KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)

Financial Statements
with Independent Auditor's Report

June 30, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

KOSON Schools

dba STEM School Highlands Ranch

(A Component Unit of Douglas County School District RE.1)

Table of Contents

June 30, 2025

Independent Auditor's Report 1

Management's Discussion and Analysis i

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Governmental Funds

Balance Sheet 6

Statement of Revenues, Expenditures and Changes in Fund Balance 7

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities 8

Notes to Financial Statements 9

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions 40

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions 42

Schedule of Proportionate Share of the Net OPEB Liability and Contributions 48

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions 50

Budgetary Comparison Schedule General - Fund 54

Notes to Budgetary Comparison Schedule - General Fund 55

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Directors
KOSON Schools
dba KOSON Schools - STEM School Highlands Ranch
Highlands Ranch, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of KOSON Schools, *dba KOSON Schools - STEM School Highlands Ranch* (the School), a component unit of Douglas County School District RE. 1), 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Office Locations:
Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue,
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents, such as management's discussion and analysis and budgetary comparison information as noted in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for 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.

Hinkle & Company, PC

Englewood, Colorado
October 31, 2025

STEM School Highlands Ranch and Academy

Management's Discussion and Analysis

June 30, 2025

The following Management Discussion and Analysis (MD&A) of STEM School Highlands Ranch (SSHR) financial performance provides a general review of financial activities for the fiscal year ended June 30, 2025. The intent of this narrative overview and analysis is to review the school's financial performance as a whole. Readers should also review Financial Statements, including the Notes to Financial Statements, to expand understanding of the school's financial performance.

SSHR is a high performing project based learning, kindergarten through twelfth grade, public charter school with a special emphasis on science, technology, engineering and math and an outstanding visual and performing arts program. For more information on the school, you can visit online at www.stemk12.org.

FINANCIAL HIGHLIGHTS

The year ended June 30, 2025, is the Fifteenth year of operations for SSHR.

The General Fund balance decreased by $2,414,465 during the fiscal year ended June 30, 2025, with a total Fund Balance as of June 30, 2025, of $12,261,064 The Building Corporation Fund Balance as of June 30, 2025, is equal to $3,132,262 with a decrease of $270,202.

The operation of SSCH is funded primarily by tax revenue under the State School Finance Act. Per pupil revenue for STEM increased 6.8% from $10,002.34 for 2023-2024 to $10,688.37 for 2024-2025 school year. STEM increased pupil count by 1 student, which amounted to a $686.03 increase in Per Pupil Revenue for 2024-2025 school year, and a 0% increase of student count.

Overview of Financial Statements

The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

Government-wide financial statements are prepared to provide interested parties with a broad overview of the School's financial reporting in a similar format to a private-sector business. The statement of net position presents information related to assets and liabilities and deferred inflows and outflows, and remaining assessment of financial value. With historical data, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. Changes to net position are reported at the primary occurrence, regardless of the timing of related cash flows. Thus, some revenues and expenses are reported in the statement that will only result in cash flows in future periods, (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Douglas County School District). The governmental activities of SSHR include instruction and supporting services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

At the end of June 2021 SSHR implemented GASB Statement No. 90 and this change continues to be in place for the year ended June 30, 2025, and indefinitely. GASB Statement No. 90 – Majority Equity Interest changed the Building Corporation from a proprietary fund to a Special Revenue (governmental) fund. Therefore, SSHR continues to maintain two governmental funds – the General Fund and the Building Corporation.

The General Fund reports the operating activity of the School. An annually appropriated budget is adopted for the General Fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget. The Building Corporation accounts for the School facilities, equipment, and the related tax-exempt financing.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information-GASB 68 – State Pension

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the year ended June 30, 2025, SSHR's total net position was a negative ($8,935,372) and increased by $669,421 in fiscal year 2024 (($8,935,372) – ($9,604,793)). The net pension liability in the amount of $23,302,386, represents the School's proportionate share of the School Division Trust Fund (SDTF) pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). This amount was determined by an independent actuarial valuation of PERA's financial position. Standard update procedures were used to roll forward the total pension liability by the PERA board with an effective date of December 31, 2021. Of SSHR's total net position, a positive $31,873,237 is the Net Investment in Capital Assets. A negative ($2,382,182) is unrestricted and $575,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Government–Wide Financial Analysis

The two summary statements below (pages iv and v) report the fiscal year 2025, and the prior year, fiscal year 2024. The Building Corporation entity is combined and included with governmental activities and the summary statement below shows the combined condensed statement of net position.

Analysis of Fund Operations

Revenues: Total combined revenues 2024-2025 increased 7.1% (FY 2025 $23,832,689 combined revenue – FY 2024 $22,238,357 combined overall increase $1,594,332 over prior year) less expenses for an overall combined net loss of ($2,684,667). The school net combined fund balance ended with a negative ($2,684,667). The majority of income was received in the form of per pupil revenue, allocated from the State of Colorado through the School's charter authorizer Douglas County School District. The School had 1,397 full time students and received $10,688.37 for per pupil funding. As stated above this is a 6.8% increase in per pupil funding from the prior year. The School received $542,331 (19% decrease from the prior year) in Capital Construction funding from the State of Colorado that supported the building lease expense.

Expenses: Total combined expenses for the period of July 1, 2024, through June 30, 2025, were $26,517,356 up approximately 21% $21,900,411 difference from prior year $4,616,945.

General Fund: For the period of July 1, 2024, through June 30, 2025, SSHR reported an ending General Fund Balance of $12,261,064 or a 16.4% decrease from the prior year.

Analysis of Budget-General Fund

The original 2024-2025 SSHR school adopted budget was approved in the spring of 2024, then a final budget was submitted based actual October 2024 student enrollment and finalized by the Board of Directors in October 2024. The final budget projected revenue at $20,727,748 and expenses at $25,435,389. However, revenue exceeded the final budget by $940,388 (4.5%) and expenses were below the final budget by 3.7%. The overall net excess of revenue over expenditures based on the final budget was a year ending 165% increase as of June 30, 2025. The majority of this positive change is the transfer of capital assets from SSHR to the Building Corporation. The October 2021 bond was used to reimburse the school.

Capital Assets and Long-Term Debt

SSHR has three outstanding bonds: Series 2014 for $14,670,000 with an outstanding principal balance of $12,495,000 and Series 2019 for $10,795,000 with an outstanding principal balance of $10,415,000 and a series 2021 for $12,425,000 with $12,380,000 outstanding at fiscal year-end June 30, 2025. Additional information regarding capital assets and long-term debt for these Series bonds is provided in Notes 3 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the School is student enrollment. Actual enrollment for the 2024-25 school year was 1,397 and budgeted projected enrollment for the 2024-25 school year was 1,465.

The Board and School administration acknowledge that the amount of funding for School operations is contingent upon the state of the economy and current and future legislation. Therefore, the School practices conservative budgeting and closely monitors the budget to actual in order to proactively adjust planned spending when necessary.

	Condensed Statement of Net Position	
	Governmental Activities	
	2024-2025	2023-2024
Current Assets		
Cash Assets	$ 15,315,504	$ 18,775,969
Other Assets	$ 46,013	$ 109,510
Net Capital Assets	$ 31,873,237	$ 28,893,094
Deferred Outflow of Resources		
Pension & OPEB, net of Accumulated Amortization	$ 4,859,165	$ 6,731,699
TOTAL ASSETTS	$ 52,093,919	$ 54,510,272
Current Liabilities	$ 279,905	$ 1,121,664
Long-Term Liabilities	$ 60,078,555	$ 60,855,321
Deferred Inflow of Resources		
Pension & OPEB, net of Accumulated Amortization	$ 670,831	$ 2,138,080
TOTAL LIABILITIES	$ 61,029,291	$ 64,115,065
Net Position		
Net Investment in capital assets	$ (10,260,452)	$ (7,867,116)
Restricted for Debt Service	$ 2,737,263	$ 3,062,546
Restricted for TABOR	$ 575,000	$ 630,000
Restricted for other purposes	$ 394,999	$ 339,918
Unrestricted	$ (2,382,182)	$ (5,770,141)
TOTAL NET POSITION	$ (8,935,372)	$ (9,604,793)

Condensed Statement of Net Position		
	Governmental Activities	
	Actual 2024-2025	Actual 2023-2024
Revenue		
Per Pupil Revenue	$ 15,171,353	$ 14,217,846
Investments		
Mill Levy Override	$ 3,219,029	$ 3,219,547
Capital Construction	$ 542,331	$ 593,515
Interest Income	$ 802,034	$ 909,614
Student Fees	$ 1,209,508	$ 283,008
Rental/Lease		
Grants and Contributions	$ 723,881	$ 1,748,804
Local Sources	$ 21,668,136	$ 20,972,334
Total Revenues	$ 21,668,136	$ 20,972,334
Expenses		
Instructional	$ 13,772,135	$ 8,768,946
Support	$ 5,774,195	$ 13,436,900
Building Corporation		
Debt Service Expense	$ 1,601,168	$ 1,614,559
Total Expenses	$ 21,147,498	$ 23,820,405
Change in Net Position	$ 669,421	$ 1,340,585
Net Position, Beginning	$ (9,604,793)	$ (10,945,378)
Net Position, Ending	$ (8,935,372)	$ (9,604,793)

Requests for Information

This financial report is provided as a general overview of the STEM School Highland Ranch and Academy's finances for persons interested in the School. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Sean Milner, CFO
STEM School and Academy
8773 South Ridgeline Boulevard.
Highlands Ranch, CO 80129

Basic Financial Statements

KOSON Schools

dba STEM School Highlands Ranch

(A Component Unit of Douglas County School District RE.1)

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and Investments	$ 12,183,242
Restricted Cash and Investments	3,132,262
Accounts Receivable	46,013
Prepaid Expenses	-
Capital Assets*, Not Being Depreciated*	5,770,970
Capital Assets*, Net of Accumulated Depreciation*	26,102,267
Total Assets	47,234,754
Deferred Outflows of Resources	
Pensions*, Net of Accumulated Amortization*	4,757,327
OPEB, *Net of Accumulated Amortization*	101,838
Total Deferred Outflows of Resources	4,859,165
Liabilities	
Accounts Payable	(53,109)
Accrued Liabilities	21,300
Accrued Salaries and Benefits	-
Accrued Interest Payable	311,714
Noncurrent Liabilities	
Due Within One Year	375,000
Due in More Than One Year	35,987,719
Net Pension Liability	23,302,386
Net OPEB Liability	413,450
Total Liabilities	60,358,460
Deferred Inflows of Resources	
Pensions*, Net of Accumulated Amortization*	405,027
OPEB, *Net of Accumulated Amortization*	265,804
Total Deferred Inflows of Resources	670,831
Net Position	
Net Investment in Capital Assets	(10,260,452)
Restricted for:	
Debt Service	2,737,263
Repair and Replacement	394,999
Emergencies	575,000
Unrestricted	(2,382,182)
Total Net Position	$ (8,935,372)

See Notes to the Financial Statements.

KOSON Schools

dba STEM School Highlands Ranch

(A Component Unit of Douglas County School District RE.1)

Statement of Activities

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Primary Government					
Governmental Activities					
Instruction	$ 13,772,135	$ 1,209,508	$ 713,509	$ -	$ (11,849,118)
Supporting Services	5,774,195	-	20,320	-	(5,753,875)
Interest on Long-Term Debt	1,601,168	-	-	-	(1,601,168)
Total Governmental Activities	$ 21,147,498	$ 1,209,508	$ 733,829	$ -	(19,204,161)
	General Revenues				
	Per Pupil Revenue				15,171,353
	District Mill Levy				3,219,029
	Capital Construction				542,331
	Grants and Contributions not Restricted to Specific Programs				74,491
	Investment Income				802,034
	Other				64,344
	Transfers				-
	Total General Revenues and Transfers				19,873,582
	Change in Net Position				669,421
	Net Position, *Beginning of Year*				(9,604,793)
	Net Position, *End of Year*				$ (8,935,372)

See Notes to the Financial Statements.

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Balance Sheet
Governmental Fund
June 30, 2025

	General	Building	Total
Assets			
Cash and Investments	$ 12,183,242	$ -	$ 12,183,242
Restricted Cash and Investments	-	3,132,262	3,132,262
Accounts Receivable	46,013	-	46,013
Prepaid Expenses	-	-	-
Total Assets	$ 12,229,255	$ 3,132,262	$ 15,361,517
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	$ (53,109)	$ -	$ (53,109)
Accrued Liabilities	21,300	-	21,300
Accrued Salaries and Benefits	-	-	-
Total Liabilities	(31,809)	-	(31,809)
Fund Balance			
Nonspendable Prepaid Expenditures	-	-	-
Restricted for:			
Emergencies	575,000	-	575,000
Debt Service	-	2,737,263	2,737,263
Repair and Replacement	-	394,999	394,999
Unrestricted, Unassigned	11,686,064	-	11,686,064
Total Fund Balance	12,261,064	3,132,262	15,393,326
Total Liabilities and Fund Balance	$ 12,229,255	$ 3,132,262	$ 15,361,517

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Fund	$ 15,393,326
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	31,873,237
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Interest Payable	(311,714)
Long Term Debt	(36,362,719)
Net pension liability	(23,302,386)
Pension-related deferred outflows of resources	4,757,327
Pension-related deferred inflows of resources	(405,027)
Net OPEB liability	(413,450)
OPEB-related deferred outflows of resources	101,838
OPEB-related deferred inflows of resources	(265,804)
Total Net Position of Governmental Activities	$ (8,935,372)

See Notes to the Financial Statements.

KOSON Schools

dba STEM School Highlands Ranch

(A Component Unit of Douglas County School District RE.1)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2025

	General	Building	Total
Revenues			
Local Sources	$ 20,421,670	$ 2,164,553	$ 22,586,223
State Sources	1,246,466	-	1,246,466
Total Revenues	21,668,136	2,164,553	23,832,689
Expenditures			
Instruction	13,708,271	-	13,708,271
Supporting Services	10,807,162	800	10,807,962
Debt Service			
Principal	-	365,000	365,000
Interest	-	1,636,123	1,636,123
Total Expenditures	24,515,433	2,001,923	26,517,356
Net Change in Fund Balance	(2,847,297)	162,630	(2,684,667)
Other Financing Sources (Uses)			
Transfers In(Out)	432,832	(432,832)	-
Net Change in Fund Balance	(2,414,465)	(270,202)	(2,684,667)
Fund Balance, *Beginning of Year*	14,675,529	3,402,464	18,077,993
Fund Balance, *End of Year*	$ 12,261,064	$ 3,132,262	$ 15,393,326

See Notes to the Financial Statements.

KOSON Schools

dba STEM School Highlands Ranch

(A Component Unit of Douglas County School District RE.1)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Fund	$	(2,684,667)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		3,713,448
Depreciation expense		(733,305)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Loan Payments		365,000
Amortization of Bond Premium/Discount		32,491
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.		
Accrued Interest Payable		2,464
Net pension liability		224,642
Pension-related deferred outflows of resources		(1,884,877)
Pension-related deferred inflows of resources		1,498,008
Net OPEB liability		154,633
OPEB-related deferred outflows of resources		12,343
OPEB-related deferred inflows of resources		(30,759)
Change in Net Position of Governmental Activities	$	669,421

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Science Technology Engineering and Math (STEM) School Highlands Ranch, *dba* STEM School Highlands Ranch (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Douglas County School District (the District). Effective September 6, 2022, the School officially changed its name to KOSON Schools *dba STEM School Highlands Ranch*.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the School's more significant accounting policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the School. 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 there is a potential for the organization to provide benefits to, or impose financial burdens on, the School.

The School includes the LightHouse Building Corporation (the Corporation) within its reporting entity. The Corporation was organized to own property or interests therein to be leased to the School. The Corporation is blended into the School's financial statements as a Special Revenue Fund and does not issue separate financial statements.

The School is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the School and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from the legally separate component unit for which the School is financially accountable.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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. 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 revenues not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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.

Major individual funds are reported as separate columns in the fund financial statements. 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major funds:

General Fund - This fund is the general operating fund of the School. It is currently used to account for all financial activities of the School.

Special Revenue Fund - This fund is used to account for the financial activities of the Corporation, including facilities acquisition and construction, and the related debt service.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Account Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more 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 the acquisition value on the date of donation.

Depreciation or amortization of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation or amortization is reported in the Statement of Net Position in the government-wide financial statements. Depreciation or amortization has been provided over the following estimated useful life of the capital assets or related lease agreement using the straight-line method.

Land Improvements	10 years
Buildings	40 years
Building Improvements	10 - 15 years
Equipment	2 - 10 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Compensated Absences - The School's policy allows licensed eligible employees to use nine days of personal and sick leave annually. Employees are compensated for any unused leave at $150 per day and unused personal time is paid out at an employee's daily rate. Upon termination, employees are paid for any unused sick and personal leave. No liability for these compensated absences is reported in the financial statements because employees are compensated for any unused leave prior to the end of each fiscal year.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, 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 are reported as other financing uses. Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Pensions - The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-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 SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Note 1: Summary of Significant Accounting Policies (Continued)

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 carries commercial insurance for these risks of loss.

Subsequent Events

The School has evaluated subsequent events through October 31, 2025, the date the financial statements were available to be issued.

Note 2: Deposits and Investments

A summary of cash and investments at June 30, 2025, follows:

Petty Cash	$	150
Deposits		1,338,511
Investments		13,976,843
Total	$	15,315,504

Cash and investments are reported in the financial statements as follows:

Cash and Investments	$	12,181,523
Restricted Cash and Investments		3,133,981
Total	$	15,315,504

Deposits
The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the School had bank deposits of $1,191,235 collateralized with securities held by the financial institution's agent but not in the School's name.

Note 2: Deposits and Investments (Continued)

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Fair Value Measurements - At June 30, 2025, the School's investment in Colotrust and the Corporation's investment in a money market fund were reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and

Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At June 30, 2025, the Corporation had $12,287,603, invested in a money market fund rated AAAm by Standard and Poor's.

Concentration of Credit Risk - State statutes do not limit the amount the School may invest in a single issuer, except for corporate securities.

Note 2: Deposits and Investments (Continued)

Investments *(Continued)*

Local Government Investment Pool - At June 30, 2025, the School had $10,842,862 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At June 30, 2025, the Corporation held investments of $3,132,262 restricted for future debt service and building repair and replacement.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2025, is summarized below. Depreciation and amortization are combined in the following table.

Governmental Activities	Balance 6/30/24	Additions	Deletions	Balance 6/30/25
Capital Assets, *Not Being Depreciated*				
Land	$ 2,370,970	$ 3,400,000	$ -	$ 5,770,970
Total Capital Assets, *Not Being Depreciated*	2,370,970	3,400,000	-	5,770,970
Capital Assets, *Being Depreciated*				
Land Improvements	249,444	-	-	249,444
Buildings	14,630,234	44,317	-	14,674,551
Building Improvements	18,038,065	28,935	-	18,067,000
Equipment	1,259,159	240,196	-	1,499,355
Total Capital Assets, *Being Depreciated*	34,176,902	313,448	-	34,490,350

Note 3: Capital Assets (Continued)

Governmental Activities *(Continued)*	Balance 6/30/24	Additions	Deletions	Balance 6/30/25
Less Accumulated Depreciation				
Land Improvements	(77,021)	(22,966)	-	(99,987)
Buildings	(2,719,133)	(392,195)	-	(3,111,328)
Building Improvements	(3,839,405)	(249,907)	-	(4,089,312)
Equipment	(1,019,219)	(68,237)	-	(1,087,456)
Total Accumulated Depreciation	(7,654,778)	(733,305)	-	(8,388,083)
Total Capital Assets, *Being Depreciated*, *Net*	26,522,124	(419,857)	-	26,102,267
Governmental Activities Capital Assets, *Net*	$ 28,893,094	$ 2,980,143	$ -	$ 31,873,237

Depreciation and amortization expense of the governmental activities was charged to the supporting services program of the School.

Note 4: Long-Term Debt

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

	Balance 6/30/24	Additions	Payments	Balance 6/30/25	Due Within One Year
Governmental Activities					
2014 Building Loan	$ 12,755,000	$ -	$ (260,000)	$ 12,495,000	$ 275,000
2014 Loan Discount	(95,430)	-	3,818	(91,612)	-
2019 Building Loan	10,500,000	-	(85,000)	10,415,000	80,000
2019 Bond Premium	676,037	-	(22,226)	653,811	-
2021 Building Loan	12,400,000	-	(20,000)	12,380,000	20,000
2021 Bond Premium	524,603	-	(14,083)	510,520	-
	$ 36,760,210	$ -	$ (397,491)	$ 36,362,719	$ 375,000

On November 1, 2019, CECFA issued $10,795,000 Charter School Revenue Bonds, Series 2019. Proceeds in the amount of $2,650,000 were used to pay in full the previously issued Charter School Taxable Revenue Bonds, Series 2016. Additional proceeds of $8,145,000 were loaned to the Corporation to finance the acquisition of the School's educational facilities, funding a Reserve Fund and Paying costs associated with the issuance of 2019 Bond. Interest accrues on the bonds at rates ranging from 4% to 5% per annum and is payable semi-annually on May 1 and November 1. Principal payments are due annually on November 1, through 2054.

On November 20, 2014, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $14,670,000 Charter School Refunding Revenue Bonds, Series 2014. Bond proceeds were used to refund the outstanding Charter School Revenue Bonds, Series 2012 and 2013, originally loaned to the Corporation to acquire land and a building and to construct improvements to the building for use as an educational facility. Interest accrues on the bonds at rates ranging from 4% to 5.125% per annum and is payable semi-annually on May 1 and November 1. Principal payments are due annually on November 1, through 2049.

Note 4: Long-Term Debt (Continued)

On October 1, 2021, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $12,425,000 Charter School Revenue Bonds, Series 2021. Bond proceeds are to be used to construct and improve the Facilities in two phases, adding a gymnasium, theater in the gymnasium, classrooms and a lobby/connector. Interest accrues on the bonds at rates ranging from 4% per annum and is payable semi-annually on April 1 and October 1. Principal payments are due annually on October 1, through 2061.

The School is obligated under lease agreements to make monthly payments to the Corporation for using the facilities. The Corporation is required to make equal loan payments to the bond trustee for payment of the bonds.

Future debt service requirements for the bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	375,000	1,622,681	1,997,681
2027	400,000	1,606,081	2,006,081
2028	415,000	1,588,318	2,003,318
2029	430,000	1,569,881	1,999,881
2030-2034	2,495,000	7,530,793	10,025,793
2035-2039	3,170,000	6,858,603	10,028,603
2040-2044	4,040,000	5,980,635	10,020,635
2045-2049	5,180,000	4,851,262	10,031,262
2050-2054	6,635,000	3,492,557	10,127,557
2055-2059	6,595,000	1,991,200	8,586,200
2060-2062	5,555,000	450,200	6,005,200
Total	$ 35,290,000	$ 37,542,211	$ 72,832,211

Note 5: Defined Benefit Pension Plan

General Information about the Pension Plan

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan *(Continued)*

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 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 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.5% 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.

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum of 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) in place under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2025 - Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF 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 01, 2024 through June 30, 2025 The School's contribution rate was 21.40% of covered salaries for July 01, 2024 through June 30, 2025 However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6) Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $2,184,429 for the year ended June 30, 2025.

Note 5: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan *(Continued)*

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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

The net pension liability for the SCHDTF was measured at 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 contributions to the SCHDTF for the calendar year, 2024 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2025, the School reported a liability of $23,302,386, 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 net pension liability	$	23,302,386
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School		2,092,924
Proportionate share of net pension liability	$	25,395,310

At December 31, 2024, the School's proportion was 0.1350479401%, which was an increase of 0.0020022652% from its proportion measured at December 31, 2023.

Note 5: Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2025, the School recognized pension expense of $2,205,594 and benefit of $220,716 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
Differences between expected and actual experience	$ 1,319,579	$ -
Changes in assumptions and other inputs	174,701	-
Net difference between projected and actual earnings on plan investments	439,647	-
Changes in proportion	1,751,081	405,027
Contributions subsequent to the measurement date	1,072,319	-
Total	$ 4,757,327	$ 405,027

$1,072,319 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	$ 2,082,764
2027	2,112,030
2028	(601,254)
2029	(313,558)
2030	(1)
Total	$ 3,279,981

Note 5: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	ad hoc

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 112% of the rates prior to age 80/94% of the rates age 80 and older **Females**: 83% of the rates prior to age 80/106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

Note 5: Defined Benefit Pension Plan (Continued)

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

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation	4.0% - 13.4%

Salary scale assumptions were altered to better reflect actual experience.

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

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis.

Note 5: Defined Benefit Pension Plan (Continued)

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

Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 80/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

Note 5: Defined Benefit Pension Plan (Continued)

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

The long-term expected return on plan assets monitored on an ongoing basis and is reviewed as part of periodic experience studies prepared every four years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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 rate of return assumption of 7.25%.

Note 5: Defined Benefit Pension Plan (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the 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, commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Note 5: Defined Benefit Pension Plan (Continued)

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

- 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.

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

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	$ 31,592,634	$ 23,302,386	$ 16,358,144

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

Note 6: Postemployment Healthcare Benefits (OPEB)

General Information about the OPEB Plan

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

Benefits provided - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

Enrollment in the PERACare 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.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

General Information about the OPEB Plan *(Continued)*

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

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

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

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

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

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

General Information about the OPEB Plan *(Continued)*

Employer contributions are recognized by the 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 HCTF from the School were $109,329 for the year ended June 30, 2025.

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

At 2025, the School reported a liability of $413,450 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability 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 liability was based on the School's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the School's proportion was 0.0864656727%, which was an increase of 0.0068717374% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the School recognized OPEB benefit of $46,679. At June 30 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 91,206
Changes in assumptions and other inputs	4,742	132,159
Net difference between projected and actual earnings on plan investments	1,402	-
Changes in proportion	42,025	42,439
Contributions subsequent to the measurement date	53,669	-
Total	$ 101,838	$ 265,804

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

$53,669 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,		
2026	$	(68,137)
2027		(42,281)
2028		(54,829)
2029		(29,105)
2030		(15,902)
Thereafter		(7,381)
Total	$	(217,635)

Actuarial Assumptions - The December 31, 2023 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure	
Service-based premium subsidy	0.00%
PERACare Medicare plans	
16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034	
MAPD PPO#2	
105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums:	
3.50% for 2024, gradually increasing to 4.50% in 2033	
DPS Benefit Structure	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are 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 were 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.

The 2024 Medicare Part A premium is $505 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

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

Year	PERACare Medicare Plans	MAPD PPO #2	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 112% of the rates prior to age 80/94% of the rates age 80 and older **Females**: 83% of the rates prior to age 80/106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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

- 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.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation	4.0% - 13.4%

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$ 1,824	$ 6,972
MAPD PPO #2	$ 624	$ 4,524
MAPD HMO (Kaiser)	$ 2,040	$ 7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 80/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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 as presented previously (See Note 5).

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

Discount Rate - The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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 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.

Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)

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

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

Sensitivity of the School's proportionate share of 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	$ 506,690	$ 413,450	$ 333,067

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates - The following table presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 2.75% to 9.55%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 402,311	$ 413,450	$ 426,057

OPEB plan fiduciary net position - Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Note 7: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2025, significant amounts of related expenditures have not been audited but management 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 approved the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the School believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the School has established an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2025, the reserve was reported as restricted fund balance in the General Fund, in the amount of $575,000.

Required Supplementary Information

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
School Division Trust Fund
For the Year Ended June 30, 2025

Measurement Date	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.1350479401%	0.1330456749%	0.1079095573%	0.1343198136%	0.1532250824%
Net Pension Liability					
School's Proportionate Share	$ 23,302,386	$ 23,527,028	$ 19,649,753	$ 15,631,288	$ 23,164,542
State's Proportionate Share	2,092,924	515,878	5,726,129	1,791,928	-
Net Proportionate Share	$ 25,395,310	$ 24,042,906	$ 25,375,882	$ 17,423,216	$ 23,164,542
School's Covered-Employee Payroll	$ 10,435,778	$ 8,795,509	$ 8,328,134	$ 8,394,521	$ 8,193,595
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	223%	267%	236%	186%	283%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	62%	75%	67%

Reporting Date	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21
School Contributions					
Statutorily Required Contribution	$ 2,184,429	$ 1,962,795	$ 1,658,692	$ 1,709,512	$ 1,645,812
Contributions in Relation to the Statutorily Required Contribution	(2,184,429)	(1,962,795)	(1,658,692)	(1,709,512)	(1,645,812)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 10,718,484	$ 9,630,987	$ 8,137,728	$ 8,565,028	$ 8,278,706
Contributions as a Percentage of Covered-Employee Payroll	20.38%	20.38%	20.38%	19.96%	19.88%

This schedule is presented to show information for 10 years.

(Continued)

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
School Division Trust Fund
For the Year Ended June 30, 2025
(Continued)

Measurement Date	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.1297788195%	0.1328656657%	0.1446067250%	0.1187612728%	0.0865195772%
Net Pension Liability					
School's Proportionate Share	$ 19,388,674	$ 23,526,595	$ 46,760,676	$ 35,359,823	$ 13,232,559
State's Proportionate Share	2,459,206	3,216,934	-	-	-
Net Proportionate Share	$ 21,847,880	$ 26,743,529	$ 46,760,676	$ 35,359,823	$ 13,232,559
School's Covered-Employee Payroll	$ 7,626,357	$ 7,304,336	$ 6,670,537	$ 5,328,712	$ 3,763,936
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	254%	322%	701%	664%	352%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	57%	44%	43%	59%

Reporting Date	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16
School Contributions					
Statutorily Required Contribution	$ 1,532,742	$ 1,397,320	$ 1,330,870	$ 1,146,299	$ 806,138
Contributions in Relation to the Statutorily Required Contribution	(1,532,742)	(1,397,320)	(1,330,870)	(1,146,299)	(806,138)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 7,908,884	$ 8,086,030	$ 7,047,143	$ 6,232,956	$ 4,544,302
Contributions as a Percentage of Covered-Employee Payroll	19.38%	17.28%	18.89%	18.39%	17.74%

This schedule is presented to show information for 10 years.

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024 Changes in Plan Provisions Since 2023

- There were no changes made to the plan provisions.

2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.

- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions Since 2021

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled $225,000,000 direct distribution, a warrant to PERA in the amount of $380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by $190,000 to $35,000,000. The July 1, 2024, direct distribution will not be reduced from $225,000 due to a negative investment return in 2022.

2021 Changes in Plan Provisions Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
    - Member contribution rates increase by 0.50%.
    - Employer contribution rates increase by 0.50%.
    - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2020 Changes in Plan Provisions Since 2019

- HB 20-1379, enacted on June 29, 2020, suspended the $225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019 Changes in Plan Provisions Since 2018

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
    - Member contribution rates increase by 0.50%.
    - Employer contribution rates increase by 0.50%.
    - AI cap is lowered from 1.50% per year to 1.25%.

2018 Changes in Plan Provisions Since 2017

- The following changes were made to the plan provisions as part of SB 18-200:
    - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
    - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
    - An annual direct distribution of $225,000,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
    - AI cap is lowered from 2.00% per year to 1.50% per year.
    - Initial AI waiting period is extended from one year after retirement to three years after retirement.
    - AI payments are suspended for 2018 and 2019.

2017 Changes in Plan Provisions Since 2016

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2016 Changes in Plan Provisions Since 2015

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

2015 Changes in Plan Provisions Since 2014

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

2022 Changes in Assumptions of Other Inputs Since 2021

- There were no changes made to the actuarial methods or assumptions.

2021 Changes in Assumptions of Other Inputs Since 2020

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2020 Changes in Assumptions of Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019 Changes in Assumptions of Other Inputs Since 2018

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2018 Changes in Assumptions of Other Inputs Since 2017

- The single equivalent interest rate (SEIR) for the School Division was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017 Changes in Assumptions of Other Inputs Since 2016

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

2016 Changes in Assumptions of Other Inputs Since 2015

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from .35% to .40%.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

2015 Changes in Assumptions of Other Inputs Since 2014

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

Subsequent Events

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 (actual dollars) 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.

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Health Care Trust Fund
For the Year Ended June 30, 2025

Measurement Date	12/31/24	12/31/23	12/31/22
Proportionate Share of the Net OPEB Liability			
School's Proportion of the Net OPEB Liability	0.0864656727%	0.0795939353%	0.0820695716%
School's Proportionate Share of the Net OPEB Liability	$ 413,450	$ 568,083	$ 776,822
School's Covered Payroll	$ 10,435,778	$ 8,795,509	$ 8,328,134
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%

Reporting Date	6/30/25	6/30/24	6/30/23
School Contributions			
Statutorily Required Contribution	$ 109,329	$ 98,236	$ 83,005
Contributions in Relation to the Statutorily Required Contribution	(109,329)	(98,236)	(83,005)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered Payroll	$ 10,718,484	$ 9,630,987	$ 8,137,728
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Health Care Trust Fund
For the Year Ended June 30, 2025
(Continued)

Measurement Date	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability					
School's Proportion of the Net OPEB Liability	0.0877002037%	0.0886037309%	0.0848135508%	0.0863633965%	0.0821649891%
School's Proportionate Share of the Net OPEB Liability	$ 756,243	$ 841,935	$ 953,303	$ 1,175,010	$ 1,067,816
School's Covered Payroll	$ 8,394,521	$ 8,193,595	$ 7,626,357	$ 7,304,336	$ 6,670,537
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	10%	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	33%	24%	0%	18%

Reporting Date	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
School Contributions					
Statutorily Required Contribution	$ 87,363	$ 84,443	$ 80,671	$ 74,504	$ 71,881
Contributions in Relation to the Statutorily Required Contribution	(87,363)	(84,443)	(80,671)	(74,504)	(71,881)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 8,565,028	$ 8,278,706	$ 7,908,884	$ 8,086,030	$ 7,047,143
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	0.92%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024 Changes in Plan Provisions Since 2023

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

2023 Changes in Plan Provisions Since 2022

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

2022 Changes in Plan Provisions Since 2021

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

2021 Changes in Plan Provisions Since 2020

- There were no changes made to plan provisions.

2020 Changes in Plan Provisions Since 2019

- There were no changes made to plan provisions.

2019 Changes in Plan Provisions Since 2018

- There were no changes made to plan provisions.

KOSON Schools

dba STEM School Highlands Ranch

(A Component Unit of Douglas County School District RE.1)

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions

June 30, 2025

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2018 Changes in Plan Provisions Since 2017

- There were no changes made to plan provisions.

2017 Changes in Plan Provisions Since 2016

- There were no changes made to plan provisions.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

2022 Changes in Assumptions or Other Inputs Since 2021

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 Changes in Assumptions or Other Inputs Since 2020

- There were no changes made to the actuarial methods or assumptions.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

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

2019 Changes in Assumptions or Other Inputs Since 2018

- There were no changes made to the actuarial methods or assumptions.

2018 Changes in Assumptions or Other Inputs Since 2017

- There were no changes made to the actuarial methods or assumptions.

2017 Changes in Assumptions or Other Inputs Since 2016

- There were no changes made to the actuarial methods or assumptions.
    - eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2016 plan year.
    - The health care cost trend rates for Medicare Part A premiums have been revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Subsequent Events

Governmental accounting standards require the net OPEB liabilities for financial reporting purposes be measured using the plan provisions in effect as of the OPEB plan's year end. The passage of House Bill (HB) 25-1105 into law is considered a nonrecognized subsequent event as these statutory changes to plan provisions did not exist as of the December 31, 2024, measurement date.

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 14,675,129	$ 13,966,003	$ 15,171,353	$ 1,205,350
District Mill Levy	3,218,529	3,218,529	3,219,029	500
Student Fees and Activities	1,075,000	1,075,000	1,209,508	134,508
Contributions and Donations	56,000	56,000	138,835	82,835
Other Local Revenue	739,885	739,885	-	(739,885)
Investment Income	680,000	680,000	682,945	2,945
Total Local Sources	20,444,543	19,735,417	20,421,670	686,253
State Sources				
Categorical Revenue	542,331	542,331	1,246,466	704,135
Other State Sources	450,000	450,000	-	(450,000)
Total State Sources	992,331	992,331	1,246,466	254,135
Total Revenues	21,436,874	20,727,748	21,668,136	940,388
Expenditures				
Salaries	11,050,000	11,050,000	10,426,273	623,727
Employee Benefits	3,600,000	3,600,000	3,222,958	377,042
Purchased Services	5,873,747	5,873,747	5,963,348	(89,601)
Supplies	850,000	850,000	1,012,114	(162,114)
Property	3,921,642	3,921,642	3,696,216	225,426
Other	140,000	140,000	194,524	(54,524)
Total Expenditures	25,435,389	25,435,389	24,515,433	919,956
Excess of Revenues Over (Under) Expenditures	(3,998,515)	(4,707,641)	(2,847,297)	1,860,344
Other Financing Sources (Uses)				
Transfers	-	-	432,832	432,832
Total Other Financing Sources (Uses)	-	-	432,832	432,832
Net Change in Fund Balance	(3,998,515)	(4,707,641)	(2,414,465)	2,293,176
Fund Balance, *Beginning of year*	14,675,529	14,675,529	14,675,529	-
Fund Balance, *End of year*	$ 10,677,014	$ 9,967,888	$ 12,261,064	$ 2,293,176

See Accompanying Independent Auditor's Report.

KOSON Schools

dba STEM School Highlands Ranch
(A Component Unit of Douglas County School District RE.1)
Notes to Budgetary Comparison Schedule - General Fund
June 30, 2025

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

A budget is adopted for the School on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year-end.