<u>\$ 24,117</u>	<u>\$ 28,811</u>

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

\$8,417 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (1,992)
2027	(1,296)
2028	(4,326)
2029	(2,643)
2030	(1,530)
Thereafter	(1,324)
Total	<u><u>\$ (13,111)</u></u>

**Actuarial Assumptions**

The TOL in the December 31, 2023, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40% - 11.00%
Long-Term Investment Rate of Return, Net of OPEB	7.25%
Discount Rate	7.25%
Healthcare Cost Trend Rates:	
Service-Based Premium Subsidy	0.00%
PERACare Medicare Plans	16.00% in 2024, then 6.75% in 2025 gradually decreasing to 4.50% in 2034
Medicare Part A Premiums	3.50% in 2024, gradually increasing to 4.50% in 2034
Service-Based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Actuarial Assumptions (Continued)

Each year the per capita health care costs are developed by plan option; currently based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Participant Age	Age-Related Morbidity Assumptions					
	Annual Increase (Male)			Annual Increase (Female)		
	(Male)			(Female)		
65-68	2.2 %			2.3 %		
69	2.8			2.2		
70	2.7			1.6		
71	3.1			0.5		
72	2.3			0.7		
73	1.2			0.8		
74	0.9			1.5		
75-85	0.9			1.3		
86 and Older	-			-		

Sample Age	MAPD PPO #1 With Medicare Part A Retiree/Spouse		MAPD PPO #2 With Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) With Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
	65	\$ 1,710	\$ 1,420	\$ 585	\$ 486	\$ 1,897
70	1,921	1,589	657	544	2,130	1,763
75	2,122	1,670	726	571	2,353	1,853

Sample Age	MAPD PPO #1 Without Medicare Part A Retiree/Spouse		MAPD PPO #2 Without Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) Without Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
	65	\$ 6,536	\$ 5,373	\$ 4,241	\$ 3,523	\$ 7,063
70	7,341	6,011	4,764	3,941	7,933	6,563
75	8,110	6,319	5,262	4,143	8,763	6,900

The 2024 Medicare Part A premium is \$505 (actual dollars) per month.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Actuarial Assumptions (Continued)

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 and Medicaid Services are referenced in the development of these rates. Effective December 31, 2023, 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. 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:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2024	16.00 %	3.50 %
2025	6.75	3.75
2026	6.50	3.75
2027	6.25	4.00
2028	6.00	4.00
2029	5.75	4.25
2030	5.50	4.25
2031	5.25	4.25
2032	5.00	4.25
2033	4.75	4.50
2034+	4.50	4.50

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Actuarial Assumptions (Continued)

Mortality assumptions used in the December 31, 2023, 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.
- 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 following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2024 plan year.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Actuarial Assumptions (Continued)

- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2023, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those 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, 2023, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020.

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 FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	51.00 %	5.00 %
Fixed Income	23.00	2.60
Private Equity	10.00	7.60
Real Estate	10.00	4.10
Alternatives	6.00	5.20
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 1-percentage-point lower or 1-percentage-point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend <sup>1</sup>	5.75 %	6.75 %	7.75 %
Ultimate PERACare Medicare	3.50	4.50	5.50
Initial Medicare Part A Trend Rate <sup>1</sup>	2.75	3.75	4.75
Ultimate Medicare Part A Trend	3.50	4.50	5.50
Net OPEB Liability (Asset)	\$ (45,492)	\$ (45,486)	\$ (45,482)

<sup>1</sup> for the January 1, 2024 plan year.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. 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, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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.
- Beginning with the December 31, 2024, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

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% 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%.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in  
the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ (35,484)	\$ (45,486)	\$ (54,070)

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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

**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, 2025, 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, 2025, the reserve of \$95,859 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.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 11 RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE**

**Corrections of Errors in Previously Issued Financial Statements**

During fiscal year 2025, the School determined the previously reported capital asset balance was incorrectly stated. Capital assets were overstated by \$1,259,427. In addition, fund balance correction of errors also impacted governmental activities. As described below, the total is \$188,770. The impact of all error corrections for governmental activities is a decrease in beginning net position of \$1,448,197. The effect of correcting that error is shown in the table below.

There were additional balances identified that were improperly recorded in the previous year in the General Fund. Beginning fund balance was adjusted to reflect the change in account balances. This included adjustments related to cash, accrued liabilities, accounts payable, accounts receivable, and revenue balances that were incorrectly recorded in 2024. The total impact of all error corrections is \$188,770. The effect of correcting that error is shown in the table below.

**Restatements of Beginning Balances**

During fiscal year 2025, error corrections resulted in restatements of beginning net position and fund balance, as follows:

	General Fund	Governmental Activities
June 30, 2024, As Previously Reported	\$ 255,588	\$ 1,745,400
Error Corrections	(188,770)	(1,448,197)
June 30, 2024, As Restated	\$ 66,818	\$ 297,203

**NOTE 12 SUBSEQUENT EVENTS**

Potential subsequent events were considered through October 27, 2025. On September 11, 2025, the 5280 Building Corporation entered into a debt modification agreement on the \$1,868,000 note dated July 10, 2023. The amended obligation extended the maturity date to June 20, 2026, at an interest rate of 7.50%. The 5280 Building Corporation made a principal payment of \$186,800 or 10% of the outstanding balance on September 11, 2025. The amount outstanding after the principal payment is \$1,681,200.

**5280 HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 13 GOING CONCERN**

The School's debt is due on June 20, 2026 and ongoing losses associated with operations will require additional funding or cost containment; these events gives rise to a substantial doubt about the School's ability to continue as a going concern. Management plans are as follows:

- Management anticipates selling real property at 100 W. Mississippi Ave. Denver, Colorado as soon as feasible. It is currently on the market for \$2,490,000. The value of the building is above the note outstanding as of September 11, 2025 of \$1,681,200. Based on market analysis from our broker and consultation with multiple lenders, both the Executive Director and the Board are confident the property can be sold before the loan matures without requiring additional funds to close.
  
- Medicaid Funding for Student Services- In FY 2025, 5280 High School established a new partnership with Paragon Behavioral Health Connections (Paragon) to access Medicaid reimbursement for eligible students receiving services from licensed Peer Coaches and/or a Licensed Addiction Counselor. This represents a new and significant revenue source. Due to the success of our implementation and reporting, Paragon has requested an increase to our reimbursement structure beginning August 2025. We conservatively estimate \$20,000 per week over the 36-week school year, generating more than \$600,000 in FY 2026. These funds will help offset anticipated reductions in Per Pupil Revenue under Denver Public Schools' funding model. For the 2025–26 school year, our enrollment count for the October 1st funding window reflects a decrease of approximately 16 students. This decline is partly due to a large graduating class. We are seeing steady enrollment interest typical of alternative education environments that serve at-risk populations. Strong attendance growth and continued student applications reinforce the viability of this funding stream and our program model.

These planned actions are expected to enable the School to continue operating and meeting its obligations as they come due.

**REQUIRED SUPPLEMENTARY INFORMATION**

**5280 HIGH SCHOOL  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Local Sources:				
Per Pupil Revenue	\$ 1,140,383	\$ 1,140,383	\$ 1,218,987	\$ 78,604
Mill Levy Override	657,889	657,889	664,010	6,121
Other	102,993	102,993	111,653	8,660
Donations and Grants	884,990	884,990	917,012	32,022
State Sources:				
Capital Construction	-	-	35,353	35,353
Other	812,836	812,836	458,949	(353,887)
Federal Sources:				
Grants	337,529	337,529	171,885	(165,644)
Total Revenues	<u>3,936,620</u>	<u>3,936,620</u>	<u>3,577,849</u>	<u>(358,771)</u>
<b>EXPENDITURES</b>				
Salaries	2,193,098	2,193,098	1,972,339	220,759
Employee Benefits	688,801	688,801	499,960	188,841
Purchased Services	766,300	766,300	575,146	191,154
Supplies and Materials	376,246	376,246	125,352	250,894
Other	230,750	230,750	88,268	142,482
Capital Outlay	-	-	57,498	(57,498)
Debt Service:				
Principal	85,000	85,000	82,858	2,142
Interest	265,000	265,000	210,506	54,494
Total Expenditures	<u>4,605,195</u>	<u>4,605,195</u>	<u>3,611,927</u>	<u>993,268</u>
<b>NET CHANGE IN FUND BALANCES</b>	(668,575)	(668,575)	(34,078)	634,497
Fund Balances - Beginning of Year, As Originally Reported	1,590,451	1,590,451	255,588	(1,334,863)
Restatements	<u>-</u>	<u>-</u>	<u>(188,770)</u>	<u>(188,770)</u>
Fund Balance - Beginning of Year, As Restated	<u>1,590,451</u>	<u>1,590,451</u>	<u>66,818</u>	<u>(1,523,633)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 921,876</u>	<u>\$ 921,876</u>	<u>\$ 32,740</u>	<u>\$ (889,136)</u>

**5280 HIGH SCHOOL  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN  
LAST TEN CALENDAR YEARS\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net Pension Liability (Asset)	0.16779%	0.15323%	0.07515%	0.07183%	0.07590%	0.05290%	0.07860%
Proportionate Share of the Net Pension Liability (Asset)	\$ 944,758	\$ 992,479	\$ 652,066	\$ 4,289	\$ 341,521	\$ 348,419	\$ 529,607
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	<u>167,693</u>	<u>46,947</u>	<u>463,951</u>	<u>1,259</u>	<u>-</u>	<u>154,412</u>	<u>274,386</u>
Total Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,112,451</u>	<u>\$ 1,039,426</u>	<u>\$ 1,116,017</u>	<u>\$ 5,548</u>	<u>\$ 341,521</u>	<u>\$ 502,831</u>	<u>\$ 803,993</u>
Covered Payroll	\$ 1,961,284	\$ 1,483,262	\$ 1,099,274	\$ 778,162	\$ 659,344	\$ 571,941	\$ 285,364
Proportionate Share of the Net Position Liability as a Percentage of its Covered Payroll	56.7%	70.1%	101.5%	0.7%	51.8%	87.9%	281.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.3%	87.0%	81.9%	99.9%	90.1%	84.7%	75.7%

\*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**5280 HIGH SCHOOL  
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN  
LAST TEN CALENDAR YEARS\***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 207,811	\$ 140,168	\$ 111,042	\$ 79,254	\$ 49,270	\$ 36,846	\$ 35,716
Contributions in Relation to the Contractually Required Contributions	<u>207,811</u>	<u>140,168</u>	<u>111,042</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,909,098	\$ 1,483,262	\$ 1,223,219	\$ 958,968	\$ 659,344	\$ 571,947	\$ 566,024
Contributions as a Percentage of Covered Payroll	10.89%	9.45%	9.08%	8.26%	7.47%	6.44%	6.31%

\*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**5280 HIGH SCHOOL  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN  
LAST TEN CALENDAR YEARS\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net OPEB Liability (Asset)	0.19638%	0.16048%	0.12864%	0.10909%	0.07600%	0.07600%	0.07900%
Proportionate Share of the Net OPEB Liability (Asset)	\$ (45,486)	\$ (7,026)	\$ 11,306	\$ 11,476	\$ 17,376	\$ 28,113	\$ 35,500
Covered Payroll	\$ 1,961,284	\$ 1,099,274	\$ 1,099,274	\$ 778,162	\$ 659,344	\$ 571,941	\$ 566,024
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-2.32%	-0.64%	1.03%	1.47%	2.64%	4.92%	6.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	142.40%	107.30%	85.60%	83.93%	65.43%	46.98%	34.72%

\*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**5280 HIGH SCHOOL  
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN  
LAST TEN CALENDAR YEARS\***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 19,473	\$ 15,129	\$ 12,477	\$ 9,781	\$ 6,725	\$ 5,835	\$ 5,773
Contributions in Relation to the Contractually Required Contributions	<u>19,473</u>	<u>15,129</u>	<u>12,477</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,909,098	\$ 1,483,262	\$ 1,223,219	\$ 958,968	\$ 659,344	\$ 571,947	\$ 566,024
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.



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