



# STEM School Highlands Ranch

## Board of Directors Meeting

Published on November 3, 2023 at 3:07 PM MDT

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### Date and Time

Tuesday November 7, 2023 at 5:30 PM MST

### Location

P-tech Building  
8920 Barrons Blvd  
Highlands Ranch, CO 80129

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Webinar Link: Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join. <https://zoom.us/j/97049693895?pwd=RSxcVh2ay8rSVdvWTFJRHExaFNLUT09> Passcode: 919339

Link to Meeting Presentation Slides

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### Agenda

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>5:30 PM</b>
<b>A.</b> Record Attendance		Kelly Reyna	5 m
<b>B.</b> Call the Meeting to Order			
<b>C.</b> Pledge of Allegiance		Carla Gustafson	
<b>D.</b> Reciting of the Mission Statement		Greg Shick	

	Purpose	Presenter	Time
<p>Never Stop Innovating! We envision a world of exponential possibilities where every child develops the innate knowledge, skills, creativity and character to thrive, lead and succeed in an ever-changing future.</p>			
<b>E.</b>	Approve Minutes	Kelly Reyna	
<p>Approve minutes for Board of Directors Meeting on October 3, 2023</p>			
<b>II.</b>	<b>Academic Excellence</b>		<b>5:35 PM</b>
<b>A.</b>	Student Updates	Student Gov President	5 m
<ul style="list-style-type: none"> <li>• Student Government Spotlight</li> </ul>			
<b>B.</b>	STEM FRC Team IMPULSE	Eknara Dassanayake	10 m
<p>Introduce a proposal to create a State Department of Education grant that can pay registration fees, purchase equipment, and materials, and even provide stipends for coaches and mentors for STEM Extracurriculars.</p>			
<b>C.</b>	Executive Director Report - STEM	LynAnn Kovalesky	10 m
<ul style="list-style-type: none"> <li>• General School Updates</li> <li>• 24-25 Proposed Curriculum</li> <li>• EV Pathway Grant proposal</li> </ul>			
<b>D.</b>	2024-25 Curriculum Approval	Kelly Reyna	
<b>III.</b>	<b>Community Updates</b>		<b>6:00 PM</b>
<b>A.</b>	Center for Strength	Jess Monda	10 m
<p>Center news and updates</p>			
<b>B.</b>	PTO Bi-annual Updates	Jeanie Breevort	10 m
<ul style="list-style-type: none"> <li>• Committee updates</li> <li>• Events</li> </ul>			

	Purpose	Presenter	Time
• Grants			
<b>IV. KOSON Schools</b>			<b>6:20 PM</b>
<b>A. CIO Updates</b>	FYI	Matt Cartier	10 m
<ul style="list-style-type: none"> <li>• General updates</li> <li>• Enrollment data</li> </ul>			
<b>B. Finance Quarterly Report</b>	FYI	Star Ake	20 m
<b>V. Board Committee Updates</b>			<b>6:50 PM</b>
<b>A. Governance Committee - Board Policy Updates</b>	Discuss	Carla Gustafson	10 m
<ul style="list-style-type: none"> <li>• Technology policy docs annual review <ul style="list-style-type: none"> <li>◦ IT and Student Data Privacy</li> <li>◦ Electronic Device Monitoring</li> </ul> </li> <li>• December for Review/Revisions <ul style="list-style-type: none"> <li>◦ Equal Access</li> </ul> </li> </ul>			
<b>B. B. CIO Support and Evaluation Committee</b>	Vote	Erin Quigley	10 m
Committee presents the CIO proposed evaluation plan and goals for Board approval			
<b>VI. Board of Directors Update</b>			<b>7:10 PM</b>
<b>A. Upcoming Agenda Items</b>	FYI	Kelly Reyna	2 m
<ul style="list-style-type: none"> <li>• December <ul style="list-style-type: none"> <li>◦ Facilities Update</li> <li>◦ Teacher/Staff Care</li> </ul> </li> </ul>			
<b>VII. Public Comment</b>			<b>7:12 PM</b>
<p>This is the time to voice opinions and provide feedback about specific agenda item(s) prior to any Board action. Speakers must complete the Public Comment Form and submit it electronically no later than 12 p.m. the day of each Board meeting. If written testimony or a handout is submitted, presenters are asked to supply one (1) copy via email to <a href="mailto:communications@stemk12.org">communications@stemk12.org</a></p>			

	Purpose	Presenter	Time
<b>A.</b> Public Comment Sign up link <a href="https://forms.gle/xjYxbDmtekd7PC7B6">https://forms.gle/xjYxbDmtekd7PC7B6</a>			3 m
<b>VIII. Closing Items</b>			<b>7:15 PM</b>
<b>A.</b> Adjourn Meeting Adjournment	Vote	Kelly Reyna	

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Never Stop Innovating! We envision a world of exponential possibilities where every child develops the innate knowledge, skills, creativity and character to thrive, lead and succeed in an ever-changing future.

# Coversheet

## Approve Minutes

**Section:** I. Opening Items  
**Item:** E. Approve Minutes  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** Minutes for Board of Directors Meeting on October 3, 2023

APPROVED



## STEM School Highlands Ranch

### Minutes

#### Board of Directors Meeting

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**Date and Time**

Tuesday October 3, 2023 at 5:30 PM

**Location**

P-tech Building

8920 Barrons Blvd

Highlands Ranch, CO 80129

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Webinar Link: Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join. <https://zoom.us/j/97049693895?pwd=RStxcVh2ay8rSVdvWTFJRHExaFNLUT09>

Passcode: 919339

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**Directors Present**

C. Gustafson, E. Quigley, I. Kalra, M. Horne, R. Lukez, R. Theret (remote)

**Directors Absent**

G. Shick, K. Reyna, L. Davison

**Ex Officio Members Present**

M. Cartier

**Non Voting Members Present**

M. Cartier

**Guests Present**

A. Westfall, L. Kovalesky, M. Pritchard (remote), N. Bostel

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## I. Opening Items

### A. Record Attendance

### B. Call the Meeting to Order

C. Gustafson called a meeting of the board of directors of STEM School Highlands Ranch to order on Tuesday Oct 3, 2023 at 5:30 PM.

### C. Pledge of Allegiance

### D. Reciting of the Mission Statement

### E. Approve Minutes

R. Lukez made a motion to approve the minutes from Board of Directors Meeting on 09-05-23.

M. Horne seconded the motion.

Ryan was not in attendance for the September meeting so he is abstaining

The board **VOTED** to approve the motion.

#### Roll Call

C. Gustafson Aye

R. Theret Abstain

E. Quigley Aye

K. Reyna Absent

L. Davison Absent

I. Kalra Aye

M. Horne Aye

R. Lukez Aye

G. Shick Absent

## II. Academic Excellence

### A. Student Updates

Amrit provided updates about Student Advisory. There was no Student Government update.

### B. Executive Director Report - STEM

Presented by LynAnn Kovelesky

Student/Teacher pulse surveys results regarding the 3 New initiatives this year: Evolve, Access and Securly.

Access- Overall, students and teacher survey data indicates that they are neutral/ positive that the access classes allow them to establish connections with other students

and teachers, has been beneficial for academic support, and has been easy to implement.

Securly: Securly Classroom, Securly Aware & Securly Filter- Students are reporting confusion about aware vs filter. Frustration about access to sites, increased stress, and resultantly are using some hotspots. Some teachers report the same struggle about students accessing websites, but an equal number of teachers do not have issues.

Evolv- Students report feeling indifferent/positive with Evolv and feel safer, teachers are indifferent, though they have questions about the system learning objects and alarming on the same type of items. we thought it would learn and not flag so often.

Mike Pritchard comments about Securly- with the previous system we had about 4 years of experience to build up the sites we need to access, so problems with accessing websites are expected and will get better.

We had set our permissions improperly for the Securly classroom, and once we corrected that we didn't have that issue any longer.

In securely aware, the only place we are pulling data are in the google workspace and if they are searching for something in web searches (onsite only)

BOD questions:

Can we communicate with other schools using Evolv to compare notes and see if they are experiencing the same issues? - Matt Cartier will follow up with Evolv and attend the next committee meeting.

When will we be sharing our positive experiences with Securly with parents? - LynAnn Kovalesky will work with the Student Advisory before Christmas break. After more time has passed with the systems, we will be able to give a well-rounded report then.

Presented by Michelle Gasser

Parent, Staff and Student survey results regarding the preference of late start, early dismissal or neither- Over half wanted early release days. Early release impact parents the most and they were 59% in favor (of 330 parents). Some elementary schools in the District are considering late start beginning in the 2025-26 school year.

The next survey was the preference between early release on conference days or an extra day of school year - 68.3% voted that they prefer early release. Teachers are impacted most, and they overwhelmingly voted for the early release day.

When asked if the academic calendar would impact your decision to return to STEM next year, 80.5% said "No"

The purpose of late start/ early dismissal is to give our teachers more time for PD, which we know is an existing problem for our staff. On early release days, we will be having 50 minute periods.



### C. 2024-25 School Calendar Board Vote

The Board reviewed the calendar provided and discussed. The Calendar must be submitted to the District by the end of this month.

BOD Comment: because we added Access 2 days per week this year, it feels like we are reducing classroom time. Maybe we could reduce the Access time to once per week to give some more classroom time?

Michelle Gasser: We can absolutely make adjustments like that moving forward without impacting the overall calendar. We must indicate half days in what is submitted to the District, but we don't need to show which are Access and which are not.

The BOD will revisit the discussion of calendar/schedule details in the February or March. Admin will revisit the schedule discussion with the early release/access/ ect., that will provide time to get a survey out to teachers to see if they feel they need 2 access days. Admin will have more data to work with at the end of the semester.

R. Lukez made a motion to adopt the calendar as presented with early release days.

E. Quigley seconded the motion.

The board **VOTED** to approve the motion.

## III. KOSON Schools

### A. CIO Updates

Presented by Matt Cartier:

Monthly update written template is located in Board Book

5-year Renewal: The site visit was today; we are now preparing for the board meeting in December.

Entity renewal: He will be meeting with an accountant to nail down details.

Support and Evaluation/ Strategic Planning Process: Everyone will have a worksheet to support more control over our budgets.

Enrollment: Dropped 1537 to 1407 in September. Matt is exploring the reasons behind why this happened. We know we did not budget conservatively enough so we should look at trends then have a more realistic idea of what enrollment will be. Rudy Lukez and Matt Cartier will be reviewing how the other district schools are doing with enrollment.

Facilities Update/ Hiring: We are working toward hiring an HR and Facilities Director in November.

This month, M.C. will be looking at 4 replicating STEM schools to see what is working for them. Those results will be reported to the BOD.

## IV. SPF and UIP Overview

### A. School Performance Framework

The first step of the UIP process is to organize the data in order to review current performance, describe significant trends and prioritize performance challenges. Over time, we can see what we are doing right and what can we continue to replicate and what do we need to change to continue to see that growth.

The BOD reviewed the data collected through school wide test results for 2022-23. These tests included iReady: Reading and Math, CMAS: ELA & Math, PSAT: 8, 9, and 10, SAT, and AP.

Looking at the trends, we were successful in increasing knowledge. Last year we implemented Benchmark, and that rollout went well. We have also improved our teacher support team which helped greatly. In general, we meet the benchmark in all areas, and are typically above the rest of the district.

Special notes and exceptions:

Math- 4th, 5th, and 7th. Growth opportunities for these classes.

SAT (116 students)- We were 13th in the state for the highest SATs

AP- we scored in the 69% for this year, this correlates to the number of exams we gave.

## **B. Unified Improvement Plan**

UIP= Unified Improvement Planning process. We are not required to write one each year, but best practice is to look at them every year to review to see how you are doing with your goals.

The current UIP identified the priority performance challenges in our students through the testing. We found the root causes and are looking to drive instruction for targeted groups while promoting equity and inclusion. Our major improvement strategies are to continue PD instruction to reach goals to align with strategic plan. We continue looking at root causes of challenges and identifying the actionable items, in addition to examining what other schools are doing to build major improvement strategies.

Our UIP next steps are use the Teacher Support team to provide support and instructional strategies to meet these goals, and Professional Development will align to the outlined needs of the staff. Next year we will rewrite the UIP.

## **C. Curriculum Updates**

Academic Advisory met and they are looking at Openup Resources (math Pilot), and iReady math for the ES.

For the Secondary, they are meeting with every department regarding the course proposals and will report back next month.

P-TECH expansion: our focus is on game design, but we are also looking to expand with a partnership with ACC into the Electric Vehicle sector. It would be the first of its kind in the nation, with industry level certificates.

CTE certification: Cyber, network, engineering and design

Teacher Support Team: Unit planning, MasteryConnect, and Instructional Coaching. A professional coach focused on math and science was added to the team.

Professional Development: in November - the teachers will be working on Love and Logic.

For November Board meeting, will be presenting curriculum course changes for BOD approval.

BOD Comments:

For new CTE pathways, Carla requested that Matt and Michelle G coordinate to see what BOD approval may be needed. We just want BOD approval documented if there is a formal submittal to DCSD BOD or CDE. It was discussed that we just want to ensure the the BOD is on board with any kinds of process, pathway, and diploma class approvals.

Next month Michelle will be presenting curriculum course changes.

As we are working on the EV thing, there is an Auto body shop that is converting to EV and that should be a great partnership for STEM.

## V. Board Committee Updates

### A. Governance Committee - Board Policy Updates

The BOD must review and vote on the Volunteer and Enrollment Policies.

Volunteer Policy discussion- It was determined that the 2nd bullet should be removed to prevent confusion.

\*\*\*Ryan left the meeting at 7:15 PM\*\*\* quorum is still met

Enrollment Policy Discussion- STEM Is no longer using waitlist, instead using the DCSD open enrolment tool with specific steps. STEM will have an interest list available for the limited time of year when the DCSD open enrollment tool is not available, as part of the transition to the DCSD enrollment tool. The STEM website has also been corrected to align with the Enrollemtnpolicy as written.

I. Kalra made a motion to approve Volunteer policy with 2nd bullet removed.

R. Lukez seconded the motion.

The board **VOTED** to approve the motion.

R. Lukez made a motion to approve Enrollment policy as written.

I. Kalra seconded the motion.

The board **VOTED** to approve the motion.

### B. Governance Committee - Concurrent Enrollment Credit Waiver

The BOD reviewed the Concurrent Enrollment Waiver, regarding high school credits.

BOD Discussion: STEM awards credits differently than how the district awards credits. We provide more credits than the district. The concern is that our students may have enough credits to graduate from 2 years of English and Math CE classes, but colleges will be looking at the number of years of study and expecting 4 years of classes for each subject. Another issue is when a STEM student transfers out to another school, it affects their GPA. Finally, when our students graduate early, we get reduced funding. The waiver documents the current way that STEM awards high school credits for CE courses since it's different than DCSD. The waiver is only for current 9th through 12th graders.

In the future, Admin is proposing to continue with the same high school credit hours for lab based courses such as engineering, PTech, etc. For math and English, the high school credits may be reduced to match DCSD. Admin will provide a proposal to the BOD in the spring so it will be in place for the next school year.

M. Horne made a motion to approve CE waiver as written.

E. Quigley seconded the motion.

The board **VOTED** to approve the motion.

### **C. Governance Committee - Annual Policy Review**

The two policies for annual review are Opt-in/Opt-out and Viewpoint Neutrality. No comments or feedback were provided ahead of the meeting or during the meeting. If there are any comments/feedback, please share concerns with Michelle Horne or Carla Gustafson. If there are any proposed changes to policies from their annual review, the BOD will review and vote on any changes in a future meeting.

### **D. CIO Support and Evaluation Committee Update**

Presented by Erin Quigley

The Evaluation Committee has been meeting regularly and taking the Board On Track evaluations. Special focus is being directed toward the goals for the current year and the next 3 years.

Matt Cartier Presented

Main Goal for this year:

Cultivate a culture that encourages active participation and excellence.

support goals:

- Model the active participation and commitment to excellence
- Regularly addressing the HR needs of our school
- Being responsive
- Focus on developing the shared services team

## **E. Finance Committee Update**

The Finance Committee has been meeting. The Balance Sheet is being reviewed. If there are any concerns or feedback, please share them with Matt Cartier or Ryan Theret.

## **VI. Board of Directors Update**

### **A. Upcoming Agenda Items**

The BOD looks forward to the following item in the upcoming meetings:  
Jessica Monda will give a presentation on the future of Center for Strength  
PTO will present the Biannual update  
Star Ake will present the Quarterly Finance Report  
State of STEM Report  
Teacher and Staff Support update

## **VII. Public Comment**

### **A. Public Comment Sign up link**

No one signed up for Public Comment.

## **VIII. Closing Items**

### **A. Adjourn Meeting**

R. Lukez made a motion to Adjourn the meeting at 8:00 PM.

C. Gustafson seconded the motion.

The board **VOTED** to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:00 PM.

Respectfully Submitted,  
M. Horne

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# Coversheet

## 2024-25 Curriculum Approval

**Section:** II. Academic Excellence  
**Item:** D. 2024-25 Curriculum Approval  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** STEM\_Course\_Proposals\_for\_2024-25.pdf

### Course Proposals

The Academic Advisement Committee met on November 1st to review the secondary course proposals. At this meeting we decided that we wanted the feedback from our students to determine if these courses should be added to the Academic Planning Guide this year. Below are the courses, the course descriptions, the grade level of the courses, and whether the Academic Advisement Committee approved the courses.

<b>Course Name</b>	<b>Course Description</b>	<b>Grade level</b>	<b>Academic Advisement Recommendation</b>
Advanced Art	<i>This course is designed for the advanced art student who is self motivated and driven. It is taught during AP Art class for one semester. Each project is student driven from start to finish. This course is self guided and self directed. Students will explore techniques and themes related to a given medium or material, develop a language of representation and begin developing a sustained investigation in art. The pace and expectations are rigorous. Students should only enroll in this course if they have completed two levels of a particular medium (Drawing and Painting, Ceramics). It is an excellent preparation for AP Art and Design as students participate in the AP Art classroom. It is also a great option for students to perfect an art style, technique or material independently. This course cannot be taken concurrently with AP Art as they are taught at the same time.</i>	10-12	Approved for 2024-25 school year
HS Sports Psychology	<i>This course will concentrate on cognitive and behavioral skills training for performance enhancement, counseling and clinical intervention issues with athletes and team building concepts. Students will explore topics such as: goal setting; visualization, imagery and</i>	9-12	Approved for 2024-25 school year

	<p><i>performance; development of self-confidence, self-esteem, advocacy and competence in sports; sportsmanship and leadership skills including moral and character development, eating disorders, nutrition, substance abuse, ergogenic aids, depression, overtraining, aggression in sports, injury, rehabilitation and team building; team processes and concepts. Sports Psychology proficiencies have been recognized and developed by the Division 47 Committee of the American Psychological Association.</i></p>		
CE Bio 2120-Zoology	<p><i>Introduces the student to the study of animals from the cellular level to the interactions of the organism within its environment, and their ecological contributions. This course includes principles of evolution, animal ecology, animal architecture, taxonomy, and phylogeny. It also includes the study of animal diversity, emphasizing the characteristics and classifications of animal phyla and major classes. ~~This course is one of the Statewide Guaranteed Transfer courses. GT-SC2.</i></p>	9-12	Approved for 2024-25 school year
MS & HS Theater Tech	<p><i>Drama is a discipline that requires collaboration, visioning, compromising, leading, and following. Without all these moving parts, it doesn't work. That's why technical theater is important: it is the unsung hero of our industry, where the actors and directors are celebrated. How can a solid, holistic drama program exist if all members do not experience all the moving parts?</i></p> <p><i>Technical theater will give you the opportunity to introduce lighting, sound,</i></p>	6-12	Approved but concerned that there is not enough room in the schedule.



	<p><i>costuming, staging, stage management, and makeup into our program.</i></p> <p><i>The great thing about this class is that it gives an opportunity for those who are not interested in performing an opportunity to be in the theater - behind the scenes.</i></p>		
CE MAT 1340- College Algebra	<p><i>Includes a brief review of intermediate algebra, equations, and inequalities, functions and their graphs, exponential and logarithmic functions, linear and nonlinear systems, selection of topics from among graphing of the conic sections, introduction to sequences and series permutations and combinations, the binomial theorem and theory of equations. Note: This course was previously listed as MAT 121.</i></p>	9-12	Approved- needed to satisfy most of the CE prerequisites.
Short Story Lit	<p><i>In this course, we will study works classified as Flash Fiction, Short Stories, and Novelettes which range from 100 - 20,000 words. Stories selected will range from the romantic period through postmodernism in an effort to expand student awareness and exposure to a wide range of ideas. Selections for stories will cover genres such as, but not limited to, Sci-Fi, Fantasy, Noir, Mystery, Gothic, and Adventure. All stories will be tied to major themes that students have previously encountered: Faith vs. Doubt, the Essence of Free will, Good vs. Evil, Justice, Identity, Survival and Character Development. In an effort to better understand the human experience from various lenses. Students will cultivate their understanding of humanity by applying lessons, themes, and ideas brought up in these stories with contemporary problems.</i></p>	9-12	Added to the student survey. Concern that with the new credit structure, this class would not be needed. Also have multiple courses on our books for LA that we are not currently teaching.
HS BEST Robotics	<p><i>Students will continue development of more advanced robotic concepts by</i></p>	9-12	Approved

	<i>designing, building and programming a robot to meet BEST robotics challenges and competitions. Students will learn basic fabrication and work on customized designs and builds. Students will work in groups and be expected to collaborate, as well as share ideas and methods with other groups. This class will have a greater focus on developing text-based coding skills for robotic programming, such as Python and C++.</i>		
HS First Robotics	<i>Students will continue development of more advanced robotic concepts by designing, building and programming a robot to meet FIRST robotics challenges and competitions. Students will learn basic fabrication and work on customized designs and builds. Students will work in groups and be expected to collaborate, as well as share ideas and methods with other groups. This class will have a greater focus on developing text-based coding skills for robotic programming, such as Python and C++ as well as fabrication methods.</i>	9-12	Approved
Aerospace Engineering II	<i>Students will continue to develop their skills in Aerospace Engineering and the Engineering Design Process as they focus on additional fields of Aerospace Engineering, such as Space Systems, Satellites, Orbital Mechanics, Drones and Space Materials. They will design, create and test drones, satellites, and other aerospace projects. They will analyze and simulate their designs virtually before developing precise manufacturing templates in order to build the physical projects. Students then will build their designs and compete in in-class and/or industry challenges. This course will help students to be prepared to compete in extracurricular competitions.</i>	10-12	Approved

MS BEST Robotics	<i>Students will continue development of more advanced robotic concepts by designing, building and programming a robot to meet BEST robotics challenges and competitions. Students will learn basic fabrication and work on customized designs and builds. Students will work in groups and be expected to collaborate, as well as share ideas and methods with other groups. This class will have a greater focus on developing text-based coding skills for robotic programming, such as Python and C++.</i>	6-8	Approved
HS CyberPatriots	<i>Students will learn skills for defensive cybersecurity techniques and building robust cisco networking models. They will get hands-on experience using virtualized environments, including how to secure and harden various windows and linux operating systems both desktop and server side systems. Focus on problem-solving and working in small teams to troubleshoot systems in a systematic way, including scripting and documenting their methodologies. *May be taken multiple times for credit</i>	9-12	Hold until we build the computer science program by hiring another teacher.
CE CSC2017-Adv Python Programming	<p><i>Continues program development and problem solving not covered in CSC1019: Introduction to Programming. Students will create larger programs in the areas of advanced expression, iterator objects, parsing, and GUI applications.</i></p> <p><i>Pre-reqs CSC1019 and MAT1340 or CSC1060</i></p> <p><a href="https://www.arapahoe.edu/academics-programs/catalog/courses/2023-2024/csc-2017-advanced-python-programming">https://www.arapahoe.edu/academics-programs/catalog/courses/2023-2024/csc-2017-advanced-python-programming</a></p>	9-12	Hold until we build the computer science program by hiring another teacher.

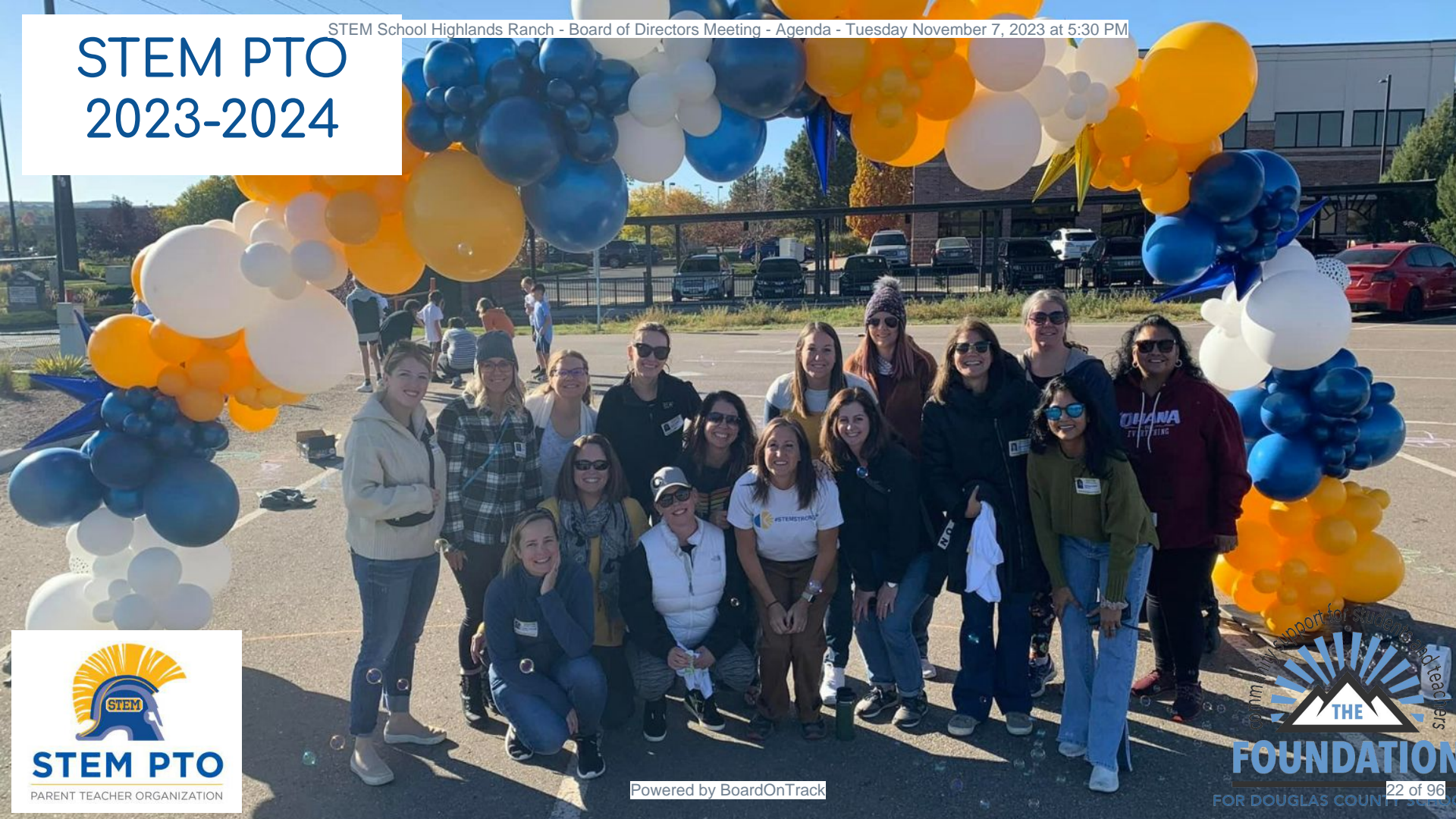
Revolutionary History	<i>This course will cover revolutions throughout history of every type. From wars for independence and popular uprisings to social revolutions like the agricultural and industrial - from the French Revolution to the Arab Spring, this course will have students understanding and analyzing what revolutions are and what it means for one to occur. Course competencies will be informed by the students' ability to engage in the historical process, understanding why things happen and forming interpretations on them.</i>	9-12	Added to the student survey. Concern that with the new credit structure, this class would not be needed. Also have multiple courses on our books for SS that we are not currently teaching.
Foundations of Engineering	<i>Survey course of engineering principles from a variety of disciplines. Students will have project based units on: 3D models and drawings, circuits, MATLAB coding, construction, materials, basic physics principles. This course helps prepare freshmen who did not attend STEM for middle school for more in-depth high school engineering paths (Biomedical, Aerospace, Robotics, etc). Can also be offered to 10-12th grade transfer students.</i>	9-12	Approved
Biomedical Engineering III	<i>A deep dive into the principles of biomedical engineering with the focus primarily being on aspects of infectious diseases, sterile control, tissue engineering and other medical interventions.</i>	9-12	Approved

# Coversheet

## PTO Bi-annual Updates

**Section:** III. Community Updates  
**Item:** B. PTO Bi-annual Updates  
**Purpose:** FYI  
**Submitted by:**  
**Related Material:** PTO BOD Mid-Year Presentation 2023.pdf

# STEM PTO 2023-2024



# Who is the PTO?

## Current Executive Board Positions

- **President:** Irene Shick
  - **Vice President of Events:** Allison Everson
  - **Co-Treasurers:** Virginia Wang and Valorie Walters
  - **Co-Communications Officers:** Jeanie Brevoort and Joanna Wert
  - **Co-Member At Large (Hospitality):** Crystal Adams, Claire Smith
  - **Co-Secretaries:** Stacey Pare and Kristin Arabally
- SAC Liaison:** Vacant

# Our Mission

***“Enhance the overall experience for students, staff and families at STEM School Highlands Ranch.”***



Our mission ensures STEM PTO works in partnership with STEM School Highlands Ranch to foster a strong sense of community, provide enhancement activities for student, faculty, staff and families and help increase the educational, social and emotional experience for the members and their families.



# Our Fundraisers

Bubble Run! (\$3696.01)  
STEM Gives! & Colorado Gives Day!  
Skate City!  
King Soopers App!  
Silent Auction?

**COOL STUFF COSTS MONEY!**  
**SUPPORT STEM PTO'S STEMGIVES CAMPAIGN TODAY!**

		
Math Wizards for First Grade <b>\$932.40</b>	30 ipads for Kindergarten <b>\$8,970.00</b>	Drum set for Secondary music <b>\$1,200.00</b>

**WE APPRECIATE YOU HELPING OUR CLASSROOMS  
FOR THE SPRING 2023 GRANT CYCLE!**

**TO DONATE: [STEMK12.ORG/STEMGIVES](https://stemk12.org/stemgives)**

 STEM SCHOOL





# Events

## Summer:

- Swim Event
- Picnic in the Park
- Back to School Nights

## Winter:

- Cookie Exchange
- Sweetheart Dance
- Skate City - Wish Week



## Fall:

- Movie on the Green
- STEM Blast Off
- Bubble Run
- Skate City

## Spring:

- After Prom
- STEM FEST
- Skate City



# Grant Funds To School (2022-2023)

## Fall Grants

Secondary Music Instruments  
TV Language Arts  
PD Speaker Request  
Holiday Party  
Kindergarten- Bus Fees  
Communications TV  
ES- PLA Filament for 3D Printer  
Math Bouncy Bands for Desks  
Chacon- Computers  
Driveline Signs

**\$14, 937**

## Spring Grants

Love & Logic- Parent Edition  
Kona Ice- MS Student Govt  
Die Cutter and Letters  
Cordless Microscopes  
DECA Nationals  
Music Piano  
Art Dept- Dividers, Mats

**\$10,000**



# Cool Things We Do for Teachers, Staff, and Families

- Staff monthly meals/treats- PTO organized, parent donations
- Supplies
  - for all staff bathrooms
  - for staff lounges
- Breakfast for 2 Professional Days per semester
- Dinner for Parent/Teacher Conferences
- Staff Appreciation Week- decorations and food
- Senior Graduation signs
- PTO Meet up's for new and seasoned parents

Parent Donations

**We Love Our Staff  
Wednesday!**



# Build a Healthy, Inclusive Community



**Teacher/Staff Appreciation Week**  
May 1-5th

**M** Breakfast of Champions: bagels, fruit, coffee

**T** Trail of Success: Trail Mix Bar



**W** Any way you slice it, our staff is the BEST: pizza & salad

**R** Summer thoughts: Ice tea, lemonade, cookies

**F** Cinco De Mayo: Fajita catering from El Meson

\*Provided by the PTO- funded by parent donations

*thank you!*



# Coversheet

## Finance Quarterly Report

**Section:** IV. KOSON Schools  
**Item:** B. Finance Quarterly Report  
**Purpose:** FYI  
**Submitted by:**  
**Related Material:** 2023-FINAL-AUDIT-REPORT.pdf

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

Financial Statements

**June 30, 2023**



**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
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 June 30, 2023

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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities and each major fund of KOSON Schools (dba STEM School Highlands Ranch) (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

#### Office Locations:

Colorado Springs, CO  
Denver, CO  
Frisco, CO  
Tulsa, OK

#### Denver Office:

750 W. Hampden Avenue,  
Suite 400  
Englewood,  
Colorado 80110  
TEL: 303.796.1000  
FAX: 303.796.1001  
[www.HinkleCPAs.com](http://www.HinkleCPAs.com)

Board of Directors  
KOSON Schools  
(dba STEM School Highlands Ranch)  
Page 2

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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



Board of Directors  
KOSON Schools  
(dba STEM School Highlands Ranch)  
Page 3

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents, such as management's discussion and analysis and budgetary comparison information as noted in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Hick & Company, PC*

Englewood, Colorado  
October 19, 2023



**KOSON Schools**  
*dba STEM School Highlands Ranch*  
Management's Discussion and Analysis  
June 30, 2023

As management of KOSON Schools dba STEM School Highlands Ranch (SSHR or the School), we offer readers of STEM School Highlands Ranch's a narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

## **FINANCIAL HIGHLIGHTS**

The year ended June 30, 2023, is the thirteenth year of operations for SSHR.

The General Fund balance increased by \$973,441 during the fiscal year ended June 30, 2023, with a total Fund Balance of \$13,388,208. The Building Corporation Fund Balance as of June 30, 2023, is equal to \$3,447,559 with a decrease of \$5,500,870.

The operation of School is funded primarily by tax revenue under the State School Finance Act. Per pupil revenue for the School increased 6% from \$8,549.56 for 2021-2022 to \$9063.40 for 2022-2023 school year. The School decreased pupil count by 170 students, which amounted to a \$1,540,778 decrease in Per Pupil Revenue for 2022-2023 school year, and a 10% decrease of student count.

## **Overview of Financial Statements**

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

## **Government-Wide Financial Statements**

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

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

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

**KOSON Schools**  
*dba STEM School Highlands Ranch*  
Management's Discussion and Analysis  
June 30, 2023

## **Fund Financial Statements**

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

## **Governmental Funds**

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

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

At the end of June 2021 SSHR implemented GASB Statement No. 90 and this change continues to be in place for the year ended June 30, 2023, and indefinitely. GASB Statement No. 90 - Majority Equity Interest changed the Building Corporation from a proprietary fund to a Special Revenue (governmental) fund. Therefore, SSHR continues to maintain two governmental funds - the General Fund and the Building Corporation.

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

## **Notes to Financial Statements**

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

**KOSON Schools**  
*dba STEM School Highlands Ranch*  
 Management's Discussion and Analysis  
 June 30, 2023

### **Other Information-GASB 68 - State Pension**

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the year ended June 30, 2023, SSHR's total net position was a negative (\$10,945,378) and increased by \$612,566 in fiscal year 2023 ((\$10,945,378) - (\$11,557,944)). The net pension liability in the amount of \$19,649,753, (see Note 5) represents the School's proportionate share of the School Division Trust Fund (SDTF) pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). This amount was determined by an independent actuarial valuation of PERA's financial position. Standard update procedures were used to roll forward the total pension liability by the PERA board with an effective date of December 31, 2021. Of SSHR's total net position, a positive \$29,446,705 is the Net Investment in Capital Assets. A negative (\$44,924,339) is unrestricted and \$575,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

### **Government-Wide Financial Analysis**

The two summary statements below (pages iv and v) report the fiscal year 2023, and the prior year, fiscal year 2022. The Building Corporation entity is combined and included with governmental activities and the summary statement below shows the combined condensed statement of net position.

### **Analysis of Fund Operations**

**Revenues:** Total combined revenues 2022-2023 decreased 1.6% (FY 2023 \$19,978,634 combined revenue - FY 2022 \$20,304,631 combined overall decrease \$325,997 over prior year) less expenses for an overall combined net loss of (\$4,527,429). The majority of income was received in the form of per pupil revenue, allocated from the State of Colorado through the School's charter authorizer Douglas County School District. The School had 1,498 full time students and received \$9063.40 for per pupil funding. As stated above this is a 6% increase in per pupil funding from the prior year. The School received \$598,217 (14% increase from the prior year) in Capital Construction funding from the State of Colorado that supported the building lease expense.

**Expenses:** Total combined expenses for the period of July 1, 2022, through June 30, 2023, were \$24,506,063 down approximately 1% (\$24,506,063 FY23 - \$24,657,945 FY22 combined difference from prior year (\$151,882)). The overall decrease in expenses is attributed to an overall lower student count.

**General Fund:** For the period of July 1, 2022, through June 30, 2023, SSHR reported an ending General Fund Balance of \$13,388,208 or a 7.8% increase from the prior year.

**KOSON Schools**  
*dba STEM School Highlands Ranch*  
Management's Discussion and Analysis  
June 30, 2023

## **Analysis of Budget-General Fund**

The original 2022-2023 SSHR school adopted budget was approved in the spring of 2022, then a final budget was submitted based actual October 2022 student enrollment and finalized by the Board of Directors in October 2022. The final budget projected revenue at \$16,908,592 and expenses at \$16,589,766. However, revenue exceeded the final budget by \$929,278 (5.5%) and expenses were above the final budget by 1.6%. The overall net excess of revenue over expenditures based on the final budget was a year ending 206% increase as of June 30, 2023. The majority of this positive change is the transfer of capital assets from SSHR to the Building Corporation. The October 2021 bond was used to reimburse the school. As of yearend the majority of the capital construction on the CHSSA gymnasium has been complete totaling \$11M. The renovation construction on the P-tech building had a total estimated cost of \$703K.

## **Capital Assets and Long-Term Debt**

SSHR has three outstanding bonds: Series 2014 for \$14,670,000 with an outstanding principal balance of \$13,005,000 and Series 2019 for \$10,795,000 with an outstanding principal balance of \$10,580,000 and a Series 2021 for \$12,425,000 with the full \$12,425,000 outstanding at fiscal year-end June 30, 2023. Additional information regarding capital assets and long-term debt for these Series bonds is provided in Notes 3 to the financial statements.

## **Economic Factors and Next Year's Budget**

The primary factor driving the budget for the School is student enrollment. Actual enrollment for the 2022-23 school year was 1,498 and budgeted projected enrollment for the 2022-23 school year was 1,668.

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

**KOSON Schools**  
*dba STEM School Highlands Ranch*  
 Management's Discussion and Analysis  
 June 30, 2023

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	2022-2023	2021-2022
<b>Current assets:</b>		
<b>Cash Assets</b>	\$ 18,371,311	\$ 25,029,485
<b>Other Assets</b>	\$ 273,036	\$ 171,099
<b>Net capital assets</b>	\$ 29,446,705	\$ 24,822,924
<b>Deferred Outflow of Resources</b>		
Pension & OPEB, net of Accumulated Amortization	\$ 4,975,425	\$ 5,197,829
<b>TOTAL ASSETS</b>	<b>\$ 53,066,477</b>	<b>\$ 55,221,337</b>
<b>Current liabilities</b>	\$ 2,126,275	\$ 4,156,383
<b>Long-term liabilities</b>	\$ 57,467,536	\$ 53,882,726
<b>Deferred Inflow of Resources</b>		
Pension & OPEB, net of Accumulated Amortization	\$ 4,418,044	\$ 8,740,172
<b>TOTAL LIABILITIES</b>	<b>\$ 64,011,855</b>	<b>\$ 66,779,281</b>
<b>Net position:</b>		
<b>Net investment in capital assets</b>	\$ 29,446,705	\$ (12,672,271)
<b>Restricted for Debt Service</b>	\$ 3,613,381	\$ 11,244,984
<b>Restricted for TABOR</b>	\$ 575,000	\$ 575,000
<b>Restricted for other purposes</b>	\$ 343,875	\$ 329,353
<b>Unrestricted</b>	\$ (44,924,339)	\$ (11,035,010)
<b>TOTAL NET POSITION</b>	<b>\$ (10,945,378)</b>	<b>\$ (11,557,944)</b>



**KOSON Schools**  
*dba STEM School Highlands Ranch*  
 Management's Discussion and Analysis  
 June 30, 2023

<b>Condensed Statement of Activities</b>			
<b>Governmental Activities</b>			
	Actual		Actual
	2022-2023		2021-2022
<b>Revenue:</b>			
<b>Per Pupil Revenue</b>	\$ 13,576,974	\$	14,401,906
<b>Mill Levy/Override</b>	\$ 1,917,288	\$	2,000,416
<b>Capital Construction</b>	\$ 598,217	\$	524,301
<b>Interest Income</b>	\$ 693,220	\$	53,445
<b>Student Participation Fees</b>	\$ 321,781	\$	415,618
<b>Rental/Lease</b>	\$ 81,167	\$	2,166,289
<b>Grants and Contributions/Donations</b>	\$ 968,685	\$	281,005
<b>Total Revenues</b>	\$ 18,157,332	\$	19,842,980
<b>Expenses:</b>			
<b>Instructional</b>	\$ 8,655,170	\$	4,407,310
<b>Support</b>	\$ 7,258,671	\$	4,705,912
<b>Building Corporation</b>		\$	546,169
<b>Debt Service Expense</b>	\$ 1,630,925	\$	1,504,205
<b>Total Expenses</b>	\$ 17,544,766	\$	11,163,596
<b>Transfers</b>	\$ -	\$	-
<b>Change in Net Position</b>	\$ 612,566	\$	8,679,384
<b>Net Position, Beginning</b>	\$ (11,557,944)	\$	(20,237,328)
<b>Net Position, Ending</b>	\$ (10,945,378)	\$	(11,557,944)

## Requests for Information

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

Star Ake, CFO  
 KOSON Schools  
 dba STEM School Highland Ranch  
 8773 South Ridgeline Boulevard.  
 Highlands Ranch, CO 80129

## **Basic Financial Statements**

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
 Statement of Net Position  
 June 30, 2023

	Governmental Activities
<b>Assets</b>	
Cash and Investments	\$ 14,348,485
Restricted Cash and Investments	4,022,826
Accounts Receivable	73,751
Interfund Receivable	65,570
Prepaid Expenses	133,715
Capital Assets, <i>Not Being Depreciated</i>	2,370,970
Capital Assets, <i>Net of Accumulated Depreciation</i>	27,075,735
Total Assets	48,091,052
<b>Deferred Outflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	4,857,487
OPEB, <i>Net of Accumulated Amortization</i>	117,938
Total Deferred Outflows of Resources	4,975,425
<b>Liabilities</b>	
Accounts Payable	827,775
Interfund Payable	65,570
Accrued Liabilities	347,328
Accrued Salaries and Benefits	567,907
Accrued Interest Payable	317,695
Noncurrent Liabilities	
Due Within One Year	355,000
Due in More Than One Year	36,792,702
Net Pension Liability	19,649,753
Net OPEB Liability	670,081
Total Liabilities	59,593,811
<b>Deferred Inflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	4,125,216
OPEB, <i>Net of Accumulated Amortization</i>	292,828
Total Deferred Inflows of Resources	4,418,044
<b>Net Position</b>	
Net Investment in Capital Assets	29,446,705
Restricted for:	
Debt Service	3,613,381
Repair and Replacement	343,875
Emergencies	575,000
Unrestricted	(44,924,339)
Total Net Position	\$ (10,945,378)

See Notes to the Financial Statements.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<i>Governmental Activities</i>					
Instruction	\$ 8,655,170	\$ 321,781	\$ 728,477	\$ -	\$ (7,604,912)
Supporting Services	7,258,671	-	226,938	-	(7,031,733)
Interest on Long-Term Debt	1,630,925	-	-	-	(1,630,925)
Debt Issuance Cost	-	-	-	-	-
Total Governmental Activities	<u>\$ 17,544,766</u>	<u>\$ 321,781</u>	<u>\$ 955,415</u>	<u>\$ -</u>	<u>(16,267,570)</u>
<b>General Revenues</b>					
Per Pupil Revenue					13,576,974
District Mill Levy					1,917,288
Capital Construction					598,217
Grants and Contributions not Restricted to Specific Programs					13,270
Investment Income					693,220
Other					81,167
Transfers					-
Total General Revenues and Transfers					<u>16,880,136</u>
Change in Net Position					612,566
<b>Net Position, Beginning of Year</b>					<u>(11,557,944)</u>
<b>Net Position, End of Year</b>					<u>\$ (10,945,378)</u>

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2023**

	General	Building	Total
<b>Assets</b>			
Cash and Investments	\$ 14,348,485	\$ -	\$ 14,348,485
Restricted Cash and Investments	-	4,022,826	4,022,826
Accounts Receivable	73,751	-	73,751
Interfund Receivable	65,570	-	65,570
Prepaid Expenses	133,715	-	133,715
Total Assets	\$ 14,621,521	\$ 4,022,826	\$ 18,644,347
<b>Liabilities and Fund Balance</b>			
<i>Liabilities</i>			
Accounts Payable	\$ 318,078	\$ 509,697	\$ 827,775
Interfund Payable	-	65,570	65,570
Accrued Liabilities	347,328	-	347,328
Accrued Salaries and Benefits	567,907	-	567,907
Total Liabilities	1,233,313	575,267	1,808,580
<i>Fund Balance</i>			
Nonspendable Prepaid Expenditures	133,715	-	133,715
Restricted for:			
Emergencies	575,000	-	575,000
Multi Year Obligations	-	-	-
Debt Service	-	3,103,684	3,103,684
Repair and Replacement	-	343,875	343,875
Unrestricted, Unassigned	12,679,493	-	12,679,493
Total Fund Balance	13,388,208	3,447,559	16,835,767
Total Liabilities and Fund Balance	\$ 14,621,521	\$ 4,022,826	\$ 18,644,347

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

Total Fund Balance of the Governmental Fund	\$ 16,835,767
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	29,446,705
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Interest Payable	(317,695)
Long Term Debt	(37,147,702)
Net pension liability	(19,649,753)
Pension-related deferred outflows of resources	4,857,487
Pension-related deferred inflows of resources	(4,125,216)
Net OPEB liability	(670,081)
OPEB-related deferred outflows of resources	117,938
OPEB-related deferred inflows of resources	(292,828)
Total Net Position of Governmental Activities	\$ (10,945,378)

See Notes to the Financial Statements.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2023**

	General	Building	Total
<b>Revenues</b>			
Local Sources	\$ 16,469,305	\$ 2,140,764	\$ 18,610,069
State Sources	1,368,565	-	1,368,565
Federal Sources	-	-	-
<b>Total Revenues</b>	<u>17,837,870</u>	<u>2,140,764</u>	<u>19,978,634</u>
<b>Expenditures</b>			
Instruction	8,693,228	-	8,693,228
Supporting Services	8,166,201	5,666,915	13,833,116
Debt Service			
Principal	-	315,001	315,001
Interest	-	1,664,718	1,664,718
<b>Total Expenditures</b>	<u>16,859,429</u>	<u>7,646,634</u>	<u>24,506,063</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	978,441	(5,505,870)	(4,527,429)
<b>Other Financing Sources (Uses)</b>			
Proceeds From Long-term Debt	-	-	-
Debt Issuance Costs	-	-	-
Transfers In	(5,000)	5,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	973,441	(5,500,870)	(4,527,429)
<b>Fund Balance, Beginning of Year</b>	<u>12,414,767</u>	<u>8,948,429</u>	<u>21,363,196</u>
<b>Fund Balance, End of Year</b>	<u>\$ 13,388,208</u>	<u>\$ 3,447,559</u>	<u>\$ 16,835,767</u>

See Notes to the Financial Statements.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
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**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, 2023**

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

Net Change in Fund Balance of the Governmental Fund	\$ (4,527,429)
<p>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.</p>	
Capital outlay	5,684,239
Depreciation expense	(1,060,458)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>	
Proceeds from issuance of Long-term Debt	-
Loan Payments	347,493
Loan Forgiveness	-
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.</p>	
Net pension liability	(4,018,465)
Pension-related deferred outflows of resources	(216,122)
Pension-related deferred inflows of resources	4,323,930
Net OPEB liability	86,162
OPEB-related deferred outflows of resources	(6,282)
OPEB-related deferred inflows of resources	(1,802)
Accrued Interest Payable	<u>1,301</u>
Change in Net Position of Governmental Activities	<u>\$ 612,567</u>

**KOSON Schools**  
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**Note 1: Summary of Significant Accounting Policies**

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

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

**Reporting Entity**

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

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

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



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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Government-wide and Fund Financial Statements**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

The School reports the following major funds:

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

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

**Assets, Liabilities and Net Position/Fund Balance**

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

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

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

*Capital Assets* - Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

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

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

*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's 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.

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

**Risk Management**

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

**Subsequent Events**

The School has evaluated subsequent events through October 19, 2023, the date the financial statements were available to be issued.

**Note 2: Deposits and Investments**

A summary of cash and investments at June 30, 2023, follows:

Petty Cash	\$ 200
Deposits	14,348,285
Investments	<u>4,022,826</u>
Total	<u>\$ 18,371,311</u>

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

Cash and Investments	\$ 14,348,485
Restricted Cash and Investments	<u>4,022,826</u>
Total	<u>\$ 18,371,311</u>

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**Note 2: Deposits and Investments (Continued)**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2023, the School had bank deposits of \$2,714,136 collateralized with securities held by the financial institution's agent but not in the School's name.

**Investments**

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

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

*Fair Value Measurements* - At June 30, 2023, the School's investment in Colotrust and the Corporation's investment in a money market fund were reported at the net asset value per share.

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

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

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**Note 2: Deposits and Investments** (Continued)

**Investments** (Continued)

Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At June 30, 2023, the Corporation had \$12,287,603, invested in a money market fund rated AAAM by Standard and Poor's.

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

*Local Government Investment Pool* - At June 30, 2023, the School had \$12,287,603 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Restricted Cash and Investments**

At June 30, 2023, the Corporation held investments of \$4,022,826 restricted for future debt service and building repair and replacement.

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**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2023, is summarized below. Depreciation and amortization are combined in the following table.

<b>Governmental Activities</b>	<b>Balance 06/30/22</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/23</b>
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 2,370,970	\$ -	\$ -	\$ 2,370,970
Total Capital Assets, <i>Not Being Depreciated</i>	<u>2,370,970</u>	<u>-</u>	<u>-</u>	<u>2,370,970</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	190,078	-	-	190,078
Buildings	14,630,234	-	-	14,630,234
Building Improvements	11,999,370	5,567,882	-	17,567,252
Equipment	933,894	116,357	-	1,050,251
Total Capital Assets, <i>Being Depreciated</i>	<u>27,753,576</u>	<u>5,684,239</u>	<u>-</u>	<u>33,437,815</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(38,016)	(19,007)	-	(57,023)
Buildings	(1,934,737)	(392,198)	-	(2,326,935)
Building Improvements	(2,432,705)	(606,927)	-	(3,039,632)
Equipment	(896,164)	(42,326)	-	(938,490)
Total Accumulated Depreciation	<u>(5,301,622)</u>	<u>(1,060,458)</u>	<u>-</u>	<u>(6,362,080)</u>
Total Capital Assets, <i>Being Depreciated, Net</i>	<u>22,451,954</u>	<u>4,623,781</u>	<u>-</u>	<u>27,075,735</u>
Governmental Activities Capital Assets, <i>Net</i>	<u>\$ 24,822,924</u>	<u>\$ 4,623,781</u>	<u>\$ -</u>	<u>\$ 29,446,705</u>

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

**Note 4: Long-Term Debt**

<b>Governmental Activities</b>	<b>Balance 6/30/22</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 6/30/23</b>	<b>Due Within One Year</b>
2014 Building Loan	\$ 13,245,000	\$ -	\$ (240,000)	\$ 13,005,000	\$ 250,000
2014 Loan Discount	(103,064)	-	3,817	(99,247)	-
2019 Building Loan	10,655,000	-	(75,000)	10,580,000	80,000
2019 Bond Premium	720,489	-	(22,226)	698,263	-
2021 Building Loan	12,425,000	-	-	12,425,000	25,000
2021 Bond Premium	552,770	-	(14,084)	538,686	-
	<u>\$ 37,495,195</u>	<u>\$ -</u>	<u>\$ (347,493)</u>	<u>\$ 37,147,702</u>	<u>\$ 355,000</u>

Following is a summary of long-term debt transactions for the year ended June 30, 2023:

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**Note 4: Long-Term Debt** (Continued)

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

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

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

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

Future debt service requirements for the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 355,000	\$ 1,652,668	\$ 2,007,668
2025	365,000	1,638,268	2,003,268
2026	375,000	1,622,681	1,997,681
2027	400,000	1,606,081	2,006,081
2028	415,000	1,588,318	2,003,318
2028-2032	2,375,000	7,747,186	10,122,186
2033-2037	3,020,000	150,270	3,170,270
2038-2042	3,850,000	6,357,960	10,207,960
2043-2047	4,930,000	5,339,361	10,269,361
2048-2052	6,315,000	4,064,622	10,379,622
2053-2057	4,925,000	2,485,850	7,410,850
2058-2061	8,685,000	1,168,200	9,853,200
Total	<u>\$ 36,010,000</u>	<u>\$ 35,421,465</u>	<u>\$ 71,431,465</u>



**KOSON Schools**  
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**Note 5: Defined Benefit Pension Plan**

**General Information**

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

*Benefits provided as of December 31, 2022* - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times 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 percent 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 percent or 100 percent 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.

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a 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, 2023* - 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, 2022 through June 30, 2023. The School's contribution rate was 20.38% of covered salaries for July 01, 2022 through June 30, 2023. 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 \$1,741,697, for the year ended June 30, 2023.

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** *(Continued)*

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. 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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to ERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

**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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year, 2022 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2023, the School reported a liability of \$19,649,753, for its proportionate share of the net pension liability that reflected a decrease for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of net pension liability	\$ 17,423,216
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	<u>2,226,537</u>
Proportionate share of the net pension liability	<u>\$ 19,649,753</u>

At December 31, 2022, the School's proportion was 0.1079095573%, which was a decrease of 0.0264102563% from its proportion measured at December 31, 2021.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

For the year ended June 30, 2023, the School recognized a pension expense of \$1,447,953 and a benefit of \$673,358 for support from the State as a nonemployer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 185,967	\$ -
Changes of assumptions and other inputs	348,062	-
Net difference between projected and actual earnings on plan investments	2,646,255	-
Changes in proportion	832,759	4,125,216
Contributions subsequent to the measurement date	844,444	-
Total	<u>\$ 4,857,487</u>	<u>\$ 4,125,216</u>

\$844,444 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:

<b><u>Year Ended June 30,</u></b>	
2024	\$ (1,488,698)
2025	(721,498)
2026	525,866
2027	<u>1,572,157</u>
Total	<u>\$ (112,173)</u>

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

*Actuarial Assumptions* - The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs.

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

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubT-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

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%.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- 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.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net pension liability	\$ 25,714,769	\$ 19,649,753	\$ 14,584,845

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



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**Note 6: Postemployment Healthcare Benefits**

**General Information**

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

*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.

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

**General Information** *(Continued)*

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

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

**General Information** (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School was \$83,005, for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of \$776,822 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2022, relative to the contributions of all participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.0820695716%, which was a decrease of 0.0056306321% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of \$15,077. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 89	\$ 162,053
Changes in assumptions and other inputs	10,770	73,954
Net difference between projected and actual earnings on plan investments	40,927	-
Changes in proportion	23,899	56,821
Contributions subsequent to the measurement date	42,253	-
Total	<u>\$ 117,938</u>	<u>\$ 292,828</u>

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

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

\$42,253 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:

<u>Year Ended June 30,</u>		
2024	\$	(62,993)
2025		(68,431)
2026		(32,131)
2027		(12,380)
2028		(25,391)
Thereafter		<u>(5,817)</u>
Total	\$	<u><u>(217,143)</u></u>

*Actuarial Assumptions* - The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, 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:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
4.5% in 2021, 6.0% in 2022, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.75% in 2021, gradually increasing to 4.5% in 2029	
<i>DPS Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

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

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

The TOL 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 Department (TriCounty 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.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

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

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based on the upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were adopted by the PERA's Board during the November 20, 2020, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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



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

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, 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 projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, 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.

Based on the above assumptions and methods, the HCTF'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 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.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2023

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

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

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

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ <u>776,822</u>	\$ <u>670,081</u>	\$ <u>578,783</u>

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 3.00% to 7.25%, 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:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Proportionate share of the net OPEB liability	\$ <u>651,115</u>	\$ <u>670,081</u>	\$ <u>690,718</u>

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

**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, 2023, 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.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2023

**Note 7: Commitments and Contingencies** (Continued)

**TABOR Amendment**

In November 1992, Colorado voters approved the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the School believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the School has established an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2023, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$575,000.

## **Required Supplementary Information**

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE. 1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado  
 School Division Trust Fund  
 For the Year Ended June 30, 2023

Measurement Date	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
<b>Proportionate Share of the Net Pension Liability</b>					
School's Proportion of the Net Pension Liability	0.1079095573%	0.1343198136%	0.1532250824%	0.1297788195%	0.1328656657%
Net Pension Liability					
School's Proportionate Share	\$ 19,649,753	\$ 15,631,288	\$ 23,164,542	\$ 19,388,674	\$ 23,526,595
State's Proportionate Share	5,726,129	1,791,928	-	2,459,206	3,216,934
Net Proportionate Share	<u>\$ 25,375,882</u>	<u>\$ 17,423,216</u>	<u>\$ 23,164,542</u>	<u>\$ 21,847,880</u>	<u>\$ 26,743,529</u>
School's Covered-Employee Payroll	\$ 8,328,134	\$ 8,394,521	\$ 8,193,595	\$ 7,626,357	\$ 7,304,336
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	236%	186%	283%	254%	322%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	75%	67%	65%	57%
Reporting Date	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19
<b>School Contributions</b>					
Statutorily Required Contribution	\$ 1,741,697	\$ 1,709,512	\$ 1,645,812	\$ 1,532,742	\$ 1,397,320
Contributions in Relation to the Statutorily Required Contribution	<u>(1,741,697)</u>	<u>(1,709,512)</u>	<u>(1,645,812)</u>	<u>(1,532,742)</u>	<u>(1,397,320)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 8,137,728	\$ 8,565,028	\$ 8,278,706	\$ 7,908,884	\$ 8,086,030
Contributions as a Percentage of Covered-Employee Payroll	21.40%	19.96%	19.88%	19.38%	17.28%

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

(Continued)

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado  
 School Division Trust Fund  
 For the Year Ended June 30, 2023  
*(Continued)*

Measurement Date	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
<b>Proportionate Share of the Net Pension Liability</b>					
School's Proportion of the Net Pension Liability	0.1446067250%	0.1187612728%	0.0865195772%	0.0700334985%	0.0591000446%
Net Pension Liability					
School's Proportionate Share	\$ 46,760,676	\$ 35,359,823	\$ 13,232,559	\$ 9,491,891	\$ 7,538,195
State's Proportionate Share	-	-	-	-	-
Net Proportionate Share	<u>\$ 46,760,676</u>	<u>\$ 35,359,823</u>	<u>\$ 13,232,559</u>	<u>\$ 9,491,891</u>	<u>\$ 7,538,195</u>
School's Covered-Employee Payroll	\$ 6,670,537	\$ 5,328,712	\$ 3,763,936	\$ 2,933,901	\$ 2,382,510
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	701%	664%	352%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%
Reporting Date	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
<b>School Contributions</b>					
Statutorily Required Contribution	\$ 1,330,870	\$ 1,146,299	\$ 806,138	\$ 539,534	\$ 424,023
Contributions in Relation to the Statutorily Required Contribution	<u>(1,330,870)</u>	<u>(1,146,299)</u>	<u>(806,138)</u>	<u>(539,534)</u>	<u>(424,023)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 7,047,143	\$ 6,232,956	\$ 4,544,302	\$ 3,196,033	\$ 2,653,206
Contributions as a Percentage of Covered-Employee Payroll	18.89%	18.39%	17.74%	16.88%	15.98%

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.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
 Public Employees' Retirement Association of Colorado  
 Health Care Trust Fund  
 For the Year Ended June 30, 2023

Measurement Date	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
<b>Proportionate Share of the Net OPEB Liability</b>			
School's Proportion of the Net OPEB Liability	0.0820695716%	0.0877002037%	0.0886037309%
School's Proportionate Share of the Net OPEB Liability	\$ 776,822	\$ 756,243	\$ 841,935
School's Covered Payroll	\$ 8,328,134	\$ 8,394,521	\$ 8,193,595
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	9%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	39%	33%
Reporting Date	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
<b>School Contributions</b>			
Statutorily Required Contribution	\$ 83,005	\$ 87,363	\$ 84,443
Contributions in Relation to the Statutorily Required Contribution	<u>(83,005)</u>	<u>(87,363)</u>	<u>(84,443)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 8,137,728	\$ 8,086,030	\$ 8,278,706
Contributions as a Percentage of Covered Payroll	1.02%	1.08%	1.02%

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

(Continued)

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
 Public Employees' Retirement Association of Colorado  
 Health Care Trust Fund  
 For the Year Ended June 30, 2023  
*(Continued)*

Measurement Date	12/31/19	12/31/18	12/31/17
<b>Proportionate Share of the Net OPEB Liability</b>			
School's Proportion of the Net OPEB Liability	0.0848135508%	0.0863633965%	0.0821649891%
School's Proportionate Share of the Net OPEB Liability	\$ 953,303	\$ 1,175,010	\$ 1,067,816
School's Covered Payroll	\$ 7,626,357	\$ 7,304,336	\$ 6,670,537
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	0%	18%
Reporting Date	6/30/20	6/30/19	6/30/18
<b>School Contributions</b>			
Statutorily Required Contribution	\$ 80,671	\$ 74,504	\$ 71,881
Contributions in Relation to the Statutorily Required Contribution	(80,671)	(74,504)	(71,881)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
School's Covered Payroll	\$ 7,908,884	\$ 8,086,030	\$ 8,685,021
Contributions as a Percentage of Covered Payroll	1.02%	0.92%	0.83%

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.



**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Per Pupil Revenue	\$ 14,902,800	\$ 13,651,001	\$ 13,576,974	\$ (74,027)
District Mill Levy	1,994,850	1,825,905	1,917,288	91,383
Student Fees and Activities	319,005	291,427	321,781	30,354
Contributions and Donations	50,000	50,000	94,437	44,437
Investment Income	25,000	300,000	558,825	258,825
Other Income	36,300	50,000	-	(50,000)
Total Local Sources	<u>17,327,955</u>	<u>16,168,333</u>	<u>16,469,305</u>	<u>300,972</u>
<i>State Sources</i>				
Grants	486,750	159,636	770,348	610,712
Capital Construction	-	580,623	598,217	17,594
Total State Sources	<u>486,750</u>	<u>740,259</u>	<u>1,368,565</u>	<u>628,306</u>
<i>Federal Sources</i>				
Grants	-	-	-	-
Total Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>17,814,705</u>	<u>16,908,592</u>	<u>17,837,870</u>	<u>929,278</u>
<b>Expenditures</b>				
Salaries	9,089,871	8,744,998	8,685,021	59,977
Employee Benefits	2,793,092	2,722,500	2,911,026	(188,526)
Purchased Services	4,594,747	4,323,068	4,444,276	(121,208)
Supplies	600,450	465,000	563,360	(98,360)
Property	422,640	237,000	188,199	48,801
Other	248,000	97,200	67,547	29,653
Total Expenditures	<u>17,748,800</u>	<u>16,589,766</u>	<u>16,859,429</u>	<u>(269,663)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	65,905	318,826	978,441	659,615
<b>Other Financing Sources (Uses)</b>				
Transfers	<u>(5,000)</u>	<u>(4,800)</u>	<u>(5,000)</u>	<u>(200)</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(4,800)</u>	<u>(5,000)</u>	<u>(200)</u>
<b>Net Change in Fund Balance</b>	60,905	314,026	973,441	659,415
<b>Fund Balance, Beginning of Year</b>	<u>12,414,772</u>	<u>7,798,988</u>	<u>12,414,767</u>	<u>4,615,779</u>
<b>Fund Balance, End of Year</b>	<u>\$ 12,475,677</u>	<u>\$ 8,113,014</u>	<u>\$ 13,388,208</u>	<u>\$ 5,275,194</u>

See Accompanying Independent Auditor's Report.

**KOSON Schools**  
*(dba STEM School Highlands Ranch)*  
*(A Component Unit of Douglas County School District RE.1)*  
 Notes to Required Supplementary Information  
 June 30, 2023

**Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions**

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

**Changes in Assumptions and Other Inputs**

For the year ended June 30, 2023, the total pension liability was determined by an actuarial valuation as of December 31, 2021. The following revised economic and demographic assumptions were effective as of December 31, 2021.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

**Note 2: Stewardship, Compliance and Accountability**

**Budgets and Budgetary Accounting**

Budgets are required by State statutes for all funds and are adopted on a basis consistent with generally accepted accounting principles.

The School adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed 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.

# Coversheet

## Governance Committee - Board Policy Updates

**Section:** V. Board Committee Updates  
**Item:** A. Governance Committee - Board Policy Updates  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** Policy\_IT-Student\_Data\_Privacy\_2022.pdf  
Policy\_Electronic\_Device\_Monitoring\_2022.pdf  
Policy\_Equal Access to Facilities DRAFT.pdf

## *Information Technology and Student Data Privacy Policy*

### STEM SCHOOL HIGHLANDS RANCH POLICY Information Technology and Student Data Privacy

#### I. PURPOSE

To support its educational mission, STEM School Highlands Ranch (STEM) may provide information technology (IT), such as computers, networks, Internet access, and email accounts, to its students. The STEM Board believes that IT should be used at STEM as a learning resource to educate and to inform, and that STEM has an obligation to teach its students to be responsible IT users.

Subject to this policy, STEM staff shall be free to select and implement IT which STEM, deems best furthers the STEM mission.

While parents and students themselves are ultimately responsible for student behavior at school and student use of STEM IT, STEM will make every reasonable effort to ensure that students use STEM IT appropriately and responsibly. To this end, STEM has implemented content filtering measures that direct student learning and restrict student access to inappropriate material, in accordance with applicable law.

Administrators, teachers, and staff have a professional responsibility to work together and with parents to help students develop the intellectual skills needed to evaluate and choose information sources, to identify information appropriate to the age and developmental levels of the students, and to evaluate and use information to meet their educational goals.

Because all STEM IT is owned, leased, or licensed by STEM, STEM is responsible for all content stored or retained on any STEM-owned IT device or on the STEM's networks (together referred to as "STEM IT activity"). STEM therefore has the right to monitor all School IT activity and students have a limited expectation of privacy in any information they access, receive, or create using or on STEM IT.

STEM IT may periodically fail or be interrupted, leading to loss of data or service interruption, and the School therefore makes no warranties of any kind related to its IT.

STEM shall develop and maintain operational policies addressing

- (1) monitoring and tracking of school-issued and student-owned computers;
- (2) student use, rights and responsibilities relating to computers used at STEM;
- (3) an "instructional technology" policy regarding use of technology in learning, including integrating technology for collaborative purposes, consistent with the STEM mission; and
- (4) the training of STEM staff with respect to student laptops and privacy, and the administration, oversight, and enforcement of such policies and regulations.

## *Information Technology and Student Data Privacy Policy*

### II. POLICY

The STEM Board authorizes the Executive Director to develop rules and procedures ("Administrative IT Policies") for staff and student use of technology which are consistent with this policy and the following standards.

1. All Administrative IT Policies shall comply with this policy.
2. Before adoption of monitoring software of any nature, STEM shall specifically identify the need for such software and whether there are less intrusive alternatives that can accomplish the same goal or need.
3. Student generated computer data ("SGCD") is data generated by a student while using a computer. Information or data contained on any such computer is "personal computer data" or "PCD". PCD includes specific "user logging information" ("ULI"). "Logging" is the process by which a system collects data about a computer network and the individuals using the network. STEM shall treat both SGCD and PCD as "records" as defined by the Family Educational Rights and Privacy Act ("FERPA").
4. Software that has the ability to collect PCD or SGCD shall not be used or implemented prior to the adoption of Administrative IT Policies governing use of such software.
5. STEM shall obtain informed consent from each student's parent or guardian prior to the installation of any software on any student-owned computer and prior to implementation of any technology which has the ability to collect or monitor PCD, so that prior to the giving of such consent students and their families are fully informed of the ability of any such software or technology to collect and monitor such data and to protect such data.
6. Any technology which permits viewing or collecting of PCD shall not permit such monitoring or collection beyond any legitimate educational interests.
7. Keystroke monitoring technology shall not be used or implemented in the absence of a specific legitimate educational purpose which cannot be achieved without this technology and without specific consent from each student's parent or guardian.
8. STEM shall not log or access PCD or SGCD other than for legitimate educational purposes. STEM shall maintain a record or log of all access or logging which records each instance of access, the data accessed, the identity of the accessing party, and the legitimate educational purpose for such access.
9. The exceptions allowing STEM staff to access PCD, other than where consent is given, shall be limited to situations where there is a reasonable suspicion of violation of either a law or school policy.
10. STEM staff shall complete training regarding technology and technology policies prior to use or implementation of any such technologies.
11. For students (a) who are unable or unwilling to bring personal computers to STEM or (b) whose parent or guardian do not consent to the use or installation of monitoring software on a personal computer, STEM shall use its best efforts to make necessary accommodations to ensure that such student's education is not adversely affected.
12. For computers issued by STEM, students and their parents shall be required to sign acceptable use agreements, which will detail appropriate and inappropriate use of STEM-owned computers.

*Information Technology and Student Data Privacy Policy*

13. Remote monitoring of any kind, including activation of webcams, screen shots, audio, and video, shall be prohibited.

14. All procedures shall comply with applicable state and federal law.

B. In addition to rules specifically concerning IT, general policies, regulations, and rules governing student conduct apply to the use of IT. Violating such policies, regulations, or rules may result in the loss of the privilege to use some or all of the School's IT, discipline (which can include suspension and expulsion), reimbursement to the School for unauthorized charges or costs, civil legal proceedings, and referral to law enforcement authorities. The School may provide examples of prohibited uses of IT in handbooks or Administrative IT Policies.

Sources:

20 U.S.C. 1232, Family Educational Rights and Privacy Act

47 U.S.C. 201 et seq., Communications Decency Act of 1995

47 U.S.C. 231 et seq., Children's Online Privacy Protection Act of 2000

C.R.S. 22-87-101 et seq., Children's Internet Protection Act

DCSD Policy JICD, Student Use of District Information Technology

Approved by the STEM School Board on 11/10/2022.  
(dd/mm/yyyy)

STEM School Highlands Ranch

By: Michelle Horne (signature on file)  
(Signature, Board secretary)

Michelle Horne  
(Printed name, Board secretary)

Adopted: 2013

Revised: October 2022

*Electronic Device Monitoring Policy*

STEM SCHOOL HIGHLANDS RANCH POLICY  
Electronic Device Monitoring

## I. PURPOSE

Electronic devices are vital learning tools in the STEM environment. In order to better facilitate oversight by teachers of student electronic device use, to eliminate the distraction and danger of unsupervised use of the Internet, to eliminate the disruption caused by the use of unauthorized or inappropriate applications during instruction time, and to enhance teacher instruction capabilities in the classroom setting, student electronic devices used in classrooms at STEM School Highlands Ranch (STEM) shall all have monitoring software installed. The software is not intended to monitor student electronic device activity outside of STEM's network at any time for any reason.

## II. POLICY

## Monitoring Capabilities &amp; Restrictions

The STEM administration shall have authority to select the student computer monitoring software of its choice and revise the selection as new technologies become available. The software shall be installed directly onto all STEM-issued computers that are intended to be used by students and/or the student's personal computer(s). The STEM monitoring software shall only be active and functional while the computer is connected to the STEM network and/or during school hours.

While any computer is connected to the STEM network, the monitoring software should ideally allow STEM teachers or administrators to do the following:

- Give assessments and receive results instantly;
- Place the teacher screen onto student computers for close-up demonstrations and to lock the screen in place during instruction;
- Share student screens with classmates;
- Send messages to, and receive messages from, students;
- View and monitor student computer screens on their teacher or administrator computer;
- Control student computers from the teacher or administrator computer (for example, keyboard, mouse, screen);
- Allow or block certain web sites on student computers; . Allow or block applications on student computers;
- Send and receive files to/from students;
- View internet browsing history on student computers (subject to the restrictions set forth below).

### *Electronic Device Monitoring Policy*

Teachers and administrators shall not use Monitoring software to do the following:

- Monitor or review student computer use (including without limitation internet activities, keystrokes, application usage, or files) that occurs while the student computer is not at school;
- View a student using the student's computer camera;
- Monitor keystrokes at any time.

#### Use of Monitoring Software on Personal Student Electronic Equipment

The use of personal student computers at STEM is a privilege, not a right. In order for a student to use a personal computer at STEM, the computer must have the monitoring software installed and regularly updated as deemed necessary by School administration. Students are not required to have the monitoring software installed on their personal computers that remain outside of the STEM facility. However, personal student computers without the monitoring software installed will not be allowed to be used in the classroom.

Monitoring software will not be installed on any personal student computer without the express and written consent of that student's parent or guardian using a monitoring software permission form. All STEM computers used by students shall have the monitoring software installed.

As noted above, the monitoring software shall not be used to monitor a student's computer use except when the student is on STEM grounds and is expected to be using the computer in conjunction with classroom instruction or school work. To the extent that the monitoring software can be configured or used to monitor or review computer use that occurs while the student is not on STEM grounds, STEM personnel shall not use such software to monitor or review student computer use (or track any history of such use), including internet browsing history and keystroke history relating to activities that occurred off STEM grounds.

The monitoring software may provide the capability for STEM personnel to remotely control a student's computer while on the School's network. School personnel shall not use this capability except to assist a student in the performance of his or her assignments and shall not use this capability without first providing specific notice to the student. Such notice may be provided verbally or in writing and immediately before the capability is engaged.



*Electronic Device Monitoring Policy*

Use of Monitoring Software on STEM School Computers

Monitoring software shall be installed on all computers owned by STEM and intended to be used by students. As with personal student computers, the monitoring software on STEM computers shall not be used when the computer is not connected to the STEM network. In the rare and unlikely event that a student must take a STEM computer home, STEM shall only monitor the student's use of the STEM computer during school hours.

Approved by the STEM School Board on 11/10/2022.  
(dd/mm/yyyy)

STEM School Highlands Ranch

By: Michelle Horne (signature on file)  
(Signature, Board secretary)

Michelle Horne  
(Printed name, Board secretary)

Adopted: 2013

Revised: October 2022

## *Equal Access to Facilities Policy*

### **STEM SCHOOL HIGHLANDS RANCH** POLICY Equal Access to Facilities

#### I. PURPOSE

The purpose of this policy is to implement the Equal Access Act, 20 U.S.C. §§ 4071-74 (Equal Access Act), by granting equal access to school facilities for students who wish to meet for religious, political, or philosophical purposes during non-instructional time.

#### II. POLICY

A. It is the policy of **STEM** not to deny equal access or a fair opportunity to, or to discriminate against, any student who wishes to conduct a meeting using **STEM** facilities, on the basis of the religious, political, philosophical, or other content of the speech at such meeting.

B. Because **STEM** allows non-curriculum related student groups to meet on school premises during non-instructional time, STEM has created a limited open forum for students enrolled in the school. Therefore non-curriculum-related student groups shall have equal access and a fair opportunity to conduct meetings during non-instructional time.

C. Student use of facilities under this policy does not imply **STEM** sponsorship, approval, or advocacy of the content of the expression at such meetings.

D. **STEM** retains its authority to maintain order and discipline on school premises, to protect the well being of students and faculty, and to assure that attendance of students at meetings is voluntary.

E. In adopting and implementing this equal access policy, **STEM** will not:

- influence the form or content of any prayer or other religious activity;
- require any person to participate in prayer or other religious activity;
- expend public funds beyond the incidental cost of providing the space for student-initiated meetings;
- compel any school agent or employee to attend a school meeting if the content of the speech at the meeting is contrary to the beliefs of the agent or employee;
- sanction meetings that are otherwise unlawful;
- limit the rights of groups of students based on the size of the group;
- abridge the constitutional rights of any person.

#### III. DEFINITIONS

"Limited open forum" means that the school grants an offering to or opportunity for one or more non-curriculum related student groups to meet on school premises during non-instructional time.

"Sponsorship" includes the act of promoting or leading a meeting. The assignment of a school employee for custodial, observation, or maintenance of order and discipline purposes does not constitute sponsorship of the meeting

*Equal Access to Facilities Policy*

"Meeting" includes activities of student groups, which are permitted under a limited open forum and are not directly related to the school curriculum.

"Non-instructional time" means time set aside by the school before actual classroom instruction begins or after actual classroom instruction ends, including such other periods that occur during the school day when no classroom instruction takes place.

## IV. FAIR OPPORTUNITY CRITERIA

STEM School shall uniformly provide that:

- A. Any meeting held pursuant to this policy is voluntary **and student-initiated**;
- B. There is no sponsorship of such meeting by **STEM or STEM employees**; and
- C. Such meeting does not materially and substantially interfere with the orderly conduct of educational activities within the school.

## V. PROCEDURES

A. Any student who wishes to conduct a meeting under this policy shall apply to a **Director** at least 48 hours in advance of the time of the activity or meeting. The student must agree to the following:

1. All activities or meetings must comply with existing policies, regulations, and procedures that govern operation of school-sponsored activities.

2. The activities or meetings are voluntary.

B. Student groups meeting under this policy must comply with the following rules:

1. Those attending must not engage in any activity that is illegal, dangerous, or which materially and substantially interferes with the orderly conduct of the educational activities of the school.

Such activities shall be grounds for discipline of an individual student and grounds for a particular group to be denied access.

2. The groups may not use any designation which implies school sponsorship or affiliation in any activity, including fundraising and community involvement.

3. The groups must comply with school policies, regulations and procedures governing school-sponsored activities.

C. Students applying for use of school facilities under this policy must provide the following information to a **Director**: time and date of meeting, estimated number of students in attendance, and special equipment needs.

D. The **Director** has responsibility to:

1. Keep a log of application information.

2. Find and assign a suitable room for the meeting or activity. The number of students in attendance will be limited to the safe capacity of the meeting space.

3. Note the condition of the facilities and equipment before and after use.

4. Assure proper supervision. Assignment of staff to be present in a supervisory capacity, where determined necessary, does not constitute school district sponsorship of the meeting or activity.

5. Assure that the meeting or activity does not interfere with the school's regular instructional activities.

E. The school shall not expend public funds for the benefit of students meeting pursuant to this policy beyond the incidental cost of providing space.

*Equal Access to Facilities Policy*

F. **STEM** employees or agents may not promote, lead, or otherwise sponsor meetings or activities held pursuant to this policy.

G. A copy of this policy and procedures shall be made available to each student who initiates a request to use school facilities.

Approved by the STEM School Board on \_\_\_\_\_.  
(dd/mm/yyyy)

STEM School Highlands Ranch

By: \_\_\_\_\_  
(Signature, Board secretary)

\_\_\_\_\_  
(Printed name, Board secretary)

Adopted: 2012

Revised: date

*Equal Access to Facilities Policy*

## EQUAL ACCESS POLICY MEETING REQUEST FORM

Name of student initiating request:

School:

Grade:

Home Room:

Date of Meeting:

Time:

Estimated number to attend :

Special Equipment needs:

**STEM** USE ONLY

Room assigned:

Condition of Facilities:

Staff (if any) assigned to supervise:

Notes:

# Coversheet

## B. CIO Support and Evaluation Committee

**Section:** V. Board Committee Updates  
**Item:** B. B. CIO Support and Evaluation Committee  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** CIO Support and Evaluation Committee Two Pager 23-24.pdf

## Board Committee Purpose Document

**Committee Name:** Support and Evaluation Committee

**Year:** 2023-24

**Revision Date:** Oct. 30, 2023

**Purpose:** This committee's purpose is to support, evaluate, and partner with the CIO so the person is able to effectively implement STEM's strategic priorities.

**Scope of Work:** The Support and Evaluation Committee is primarily responsible for setting annual goals, establishing needed supports and resources, and overseeing the annual evaluation of the CIO. Specifically,

- Annually review and revise as necessary the CIO's job description.
- Develop an annual timeline, tool, and criteria to evaluate the CIO.
- Develop and implement a CIO support strategy.
- Ensure effective collaboration and communication to the full board on progress toward annual goals.
- Prepare or revise the CIO's contract as necessary.
- Recommend CIO compensation adjustments to the full board, as appropriate.
- Annually evaluate its work as a committee and the objectives it has committed itself to, and report on the same to the board of trustees.

**Appointments and Composition:** Committee chair and 1 other board member are determined as a result of annual Board training and/or summer working sessions and membership confirmed at a Board meeting at the start of each school year, typically August. Committee composition typically includes two Board members, CIO, and does not include any staff members due to the sensitivity and confidentiality of items addressed in this committee.

**Current Members:** Chair - Erin Quigley (Board member), Kelly Reyna (Board member), Matt Cartier (CIO).

### 2023/2024 Annual Process Goals (by end of March):

1. Create Committee one page purpose document.
2. Develop an annual Support and Evaluation process and timeline
3. Complete the evaluation process and contractual renewal
4. Outline the priorities for the 24/25 school year
5. Demonstrate effective communication and trust by
  - a. Meeting regularly
  - b. Discussing highest priority topics
  - c. Provide effective and transparent updates to the board

### Long-term Goals:

Long-term goal (~3 years): Cultivate a culture that encourages ownership, teamwork, innovation, and an overall commitment to excellence.

### Medium-term goals (2023-2024):

#### Operational Goals:

- Modeling: Consistently models the ownership, teamwork, innovation, and an overall commitment to excellence we are driving towards in our long-term goal. Possible evidence:
  - Sample emails/communications
  - How community-wide events are executed
  - Sample coaching notes/interactions
  - Processes used for addressing needs, difficult conversations, etc
- Strategic Planning and Budgeting: Initiates and executes on a campus-wide strategic thinking and budgeting process that will drive the school's strategic priorities. Possible evidence:
  - Operational plans from each dept/sub-team
  - Budgets based on priorities
  - (Reach) Updated strategic plan (Bellwether)
- Leadership Development: Effectively develops the Shared Services Team by (re)defining roles and expectations, providing regular feedback on performance, and setting up structures for productive collaboration with each other, STEM HR, and future schools. Possible evidence:
  - Hiring the right people
  - Accurate job descriptions
  - Support & evaluation worksheets for each person on the Shared Services team
  - (Reach) Owner/Decision-making chart

Personal Professional Goals (identified by Matt)

**Annual Calendar:**

1. June:
  - a. Board training
2. August:
  - a. Bylaws - Discuss during Board training, approve updates at the start of school year,
  - b. Audit of current BOT evaluation tool
3. September:
  - a. Create Committee one page purpose document
  - b. Finalize the evaluation tool domains
  - c. Prep for the 10/3 BOD presentation
4. October:
  - a. Edit the Board on Track evaluation tool to reflect what's decided.
5. November:
  - a. Determine how this informs the bonus
  - b. Create "sensible default" calendar for ongoing years
6. December:
  - a. Complete initial progress check-in
7. Winter:
  - a. Complete mid-year progress check-in (to determine renewal of CIO contract)
8. May:
  - a. Complete end-of-year evaluation (to determine the CIO bonus)

**Scheduled Recurring Meetings:** Initial Meeting - 8/24/23, monthly meetings on 3rd Thursday of the month.

**Board Roster :** Chair - Erin Quigley, Vice Chair - Kelly Reyna