Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Aurora, Colorado

Financial Statements

with Independent Auditor's Report

June 30, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

Lotus School for Excellence
(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)
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June 30, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

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Independent Auditor's Report

Board of Directors
Lotus School for Excellence
Aurora, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Lotus School for Excellence (the School), a component unit of Aurora Public Schools, 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 the School, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hinkle & Company.pc

Englewood, Colorado
September 30, 2025

Lotus School for Excellence
(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2025

As management of the Lotus School for Excellence (the School), we offer readers of the Lotus School for Excellence financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025, the School's 19th year of operations.

Financial Highlights

The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the most recent fiscal year by $2,482,761. The negative net position is the result of implementing GASB 68 requiring reflection of the proportionate share of the Public Employees Retirement Association (PERA) unfunded pension liability, in addition to GASB 75, Other Post Employment Benefit obligations.

At the close of the fiscal year the School's General fund reported an ending fund balance of $4,978,772. This represents an increase of $1,508,104 or 43.4%. The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). State categorical revenue (PPR) for the year was $12,549,914.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements

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

The statement of net position presents information on all the School's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the assets/deferred outflows and liabilities/deferred inflows being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide financial statement of activities distinguishes functions/programs of the School supported primarily by per pupil revenue (PPR) passed through from the District (Aurora Public Schools - Arapahoe). The governmental activities of the School include instruction and supporting expenses.

The government-wide financial statements can be found on pages 4-5 of this report.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The School currently only maintains two governmental funds.

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

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

The School maintains two governmental funds the General Fund and the Building Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general and building fund. The General Fund is considered to be a major fund.

The School adopts an annual appropriations budget for its General and Building Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget. A budgetary comparison statement is provided on pages 52 and 53.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 9-37.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by $2,482,761 for all government funds and business type activities at the close of the most recent fiscal year. $533,500 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the School. The net negative position of $2,482,761 decreased from the prior fiscal year by $1,572,849 or 38.8%. The improvement was substantially driven by the surplus of the General Fund.

Lotus's Net Position
For the Year Ended June 30, 2025 and June 30, 2024

	June 30, 2025	June 30, 2024
Cash and Investments	$5,722,585	$3,804,817
Restricted Investments	140,151	135,627
Receivables and Prepaid Items	249,230	414,666
Capital and Other Assets, Net	15,346,100	15,575,115
Total Assets	21,458,066	19,930,225
Deferred Outflows – Pensions/OPEB	3,558,156	4,988,488
Accts. Payable, Deposits, Def. Rev.	1,097,372	826,137
Due in One Year	308,088	295,614
Due in More Than One Year	7,283,290	7,591,378
Net Pension/OPEB Liability	17,967,811	19,288,579
Total Liabilities	26,656,561	28,001,708
Deferred Inflows – Pensions/OPEB	842,422	972,615
Net Position		
Investment in Capital Assets, Net	7,754,722	7,688,123
Restricted for Emergencies	533,500	477,500
Unrestricted	(10,770,983)	(12,221,233)
Total Net Position	$ (2,482,761)	$ (4,055,610)

The majority of the School's total assets (71.5%) are in net capital assets. 27.3% percent of total assets represent cash, restricted cash and investments. The School's net position is negative due to the implementation of GASB 68 and GASB 75 and the significant unfunded net pension liability and other post-employment benefit obligations.

Lotus's Change in Net Position
For the Years Ended June 30, 2025 and June 30, 2024

	June 30, 2025	June 30, 2024
Program Revenue:		
Charges for Services	$ 759,674	$ 732,833
Operating Grants	1,197,754	881,151
Capital Grants and Contributions	366,345	376,791
Total Program Revenue	2,323,773	1,990,775
General Revenue:		
Per Pupil Operating Revenue	12,549,914	11,029,121
Mill Levy Revenue	4,011,512	2,837,770
Investment Earnings	243,888	195,969
Other	53,772	13,242
Total General Revenue	16,859,086	14,076,102
Total Revenue	19,182,859	16,066,877
Expenses:		
Current:		
Instruction	11,008,864	8,793,252
Supporting Services	6,281,989	6,359,522
Interest and Fiscal Charges	319,157	331,158
Total Expenses	17,610,010	15,483,932
Increase (Decrease) in Net Position	1,572,849	582,945
Beginning Net Position	(4,055,610)	(4,638,555)
Ending Net Position	$ (2,482,761)	$ (4,055,610)

Financial Analysis of the Government's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of Lotus's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, June 30, 2025, the School's General Fund reported an ending fund balance of $4,978,772, reflecting an increase of $1,508,104 or 43.4%.

General Fund Budgetary Highlights

The School approves a budget prior to June 30th based on enrollment projections or Funded Pupil Count (FPC). The following is the historical recap of prior enrollment counts published on the Colorado Department of Education's website:

YEAR	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	K-12 Count
FY07	0	0	0	0	0	0	85	56	0	0	0	0	0	141
FY08	0	0	0	0	0	0	58	64	46	0	0	0	0	168
FY09	0	0	0	0	0	0	74	72	69	27	0	0	0	242
FY10	0	0	0	0	0	0	84	82	61	51	26	0	0	304
FY11	25	27	53	53	53	54	52	85	76	59	47	23	0	607
FY12	20	48	48	69	73	73	92	49	67	75	46	47	24	731
FY13	22	49	76	51	78	73	75	76	51	74	69	46	35	775
FY14	39	52	46	74	55	70	75	78	79	68	70	51	33	790
FY15	40	52	57	51	74	52	85	70	75	73	52	52	31	764
FY16	42	54	69	74	58	72	93	77	73	73	66	50	38	839
FY17	35	70	68	77	72	69	100	80	76	71	61	64	36	879
FY18	42	57	69	71	74	73	90	100	75	71	74	54	52	902
FY19	40	68	75	69	71	69	105	87	86	57	47	54	34	862
FY20	63	74	75	74	74	75	92	93	77	74	54	44	47	916
FY21	61	72	73	71	74	73	93	100	100	77	58	54	43	949
FY22	62	73	68	74	73	63	99	89	97	95	66	44	53	956
FY23	61	73	72	72	71	73	93	94	87	80	76	54	45	951
FY24	63	71	72	72	70	70	83	89	95	77	66	63	54	945
FY25	66	78	68	75	77	77	100	101	102	78	73	54	59	1008

Enrollment was budgeted at 945 for FY25 with the funding count settling on 1,004. Per Pupil Revenue (PPR) was initially budgeted at $12,354.41 and finalized at $12,312.08.
The final FY24 PPR was $11,555 reflecting an 11.6% increase over the FY23 PPR of $10,353.

The School revised the General Fund FY25 expenditure budget from $16,040,312 to $17,336,525. Actual expenditures were $17,034,498 for the School. The Building Fund/Foundation had actual expenditures of $979,542. $1,116,853 was budgeted.

Capital Asset and Debt Administration

Capital Assets - The School's investment in capital assets is anticipated to grow over the coming years as asset additions continue especially with the new facility construction underway. Total asset additions for FY25 were $338,477. Total depreciation for FY25 was $567,492 resulting in net capital assets of $15,346,100. Please see Note 3 for a summary of capital asset additions and changes for FY25.

During FY18, the Foundation refinanced its debt of $4.2 million and funded an expansion project. The cost of new construction with support from the School was approximately $6,051,048. The primary construction was completed by the spring of FY19 which included eight new classrooms focused on robotics, chemistry and science. Due to the project savings, other building improvements including HVAC, Security Cameras, Administration Office Remodel and Gym improvements were completed during FY20.

In September, 2025 construction should begin on a new PK-3 facility on the existing campus. The project is estimated to cost approximately $11,642,000. The project will be financed partially by LSE cash of $1.5 million, a Blueprint $1.5 million, 3% loan and a MidWestOne Bank $8,641,974, 5.10% loan.

Long-Term Lease Agreement & Debt

The current debt was refinanced in the spring of 2018 and included the cash out of approximately five million for the building expansion. The maximum annual debt service of $615,577 carries an interest rate of 4.14%. This Foundation loan is secured by the building and was financed by MidWestOne Bank. The School is required to meet a debt service coverage ratio (DSCR) of 1.1 times and sixty days of operating cash on hand (DOCOH). For the year ending June 30, 2025 Lotus's DSCR was 4.0 times and DOCOH were 125.1 days.

Economic Factors and Next Year's Budget

The FY26 budget currently projects the School's General Fund equity will increase by approximately $862,757 or 17.3%. The surplus/net income is driven by enrollment. The FY26 enrollment budget was 970 and projected to exceed 1,060 students. The FY26 PPR (Per Pupil Revenue) is currently $12,702.78 reflecting a 3.17% over FY25. With the FY25 Mill Levy funding at $3,996 per student, and enrollment projected at 1,060, the School is expected to meet its reserve, capital and cash goals for the coming year.

The Governor called a special legislative session in August, 2025 to discuss the State's budget impacts from the passage of H.R. 1. FY26 K-12 education funding will experience no impact from those budget discussions.

Requests for Information

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

Lotus School for Excellence
Attn: Business Office
11001 E. Alameda Ave.
Aurora, CO 80012

Basic Financial Statements

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and Investments	$ 5,722,585
Restricted Cash and Investments	140,151
Accounts Receivable	15,116
Grants Receivable	55,336
Due from District	83,029
Prepaids and Deposits	95,749
Capital Assets, *Not Being Depreciated*	929,297
Capital Assets, *Depreciated, Net of Accumulated Depreciation*	14,416,803
Total Assets	21,458,066
Deferred Outflows of Resources	
OPEB, *Net of Accumulated Amortization*	77,974
Pensions, *Net of Accumulated Amortization*	3,480,182
Total Deferred Outflows of Resources	3,558,156
Liabilities	
Accounts Payable	316,344
Accrued Interest	21,056
Accrued Salaries and Benefits	749,972
Deferred Revenue	10,000
Noncurrent Liabilities	
Due Within One Year	308,088
Due in More Than One Year	7,283,290
Net OPEB Liability	313,242
Net Pension Liability	17,654,569
Total Liabilities	26,656,561
Deferred Inflows of Resources	
OPEB, *Net of Accumulated Amortization*	189,077
Pensions, *Net of Accumulated Amortization*	653,345
Total Deferred Inflows of Resources	842,422
Net Position	
Net Investment in Capital Assets	7,754,722
Restricted for Emergencies	533,500
Unrestricted	(10,770,983)
Total Net Position	$ (2,482,761)

See Notes to the Financial Statements.

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Statement of Activities

For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental Activities					
Instruction	$ 10,206,023	$ 722,884	$ 1,145,916	$ 366,345	$ (7,970,878)
Supporting Services	7,084,827	36,790	51,838	-	(6,996,199)
Interest on Long-Term Debt	319,157	-	-	-	(319,157)
Total Governmental Activities	$ 17,610,007	$ 759,674	$ 1,197,754	$ 366,345	(15,286,234)
	General Revenues				
	Per Pupil Revenue				12,549,914
	District Mill Levy				4,011,512
	Investment Income				243,885
	Other				53,772
	Total General Revenues				16,859,083
	Change in Net Position				1,572,849
	Net Position, *Beginning of Year*				(4,055,610)
	Net Position, *End of Year*				$ (2,482,761)

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Balance Sheet
Governmental Fund
June 30, 2025

	General	Building	Total
Assets			
Cash and Investments	$ 5,722,585	$ -	$ 5,722,585
Restricted Cash and Investments	58,148	82,003	140,151
Accounts Receivable	15,116	-	15,116
Grants Receivable	55,336	-	55,336
Due from District	83,029	-	83,029
Prepaids and Deposits	95,749	-	95,749
Total Assets	$ 6,029,963	$ 82,003	$ 6,111,966
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	$ 291,219	$ 25,125	$ 316,344
Accrued Salaries and Benefits	749,972	-	749,972
Deferred Revenue	10,000	-	10,000
Total Liabilities	1,051,191	25,125	1,076,316
Fund Balance			
Nonspendable Prepaid Expenditures	95,749	-	95,749
Restricted for Emergencies	533,500	-	533,500
Unrestricted, Unassigned	4,349,523	56,878	4,406,401
Total Fund Balance	4,978,772	56,878	5,035,650
Total Liabilities and Fund Balance	$ 6,029,963	$ 82,003	$ 6,111,966

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

Total Fund Balance of the Governmental Fund	$ 5,035,650
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	15,346,100
Long-term liabilities and related items are not reported in governmental funds:	
Bonds Payable	(7,591,378)
Accrued Interest	(21,056)
Net Pension Liability	(17,654,569)
Pension-Related Deferred Outflows of Resources	3,480,182
Pension-Related Deferred Inflows of Resources	(653,345)
Net OPEB Liability	(313,242)
OPEB-Related Deferred Outflows of Resources	77,974
OPEB-Related Deferred Inflows of Resources	(189,077)
Total Net Position of Governmental Activities	$ (2,482,761)

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2025

	General	Building	Total
Revenues			
Local Sources	$ 17,064,009	$ 617,760	$ 17,681,769
State Sources	716,953	-	716,953
Federal Sources	761,637	-	761,637
Total Revenues	18,542,599	617,760	19,160,359
Expenditures			
Instruction	10,204,969	-	10,204,969
Supporting Services	6,491,049	363,949	6,854,998
Debt Service			
Principal	-	294,585	294,585
Interest	-	321,008	321,008
Total Expenditures	16,696,018	979,542	17,675,560
Excess of Revenues Over Expenditures	1,846,581	(361,782)	1,484,799
Expenditures			
Transfers In (Out)	(338,477)	338,477	-
Net Change in Fund Balance	1,508,104	(23,305)	1,484,799
Fund Balance, *Beginning of Year*	3,470,668	80,183	3,550,851
Fund Balance, *End of Year*	$ 4,978,772	$ 56,878	$ 5,035,650

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

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

For the Year Ended June 30, 2025

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

Net Change in Fund Balance of the Governmental Fund	$ 1,484,799
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation Expense	(567,492)
Capital Outlays	338,477
Repayment of debt principal and accrued interest is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not effect the statement of activities.	
Principal Payments	295,614
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 change in:	
Accrued Interest	822
Net Pension Liability	1,179,249
Pension-Related Deferred Outflows of Resources	(1,424,281)
Pension-Related Deferred Inflows of Resources	153,462
Net OPEB Liability	141,519
OPEB-Related Deferred Outflows of Resources	(6,051)
OPEB-Related Deferred Inflows of Resources	(23,269)
Change in Net Position of Governmental Activities	$ 1,572,849

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Lotus School for Excellence (the School) was formed in 2003 pursuant to the Colorado Charter Schools Act to form and operate a charter school within Aurora Public Schools (the District) which opened in 2006.

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 more significant policies.

Reporting Entity

The financial reporting entity consists of the School, and organizations for which the School is financially accountable organizations. 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.

Based on the application of this criteria, the School includes the Lotus School for Excellence Foundation (the Foundation) within its reporting entity. The Foundation is a Colorado non-profit entity organized to provide a mechanism to issue and pay debt on behalf of the School. The Foundation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as a special revenue fund called the Building Fund. The Foundation has no financial balances or transactions outside of those reported by the School and therefore, is not reported separately in the financial statements. The Foundation does not issue separate financial statements.

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

Government-wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The School reports the following major governmental funds:

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

Building Fund - This fund is used to account for the financial activities of the Foundation, which are primarily for capital purposes and the related debt service.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses using the consumption method.

Capital Assets - Capital assets 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.

Capital assets are amortized or depreciated using the straight-line method over the life of the related lease agreement or the estimated useful lives, as follows:

Buildings	50 years
Leasehold Improvements	15 - 40 years
Furniture and Equipment	5 - 10 years

Accrued Salaries and Benefits - Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund. Accrued salaries and benefits were $749,972 as of June 30, 2025.

Unearned Revenues - Unearned revenues represent resources received by the School before it has a legal claim to them, including tuition and fees.

Compensated Absences - Full time employees earn 8 days and part time employees earn 4 days of paid time off (PTO) per year. The School's policy allows employees to carry over up to 30 unused PTO days. Unused compensated absences are paid upon resignation or termination at a rate of $25 per day.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Issuance costs, whether or not withheld from the debt proceeds, are reported as current debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Net Position - The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- *Investment in Capital Assets* is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

- *Restricted Net Position* are liquid assets, which have third party limitations on their use.

- *Unrestricted Net Position* represents assets that do not have any third party limitation on their use. While School management may have categorized and segmented portions for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

- *Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed* - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- *Assigned* - This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

- *Unassigned* - This classification includes the residual fund balance for the funds' financial statements. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss.

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The School evaluated subsequent events through September 30, 2025, the date the financial statements were available to be issued.

Note 2: Cash and Investments

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

Petty Cash	$ 585
Deposits	184,634
Investments	5,677,517
Total	$ 5,862,736

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 does not have bank deposits in excess of federal depository insurance amounts.

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

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

On June 30, 2025, the School had the following investments:

Investment Type	Rating	Fair Value	Less than 1 year
COLOTRUST PLUS+	AAAm	$ 5,677,517	$ 5,567,517
Total		$ 5,677,517	$ 5,567,517

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment. The School has no policy for managing credit risk or interest rate risk.

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

Local Government Investment Pools

The District had invested $5,677,517 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Restricted Cash and Investments

Cash and Investments in the amount of $81,937 is restricted for debt service in the Building Fund. Cash in the amount of $58,148 is restricted in the General Fund for Special Education Reserve requirements.

Note 3: Capital Assets

Changes in capital assets for the year ended June 30, 2025, are summarized below. Depreciation and amortization are combined in the following table.

	Balance 6/30/24	Additions	Deletions	Balance 6/30/25
Capital Assets, *Not Depreciated*				
Land	$ 590,820	$ -	$ -	$ 590,820
CIP	-	338,477	-	338,477
Total Capital Assets, Not *Being Depreciated*	590,820	338,477	-	929,297
Capital Assets, *Being Depreciated*				
Building	13,033,400	-	-	13,033,400
Leasehold Improvements	4,480,361	-	-	4,480,361
Equipment	2,367,029	-	-	2,367,029
Total Capital Assets, *Being Depreciated*	19,880,790	-	-	19,880,790
Less: Accumulated Depreciation				
Building	(2,445,093)	(252,902)	-	(2,697,995)
Leasehold Improvements	(1,008,095)	(162,691)	-	(1,170,786)
Equipment	(1,443,307)	(151,899)	-	(1,595,206)
Total Accumulated Depreciation	(4,896,495)	(567,492)	-	(5,463,987)
Capital Assets, *Being Depreciated*, Net	14,984,295	(567,492)	-	14,416,803
Capital Assets, Net	$ 15,575,115	$ (229,015)	$ -	$ 15,346,100

Depreciation and amortization expenses were charged to the supporting services program.

Note 4: Long-Term Debt

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

	Balance 6/30/24	Additions	Payments	Balance 6/30/25	Due Within One Year
Governmental Activities					
Bonds Payable	$ 7,886,992	$ -	$ (295,614)	$ 7,591,378	$ 308,088

Note 4: Long-Term Debt (Continued)

On March 15, 2018, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $9,250,000 Charter School Refunding Improvement Revenue Bonds, Series 2018. Proceeds of the bonds were loaned to the Foundation to construct educational facilities for the School and to pay off the existing mortgage related to the School's building. The School is obligated under a lease agreement to make monthly lease payments to the Foundation for the use of educational facilities. The Foundation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at 4.14% per annum. Principal and interest payments are due annually on March 1 through 2033.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 308,088	$ 307,519	$ 615,607
2027	321,090	294,519	615,609
2028	334,641	280,971	615,612
2029	348,761	266,851	615,612
2030-2033	6,278,798	847,738	7,126,536
Total	$ 7,591,378	$ 1,997,598	$ 9,588,976

Note 5: Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided as of December 31, 2024 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

Note 5: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan *(Continued)*

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Note 5: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan *(Continued)*

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

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

Contributions provisions as of June 30, 2025 - Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 01, 2024 through June 30, 2025. The School's contribution rate was 21.40% of covered salaries for July 01, 2024 through June 30, 2025. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $1,791,856, for the year ended June 30, 2025.

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

Note 5: Defined Benefit Pension Plan (Continued)

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

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

At June 30, 2025, the School reported a liability of $17,654,569, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School proportionate share of net pension liability	$	17,654,569
State's proportionate share of net pension liability as a nonemployer contributing entity associated with the school		1,585,660
Proportionate share of the net pension liability	$	19,240,229

At December 31, 2024, the School's proportion was 0.1023162689%, which was a decrease of 0.0041892355% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the School recognized pension expense of $1,882,611 and benefit of $167,221 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	$ 999,751	$ -
Changes of assumptions and other inputs	132,358	-
Net difference between projected and actual earnings on plan investments	333,091	-
Changes in proportion	1,099,680	653,345
Contributions subsequent to the measurement date	915,302	-
Total	$ 3,480,182	$ 653,345

Note 5: Defined Benefit Pension Plan (Continued)

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

$915,302 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	$ 1,388,430
2027	1,878,705
2028	(1,118,039)
2029	(237,559)
2030	(2)
Total	$ 1,911,535

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

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.40% - 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 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality.

Note 5: Defined Benefit Pension Plan (Continued)

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

Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

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

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

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

Salary increases, including wage inflation	4.0% - 13.4%

Salary scale assumptions were altered to better reflect actual experience.

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

Note 5: Defined Benefit Pension Plan (Continued)

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

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 23,935,504	$ 17,654,569	$ 12,393,408

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

Note 6: Postemployment Healthcare Benefits (OPEB)

General Information about the OPEB Plan

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

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

General Information about the OPEB Plan *(Continued)*

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

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

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

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

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

General Information about the OPEB Plan *(Continued)*

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the members and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $89,681, for the year ended June 30, 2025.

Note 6: Postemployment Healthcare Benefits (OPEB) (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 liability of $313,242 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the TOL to December 31, 2024. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the School's proportion was 0.0655088983%, which was an increase of 0.0017924795% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the School recognized OPEB benefit of $25,667. 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	$ -	$ 69,102
Changes of assumptions and other inputs	3,591	100,124
Net difference between projected and actual earnings on plan investments	1,059	-
Changes in proportion	27,514	19,851
Contributions subsequent to the measurement date	45,810	-
Total	$ 77,974	$ 189,077

$45,810 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2026	$ (43,391)
2027	(25,111)
2028	(38,002)
2029	(25,729)
2030	(16,743)
Thereafter	(7,937)
Total	$ (156,913)

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

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

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

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

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

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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

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

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

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

Salary increases, including wage inflation	4.0% - 13.4%

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

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

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

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

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

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

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

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

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

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

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized as presented previously (See Note 5).

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

Discount Rate - The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date December 31, 2024. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

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

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

Sensitivity of the School's proportionate share of net OPEB liability to changes in the Discount Rate - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 383,883	$ 313,242	$ 252,341

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 304,802	$ 313,242	$ 322,793

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

Note 7: Commitments and Contingencies

Claims and Judgments

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

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2025, the District held $533,500 on behalf of the School for this reserve.

Note 8: Deficit Net Position

The net position of the School is a deficit position in the amount of $(2,482,761) due to the inclusion of its Net Pension Liability and Net OPEB liability balances in accordance with the requirements of GASB Statement Nos. 68 and 75.

Required Supplementary Information

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

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	12/31/20
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.1023162689%	0.1065055044%	0.0884726029%	0.0967387763%	0.1008569425%
School's Proportionate Share of the Net Pension Liability	$ 17,654,569	$ 18,833,818	$ 16,110,388	$ 11,257,845	$ 15,247,530
State's Proportionate Share of the Net Pension Liability	1,585,660	412,970	412,970	1,290,569	-
Total Proportionate Share of the Net Pension Liability	$ 19,240,229	$ 19,246,788	$ 16,523,358	$ 12,548,414	$ 15,247,530
School's Covered-Employee Payroll	$ 7,906,448	$ 7,040,968	$ 6,822,110	$ 6,045,868	$ 5,411,309
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	223%	267%	236%	186%	282%
Plan Fiduciary Net Position (FNP) as a Percentage of the Total Pension Liability	67%	62%	62%	75%	65%

Reporting Date	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21
School Contributions					
Statutorily Required Contribution	$ 1,791,856	$ 1,453,482	$ 1,432,140	$ 1,281,865	$ 1,119,831
Contributions in Relation to the Statutorily Required Contribution	(1,791,856)	(1,453,482)	(1,432,140)	(1,281,865)	(1,119,831)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 8,792,238	$ 7,131,898	$ 7,027,146	$ 6,376,883	$ 5,632,957
Contributions as a Percentage of Covered-Employee Payroll	20.38%	20.38%	20.38%	20.10%	19.88%

This schedule is presented to show information for 10 years.

(Continued)

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

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

(Continued)

Measurement Date	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.0840000000%	0.0760000000%	0.0830000000%	0.0760000000%	0.0620000000%
School's Proportionate Share of the Net Pension Liability	$ 12,605,807	$ 13,475,677	$ 26,939,119	$ 22,585,012	$ 10,205,297
State's Proportionate Share of the Net Pension Liability	2,025,151	1,842,612	-	-	-
Total Proportionate Share of the Net Pension Liability	$ 14,630,958	$ 15,318,289	$ 26,939,119	$ 22,585,012	$ 10,205,297
School's Covered-Employee Payroll	$ 4,955,628	$ 4,519,330	$ 3,849,523	$ 3,413,865	$ 2,907,914
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	254%	298%	700%	662%	351%
Plan Fiduciary Net Position (FNP) as a Percentage of the Total Pension Liability	57%	57%	44%	43%	59%

Reporting Date	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16
School Contributions					
Statutorily Required Contribution	$ 1,031,643	$ 864,885	$ 750,068	$ 697,564	$ 583,117
Contributions in Relation to the Statutorily Required Contribution	(1,031,643)	(864,885)	(750,068)	(697,564)	(583,117)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 5,316,394	$ 4,519,330	$ 3,973,072	$ 3,595,502	$ 3,104,519
Contributions as a Percentage of Covered-Employee Payroll	19.40%	19.14%	18.88%	19.40%	18.78%

This schedule is presented to show information for 10 years.

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

2024 Changes in Plan Provisions Since 2023

- There were no changes made to the plan provisions.

2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions Since 2021

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

2021 Changes in Plan Provisions Since 2020

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

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

2020 Changes in Plan Provisions Since 2019

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

2019 Changes in Plan Provisions Since 2018

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

2018 Changes in Plan Provisions Since 2017

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

2017 Changes in Plan Provisions Since 2016

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

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

2016 Changes in Plan Provisions Since 2015

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

2015 Changes in Plan Provisions Since 2014

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

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

2024 Changes in Assumptions or Other Inputs Since 2023

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

2023 Changes in Assumptions or Other Inputs Since 2022

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

2022 Changes in Assumptions of Other Inputs Since 2021

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

2021 Changes in Assumptions of Other Inputs Since 2020

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

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

<u>2020 Changes in Assumptions of Other Inputs Since 2019</u>

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

<u>2019 Changes in Assumptions of Other Inputs Since 2018</u>

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

<u>2018 Changes in Assumptions of Other Inputs Since 2017</u>

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

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

2017 Changes in Assumptions of Other Inputs Since 2016

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

2016 Changes in Assumptions of Other Inputs Since 2015

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from .35% to .40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

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

2015 Changes in Assumptions of Other Inputs Since 2014

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

Subsequent Events

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

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

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	0.0655088983%	0.0637164188%	0.0672284660%	0.0631630960%
School's Proportionate Share of the Net OPEB Liability	$ -	$ 313,242	$ 548,906	$ 544,659
School's Covered Payroll	$ 7,906,448	$ 7,040,968	$ 6,822,110	$ 6,045,868
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0%	4%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	46%	39%	39%

Reporting Date	6/30/25	6/30/24	6/30/23	6/30/22
School Contributions				
Statutorily Required Contribution	$ 89,681	$ 72,745	$ 71,677	$ 65,770
Contributions in Relation to the Statutorily Required Contribution	(89,681)	(72,745)	(71,677)	(65,770)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 8,792,238	$ 7,131,898	$ 7,027,146	$ 6,376,883
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.03%

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

(Continued)

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

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

(Continued)

Measurement Date	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability				
School's Proportion of the Net OPEB Liability	0.0583140270%	0.0490000000%	0.0470000000%	0.0430000000%
School's Proportionate Share of the Net OPEB Liability	$ 554,113	$ 619,476	$ 673,028	$ 616,228
School's Covered Payroll	$ 5,411,309	$ 4,955,628	$ 4,519,330	$ 3,849,523
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	13%	15%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	18%

Reporting Date	6/30/21	6/30/20	6/30/19	6/30/18
School Contributions				
Statutorily Required Contribution	$ 57,456	$ 54,229	$ 46,096	$ 40,525
Contributions in Relation to the Statutorily Required Contribution	(57,456)	(54,229)	(46,096)	(40,525)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 5,632,957	$ 5,316,394	$ 4,519,330	$ 3,973,072
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. Until information for the full 10-year period is available, information will be presented for the years it is available.

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

2024 Changes in Plan Provisions Since 2023

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

2023 Changes in Plan Provisions Since 2022

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

2022 Changes in Plan Provisions Since 2021

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

2021 Changes in Plan Provisions Since 2020

- There were no changes made to plan provisions.

2020 Changes in Plan Provisions Since 2019

- There were no changes made to plan provisions.

2019 Changes in Plan Provisions Since 2018

- There were no changes made to plan provisions.

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

2018 Changes in Plan Provisions Since 2017

- There were no changes made to plan provisions.

2017 Changes in Plan Provisions Since 2016

- There were no changes made to plan provisions.

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

2024 Changes in Assumptions or Other Inputs Since 2023

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

2023 Changes in Assumptions or Other Inputs Since 2022

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

2022 Changes in Assumptions or Other Inputs Since 2021

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

2021 Changes in Assumptions or Other Inputs Since 2020

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

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

<u>2020 Changes in Assumptions or Other Inputs Since 2019</u>

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
    - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
    - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
    - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

<u>2019 Changes in Assumptions or Other Inputs Since 2018</u>

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

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

2018 Changes in Assumptions or Other Inputs Since 2017

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

2017 Changes in Assumptions or Other Inputs Since 2016

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

Subsequent Events

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

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local Sources:				
Per Pupil Revenue	$ 11,799,917	$ 12,486,965	$ 12,549,914	$ 62,949
Mill Levy Override	2,740,500	3,151,366	4,011,512	860,146
Pupil Activities	82,250	106,250	104,628	(1,622)
Charges for Services	32,500	35,500	39,190	3,690
Grants and Donations	6,250	7,100	63,012	55,912
Earnings on Investments	135,000	205,000	241,981	36,981
Other	10,000	19,500	53,772	34,272
Total Local Sources	14,806,417	16,011,681	17,064,009	1,052,328
State Sources:				
Capital Construction	377,200	367,418	366,345	(1,073)
PERA On Behalf	140,000	140,000	144,723	4,723
ELPA Grant	144,329	151,319	151,319	-
FASFA Grant	27,343	22,350	22,350	-
READ Act Grant	40,300	40,000	29,718	(10,282)
MPHA GAL Grant	-	2,500	2,498	(2)
Total State Sources	729,172	723,587	716,953	(6,634)
Federal Sources:				
Title I	449,381	544,329	563,125	18,796
Title II	38,658	36,151	36,151	-
Title IV	16,684	20,777	20,777	-
Facilities Grant	-	-	139,584	139,584
Nurse Work Force	-	-	2,000	2,000
Total Federal Sources	504,723	601,257	761,637	160,380
Total Revenues	16,040,312	17,336,525	18,542,599	1,206,074
Expenditures				
Salaries	8,781,998	9,318,945	9,312,230	6,715
Benefits	2,780,613	2,907,561	2,836,072	71,489
Professional Purchased Services	512,691	536,047	828,926	(292,879)
Purchased Services	999,328	975,612	916,798	58,814
Other Contacted Services	1,464,913	1,324,770	1,512,102	(187,332)
Supplies and Materials	597,039	746,657	668,267	78,390
Property	514,535	500,000	540,516	(40,516)
Other	389,195	1,026,933	81,107	945,826
Total Expenditures	16,040,312	17,336,525	16,696,018	640,507
Excess of Revenues Over Expenditures	-	-	1,846,581	1,846,581
Expenditures				
Transfers (Out)	-	-	(338,477)	(338,477)
Net Change in Fund Balance	-	-	1,508,104	1,508,104
Fund Balance, Beginning of Year	2,765,687	3,470,668	3,470,668	-
Fund Balance, End of Year	$ 2,765,687	$ 3,470,668	$ 4,978,772	$ 1,508,104

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Budgetary Comparison Schedule
Building Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local Sources:				
Building Rental	$ 615,603	$ 615,603	$ 615,856	$ 253
Contributed Capital	500,000	500,000	-	(500,000)
Earnings on Investments	1,250	1,250	1,904	654
Total Revenues	1,116,853	1,116,853	617,760	(499,093)
Expenditures				
Purchased Professional Services	1,250	1,250	25,472	(24,222)
Property	-	-	338,477	(338,477)
Debt Service				
Principal Payment	283,643	283,643	294,585	(10,942)
Interest Expense	331,960	331,960	321,008	10,952
Other	500,000	500,000	-	500,000
Total Expenditures	1,116,853	1,116,853	979,542	137,311
Excess of Revenues Over Expenditures	-	-	(361,782)	(361,782)
Expenditures				
Transfers In	-	-	338,477	338,477
Net Change in Fund Balance	-	-	(23,305)	(23,305)
Fund Balance, Beginning of Year	7,670,595	7,670,595	80,183	(7,590,412)
Fund Balance, End of Year	$ 7,670,595	$ 7,670,595	$ 56,878	$ (7,613,717)

Lotus School for Excellence

(A Component Unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado)

Notes to Budgetary Comparison Schedule - General Fund and Building Fund

June 30, 2025

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

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

All appropriations lapse at fiscal year-end.