

LINCOLN ACADEMY
BASIC FINANCIAL STATEMENTS
June 30, 2025

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Lincoln Academy
Arvada, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Lincoln Academy (the "Academy"), a component unit of Jefferson County Academy District No. R-1 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lincoln Academy 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). 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 Lincoln Academy and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Academy'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 44-48 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Luther & Associates, LLC

October 30, 2025

Management Discussion and Analysis

As administrators of Lincoln Academy, we offer readers our financial statements as well as this narrative overview and analysis of the financial activities of Lincoln for the fiscal year ending June 30, 2025.

Financial Highlights

The year ending June 30, 2025, was the twenty-eighth year of operations for Lincoln. During the school year, Lincoln completed their charter renewal with the Jefferson County School District and was granted the maximum five-year contract renewal term.

The assets of Lincoln exceeded its liabilities at the close of the most recent fiscal year by \$888,972 resulting in an increase in net position of \$1,119,309 from the prior year. The general fund ending balance as of June 30, 2025 totaled \$6,261,696.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Lincoln's basic financial statements, which are presented in a way that provides readers with a broad overview of the finances of Lincoln.

Supplemental information has been included in addition to the basic financial statements.

Lincoln's basic financial statements are comprised of three components:

1. Government-Wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements and groups related fund accounts to maintain control over resources that have been segregated for specific funds or activities.

One individual government fund is maintained: the General Fund. Financial information for the government funds is presented separately in the "Balance Sheet" and in the "Statement of Revenues, Expenditures, and Changes in Fund Balances" on pages 3 and 4 of the audit report.

The budget is appropriated annually for its General Fund, which is approved by the Board of Directors. Material adjustments to the budget are approved by the Board and recorded in Board meeting minutes.

Lincoln Academy's Net Position

	Governmental Activities	
	2025	2024
ASSETS		
Cash and Investments	5,866,003	4,774,308
Restricted Cash and Investments	986,994	968,518
Accounts Receivable	24,909	24,335
Capital Assets, Net	13,203,232	13,702,086
Total Assets	20,081,138	19,469,247
DEFERRED OUTFLOW OF RESOURCES		
Deferred Loss on Refunding	637,413	657,975
Related to Pensions	2,527,515	3,826,676
Related to OPEB	33,602	44,168
Total Deferred Outflows	3,198,530	4,528,819
LIABILITIES		
Current Liabilities/Unearned Revenues	834,253	677,588
Noncurrent Liabilities	8,392,307	8,547,704
Net Pension Liability	11,971,963	13,720,475
Net OPEB Liability	212,417	331,295
TOTAL LIABILITIES	21,410,940	23,277,062
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	848,382	828,879
Related to OPEB	131,374	122,466
	979,756	951,345
NET POSITION		
Net Investment in Capital Assets	4,810,925	6,302,704
Restricted for Emergencies	332,472	308,788
Restricted for Debt Service	654,522	186,232
Restricted for Construction	0	474,278
Unrestricted	-4,908,947	-7,502,339
TOTAL NET POSITION	888,972	-230,337

Lincoln Academy's Change in Net Assets

	<u>6/30/2025</u>	<u>6/30/2024</u>
Program Revenue:		
Charges for Services	448,207	367,801
Operating Grants and Contributions	455,916	422,103
Capital Grants and Contributions	299,914	295,569
Total Program Revenue	1,204,037	1,085,473
General Revenue:		
Per Pupil Operation Revenue	8,360,444	7,973,525
Mill Levy Override	1,622,434	1,592,244
Interest	29,035	108,864
Other	119,325	-22,681
Unrestricted State Aid	113,396	0
Capital Contribution from the District		0
Total General Revenue	10,244,634	9,651,952
Total Revenue	11,448,671	10,737,425
Expenses:		
Current:		
Instruction	4,683,509	6,767,265
Supporting Services	5,205,756	3,051,294
Interest and Fiscal Charges	440,097	329,665
Total Expenses	10,329,362	10,148,224
Increase (Decrease) in Net Assets	1,119,309	589,201
Beginning Net Assets, June 30, 2024 as Restated	-230,337	-819,538
Ending Net Assets, June 30, 2025	888,972	-230,337

Government Funds

The unassigned fund balance is a useful measure of a school's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, Lincoln's government funds reported an ending fund balance of \$6,261,696, an increase of \$1,066,908. Of the funds, \$332,472 is restricted in the General Fund as an emergency reserve related to the TABOR amendment. Lincoln also has \$654,522 restricted for Debt Service. There are no funds currently restricted for Construction.

Lincoln's unassigned and available funds for future use would be \$5,274,702, representing approximately 47% of the total year's funding, which will be available to the school in subsequent years. This improvement reflects disciplined fiscal management and favorable operating results for the year, strengthening the organization's capacity to absorb rising personnel and program costs while maintaining long-term financial stability.

General Fund Budgetary Highlights

The Lincoln Board of Directors approved an initial budget in April of 2024 based on enrollment projections for the 2024-25 school year. In December, after enrollment stabilized and final numbers were available, the budget was revised. In 2024-25, Lincoln completed significant improvements to its capital assets, resulting in a net increase of \$2,599,184. The most notable project was the driveline and parking lot improvement. Final project payments were processed during the year, closing out the project and contributing to both the increase in capital assets and a corresponding reduction in the amount restricted for construction needs.

Lincoln also upgraded the kitchen's electrical infrastructure to accommodate new refrigerators and freezers installed in support of the Healthy School Meals for All program, which provides access to free breakfast and lunch to all students. In addition, the school completed several safety and security upgrades, including new doors, cameras, a fire alarm control panel upgrade, a new entry intercom system, and a full replacement of the schoolwide phone system. Collectively, these investments strengthen the school's infrastructure, enhance campus safety, and position Lincoln to better support operational efficiency and student well-being in future years.

Several technology upgrades were also completed during the year. A generous donation from the Parent Teacher Organization funded the installation of Promethean Smart Boards in 36 additional classrooms, expanding access to interactive visual learning tools schoolwide.

During the 2024-25 fiscal year, Lincoln was awarded a \$113,396 facilities grant to assist with the payment of bond principal and interest. This funding reduced the school's debt service obligations, allowing a portion of operating funds to be retained in the unrestricted fund balance for future use.

Financial Reporting for Pension Plan

GASB No. 68 was enacted in 2015 to support the accounting and reporting of public employee pension plans for governmental institutions. This standard effectively reports the Net Pension Liability for both current and future periods as projected based on current rates and employees with the goal of improving the usefulness of information to the public

and investing segments. This reporting standard does not impact current required pension funding levels for Lincoln nor suggest that Lincoln is underfunded. Please refer to Note 7, pg. 17 in the audited financial statements for additional information.

For the year ending June 30, 2025, Lincoln reported a \$11,971,963 liability related to its proportional share of the net pension liability.

The Year Ahead

Pre-Kindergarten remains fully enrolled as does the before-and-after-school program. It is expected that these programs will continue to provide revenue increases to the school.

During the 2025–26 fiscal year, actual student enrollment has been lower than projected, primarily due to an unexpected departure of students in two lower middle school grades. While this decline will impact overall per-pupil revenue, school leadership has already implemented structural changes designed to strengthen family satisfaction and retention. These include adjustments to the middle school program that foster a more cohesive and positive student culture, while providing developmentally appropriate transitions to the upper middle school model. Early indicators suggest these efforts are being well-received by families and are expected to support improved enrollment stability in future years.

No significant capital improvement projects are currently scheduled during the 2025-26 fiscal year.

The Lincoln administrative team will continue to review expenses and adhere to our conservative fiscal management strategy. Lincoln anticipates our school to continue to deliver exceptional education while maintaining financial stability.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

LINCOLN ACADEMY

STATEMENT OF NET POSITION

As of June 30, 2025

	Governmental Activities	
	2025	2024
ASSETS		
Cash and Investments	\$ 5,866,003	\$ 4,774,308
Restricted Cash and Investments	986,994	968,518
Accounts Receivable	24,909	24,335
Capital Assets, Not Depreciated	2,440,489	4,829,280
Capital Assets, Depreciated, Net of Accumulated Depreciation	10,762,743	8,872,806
TOTAL ASSETS	20,081,138	19,469,247
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	637,413	657,975
Related to Pensions	2,527,515	3,826,676
Related to OPEB	33,602	44,168
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,198,530	4,528,819
LIABILITIES		
Accounts Payable	62,951	88,670
Accrued Salaries	521,194	474,883
Accrued Interest	104,033	105,211
Compensated Absences	114,010	-
Unearned Revenues	32,065	8,820
Noncurrent Liabilities		
Due in One Year	150,000	155,397
Due in More Than One Year	8,242,307	8,392,307
Net Pension Liability	11,971,963	13,720,475
Net OPEB Liability	212,417	331,295
TOTAL LIABILITIES	21,410,940	23,277,058
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	848,382	828,879
Related to OPEB	131,374	122,466
TOTAL DEFERRED INFLOWS OF RESOURCES	979,756	951,345
NET POSITION		
Net Investment in Capital Assets	4,810,925	6,302,704
Restricted for Emergencies	332,472	308,788
Restricted for Debt Service	654,522	186,232
Restricted for Construction	-	474,278
Unrestricted	(4,908,947)	(7,502,339)
TOTAL NET POSITION	\$ 888,972	\$ (230,337)

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

LINCOLN ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and	
		Charges for Services	Operating	Capital	Change in Net Position	
			Grants and Contributions	Grants and Contributions	Governmental Activities	
					2025	2024
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	\$ 4,683,509	\$ 448,207	\$ 455,916	\$ -	\$ (3,779,386)	\$ (5,977,361)
Supporting Services	5,205,756	-	-	299,914	(4,905,842)	(2,755,725)
Interest on Long-Term Debt	440,097	-	-	-	(440,097)	(329,665)
Total Governmental Activities	<u>\$ 10,329,362</u>	<u>\$ 448,207</u>	<u>\$ 455,916</u>	<u>\$ 299,914</u>	(9,125,325)	(9,062,751)
GENERAL REVENUES						
					8,360,444	7,973,525
					1,622,434	1,592,244
					29,035	108,864
					119,325	(22,681)
					113,396	-
					<u>10,244,634</u>	<u>9,651,952</u>
CHANGE IN NET POSITION					1,119,309	589,201
NET POSITION, Beginning					<u>(230,337)</u>	<u>(819,538)</u>
NET POSITION, Ending					<u>\$ 888,972</u>	<u>\$ (230,337)</u>

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

LINCOLN ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	TOTALS	
	2025	2024
ASSETS		
Cash and Investments	\$ 5,866,003	\$ 4,774,308
Restricted Cash and Investments	986,994	968,518
Accounts Receivable	24,909	24,335
TOTAL ASSETS	<u>\$ 6,877,906</u>	<u>\$ 5,767,161</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 62,951	\$ 88,670
Accrued Salaries and Benefits	521,194	474,883
Unearned Revenues	32,065	8,820
TOTAL LIABILITIES	<u>616,210</u>	<u>572,373</u>
FUND BALANCES		
Restricted for Emergencies	332,472	308,788
Restricted for Debt Service	654,522	186,232
Restricted for Construction	-	474,278
Unassigned	5,274,702	4,225,490
TOTAL FUND BALANCES	6,261,696	5,194,788
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	13,203,232	13,702,086
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of the building lease (\$8,225,000) and accrued interest (\$104,033), and bond premium of (\$167,307), deferred loss on refunding \$637,413 and compensated absences (\$114,010).	(7,972,937)	(7,994,940)
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$11,971,963), net OPEB liability (\$212,417), deferred outflows related to pensions and OPEB \$2,561,117 and deferred inflows related to pensions and OPEB (\$979,756).	<u>(10,603,019)</u>	<u>(11,132,271)</u>
Net position of governmental activities	<u>\$ 888,972</u>	<u>\$ (230,337)</u>

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

LINCOLN ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	GENERAL FUND	
	2025	2024
REVENUES		
Local Sources	\$ 10,614,035	\$ 10,089,787
State Sources	721,240	647,638
TOTAL REVENUES	11,335,275	10,737,425
EXPENDITURES		
Current		
Instruction	4,895,672	6,616,505
Supporting Services	4,700,202	2,547,383
Capital Outlay	210,393	2,006,084
Debt Service		
Principal	150,000	145,000
Interest	312,100	315,631
TOTAL EXPENDITURES	10,268,367	11,630,603
NET CHANGE IN FUND BALANCE	1,066,908	(893,178)
FUND BALANCES, Beginning	5,194,788	6,087,966
FUND BALANCES, Ending	\$ 6,261,696	\$ 5,194,788

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

LINCOLN ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,066,908
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$709,247) exceeded capital outlay \$210,393, for the current year.	(498,854)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include bond payments of (\$150,000), change in bond premium (\$5,397), change in accrued interest (\$1,278), change in deferred loss on refunding \$20,562, and change in accrued compensated absences \$114,010.	22,003
Deferred charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>529,252</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,119,309</u></u>

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Academy (the “Academy”) was organized pursuant to the Colorado Charter Academics Act to form and operate a charter Academy within the Jefferson County Academy District No. R-1 of the State of Colorado.

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

Reporting Entity

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

The Academy includes the Lincoln Academy Building Corporation (the “Building Corporation”) within its reporting entity. The Building Corporation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing of the Academy’s facilities. The Building Corporation is included in the Academy’s General Fund. Separate financial statements are not available for this entity. The Academy is a component unit of Jefferson County Academy District No. R-1.

Government-Wide and Fund Financial Statements

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

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 intergovernmental revenues not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The Academy reports the following major governmental funds:

General Fund – This fund is the general operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital Assets are depreciated using the straight line method over an estimated useful life of 30 years.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Net Position – The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets includes the Academy's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Academy typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Academy has no nonspendable resources as of June 30, 2025.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The Academy has classified Emergency Reserves and funds held in the Building Corporation as being restricted because their use is restricted by State Statute for declared emergencies, and debt service.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy did not have any committed resources as of June 30, 2025.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Compensated Absences

The Academy's policy allows employees to accumulate sick leave at a rate of 10 days per year (prorated on their FTE). Accrued personal leave in excess of one year is paid in June of each year at a rate of \$184 per day. Upon termination of employment, employees are paid for their accrued personal leave. This liability is reported in the government-wide financial statements.

Risk Management

The Academy 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 Academy carries commercial insurance for these risks of loss. Settled claims have not exceeded any coverages in the last three years.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Academy's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

Academy management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 700
Pooled Cash with the District	6,197,775
Investments	<u>654,522</u>
Total Cash and Investments	<u>\$ 6,852,997</u>

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

Cash and Investments	\$ 5,866,003
Restricted Cash and Investments	<u>986,994</u>
Total	<u>\$ 6,852,997</u>

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

At June 30, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits.

The Academy has no deposits at June 30, 2025.

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2025, the Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled \$6,197,745.

Investments

Interest Rate Risk

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Academy is required to follow the investment policy of the District.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Interest Rate and Credit Risk Policies

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization (“NRSROs”).

At June 30, 2025, the Academy had \$654,522 invested in money market funds. The funds invest only in U.S. Treasury obligations and is rated AAAM by Standard and Poor’s. These investments were valued with Level 1 inputs.

The Academy has no policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Cash and Investments of \$654,522 are restricted in the Building Corporation Fund for project costs and bond reserves. Cash in the amount of \$332,472 is also restricted in the General Fund as an emergency reserve related to the TABOR amendment.

NOTE 4: CAPITAL ASSETS

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

	Balance <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 2,440,489	\$ -	\$ -	\$ 2,440,489
Construction in Progress	<u>2,388,791</u>	<u>-</u>	<u>2,388,791</u>	<u>-</u>
Total Capital Assets, not depreciated	<u>4,829,280</u>	<u>-</u>	<u>2,388,791</u>	<u>2,440,489</u>
Capital Asset, depreciated				
Building	13,267,722	2,599,184	-	15,866,906
Machinery and Equipment	98,761	-	-	98,761
Vehicles	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Total Capital Assets, depreciated	<u>13,378,983</u>	<u>2,599,184</u>	<u>-</u>	<u>15,978,167</u>

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 4: CAPITAL ASSETS

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

	Balance <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>
Accumulated Depreciation				
Building	4,399,603	708,146	-	5,107,749
Machinery and Equipment	94,074	1,101	-	95,175
Vehicles	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Total Accumulated Depreciation	<u>4,506,177</u>	<u>709,247</u>	<u>-</u>	<u>5,215,424</u>
Capital Assets, depreciated, net	<u>8,872,806</u>	<u>1,889,937</u>	<u>-</u>	<u>10,762,743</u>
Total Capital Assets	<u>\$ 13,702,086</u>	<u>\$ 1,889,937</u>	<u>\$ 2,388,791</u>	<u>\$ 13,203,232</u>

Depreciation has been charged to the Supporting Services Program of the Academy.

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a Academy year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2025, were \$521,194. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: LONG-TERM DEBT

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

	Balance <u>June 30, 2024</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2025</u>	Due In <u>One Year</u>
Series 2021 Bonds	\$ 8,375,000	\$ -	\$ 150,000	\$ 8,225,000	\$ 150,000
Bond Premium	172,704	-	5,397	167,307	-
Compensated Absences					
GASB 101, PPR	<u>75,844</u>	<u>38,166</u>	<u>-</u>	<u>114,010</u>	<u>-</u>
Total	<u>\$ 8,623,548</u>	<u>\$ 38,166</u>	<u>\$ 155,397</u>	<u>\$ 8,506,317</u>	<u>\$ 150,000</u>

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6: LONG-TERM DEBT

Compensated Absences (Continued)

The Academy implemented GASB 101, Compensated Absences on July 1, 2024. Prior to implementation, the balances were material and a prior period restatement will be shown.

2021 Bonds Payable

In April, 2021, the Colorado Educational and Facilities Authority (CECFA) issued \$1,825,000 Charter Academy Revenue Bonds, Series 2021A and \$7,010,000 Charter Academy Refunding Revenue Bonds Series 2021B. Series 2021A was issued for improvements to the facility. The bonds accrue interest at rates ranging from 1.25% to 4.0%. Series 2021B was issued to fully refund the 2013 Charter Academy Revenue Refunding Bonds. Series 2013B accrues interest ranging from 2.744% to 3.968% Interest payments are due semi-annually on March 1 and September 1. Principal payments are due annually on March 1, through 2056.

The Academy is obligated under a lease agreement to make monthly lease payments to the Building Corporation for use of the facilities. The Building Corporation is obligated under the loan agreement to make similar payments to the trustee, for payment of the bonds.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 150,000	\$ 308,507	\$ 458,507
2027	155,000	304,614	459,614
2028	160,000	300,584	460,584
2029	165,000	296,417	461,417
2030	170,000	292,113	462,113
2031 – 2035	925,000	1,379,830	2,304,830
2036 – 2040	1,110,000	1,195,804	2,305,804
2041 – 2045	1,335,000	969,027	2,304,027
2046 – 2050	1,630,000	681,257	2,311,257
2051 – 2055	1,980,000	330,891	2,310,891
2056	<u>445,000</u>	<u>17,688</u>	<u>462,688</u>
Total	<u>\$ 8,225,000</u>	<u>\$ 6,076,732</u>	<u>\$ 14,301,732</u>

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Academy 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.

General Information about the Pension Plan

Plan description. Eligible employees of the Academy 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.

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times 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.

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 20 years of service credit, if deemed disabled.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Contributions provisions as of the Academy: Eligible employees of, the Academy 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 1, 2024 through June 30, 2025.

Employer contribution requirements are summarized in the following table:

	July 1, 2024 Through June 30, 2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

*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 Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Academy were \$1,178,294 for the year ended June 30, 2025.

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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As specified in C.R.S. § 24-51-414, the State is required to contribute a \$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 as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024.

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

The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2025, the Academy reported a liability of \$11,971,963 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 Academy 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 Academy were as follows:

The Academy's proportionate share of the net pension liability	\$11,971,963
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy.	986,655
Total	\$12,958,618

At December 31, 2024, the Academy's proportion was 0.0693%, which was an increase of 0.0053% from its proportion measured as of December 31, 2023. For the year ended June 30, 2025, the Academy recognized pension expense of \$861,842 and revenue of \$113,396 for support from the State as a nonemployer contributing entity.

LINCOLN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$677,954	N/A
Changes of assumptions or other inputs	89,755	N/A
Net difference between projected and actual earnings on pension plan investments	225,878	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	917,992	848,382
Contributions subsequent to the measurement date	615,936	N/A
Total	\$2,527,515	\$848,382

\$615,936 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2026	\$561,623
2027	\$396,825
2028	\$104,748
2029	-
2030	-
Thereafter	-

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: 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	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: 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: 4.00%-13.40%

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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: 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 85/ 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 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.

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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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.
- 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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the Academy'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	\$16,231,207	\$11,971,963	\$8,404,251

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 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The Academy 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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Academy 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 School's (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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were \$57,483 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 June 30, 2025, the Academy reported a liability of \$212,417 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 Academy's proportion of the net OPEB liability was based on the Academy'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 Academy's proportion was 0.044%, which was a decrease of 0.024% from its proportion measured as of December 31, 2023.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

For the year ended June 30, 2025, the Academy recognized OPEB income of \$41,921. At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$46,855
Changes of assumptions or other inputs	2,436	67,899
Net difference between projected and actual earnings on OPEB plan investments	720	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	153	16,620
Contributions subsequent to the measurement date	30,293	N/A
Total	\$33,602	\$131,374

\$30,293 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2026	(\$39,973)
2027	(\$29,568)
2028	(\$27,014)
2029	(\$14,269)
2030	(\$11,192)
Thereafter	(\$6,049)

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

	<u>State Division</u>	<u>School Division</u>	<u>Local Government Division</u>	<u>Judicial Division</u>
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			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% in 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	

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

As of the 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.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

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

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

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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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.

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

Year	PERACare Medicare Plans ¹	MAPD PPO #21	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%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	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
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

The 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 were 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.

The actuarial assumptions used in the December 31, 2023, valuations 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.

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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 nominal rate of return assumption of 7.25%.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$206,694	\$212,417	\$218,894

¹For the January 1, 2025, plan year.

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.

LINCOLN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 8: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

- 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.
- 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 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 did 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 Academy's proportionate share of the net OPEB liability to changes in the discount rate. The following table 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	\$260,320	\$212,417	\$171,119

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.

LINCOLN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

Tabor Amendment

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

As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2025, the reserve of \$308,008 was recorded as a reservation of fund balance in the General Fund. The District also holds \$308,008 in pooled cash on behalf of the Academy for this reserve.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through October 30, 2025. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN ACADEMY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2025

	2025			VARIANCE	2024
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 8,202,600	\$ 8,360,444	\$ 8,360,444	\$ -	\$ 7,973,525
Mill Levy Override	1,535,394	1,622,434	1,622,434	-	1,592,244
Charges for Services	283,960	429,864	448,207	18,343	367,801
Donations	5,000	37,200	34,590	(2,610)	70,034
Other	41,730	50,250	148,360	98,110	86,183
State and Federal Sources					
Grants and Donations	576,616	718,087	721,240	3,153	647,638
 TOTAL REVENUES	 10,645,300	 11,218,279	 11,335,275	 116,996	 10,737,425
EXPENDITURES					
Salaries	6,079,232	6,026,856	5,922,945	103,911	5,512,351
Employee Benefits	1,802,667	1,650,000	1,652,339	(2,339)	1,562,782
Purchased Services	1,785,335	1,844,545	1,734,476	110,069	1,693,534
Supplies and Materials	384,328	310,045	286,114	23,931	395,221
Property	50,000	210,393	210,393	-	2,006,084
Debt Service					
Principal	150,000	150,000	150,000	-	145,000
Interest	312,100	312,100	312,100	-	315,631
 TOTAL EXPENDITURES	 10,563,662	 10,503,939	 10,268,367	 235,572	 11,630,603
 NET CHANGE IN FUND BALANCE	 81,638	 714,340	 1,066,908	 352,568	 (893,178)
 FUND BALANCE, Beginning	 5,194,788	 5,194,788	 5,194,788	 -	 6,087,966
 FUND BALANCE, Ending	 <u>\$ 5,276,426</u>	 <u>\$ 5,909,128</u>	 <u>\$ 6,261,696</u>	 <u>\$ 352,568</u>	 <u>\$ 5,194,788</u>

See the accompanying independent auditors' report.

LINCOLN ACADEMY

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

Years Ended December 31,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School's proportionate share of the Net Pension Liability	0.0591%	0.0610%	0.0687%	0.0636%	0.0631%	0.0758%	0.0696%	0.0618%	0.0640%	0.0693%
School's proportionate share of the Net Pension Liability	\$ 8,933,027	\$ 18,154,879	\$ 22,220,588	\$ 11,263,180	\$ 9,434,303	\$ 11,455,706	\$ 8,097,261	\$ 11,247,156	\$ 13,470,475	\$11,971,963
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	\$ -	\$ -	\$ -	\$ 1,540,083	\$ 1,196,621	\$ -	\$ 834,018	\$ 892,927	\$ 308,665	\$ 986,655
Total portion of the Net Pension Liability associated with the School	\$ 8,933,027	\$ 18,154,879	\$ 22,220,588	\$ 12,803,263	\$ 10,630,924	\$ 11,455,706	\$ 8,931,279	\$ 12,140,083	\$ 13,779,140	\$12,958,618
School's covered payroll	\$ 2,632,144	\$ 3,004,450	\$ 3,204,976	\$ 3,487,340	\$ 3,702,501	\$ 4,050,700	\$ 4,299,876	\$ 4,900,273	\$ 5,092,013	\$ 5,350,353
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	339.4%	604.3%	693.3%	367.1%	287.1%	282.8%	207.7%	247.7%	270.6%	242.2%
Plan fiduciary net position as a percentage of the total pension liability	59.18%	43.10%	43.96%	57.01%	64.52%	66.99%	74.86%	61.79%	64.70%	67.17%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

See the accompanying independent auditors' report.

LINCOLN ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statutorily required contributions	\$ 540,515	\$ 582,839	\$ 628,072	\$ 697,646	\$ 783,918	\$ 880,115	\$ 900,852	\$ 1,065,469	\$ 1,096,619	\$ 1,178,294
Contributions in relation to the Statutorily required contributions	540,515	582,839	628,072	697,646	783,918	880,115	900,852	1,065,469	1,096,619	1,178,294
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 2,868,448	\$ 3,117,939	\$ 3,279,616	\$ 3,591,870	\$ 3,993,291	\$ 4,123,306	\$ 4,451,519	\$ 4,900,273	\$ 5,292,038	\$ 5,635,548
Contributions as a percentage of covered payroll	18.84%	18.69%	19.15%	19.42%	19.63%	21.34%	20.24%	21.74%	20.72%	20.91%

See the accompanying independent auditors' report.

LINCOLN ACADEMY

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

Years Ended December 31,

	2016	2017	2018	2019	2020	2021	2022	2023	2024
School's proportionate share of the Net OPEB Liability	0.0381%	0.0390%	0.0413%	0.0413%	0.0438%	0.0412%	0.0371%	0.0464%	0.0440%
School's proportionate share of the Net OPEB Liability	\$ 470,436	\$ 507,424	\$ 562,529	\$ 463,882	\$ 416,484	\$ 391,750	\$ 383,270	\$ 331,295	\$ 212,417
School's covered payroll	\$ 3,004,450	\$ 3,204,976	\$ 3,487,340	\$ 3,702,501	\$ 4,050,700	\$ 4,299,876	\$ 4,900,273	\$ 5,092,013	\$ 5,350,353
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	604.3%	604.3%	604.3%	798.2%	972.6%	1097.6%	1278.5%	1537.0%	2518.8%
Plan fiduciary net position as a percentage of the total OPEB Liability	16.72%	17.53%	17.03%	24.49%	32.78%	39.40%	38.57%	46.16%	59.83%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

LINCOLN ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Statutorily required contributions	\$ 31,803	\$ 33,452	\$ 36,637	\$ 40,732	\$ 42,058	\$ 45,405	\$ 49,983	\$ 53,979	\$ 57,483
Contributions in relation to the Statutorily required contributions	<u>31,803</u>	<u>33,452</u>	<u>36,637</u>	<u>40,732</u>	<u>42,058</u>	<u>45,405</u>	<u>49,983</u>	<u>53,979</u>	<u>57,483</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 3,117,939	\$ 3,279,616	\$ 3,591,870	\$ 3,993,291	\$ 4,123,306	\$ 4,451,519	\$ 4,900,273	\$ 5,292,038	\$ 5,635,548
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Notes:

This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.