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BEN FRANKLIN ACADEMY

A COMPONENT UNIT OF DOUGLAS COUNTY SCHOOL DISTRICT RE-1
HIGHLANDS RANCH, COLORADO

FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

BEN FRANKLIN ACADEMY
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June 30, 2025

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ben Franklin Academy
Highlands Ranch, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ben Franklin Academy (the School), a component unit of the Douglas County School District RE-1, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of Ben Franklin Academy, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Ben Franklin Academy

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

DMC Auditing and Consulting, LLC

October 30, 2025
Bailey, Colorado

FAs management of Ben Franklin Academy (BFA), we offer readers of BFA's basic financial statements this narrative and analysis of the financial activities for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

BFA successfully completed its fourteenth year of operations on June 30, 2025, culminating in a robust general-fund fund balance of $8,090,483.

The primary source of revenue was through funding from the Colorado State School Finance Act. Tax revenue from this source (Per Pupil Revenue) was $9,474,462. Additional state-level funding, totaling $203,164, was secured via BFA's continued participation in the Colorado University Preschool Program (UPK) which is administered by the Colorado Department of Early Childhood (CDEC). Furthermore, BFA generated $333,054 in internal non-tax-related revenue from our tuition-based programs, comprised of $141,439 from preschool operations and $191,615 from our other child care related services.

OVERVIEW OF FINANCIAL STATEMENTS

This financial summary is intended to provide an introduction to BFA's basic financial statements. The basic statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of BFA's finances in a manner similar to a private-sector business.

The Statement of Net Position of Resources provides a snapshot of the school's financial health of resources by presenting all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The resulting Net Position serves as a useful indicator over time of whether the financial position of BFA is improving or deteriorating.

The Statement of Activities shows how BFA's net position changed during the fiscal year. This statement recognizes changes in net position when the underlying event occurs, regardless of when cash is received or paid (e.g., recognizing salaries and benefits earned but not yet paid as of year-end).

The Government-Wide Statement of Activities distinguishes functions/programs of BFA that are primarily supported by the per pupil revenue passed from Douglas County School District. These activities include instruction and supporting services expenses.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

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

BFA adopts an annual appropriated budget for our General Fund. A budgetary comparison has been provided for this fund to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements.

SPECIAL REVENUE FUND

The Ben Franklin Academy Building Corporation is considered a component of BFA and is reported as a Special Revenue Fund. This fund is used to account for the financial activities of the Building Corporation, including facilities acquisition and construction, and the related debt service.

NOTES TO FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the year ended June 30, 2025, governmental activities net position (negative) totaled ($5,261,571).

Table I: Net Position of Resources

	2024-2025 Governmental Activities	2023-2024 Governmental Activities	2022-2023 Governmental Activities
ASSETS			
Cash and Investments	9,160,130	8,746,175	8,287,689
Accounts Receivable	-	-	-
Prepaid Expenses	42,858	-	-
Restricted Cash and Investments	2,041,958	2,009,937	1,980,929
Capital Assets, Net	17,252,116	14,174,617	14,826,625
Right to Use Asset, Net	14,040	3,911,819	5,672,372
TOTAL ASSETS	28,511,102	28,842,548	30,767,615
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	3,215,604	4,790,450	2,325,016
OPEB	71,682	95,395	57,265
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,287,286	4,885,845	2,382,281
LIABILITIES			
Accounts Payable	106,609	134,364	49,195
Accrued Liabilities	-	-	-
Accrued Salaries and Benefits	986,321	979,012	691,934
Unearned Revenues	19,575	22,148	18,175
Accrued Interest Payable	379,792	385,002	375,828
Noncurrent Liabilities			
Due within One Year	637,752	428,774	644,210
Due in more than One Year	21,035,412	21,528,212	22,860,478
Net Pension Liability	13,192,950	13,799,728	9,922,432
Net OPEB Liability	234,080	333,208	338,159
TOTAL LIABILITIES	36,592,491	37,610,448	34,900,411
DEFERRED INFLOWS OF RESOURCES			
Pensions	334,882	797,881	1,817,374
OPEB	132,586	121,264	140,372
TOTAL DEFERRED INFLOWS OF RESOURCES	467,468	919,145	1,957,746
NET POSITION			
Net Investment in Capital Assets	(4,407,008)	(3,870,550)	(3,005,691)
Restricted for Debt Service	1,662,166	1,624,935	1,605,101
Restricted for Emergencies	388,761	371,603	310,000
Unrestricted	(2,905,490)	(2,927,188)	(2,617,671)
TOTAL NET POSITION	(5,261,571)	(4,801,200)	(3,708,261)

Table II: Change In Net Position

	2024-2025 Governmental Activities	2023-2024 Governmental Activities	2022-2023 Governmental Activities
REVENUES			
General Revenues			
Per Pupil Revenue	9,474,462	8,806,071	8,023,302
District Mill Levy	2,055,030	2,026,371	1,127,898
Capital Construction Funding	337,403	348,264	320,269
Contributions	-	-	-
Investment Earnings	476,851	467,005	272,789
Other	6,839	7,413	8,760
Program Revenues			
Charges for Services: Instruction	614,402	644,436	580,449
Charges for Services: Support	94,582	80,519	77,432
Operating Grants: Instruction	124,337	40,092	400,681
Operating Grants: Support	64,400	48,816	51,971
Total Revenue	13,248,306	12,468,987	10,863,551
EXPENSES			
Instruction	7,051,057	6,609,439	5,708,942
Support	5,550,290	5,984,871	3,786,390
Interest on Long Term Debt	936,420	967,616	755,941
Total Expenses	13,537,767	13,561,926	10,251,273
TRANSFERS		-	-
Change in Net Position	(289,461)	(1,092,939)	612,278
Net Position, Beginning	(4,972,110)*	(3,708,261)	(4,320,539)
Net Position, Ending	(5,261,571)	(4,801,200)	(3,708,261)

*The school had to record a restatement related to a new GASB statement (GASB 101).

FUND FINANCIAL ANALYSIS

General Fund

Income

Total Revenues for the period ended June 30, 2025 were $13,171,479. The main source of income during this time period was from the State of Colorado through the charter authorized by Douglas County School District. Per Pupil Revenue was reported $9,474,462; equivalent to $10,688.37 per funded student. In addition, BFA received funding through the Douglas County School District as a component of local revenue (Mills) in the amount of $2,055,030. The Mill Levy amount was adjusted based upon the election in November 2018. During the 2022 Legislative Session, HB22-1295 was established to create a voluntary universal no-cost preschool program which began Fall 2023. BFA enrolled in the Colorado University Preschool Program (UPK) which is funded through The Colorado Department of Early Childhood (CDEC). During the 24/25 fiscal year, BFA received funding related to the UPK program in the amount of $203,164.

Expenditures
BFA budgeted for General Fund total expenditures (exclusive of appropriated reserves) of $12,815,513 for the period of July 1, 2024 to June 30, 2025. Actual total expenditures were $12,744,041. Compared to the prior year, total expenditures increased slightly, mainly attributable to the necessary increases in payroll and benefit expenses to maintain competitive employee compensation.

ANALYSIS OF SIGNIFICANT BUDGET VARIATIONS: GENERAL FUND

The original budget was adopted during the Spring of 2024 for the 2024-2025 school year. At the time the budget had been adopted, actual student count and per pupil distribution rates had not yet been finalized. The budget was then revised in November after the official student enrollment count has been finalized. Our Final Revised budget was adopted in Spring 2025.

CAPITAL ASSETS AND LONG-TERM DEBT

As of June 30, 2025, BFA maintains capital assets with a net book value of $17,266,156. This total reflects the value of various long-term investments in facility and operational capacity over the years, which include the building expansion, turf field, overflow parking lot, playground resurfacing, and the expanded concrete area near the playground. Included in this valuation are recent enhancements completed during the 24/25 fiscal year, specifically the gym improvements, which consisted of the climbing wall extension (completed in November 2024) and the scoreboard installation (June 2025). Other operational assets contributing to the net book value include the floor scrubber, LED entrance sign, two storage sheds, and dumpster and storage fence enclosures.

In April, 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $19,140,000 in Charter School Revenue Bonds. Bond proceeds were loaned to the Building Corporation to finance the acquisition and construction of educational facilities. BFA uses the building owned by the Building Corporation. The debt accrues interest at rates ranging from 3% to 5%. Interest payments are due semi-annually on July 1 and January 1 each year through 2046. The Building Corporation reports these educational facilities at the book value of $16,225,000.

The land on which the school sits is leased to the BFA Building Corporation by Englewood McLellan Reservoir Foundation through a ground lease. The book value of the ground lease is currently $3,742,963 ($4,550,113 costs less $807,150 accumulated amortization). The total lease liabilities equal $4,530,776.

Additional information on capital assets and long-term debt is available in Notes 4 and 5 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for BFA is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education. These drivers are regularly monitored and discussed amongst the Board and Management and associated budgetary impact. Many budget scenarios and operation plans have been developed to analyze options to respond to state budget decisions. Student growth and facility financing were all considered during the strategic planning process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Ben Franklin Academy's financial position for all those with an interest. Questions concerning the information contained in this report or requests for additional information should be directed to:

Ben Franklin Academy
2270 Plaza Drive
Highlands Ranch, CO 80129

BASIC FINANCIAL STATEMENTS

BEN FRANKLIN ACADEMY
STATEMENT OF NET POSITION
June 30, 2025

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 9,160,130
Restricted Cash and Investments	2,041,958
Prepaid Expenses	42,858
Capital Assets, *Not Being Depreciated / Amortized*	14,040
Capital Assets, *Being Depreciated / Amortized, Net*	17,252,116
TOTAL ASSETS	28,511,102
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	3,215,604
OPEB, *Net of Accumulated Amortization*	71,682
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,287,286
LIABILITIES	
Accounts Payable	106,609
Accrued Salaries and Benefits	986,321
Unearned Revenues	19,575
Accrued Interest Payable	379,792
Noncurrent Liabilities	
Due Within One Year	637,752
Due in More Than One Year	21,035,412
Net Pension Liability	13,192,950
Net OPEB Liability	234,080
TOTAL LIABILITIES	36,592,491
DEFERRED INFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	334,882
OPEB, *Net of Accumulated Amortization*	132,586
TOTAL DEFERRED INFLOWS OF RESOURCES	467,468
NET POSITION	
Net Investment in Capital Assets	(4,407,008)
Restricted for:	
Emergencies	388,761
Debt Service	1,662,166
Unrestricted	(2,905,490)
TOTAL NET POSITION	$ (5,261,571)

See Notes to the Financial Statements.

BEN FRANKLIN ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 7,051,057	$ 614,402	$ 124,337	$ -	$ (6,312,318)
Supporting Services	5,550,290	94,582	64,400	337,403	(5,053,905)
Interest on Long-Term Debt	936,420	-	-	-	(936,420)
TOTAL GOVERNMENTAL ACTIVITIES	$ 13,537,767	$ 708,984	$ 188,737	$ 337,403	(12,302,643)
	GENERAL REVENUES				
	Per Pupil Revenue				9,474,462
	Mill Levy Override Allocation				2,055,030
	Investment Income				476,851
	Other				6,839
	TOTAL GENERAL REVENUES				12,013,182
	CHANGE IN NET POSITION				(289,461)
	NET POSITION, Beginning, as Originally Stated				(4,801,200)
	Change in Accounting Principle				(170,910)
	NET POSITION, Beginning, as Restated				(4,972,110)
	NET POSITION, Ending				$ (5,261,571)

BEN FRANKLIN ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL	BUILDING CORPORATION	TOTAL
ASSETS			
Cash and Investments	$ 9,160,130	$ -	$ 9,160,130
Restricted Cash and Investments	-	2,041,958	2,041,958
Prepaid Expenditures	42,858	-	42,858
TOTAL ASSETS	$ 9,202,988	$ 2,041,958	$ 11,244,946
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	$ 106,609	$ -	$ 106,609
Accrued Salaries and Benefits	986,321	-	986,321
Unearned Revenues	19,575	-	19,575
TOTAL LIABILITIES	1,112,505	-	1,112,505
FUND BALANCES			
Restricted for:			
Emergencies	388,761	-	388,761
Debt Service	-	2,041,958	2,041,958
Unassigned	7,701,722	-	7,701,722
TOTAL FUND BALANCES	8,090,483	2,041,958	10,132,441
TOTAL LIABILITIES AND FUND BALANCES	$ 9,202,988	$ 2,041,958	$ 11,244,946

BEN FRANKLIN ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	$	10,132,441
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		17,266,156
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(379,792)
Compensated Absences		(180,066)
Bonds Payable		(16,225,000)
Bond Premium		(737,322)
Lease Liability		(4,530,776)
Net Pension Liability		(13,192,950)
Pension-Related Deferred Outflows of Resources		3,215,604
Pension-Related Deferred Inflows of Resources		(334,882)
Net OPEB Liability		(234,080)
OPEB-Related Deferred Outflows of Resources		71,682
OPEB-Related Deferred Inflows of Resources		(132,586)
Total Net Position of Governmental Activities	$	(5,261,571)

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

	GENERAL	BUILDING CORPORATION	TOTAL
REVENUES			
Local Sources	$ 12,506,575	$ 1,229,727	$ 13,736,302
State Sources	664,904	-	664,904
TOTAL REVENUES	13,171,479	1,229,727	14,401,206
EXPENDITURES			
Current			
Instruction	6,773,314	-	6,773,314
Supporting Services	5,664,475	4,112	5,668,587
Capital Outlay	41,934	-	41,934
Debt Service			
Principal	13,774	415,000	428,774
Interest	250,544	726,200	976,744
TOTAL EXPENDITURES	12,744,041	1,145,312	13,889,353
EXCESS REVENUES OVER (UNDER) EXPENDITURES	427,438	84,415	511,853
OTHER FINANCING SOURCES (USES)			
Transfers In	52,394	-	52,394
Transfers Out	-	(52,394)	(52,394)
TOTAL OTHER FINANCING SOURCES (USES)	52,394	(52,394)	-
CHANGES IN FUND BALANCES	479,832	32,021	511,853
FUND BALANCES, Beginning	7,610,651	2,009,937	9,620,588
FUND BALANCES, Ending	$ 8,090,483	$ 2,041,958	$ 10,132,441

BEN FRANKLIN ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF 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 Change in Fund Balances of Governmental Funds	$	511,853
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 follows:		
Depreciation expense		(693,358)
Amortization expense		(168,856)
Capital outlay		41,934
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		428,774
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items, including amortization expense related to the loan premium.		35,114
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Compensated Absences		(9,156)
Accrued Interest Payable		5,210
Net Pension Liability		606,778
Pension-Related Deferred Outflows of Resources		(1,574,846)
Pension-Related Deferred Inflows of Resources		462,999
Net OPEB Liability		99,128
OPEB-Related Deferred Outflows of Resources		(23,713)
OPEB-Related Deferred Inflows of Resources		(11,322)
Change in Net Position of Governmental Activities	$	(289,461)

NOTE 1: Summary of Significant Accounting Policies

Ben Franklin Academy (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Douglas County School District (the District). The School began operations in the Fall of 2011.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the School's significant accounting policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the School. The financial statements of the School do not include any separately administered organizations.

The School includes the Ben Franklin Academy Building Corporation (the Building Corporation) within its reporting entity. The Building Corporation was organized in January 2016, primarily to finance the acquisition and construction of educational facilities and currently leases facilities only to the School. The Building Corporation is blended into the School's financial statements as a Special Revenue Fund and does not issue separate financial statements.

The School is a component unit of Douglas County School District RE-1 (the District). The District authorized the School's charter, and the majority of the School's funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for the governmental funds. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, the School reports the following major governmental funds:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School.

The *Building Corporation Fund* is used to account for the financial activities of the Building Corporation, which are primarily for capital purposes and the related debt service.

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 year or soon enough thereafter to pay liabilities of the current year. The School considers all other revenues to be available if they are collected within 180 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Capital assets, including the right-to-use assets, are depreciated and amortized using the straight-line method over the following estimated useful lives.

Buildings and Improvements	30 years
Land Improvements	10– 30 years
Equipment	5 years
Right-to-Use Assets	Amortized over the shorter of the life of asset or liability

Deferred Outflows of Resources – Deferred outflows of resources in the governmental fund financial statements are related to pension and OPEB liabilities but not recognized as a use of current financial resources.

Accrued Salaries and Benefits - Salaries and retirement benefits are paid August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Unearned Revenue - Unearned revenue are resources received by the School before they are earned, such as tuition and fees.

Long-Term Debt - In the government-wide financial statements, long-term debt, and other long-term obligations, such as leases, are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Lease liability is reported for noncancellable leases. The School recognizes lease liability and a corresponding right-to-use lease asset in the governmental activities. The lease liability may include the purchase option(s) that School considers reasonably certain to exercise. The School measures the lease liability at the present value of fixed lease payments expected to be made during the lease term. The lease liability is reduced by the principal lease payment. The lease asset is measured initially based on the amount of the lease liability. The lease is amortized on a straight-line basis over its useful life. The School's discount rate is based on the interest rate in the lease or, if not provided by lessor, the School uses its incremental borrowing rate.

Compensated Absences – All full-time employees accrue up to 48 hours of sick leave per year. This leave may be accumulated but never exceed 48 hours. This non-vested leave is not payable upon separation from the School. The School reports a liability of 48 hours per full-time employee at that employee's hourly rate at the end of the fiscal year.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Pensions - The School participates in the School Division Trust Fund (SDTF), 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, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan 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, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources in the governmental fund financial statements are related to pension and OPEB liabilities but not available as current financial resources.

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

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

NOTE 2: Cash and Investments

At June 30, 2025, the School had the following cash and investments:

Deposits	$	720,022
Investments		10,482,066
Total	$	11,202,088

NOTE 2: Cash and Investments (Continued)

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

Cash and Investments	$	9,160,130
Restricted Cash and Investments		2,041,958
Total	$	11,202,088

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the School had bank deposits of $508,290 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

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

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

Fair Value Measurements - At June 30, 2025, the School's investments in the local government investment pool reported at the net asset value per share, with each share valued at $1.

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

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

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

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pools - At June 30, 2025, the School had $9,390,782 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are reported at the net asset value per share, with each share valued at $1. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

At June 30, 2025, the School had $1,091,284 invested in the Colorado Statewide Investment Pool (CSIP), which is an external investment pool established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pool. The external investment pool is measured at the net asset value (NAV) per share, with each share valued at $1. The pool is rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted Cash and Investments

Investments of $2,041,958 have been restricted by the Building Corporation for future debt service and building repair and replacement.

NOTE 3: Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the Colorado School Districts Self Insurance Pool (CSDSIP) for all risks of loss except workers compensation, for which it utilizes a commercial insurance carrier.

The CSDSIP operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The School pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

NOTE 4: Capital Assets

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

	Balances 6/30/2024	Additions	Deletions	Balances 6/30/2025
Governmental Activities				
Capital Assets, Not Being Depreciated / Amortized:				
Construction in Progress	$ -	$ 14,040	$ -	$ 14,040
Capital Assets, Being Depreciated / Amortized:				
Buildings	18,842,709	-	-	18,842,709
Land Improvements	627,419	-	-	627,419
Equipment	21,285	27,894	-	49,179
Right-to-Use Asset	4,550,113	-	-	4,550,113
Total Capital Assets, Being Depreciated / Amortized	24,041,526	27,894	-	24,069,420
Less Accumulated Depreciation / Amortization:				
Buildings	(5,045,554)	(628,085)	-	(5,673,639)
Land Improvements	(267,565)	(60,355)	-	(327,920)
Equipment	(3,677)	(4,918)	-	(8,595)
Right-to-Use Asset	(638,294)	(168,856)	-	(807,150)
Total Accumulated Depreciation / Amortization	(5,955,090)	(862,214)	-	(6,817,304)
Total Capital Assets, Being Depreciated / Amortized	18,086,436	(834,320)	-	17,252,116
Capital Assets, Governmental Activities, Net	$ 18,086,436	$ (820,280)	$ -	$ 17,266,156

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

NOTE 5: Long-Term Debt

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

	Restated Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental Activities					
2016 Building Loan	$ 16,640,000	$ -	$ 415,000	$ 16,225,000	$ 435,000
Loan Premium	772,436	-	35,114	737,322	-
Lease Payable	4,544,550	-	13,774	4,530,776	22,686
Compensated Absences	170,910	9,156	-	180,066	180,066
Total	$ 22,127,896	$ 9,156	$ 463,888	$ 21,673,164	$ 637,752

NOTE 5: Long-Term Debt (Continued)

Building Loan

In April 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $19,140,000 Charter School Revenue Bonds, Series 2016. Proceeds of the bonds were loaned to the Building Corporation to finance the purchase and construction of educational facilities. The School is obligated under a lease agreement to make monthly payments to the Building Corporation for the use of the facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 3% to 5% per annum. Interest payments are due semi-annually on July 1 and January 1. Principal payments are due annually on July 1, beginning in 2017 through 2046. Bond payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 435,000	$ 707,025	$ 1,142,025
2027	455,000	684,775	1,139,775
2028	475,000	661,525	1,136,525
2029	500,000	637,150	1,137,150
2030	525,000	611,525	1,136,525
2031 - 2035	3,055,000	2,624,625	5,679,625
2036 - 2040	3,870,000	1,797,225	5,667,225
2041 - 2045	4,740,000	923,000	5,663,000
2046 - 2047	2,170,000	87,600	2,257,600
Total	$ 16,225,000	$ 8,734,450	$ 24,959,450

Ground Lease

In April 2016, the Building Corporation entered into a lease and obtain the rights, title, and interest in a ground lease agreement payable to the Englewood/McLellan Reservoir Foundation, for the right-to-use the land upon which School's educational facilities reside. Monthly payments of $15,570 were required under the agreement through August 31, 2017, with annual increases effective every September 1, through 2020. The payments are adjusted using the Consumer Price Index with minimum increases of 1% and maximum of 3%, through maturity on August 31, 2036. In addition, the agreement allows for five optional extensions of 10 years each. The Building Corporation reasonably anticipates exercising two optional extensions of 10 years each. The Building Corporation measures the lease liability based on projected annual increases of 3% and an imputed interest rate of 4.02% plus an additional incremental borrowing rate of 1.50%.

Lease payments of $264,318 were made under this agreement during the year ended June 30, 2025. Future minimum lease payments, through the initial term and two optional extensions, assuming increases of 3% after September 1, 2025, are as follows:

NOTE 5: Long-Term Debt (Continued)

Ground Lease (Continued)

Year Ended June 30,	Principal	Interest	Total
2026	$ 22,686	$ 249,561	$ 272,247
2027	32,347	248,068	280,415
2028	42,806	246,021	288,827
2029	54,116	243,376	297,492
2030	66,333	240,084	306,417
2031 - 2035	551,023	1,124,589	1,675,612
2036 - 2040	1,031,215	911,278	1,942,493
2041 - 2045	1,712,294	539,588	2,251,882
2046 - 2048	1,017,956	65,034	1,082,990
Total	$ 4,530,776	$ 3,867,599	$ 8,398,375

NOTE 6: Defined Benefit Pension Plan

General Information

Plan Description - The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the School participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided as of December 31, 2024 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In all case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, while 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 of employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2025 - The School, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The School's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 6). The School's contributions to the SDTF for the year ended June 30, 2025, were $1,257,197, equal to the required contributions at a contribution rate of 20.38%.

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

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

The net pension liability was measured at December 31, 2024, and the total pension liability 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 total pension liability to December 31, 2024. The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2024, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2024, the School's proportion was 0.0764591553%, which was an increase of 0.0015785032% from its proportion measured at December 31, 2023.

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

At June 30, 2025, the School reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the School. The amount recognized by the School as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	$ 13,192,950
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	1,184,936
Total	$ 14,377,886

For the year ended June 30, 2025, the School recognized pension expense of $1,762,075 and a revenue of ($124,961) for support from the State as a nonemployer contributing entity. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 747,098	$ -
Changes of assumptions and other inputs	98,909	-
Net difference between projected and actual earnings on plan investments	248,913	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,435,947	334,882
Contributions subsequent to the measurement date	684,737	-
Total	$ 3,215,604	$ 334,882

School contributions subsequent to the measurement date of $684,737 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	$ 1,551,076
2027	1,212,411
2028	(389,978)
2029	(177,524)
Total	$ 2,195,985

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total pension liability using the following actuarial assumptions and other inputs.

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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 plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07 thereafter, compounded annually	1.00%
Hired after 12/31/06	Financed by the AIR

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories of the mortality tables are generationally projected using scale MP-2019.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, and 2) females: 105% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

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

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

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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 of Directors 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 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. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projected scale.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 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 weighing 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, PERA's Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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%	

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 exptected nominal rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- School contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. School contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated School contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, School 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 PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.

NOTE 6: Defined Benefit Pension Plan (Continued)

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

- School contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve 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 SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 17,886,583	$ 13,192,950	$ 9,261,377

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if benefit recipients or retirees are only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

CRS § 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure - The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State 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 on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (Note 5) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2025, was $62,921, equal to the required amount.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

At June 30, 2025, the School reported a net OPEB liability of $234,080, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability 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 total OPEB liability to December 31, 2024. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2023, the School's proportion was 0.0489536187%, which was an increase of 0.0022679274% from its proportion measured at December 31, 2022.

For the year ended June 30, 2025, the School recognized OPEB expense of ($936). At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 51,637
Changes of assumptions and other inputs	2,684	74,825
Net difference between projected and actual earnings on plan investments	794	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	33,934	6,124
Contributions subsequent to the measurement date	34,270	-
Total	$ 71,682	$ 132,586

School contributions subsequent to the measurement date of $34,270 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2026	$ (32,870)
2027	(16,413)
2028	(22,528)
2029	(11,132)
2030	(7,405)
2031	(4,826)
Total	$ (95,174)

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034	
MAPD PPO #2	
105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums:	
3.5% in 2024, gradually increasing to 4.5% in 2033	

The total OPEB liability for the HCTF, as of the December 31, 2024, measurement date, was adjusted to reflect the disaffiliation of Tri-County Health Department (Tri-County Health), effective December 31, 2022. The additional employer disaffiliation payment allocation to the HCTF and the Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and 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 are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

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

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2024 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for 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 for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		[APD HMO (Kaiser) without Medica Part A for 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 $506 per month. All costs are subject to the health care cost trend rates.

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 5).

All categories of the mortality tables are generationally projected using scale MP-2019.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-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 rate based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board of Directors at their November 20, 2020, meeting.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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 of Directors 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.

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

- Salary increases, including wage inflation for the SDTF were 4% - 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.
- 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 long-term expected return on plan assets is reviewed as part of regular experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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 categories in 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 SDTF participate in the HCTF (Note 5).

- The pre-retirement mortality assumptions for the SDTF were based upon the PubG-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.

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 of Director'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.

NOTE 7: Postemployment Healthcare Benefits (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 weighing 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 PERA Board of Director's meetings on November 15, 2019, and the September 20, 2024.

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%	

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 total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Based on the above assumptions and methods, the HCTF's fiduciary net position 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease in Trend Rates	Current Trend Rates (7.25%)	1% Increase in Trend Rates
Initial PERACare Medicare trend rate**	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate**	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 227,773	$ 234,080	$ 241,217

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 286,869	$ 234,080	$ 188,570

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8: Commitments and Contingencies

Claims and Judgments

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

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The School is subject to the Amendment.

The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Amendment requires the School to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the School's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $388,761.

Litigation

The School from time to time is involved in various legal matters. In the opinion of the School's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the School.

NOTE 9: Change in Accounting Principle

At June 30, 2025, the School applied a change in accounting principle as a result of the required implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of GASB Statement No. 101, *Compensated Absences*, required a retroactive application that involved a restatement to the beginning net position for a single period for the fiscal year ended June 30, 2024. The School allows full-time employees to accumulate up to 48 hours of sick leave at year-end, which required a calculation of the compensated absences liability and impact to the beginning net position for the financial statements as follows.

	Governmental Activities
Net Position, Beginning, as Originally Stated	$ (4,801,200)
Compensated Absences	(170,910)
Net Position/Fund Balance, Beginning, as Restated	$ (4,972,110)

REQUIRED SUPPLEMENTARY INFORMATION

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

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources	$ 10,531,840	$ 10,543,256	$ 12,506,575	$ 1,963,319
State Grants	2,389,798	2,377,457	664,904	(1,712,553)
TOTAL REVENUES	12,921,638	12,920,713	13,171,479	250,766
EXPENDITURES				
Current				
Salaries	6,846,613	6,810,592	6,840,832	(30,240)
Employee Benefits	1,797,003	1,816,802	1,849,627	(32,825)
Purchased Services	3,095,663	3,098,536	2,781,365	317,171
Supplies	572,884	594,678	508,705	85,973
Property	327,000	402,000	409,644	(7,644)
Other	87,905	92,905	89,550	3,355
Debt Service				
Principal	-	-	13,774	(13,774)
Interest	-	-	250,544	(250,544)
TOTAL EXPENDITURES	12,727,068	12,815,513	12,744,041	71,472
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	194,570	105,200	427,438	322,238
OTHER FINANCING SOURCES (USES)				
Transfers In	-	52,394	52,394	-
CHANGE IN FUND BALANCE	194,570	157,594	479,832	322,238
FUND BALANCE, Beginning	7,334,764	7,610,651	7,610,651	-
FUND BALANCE, Ending	$ 7,529,334	$ 7,768,245	$ 8,090,483	$ 322,238

BEN FRANKLIN ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2025

MEASUREMENT DATE	12/31/24	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.0764591553%	0.0780376585%	0.0544905187%	0.0649409353%
School's Proportionate Share of the Net Pension Liability	$ 13,192,950	$ 13,799,728	$ 9,922,432	$ 7,557,414
State's Proportionate Share of the Net Pension Liability Associated with the School	1,184,936	302,587	2,891,496	866,357
Total Proportionate Share of the Net Pension Liability	$ 14,377,886	$ 14,102,315	$ 12,813,928	$ 8,423,771
School's Covered Payroll	$ 5,908,346	$ 5,158,991	$ 4,202,833	$ 4,058,603
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	236%	186%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	62%	75%
FISCAL YEAR END	6/30/25	6/30/24	6/30/23	6/30/22
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 1,257,197	$ 1,191,924	$ 897,550	$ 815,199
Contributions in Relation to the Statutorily Required Contribution	(1,257,197)	(1,191,924)	(897,550)	(815,199)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 6,168,769	$ 5,848,500	$ 4,401,658	$ 4,100,600
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.39%	19.88%

	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
	0.0749102530%	0.0676714363%	0.0660129447%	0.0740958236%	0.0719085687%	0.0690406818%
	$ 11,324,919	$ 10,109,966	$ 11,688,948	$ 23,959,956	$ 21,409,962	$ 10,559,285
	-	1,282,320	1,598,298	-	-	-
	$ 11,324,919	$ 11,392,286	$ 13,287,246	$ 23,959,956	$ 21,409,962	$ 10,559,285
	$ 4,004,717	$ 3,976,952	$ 3,628,736	$ 3,417,953	$ 3,227,385	$ 3,008,777
	283%	254%	322%	701%	663%	351%
	67%	65%	57%	44%	43%	59%

	6/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16
	$ 820,949	$ 759,160	$ 740,542	$ 660,897	$ 612,702	$ 551,944
	(820,949)	(759,160)	(740,542)	(660,897)	(612,702)	(551,944)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 4,127,197	$ 3,917,228	$ 3,870,733	$ 3,500,308	$ 3,333,281	$ 3,112,456
	19.89%	19.38%	19.13%	18.88%	18.38%	17.73%

BEN FRANKLIN ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2025

MEASUREMENT DATE	12/31/24	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
School's Proportion of the Net OPEB Liability	0.0489536187%	0.0466856913%	0.0414168022%	0.0424015047%
School's Proportionate Share of the Net OPEB Liability	$ 234,080	$ 333,208	$ 338,159	$ 365,360
School's Covered Payroll	$ 5,908,346	$ 5,158,991	$ 4,202,833	$ 4,058,603
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%	39%

FISCAL YEAR END	6/30/25	6/30/24	6/30/23	6/30/22
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 62,921	$ 59,655	$ 44,897	$ 41,826
Contributions in Relation to the Statutorily Required Contribution	(62,921)	(59,655)	(44,897)	(41,826)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 6,168,769	$ 5,848,500	$ 4,401,658	$ 4,100,600
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
Information is presented for above periods until the information for the full 10-year period is available.

12/31/20	12/31/19	12/31/18	12/31/17
0.0433061231%	0.0442298421%	0.0429087765%	0.0421009666%
$ 365,630	$ 497,143	$ 583,792	$ 547,144
$ 4,004,717	$ 3,976,952	$ 3,628,736	$ 3,417,953
9%	13%	16%	16%
33%	24%	17%	18%
6/30/21	6/30/20	6/30/19	6/30/18
$ 42,121	$ 39,956	$ 39,481	$ 35,703
(42,121)	(39,956)	(39,481)	(35,703)
$ -	$ -	$ -	$ -
$ 4,127,197	$ 3,917,228	$ 3,870,733	$ 3,500,308
1.02%	1.02%	1.02%	1.02%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The School adheres to the following procedures to establish the budgetary information reflected in the financial statements.

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

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

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

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

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

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

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 3: Changes in Assumptions and Other Inputs

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

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

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

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: www.copera.org/forms-resources/financial-reports-and-studies.