

BATTLE ROCK CHARTER SCHOOL

Independent Accountants' Reports
and
Basic Financial Statements

June 30, 2025

BATTLE ROCK CHARTER SCHOOL

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June 30, 2025

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Majors and Haley, P.C.
Certified Public Accountants

PO Box 1478
Cortez, Colorado 81321
970-565-9521

Chris L Majors, CPA MT

Lori H Haley CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Battle Rock Charter School
Cortez, Colorado 81321

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Battle Rock Charter School, Colorado, component unit of Montezuma County (Cortez) School District RE-1, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Battle Rock Charter School, Colorado, component unit of Montezuma County (Cortez) School District RE-1, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Student Activity Fund 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. 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 Battle Rock Charter School, Colorado, component unit of Montezuma County (Cortez) School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 Battle Rock Charter School, Colorado'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, which raise substantial doubt about the Battle Rock Charter School, Colorado's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Pension Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Other Post-Employment Benefits (OPEB) Plan Contributions, and Schedule of the District's Proportionate Share of the Net Other Post Benefits (OPEB) Plan Liability, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Majors and Haley P.C.

Majors and Haley PC
September 30, 2025

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Battle Rock Charter School, Colorado ("School"), component unit of Montezuma County (Cortez) School District RE-1, financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2025. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- The School's net position increased \$342,414. This was made up of \$519,260 in operations of the School and the School's share of PERA's pension benefit which totaled \$(176,846).
- The School's total revenue was \$2,052,863, which is an increase of \$257,173 from \$1,795,690 in the prior year.
 - General revenues (primarily the per pupil charter school allocation of \$1,016,992) accounted for \$1,115,511 in revenue, or 54.34% of all revenues. Program specific revenues in the form of grants accounted for \$937,352 (up from \$797,581 in the previous year), or the remaining 45.66%.
- The School incurred \$1,710,449 in expenses which is an increase of \$173,797 from \$1,536,652 in the prior year.
 - The general revenues of \$1,115,511 were adequate to cover all of the \$773,097 in expenditures that were not offset by program specific revenues.
- The General Fund reported a \$32,838 increase in fund balance from \$331,568 in the prior year to \$364,406. This is a 9.9% increase.
 - General Fund revenues increased \$336,243 from \$1,770,604 in the prior year to \$2,106,847 for a 19% increase.
 - The General Fund expenditures increased \$358,032 from \$1,715,977 in the prior year to \$2,074,009 for a 20.9% increase.

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Management's Discussion and Analysis is intended to serve as an introduction to the School's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components.

- School-wide financial statements.
- Fund financial statements.
- Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

School-wide Financial Statements

The School-wide financial statements are designed to provide the reader of the School Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The school-wide financial statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position presents information about all of the School's assets, liabilities, and deferred inflows, with the difference reported as net position.
- The Statement of Activities presents information showing how the net position of the School changed during the current fiscal year. Changes in net position are recorded in the Statement of Activities when the underlying event occurs, regardless of the timing of related cash flow. Thus, all of the revenues and expenses are taken into account regardless of when cash is received or paid.

The School-wide financial statements are one way to measure the School's financial health, or financial position.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the School's overall health, you need to consider additional non-financial factors such as changes in the School's property base, student counts, and the condition of school facilities.

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

In the School-wide financial statements, the School's activities are presented in the following category:

- **Governmental activities** - All of the School's basic services are included here, such as instruction, students, operations and maintenance, and administration. These activities are financed mainly through general revenues (per pupil charter school allocation from Montezuma County (Cortez) School District RE-1).

Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds, not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the School establishes other funds to help it manage and control its finances to achieve certain results.

The School uses one type of fund:

- **Governmental funds** - All of the School's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

As noted previously, net position may serve over time as a useful indicator of a government's financial position. For the year ended June 30, 2025, the School's assets and deferred outflows were more than its liabilities and deferred inflows by \$532,905.

Net investment in capital assets (e.g. land and improvements, buildings and equipment net of any related debt to acquire those assets that is still outstanding) represents \$1,276,408. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

An additional \$102,876 of the net position represents resources that are subject to external restrictions on how they may be used. \$70,000 of the restricted net position is an emergency reserve required by the Tabor amendment and \$32,876 for student activities. The remaining \$(846,379) is unrestricted net position. The negative balance is due to the implementation of GASB 68 and 75, resulting in a net pension liability of \$(1,116,117) and a net OPEB liability of \$(24,668) representing its proportionate share of the state retirement system plan. Current year activities increased the net position by \$294,406.

The following table provides a summary of the Statement of Net Position for governmental activities as of June 30, 2025 and 2024.

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

Table 1

Comparative Summary Statement of Net Position
At June 30

| | Governmental Activities | |
|-------------------------------------|----------------------------|------------|
| | 2025 | 2024 |
| Assets | | |
| Current assets | \$ 594,194 | \$ 962,373 |
| Capital assets, net of depreciation | 1,359,859 | 790,456 |
| Total assets | 1,954,053 | 1,752,829 |
| Deferred Outflows of Resources | 648,457 | 763,386 |
| Liabilities | | |
| Current liabilities | 211,279 | 598,399 |
| Noncurrent liabilities | 1,618,883 | 1,470,661 |
| Total liabilities | 1,830,162 | 2,069,060 |
| Deferred Inflows of Resources | 239,443 | 256,664 |
| Net Position | | |
| Invested in capital assets | 1,276,408 | 790,456 |
| Restricted | 102,876 | 102,406 |
| Unrestricted | (846,379) | (702,371) |
| Total net position | \$ 532,905 | \$ 190,491 |

At the close of the most recent fiscal year current assets of \$594,194 comprised 30.41% of the School's assets. The investments in capital assets, less depreciation net of \$1,359,859, the remaining 69.59%. There was a decrease in total current assets from \$962,373 in the prior year to \$594,194. Accrued wages and benefits of \$87,410 represent 41.37% of the total current liabilities. Accrued wages and benefits occur when teachers and certain other school employees' work nine or ten months of the year but are paid over a full twelve months. Current liabilities decreased from \$598,399 in the prior year to \$211,279.

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

The following table provides a summary of changes net position for governmental activities in fiscal year 2025 and 2024.

Table 2
Comparative Summary of Changes in Net Position
For the Year Ending June 30

| | Governmental Activities | |
|-------------------------------------|----------------------------|-------------------|
| | 2025 | 2024 |
| Revenues | | |
| Program revenues | | |
| Operating grants and contributions | \$ 900,640 | \$ 762,289 |
| Capital grants and contributions | 36,712 | 35,292 |
| General revenues | | |
| Per pupil charter school allocation | 1,016,992 | 970,656 |
| Other | 98,519 | 27,453 |
| Total revenues | <u>2,052,863</u> | <u>1,795,690</u> |
| Expenses | | |
| Instruction | 1,004,844 | 472,873 |
| Students and instructional staff | 192,652 | 133,850 |
| Administration and business | 215,641 | 235,416 |
| Operations and maintenance of plant | 133,004 | 123,245 |
| Student transportation | 73,410 | 44,744 |
| Central | 27,093 | 14,913 |
| Other support services | 9,800 | 11,650 |
| Food Service | 14,647 | 19,797 |
| Facilities acquisition | 39,358 | 480,164 |
| Total expenses | <u>1,710,449</u> | <u>1,536,652</u> |
| Increase (decrease) in net position | <u>\$ 342,414</u> | <u>\$ 259,038</u> |

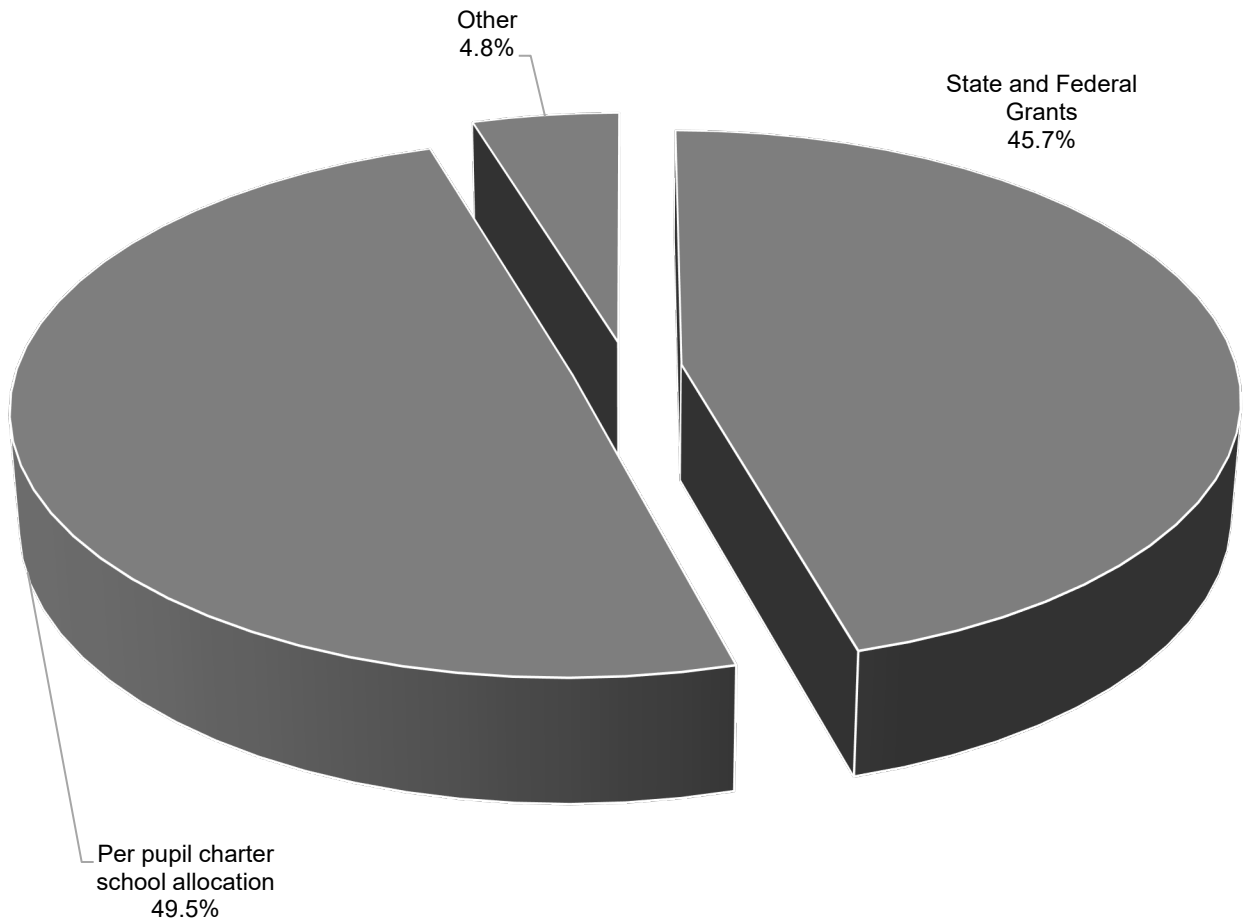
BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

Per pupil charter school allocation accounted for most of the School's total revenue, contributing 49.5 percent. Another 45.7 percent came from state and federal grants and the remainder from miscellaneous sources. See Table 3.

Table 3
Sources of Revenue for Fiscal Year 2025



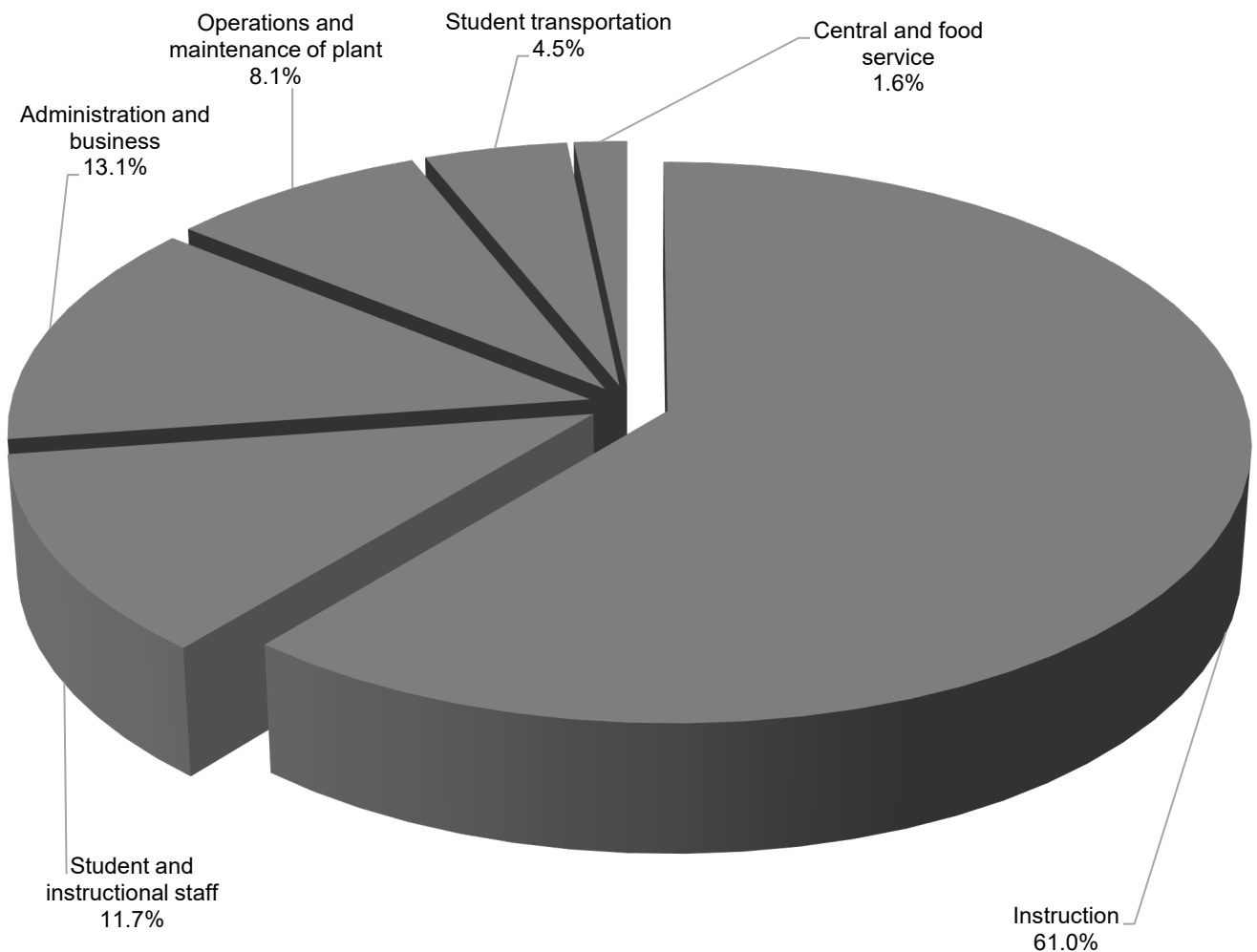
BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

The School's expenses are predominately related to instruction at 61.0%. Administration and business accounted for 13.1%, transportation accounted for 4.5%, Central and Food Service accounted for 1.6%, Students and Instructional Staff another 11.7% and operations and maintenance of plant made up 8.1%. See Table 4.

Table 4
Expenses for Fiscal Year 2025



BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

Governmental Activities

The primary source of operating revenue for the School comes from per pupil charter school allocation of \$1,016,992 from Montezuma County (Cortez) School District RE-1. The School received \$11,175.74 per funded student. In fiscal year 2025 the funded pupil count was 91, down 3.5 from 94.5 in the previous year. Funding for the charter school allocation comes from property taxes, specific ownership taxes and state equalization.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by the per pupil charter school allocation.

Table 5
Governmental Activities Net Cost of Services

| | Total Cost of Services | | Net Cost of Services | |
|-------------------------------------|---------------------------|--------------------|-------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Instruction | \$1,004,844 | \$ 472,873 | \$ 747,521 | \$ 258,635 |
| Students and instructional staff | 192,652 | 133,850 | 22,789 | 10,873 |
| Administration and business | 215,641 | 235,416 | 205,366 | 229,781 |
| Operations and maintenance of plant | 133,004 | 123,245 | 115,885 | 121,119 |
| Student transportation | 73,410 | 44,744 | 72,970 | 16,596 |
| Central | 27,093 | 14,913 | 27,093 | 14,913 |
| Other support services | 9,800 | 11,650 | | |
| Food service | 14,647 | 19,797 | 14,475 | 19,797 |
| Facilities acquisition | 39,358 | 480,164 | (433,002) | 67,357 |
| Total | <u>\$1,710,449</u> | <u>\$1,536,652</u> | <u>\$ 773,097</u> | <u>\$ 739,071</u> |

- The cost of all governmental activities during the year was \$1,710,449.
- Federal and state government subsidized certain programs with grants and contributions of \$937,352.
- However, most of the School's costs (\$773,097) were financed by per pupil charter school allocations of \$1,016,992, Mill Levy Override monies of \$80,786 and other miscellaneous income of \$17,733.

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's major governmental funds include the General Fund and the Student Activity Fund. These funds are accounted for using the modified accrual basis of accounting. These funds have total revenues of \$2,050,924, Capital Financing Proceeds of \$83,451 and expenditures of \$2,101,067.

General Fund Budgetary Highlights

The School's budget process is consistent with current Colorado statutes that require a proposed budget be presented to the Board of Education by June 1, with budget adoption by May 31. The law provides for school boards to adjust revenues and expenditures through January 31st of the following year. The most significant budgeted fund is the General Fund.

Over the course of the year, the School revised the annual operating budget by making and increase in appropriations. This increase was primarily the result of additional information that was obtained after the time the original budget was prepared.

- Actual expenditures were \$49,233 over budget. The was due to the financing of the bus of \$83,451.

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2025, the School has invested \$1,536,330 capital assets.

Table 6 shows capital assets for 2025 compared to 2024:

Table 6
Capital Assets
At June 30

| | Governmental Activities | |
|--------------------------------------|----------------------------|-------------------|
| | 2025 | 2024 |
| Buildings, Improvements and Vehicles | \$1,536,330 | \$ 905,981 |
| Accumulated Depreciation | (176,471) | (115,525) |
| Total | <u>\$1,359,859</u> | <u>\$ 790,456</u> |

BATTLE ROCK CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

Additional information on the School's capital assets can be found in Note 3 of the notes to the financial statements as listed in the table of content of this report.

LONG TERM DEBT

During FY25 the School financed a school bus with a note payable of \$83,451. Annual payments are due at \$20,626 with an interest rate of 7.5%. Additional information on the School's long-term debt can be found in Note 4 of the notes to the financial statements as listed in the table of contents of this report.

FACTORS BEARING ON THE SCHOOL'S FUTURE

At the time these financial statements were prepared and audited, the School is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School's citizens, taxpayers, parents, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Battle Rock Charter School; 11351 County Road G; Cortez, Colorado 81321.

BATTLE ROCK CHARTER SCHOOL
Statement of Net Position

June 30, 2025

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Cash | \$ 459,967 |
| Due from school district | 134,227 |
| Capital assets, net of depreciation | 1,359,859 |
| Total Assets | <u>1,954,053</u> |
| Deferred Outflows of Resources | |
| Pension items, net of accumulated amortization | 629,072 |
| OPEB items, net of accumulated amortization | 19,385 |
| Total Deferred Outflows of Resources | <u>648,457</u> |
| Liabilities | |
| Accounts payable | 23,890 |
| Accrued salaries and benefits payable | 87,410 |
| Unearned grant revenue | 85,612 |
| Noncurrent liabilities | |
| Due within one year | 14,367 |
| Due in more than one year | 69,084 |
| Net pension liability | 1,522,781 |
| Net OPEB liability | 27,018 |
| Total Liabilities | <u>1,830,162</u> |
| Deferred Inflows of Resources | |
| Pension items, net of accumulated amortization | 222,408 |
| OPEB items, net of accumulated amortization | 17,035 |
| Total Deferred Inflows of Resources | <u>239,443</u> |
| Net Position | |
| Net investment in capital assets | 1,276,408 |
| Restricted | |
| TABOR | 70,000 |
| Student Activity | 32,876 |
| Unrestricted | (846,379) |
| Total Net Position | <u>\$ 532,905</u> |

The Accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL

Statement of Activities

For the Year Ended June 30, 2025

| | | | | Net (Expenses) Revenues and Changes in Net Position |
|--------------------------------------|---------------------|--|--|--|
| | Expenses | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| Instructional Program Services | \$ 1,004,844 | \$ 257,323 | | \$ (747,521) |
| Support Program Services | | | | |
| Students | 95,728 | 75,602 | | (20,126) |
| Instructional staff | 96,924 | 94,261 | | (2,663) |
| General administration | 55,910 | | | (55,910) |
| School administration | 141,158 | 10,275 | | (130,883) |
| Business | 18,573 | | | (18,573) |
| Operation and maintenance of plant | 133,004 | 206 | \$ 16,913 | (115,885) |
| Student transportation | 73,410 | 440 | | (72,970) |
| Central support services | 27,093 | | | (27,093) |
| Other support services | 9,800 | 9,800 | | - |
| Food service operations | 14,647 | 172 | | (14,475) |
| Facilities acquisition | 39,358 | 452,561 | 19,799 | 433,002 |
| Total Governmental Activities | <u>1,710,449</u> | <u>900,640</u> | <u>36,712</u> | <u>(773,097)</u> |
| Total School | <u>\$ 1,710,449</u> | <u>\$ 900,640</u> | <u>\$ 36,712</u> | <u>(773,097)</u> |
| General Revenues | | | | |
| Per pupil charter school allocation | | | | 1,016,992 |
| Mill Levy Override | | | | 80,786 |
| Other | | | | 17,733 |
| Total General Revenues | | | | <u>1,115,511</u> |
| Changes in Net Position | | | | 342,414 |
| Net Position Beginning of the Year | | | | 190,491 |
| Net Position End of the Year | | | | <u>\$ 532,905</u> |

The accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL
Governmental Funds
Balance Sheet

For the Year Ended June 30, 2025

| | General Fund | Student Activity Fund | Total Governmental Funds |
|--|-------------------|-----------------------------|--------------------------------|
| Assets | | | |
| Cash | \$ 459,967 | | \$ 459,967 |
| Interfund receivable | (41,211) | \$ 41,211 | - |
| Due from school district | 134,227 | | 134,227 |
| Total Assets | <u>\$ 552,983</u> | <u>\$ 41,211</u> | <u>\$ 594,194</u> |
| Liabilities | | | |
| Accounts payable | \$ 23,086 | \$ 804 | \$ 23,890 |
| Accrued salaries and benefits payable | 79,879 | 7,531 | 87,410 |
| Unearned grant revenue | 85,612 | | 85,612 |
| Total Liabilities | <u>188,577</u> | <u>8,335</u> | <u>196,912</u> |
| Fund Balance | | | |
| Restricted | | | |
| TABOR | 70,000 | | 70,000 |
| Student activity | | 32,876 | 32,876 |
| Unrestricted | | | |
| Assigned for Mill Levy Override | 40,722 | | 40,722 |
| Assigned for next year's expenditures | 253,684 | | 253,684 |
| Total Fund Balances | <u>364,406</u> | <u>32,876</u> | <u>397,282</u> |
| Total Liabilities and Fund Balances | <u>\$ 552,983</u> | <u>\$ 41,211</u> | <u>\$ 594,194</u> |

The accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Position

For the Year Ended June 30, 2025

| | | |
|--|----|---------|
| Total Fund Balance Governmental Funds | \$ | 397,282 |
|--|----|---------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

| | | | |
|--------------------------|----|-----------|-----------|
| Capital assets | \$ | 1,536,330 | |
| Accumulated depreciation | | (176,471) | |
| | | | 1,359,859 |

Long-term liabilities and related items, including net pension liability, deferred outflows of resources and deferred inflows of resources, are not due and payable in the current year, and, therefore, are not reported in governmental funds.

| | | | |
|--|--|-------------|-------------|
| Due within one year | | (14,367) | |
| Due in more than one year | | (69,084) | |
| Net pension obligation | | (1,522,781) | |
| Net OPEB obligation | | (27,018) | |
| Deferred outflows of resources related to pensions - net | | 629,072 | |
| Deferred outflows of resources related to OPEB - net | | 19,385 | |
| Deferred inflows of resources related to pensions - net | | (222,408) | |
| Deferred inflows of resources related to OPEB - net | | (17,035) | |
| | | | (1,224,236) |

| | | |
|---|----|---------|
| Total Net Position Governmental Activities | \$ | 532,905 |
|---|----|---------|

The accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL
Government Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2025

| | General Fund | Student Activity Fund | Total Governmental Funds |
|---|--------------------------|-----------------------------|--------------------------------|
| Revenues | | | |
| Per-pupil charter school allocation | \$ 1,016,992 | | \$ 1,016,992 |
| Mill Levy Override | 80,786 | | 80,786 |
| Other local sources | 557,699 | \$ 27,528 | 585,227 |
| State sources | 100,377 | | 100,377 |
| Federal sources | 267,542 | | 267,542 |
| Total Revenues | <u>2,023,396</u> | <u>27,528</u> | <u>2,050,924</u> |
| Expenditures | | | |
| Instructional Program | 841,479 | 27,058 | 868,537 |
| Support Programs | | | |
| Students | 84,554 | | 84,554 |
| Instructional staff | 96,924 | | 96,924 |
| General administration | 55,910 | | 55,910 |
| School administration | 121,224 | | 121,224 |
| Business | 18,573 | | 18,573 |
| Operation and maintenance of plant | 130,251 | | 130,251 |
| Student transportation | 203,213 | | 203,213 |
| Central | 27,093 | | 27,093 |
| Other support services | 9,800 | | 9,800 |
| Food Service Operations | 12,341 | | 12,341 |
| Facilities acquisition | 472,647 | | 472,647 |
| Total Expenditures | <u>2,074,009</u> | <u>27,058</u> | <u>2,101,067</u> |
| Excess revenues over (under) expenditures | (50,613) | 470 | (50,143) |
| Other Financing Sources (Uses) | | | |
| Capital Financing Proceeds | 83,451 | | 83,451 |
| Net Change in Fund Balance | <u>32,838</u> | <u>470</u> | <u>33,308</u> |
| Fund Balances beginning of the year | 331,568 | 32,406 | 363,974 |
| Fund Balances end of the year | <u><u>\$ 364,406</u></u> | <u><u>\$ 32,876</u></u> | <u><u>\$ 397,282</u></u> |

The accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL

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

For the Year Ended June 30, 2025

Net Change in Fund Balances Governmental Funds **\$ 33,308**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental fund report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

| | | |
|----------------------|------------|---------|
| Capital outlay | \$ 630,349 | |
| Depreciation expense | (60,946) | |
| | <hr/> | 569,403 |

Capital Financing Proceeds are shown as other financing sources in the governmental funds. They are not included in the Statement of Activities

(83,451)

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 the governmental funds. This amount represents the change in net pension liability, OPEB liability, pension and OPEB-related deferred outflows of resources, and pension and OPEB-related deferred inflows of resources in the current period.

| | | |
|---|-----------|-----------|
| Pension contributions | 144,142 | |
| Cost of pension benefits earned net of employee contributions | (328,381) | |
| Support from the State of Colorado | 1,940 | |
| OPEB contributions | 7,214 | |
| Cost of OPEB benefits earned net of employee contributions | (1,761) | |
| | <hr/> | (176,846) |

Change in Net Position of Governmental Activities **\$ 342,414**

BATTLE ROCK CHARTER SCHOOL
Governmental Funds
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| Revenues | | | | |
| Local sources | | | | |
| Per-pupil Charter School allocation | \$ 1,025,248 | \$ 1,014,104 | \$ 1,016,992 | \$ 2,888 |
| Mill Levy Override | | 80,988 | 80,786 | (202) |
| Other | 5,000 | 623,500 | 557,699 | (65,801) |
| State sources | | | | |
| Grants | 245,868 | 256,378 | 100,377 | (156,001) |
| Federal sources | | | | |
| Grants | 135,683 | 103,820 | 267,542 | 163,722 |
| Total Revenues | <u>1,411,799</u> | <u>2,078,790</u> | <u>2,023,396</u> | <u>(55,394)</u> |
| Expenditures | | | | |
| Instructional Program | 873,562 | 878,478 | 841,479 | 36,999 |
| Support Programs | | | | |
| Students | 73,974 | 69,084 | 84,554 | (15,470) |
| Instructional staff | 16,360 | 82,360 | 96,924 | (14,564) |
| General administration | 56,262 | 57,262 | 55,910 | 1,352 |
| School administration | 118,184 | 119,564 | 121,224 | (1,660) |
| Business | 19,800 | 21,000 | 18,573 | 2,427 |
| Operation and maintenance of plant | 123,020 | 153,126 | 130,251 | 22,875 |
| Student transportation | 52,320 | 42,247 | 203,213 | (160,966) |
| Central | 16,000 | 27,250 | 27,093 | 157 |
| Other support services | 21,000 | 22,000 | 9,800 | 12,200 |
| Food Service Operations | 5,500 | 16,513 | 12,341 | 4,172 |
| Facilities acquisition | 35,000 | 535,892 | 472,647 | 63,245 |
| Total Expenditures | <u>1,410,982</u> | <u>2,024,776</u> | <u>2,074,009</u> | <u>(49,233)</u> |
| Excess revenues over (under) expenditures | 817 | 54,014 | (50,613) | (104,627) |
| Other Financing Sources (Uses) | | | | |
| Capital Financing Proceeds | | | 83,451 | 83,451 |
| Net Change in Fund Balance | <u>817</u> | <u>54,014</u> | <u>32,838</u> | <u>(21,176)</u> |
| Fund Balances beginning of the year | 335,303 | 331,568 | 331,568 | - |
| Fund Balances end of the year | <u>\$ 336,120</u> | <u>\$ 385,582</u> | <u>\$ 364,406</u> | <u>\$ (21,176)</u> |

The accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL
Governmental Funds
Student Activity Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended June 30, 2025

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|-----------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues | | | | |
| Local sources | | | | |
| Other | \$ 5,000 | \$ 5,000 | \$ 27,528 | \$ 22,528 |
| Total Revenues | <u>5,000</u> | <u>5,000</u> | <u>27,528</u> | <u>22,528</u> |
| Expenditures | | | | |
| Instructional Program | 4,999 | 15,000 | 27,058 | (12,058) |
| Appropriated reserves | 7,839 | 22,406 | | 22,406 |
| Total Expenditures | <u>12,838</u> | <u>37,406</u> | <u>27,058</u> | <u>10,348</u> |
| Excess revenues over (under) expenditures | (7,838) | (32,406) | 470 | 32,876 |
| Net Change in Fund Balance | <u>(7,838)</u> | <u>(32,406)</u> | <u>470</u> | <u>32,876</u> |
| Fund Balances beginning of the year | 7,838 | 32,406 | 32,406 | - |
| Fund Balances end of the year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,876</u> | <u>\$ 32,876</u> |

The accompanying notes are an integral part of the financial statements

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies

The financial statements of Battle Rock Charter School ("School") have been prepared in conformity with generally accepted accounting principles as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

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

The School is a component unit of the Montezuma County (Cortez) School District RE-1 ("District"). The School's charter was granted by the District and the majority of the School's funding is provided by the District. See Footnote 15 subsequent events.

Government-wide and Fund Financial Statements –The government-wide financial statements (the statement of net position and the statement of activities) display information about the School as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expense of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fees and charges to students or others who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are, restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported in separate columns in the fund financial statements.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Measurement Focus and Basis of Accounting – 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 the related cash flow. On an accrual bases, grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the school considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

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 accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the School is consistent with legal and managerial requirements. The School considers all of their funds to be major governmental funds.

General Fund- is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include per pupil funding from the District.

Student Activity Fund- is a special revenue fund used to account for the financial transactions related to student activities of the school.

Assets, Liabilities and Fund Balance/Net Position

Cash and Investments include investments with original maturities of three months or less. Investments are reported at fair value.

Due to/from the School District – Amounts that are due to/from the District are normal transactions that are paid in the next three months or less.

Short-term Interfund Receivable/Payables – During the course of operations, transactions occur between individual funds for goods provided or services rendered. These are paid in the next three months or less.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value of the date donated. The School maintained a capitalization threshold of \$25,000 for major outlays for building and improvements. The School does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations in the statement of activities, and accumulated depreciation is reported in the statement of net position in the government-wide financial statements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives; building and improvements 20-50 years and equipment 7 years.

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

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

Accrued Salaries and Benefits Payable represent the liability to teachers and certain other employees who earn their salaries over the nine-month school year but are paid over a twelve-month period. Changes in the accrual are reflected in expenditures or expense on the applicable fund's statement of revenue, expenditures and changes in fund balance.

Compensated Absences – The School's policy allows employees to accumulated personal leave. At fiscal year-end full-time employees are paid for up to 10 days of personal leave at the rate of \$100 per day. Therefore, no liability for accumulated sick leave is reported in the financial statements.

Federal and State Administered Grants are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Fund Equity – The fund balance of the governmental funds is reported in classifications based on the extent to which the School is bound to honor constraints for the specific purposes on which amount in the fund can be spent as follows:

- Nonspendable fund balance represents assets that cannot be spent either because of their form or legally or contractually must be maintained intact.
- Restricted fund balance reflects resources that are subject to externally enforceable legal limitations.
- Committed fund balance is the portion that is limited to specific purposes determined by a formal action of the Board.
- Assigned fund balance displays the School's intended use of these resources.
- Unassigned fund balance represents resources with residual net resources.

Restricted fund balance consists of required Emergency TABOR reserves of \$70,000 and \$32,876 for student activities.

When determining categories of fund balance, it is assumed that the type of expenditure determines the primary use of the fund balance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. Once the commitment or assignment is satisfied unassigned resource are used.

Net Position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Defined Benefit Pension Plan – 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 and additions to/deductions from the fiduciary net position 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.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Defined Benefit Other Post Employment Benefit (OPEB) Plan- 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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Inter-fund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Budgets and Budgetary Accounting – The School is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Superintendent's staff submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to June 30, the budget is legally adopted through passage of a resolution by the Board of Education. However, the Board can review and change the adopted budget through January 31 of the following year.

Formal budgetary integration is employed as a management control device during the fiscal year. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed by the School as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

2. Cash and Investments

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School's deposits might not be recovered. However, there is no custodial risk for public deposits because they are collateralized under the Colorado Public Deposit Protection Act (PDPA). The PDPA specifies eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local governmental depositors as a group, with a market value at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

At June 30, 2025, the carrying amount of the School's cash was \$459,967. The demand deposits balance was \$459,917. The School's bank balances of \$482,662 at June 30, 2025 and during the year ended June 30, 2025 were entirely covered by FDIC insurance or pledged collateral held by the School's agent banks in the name of governmental accounts of which the School is a part.

3. Capital Assets – Capital asset activity for the fiscal year ended June 30, 2025 follows:

| | Capital Assets <u>July 1, 2024</u> | <u>Additions</u> | <u>Deletions</u> | Capital Assets <u>June 30, 2025</u> |
|---|--|------------------|------------------|---|
| Governmental Activities | | | | |
| Capital Assets, being depreciated | | | | |
| Buildings, Improvements and Vehicle | \$ 905,981 | \$630,349 | | \$ 1,536,330 |
| Less Accumulated Depreciation | (115,525) | (60,946) | | (176,471) |
| Governmental Activities Capital Assets, net | <u>\$ 790,456</u> | <u>\$569,403</u> | <u>\$ -</u> | <u>\$ 1,359,859</u> |

4. Long Term Debt – in the Fiscal Year 2025 the School entered into a note payable of \$83,451 to purchase a school bus with Arvest Equipment Finance. The note payable consists of an annual payment of \$20,626 with 7.5% interest rate. The note payable is secured by the bus.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

The annual requirement for payments are as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|----------------------------|------------------|------------------|------------------|
| 2026 | \$ 14,367 | \$ 6,259 | \$ 20,626 |
| 2027 | 15,445 | 5,181 | 20,626 |
| 2028 | 16,603 | 4,023 | 20,626 |
| 2029 | 17,849 | 2,778 | 20,627 |
| 2023 | 19,187 | 1,438 | 20,625 |
| Total | <u>\$ 83,451</u> | <u>\$ 19,679</u> | <u>\$103,130</u> |

Changes in Long-Term Debt

A summary of changes in general long-term debt are as follows:

| | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|---|-------------------------|------------------|-------------|--------------------------|
| Governmental Activities Note Payable | \$ - | \$ 83,451 | \$ - | \$ 83,451 |
| Total | <u>\$ -</u> | <u>\$ 83,451</u> | <u>\$ -</u> | <u>\$ 83,451</u> |

5. Defined Benefit Pension Plan

Plan Description – Eligible employees of the District 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 comprehensive annual financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

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.
- \$15 times the first 10 years of service credit plus \$20 times the service credit of 10 years plus a monthly amount equal to the annuitized member contribution account balance based on the life expectancy and other actuarial factors.

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

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

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

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

Contributions provisions as of June 30, 2025: Eligible employees, of the District 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

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

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

**Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$144,142 for the year ended June 30, 2025.

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

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

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

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

At June 30, 2025, the District reported a liability of \$1,522,781 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District 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 District were as follows:

| | |
|---|---------------------|
| District's proportionate share of the net pension liability | \$ 1,522,781 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | 136,770 |
| Total | <u>\$ 1,659,551</u> |

On December 31, 2024, the Districts proportion was .0088252083%, which was an increase of .0007046771% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$182,299 and revenue of \$12,483 for the support from the State as a nonemployer contributing entity. On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 86,233 | |
| Changes of assumptions or other inputs | 11,416 | |
| Net difference between projected and actual earning on pension plan investments | 251,138 | \$ 222,408 |
| Changes in proportion and differences between contributions and recognized and proportionate share of contributions | 206,734 | |
| Contributions subsequent to the measurement date | 73,551 | |
| Total | <u>\$ 629,072</u> | <u>\$ 222,408</u> |

BATTLE ROCK CHARTER SCHOOL

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\$73,551 reported as deferred outflows related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|-------------------|
| Year ended June 30, | |
| 2026 | \$ 212,233 |
| 2027 | 168,363 |
| 2028 | (26,992) |
| 2029 | (20,491) |
| Total | <u>\$ 333,113</u> |

Actuarial Assumptions – The TLP in the December 31, 2023 actuarial valuation was determined using the following cost method, actuarial assumptions and other inputs:

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

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

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

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

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

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

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

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

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

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

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

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District'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 percent, as well as what the proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | 1 % Decrease (6.25%) | Current Discount Rate (7.25%) | 1 % Increase (8.25) |
|---|-------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 2,064,538 | \$ 1,522,781 | \$ 1,068,984 |

Pension plan fiduciary net position. Detail information of the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at -- www.copera.org/forms-resources/financial-reports-and-studies.

6. Other Post-Employment Benefits

Plan Description. Eligible employees of the District 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 from time to time by the Colorado General Assembly, PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the

BATTLE ROCK CHARTER SCHOOL

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

PERA Benefit Structure

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

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

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

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Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$7,214 for the year ended June 30, 2025.

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

At June 30, 2025 the District reported a liability of \$27,018 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District proportion was .0056504124%, which was an increase of .0007923394% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025 the District recognized OPEB expense of \$(5,543). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | | \$ 5,960 |
| Changes of assumptions or other inputs | \$ 310 | 8,636 |
| Net difference between projected and actual earning on pension plan investments | 2,530 | 2,439 |
| Changes in proportion and differences between contributions and recognized and proportionate share of contributions | 12,864 | |
| Contributions subsequent to the measurement date | 3,681 | |
| Total | <u>\$ 19,385</u> | <u>\$ 17,035</u> |

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\$3,681 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|---------------------|-------------------|
| Year ended June 30, | |
| 2026 | \$ 609 |
| 2027 | 1,031 |
| 2028 | (1,769) |
| 2029 | (884) |
| 2030 | (245) |
| 2031 | (73) |
| Total | <u>\$ (1,331)</u> |

Actuarial assumptions. The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

| | State Division | School Division | Local Government Division | Judicial Division |
|--|-------------------|--------------------|---------------------------------|----------------------|
| Actuarial cost method | | | Entry age | |
| Price inflation | | | 2.30% | |
| Real wage growth | | | 0.70% | |
| Wage inflation | | | 3.00% | |
| Salary increases, including wage inflation | | | | |
| Members other than Safety Officers | 3.30%- 10.90% | 3.40%- 11.00% | 3.20%- 11.30% | 2.80%- 5.30% |
| Safety Officers | 3.20%- 12.40% | N/A | 3.20%- 12.40% | N/A |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | | | 7.25% | |
| Discount rate | | | 7.25% | |

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Health care cost trend rates

PERA benefit structure:

Service-based premium subsidy 0.00%

PERACare Medicare plans 16.00% in 2024,
gradually decreasing
to 4.50% in 2034

MAPD PPS #2 105.00% in 2024, then 8.55% in 2025,
Gradually decreasing to 4.5% in 2034

Medicare Part A premiums 3.50% in 2024,
gradually increasing
to 4.50% in 2033

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

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

Age-Related Morbidity Assumptions

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. 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.

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PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy, MAPD PPAO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

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

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

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

| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|---|------------------------|-----------------------------------|
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| School Division | PubT-2010 Employee | N/A |

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| | | |
|---|---|--|
| Judicial Division | PubG-2010(A) Above-Median Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Healthy Retiree | Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |
| School Division | PubT-2010 Healthy Retiree | Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older |
| Judicial Division | PubG-2010(A) Above-Median Healthy Retiree | N/A |
| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages Females: 105% of the rates for all ages |
| Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.

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

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

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

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

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

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

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

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

| | Mortality Table | Adjustments, as Applicable |
|---|--|---|
| Pre-Retirement | | |
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| School Division | PubT-2010 Employee | N/A |
| Judicial Division | PubG-2010(A) Above-Median Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | | |
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Healthy Retiree | Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |

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

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

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

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

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

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare trend rate ¹ | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend | 3.50% | 4.50% | 5.50% |
| Initial MAPD PPO#2 trend rate ¹ | 7.55% | 8.55% | 9.55% |
| Ultimate MAPD PPO#2 trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate ¹ | 2.75% | 3.75% | 4.75% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$26,290 | \$27,018 | \$27,842 |

¹For the January 1, 2025, plan year.

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

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

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

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

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

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$ 33,111 | \$ 27,018 | \$ 21,765 |

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

7. Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24 Article 51 Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees, PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The School has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$0 to the Voluntary Investment Program.

8. Accrued Salaries – Certified instructors of the School are contracted for nine months annually between Labor Day and June 1. These instructors, while only working nine months, are paid for their services in twelve equal monthly installments. On June 30 of each year they have completed their entire contract but have only received 10/12 of the related compensation with the difference to be paid over the summer break. The difference, totaling \$87,410, is reflected as an accrued expense at June 30.

9. Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Board of Education but are not spendable until appropriated. The School uses the following restrictions and assignments:

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Restricted

TABOR – indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance reserved for emergencies consists of \$70,000 in the General Fund.

Student activities- indicates that the fund balance of \$32,876 in the Student Activities Fund has been restricted for student activities.

Assigned

Assigned for Mill Levy Override – indicated fund balance of \$40,722 that is to be spent on teacher salaries per the voter approved mill levy override

Assigned for future expenditures – indicates anticipated fund balance available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of \$253,684 in the General Fund.

10. Risk Management – The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School is a member of the Colorado School Districts Self-Insurance Pool, or CSDSIP. CSDSIP was formed in 1981 and is a member-owned and governed pool that provides property and liability insurance, risk management, and claims administration services for Colorado public K-12 school districts. The School pays an annual premium for its general insurance coverage. The Pool is self-sustaining through member premiums and obtains excess insurance to limit per occurrence exposure to \$250,000.

The School continues to carry commercial insurance for all other risks of loss including worker's compensation and employee health and accident insurance. There have been no settled claims that have exceeded insurance coverage in any of the past three fiscal years. There have been no significant decreases in insurance coverage from the prior year.

11. Tax, Spending, and Debt Limitations – Colorado Voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The people of the School voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenue, including state grants and taxes, generated during fiscal year 1998 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with all other requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

BATTLE ROCK CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

- 12. Compliance with the Financial Policies and Procedures Handbook** – The School is complying with the provisions of section 22-44-204(3), C.R.S., concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education C.R.S. 29-1-603.
- 13. Commitments and Contingent Liabilities** – There were no commitments or contingent liabilities at June 30.
- 14. Compliance with Laws and Regulations** – The School may be in violation of State Statue. Expenditures exceeded appropriation in the Geneal Fund.
- 15. Subsequent Events** – The School jointed the Colorado Charter School Institute, a statewide charter authorizer at the beginning of the Fiscal Year 2026 school year and will no longer be a component unit of Montezuma County (Cortez) School District RE-1.

BATTLE ROCK CHARTER SCHOOL

Required Supplementary Information

June 30, 2025

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Pension Schedules

- Schedule of the School's Pension Contributions

- Schedule of School's Proportionate Share of the Net Pension Liability

OPEB Schedules

- Schedule of the School's OPEB Contributions

- Schedule of the School's Proportionate Share of the Net OPEB Liability

BATTLE ROCK CHARTER SCHOOL
Schedule of the School's OPEB Contributions

June 30, 2025
Last 10 Years*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Statutorily required contributions | \$ 7,214 | \$ 6,308 | \$ 4,932 | \$ 4,905 | \$ 4,144 | \$ 3,223 | \$ 2,306 | \$ 2,294 | \$ 1,866 |
| Contributions in relation to the statutory required contribution | 7,214 | 6,308 | 4,932 | 4,905 | 4,144 | 3,223 | 2,306 | 2,294 | 1,866 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School's covered payroll | \$ 707,221 | \$ 618,521 | \$ 483,578 | \$ 480,900 | \$ 406,244 | \$ 315,656 | \$ 226,149 | \$ 224,835 | \$ 182,901 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

*Fiscal year 2018 was the first year of implementation. Information is not available for years prior to 2017.

See Note 6 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

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

2024 Changes in Plan Provisions Since 2023

As of December 31, 2024 measurement date, the FNP and related disclosures for HCTF reflect additional payments related to the disaffiliation of Tri- County Health Department as a PERA-affiliated employer effective December 31, 222. The actuarial disaffiliating payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

2024 Changes in Assumptions or Other Inputs Since 2023

Salary scale assumptions were altered to better reflect actual experience.

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.

Participation rates were reduced.

MAPD premium costs are no longer age graded.

BATTLE ROCK CHARTER SCHOOL
Schedule of the School's Proportionate Share of the Net OPEB Liability

June 30, 2025
Last 10 Years*

| | 12/31/2024 | 12/31/2023 | 12/31/2022 | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| School's proportion of the Net OPEB Liability | 0.00565041% | 0.00485807% | 0.00469280% | 0.00478440% | 0.00371070% | 0.00310759% | 0.00287139% | 0.00245818% | 0.00244906% |
| School's share of the Net OPEB Liability | \$ 27,018 | \$ 34,673 | \$ 38,316 | \$ 41,256 | \$ 35,260 | \$ 34,929 | \$ 39,066 | \$ 31,947 | \$ 25,989 |
| School's covered payroll | \$ 707,221 | \$ 618,521 | \$ 483,578 | \$ 457,958 | \$ 343,145 | \$ 279,172 | \$ 242,852 | \$ 199,567 | \$ 182,901 |
| School's proportionate share of the net pension liability as a percentage of its covered payroll | 3.82% | 5.61% | 7.92% | 9.01% | 10.28% | 12.51% | 16.09% | 16.01% | 14.21% |
| Plan fiduciary net position as a percentage of the total pension liability | 59.83% | 41.16% | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 21.25% | 20.07% |

The amounts presented for each year were determined as of the calendar year that occurred within the fiscal year.

*Fiscal year 2018 was the 1st year in implementation. Information is not available for years prior to 2016.

Notes to Required Supplemental Information

See Note 6 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

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

2024 Changes in Plan Provisions Since 2023

As of December 31, 2024 measurement date, the FNP and related disclosures for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer effective December 31, 222. The actuarial disaffiliating payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

2024 Changes in Assumptions or Other Inputs Since 2023

Salary scale assumptions were altered to better reflect actual experience.

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.

Participation rates were reduced.

MAPD premium costs are no longer age graded.

BATTLE ROCK CHARTER SCHOOL
Schedule of the School's Pension Contributions

June 30, 2025
Last 10 Years*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Statutorily required contributions | \$ 144,142 | \$ 126,063 | \$ 98,560 | \$ 95,610 | \$ 80,767 | \$ 61,237 | \$ 43,267 | \$ 42,500 | \$ 33,646 | \$ 23,883 |
| Contributions in relation to the statutory required contribution | 144,142 | 126,063 | 98,560 | 95,610 | 80,767 | 61,237 | 43,267 | 42,500 | 33,646 | 23,883 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School's covered payroll | \$ 707,221 | \$ 618,521 | \$ 483,578 | \$ 480,900 | \$ 406,244 | \$ 315,956 | \$ 226,149 | \$ 224,835 | \$ 182,901 | \$ 134,466 |
| Contributions as a percentage of covered payroll | 20.38% | 20.38% | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.90% | 18.40% | 17.76% |

Notes to Required Supplemental Information

See Note 5 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

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

2024 Changes in Plan Provisions Since 2023

There were no changes made to the plan provisions.

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

2024 Changes in Assumptions or Other Inputs Since 2023

Salary scale assumptions were altered to better reflect actual experience.

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

The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable.

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

Subsequent Events

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

BATTLE ROCK CHARTER SCHOOL
Schedule of the School's Proportionate Share of the Net Pension Liability

June 30, 2025
Last 10 Years*

| | 12/31/2024 | 12/31/2023 | 12/31/2022 | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 | 12/31/2015 |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|-------------|
| School's proportion of the net pension liability | 0.00882521% | 0.00812053% | 0.00617070% | 0.00732765% | 0.00642141% | 0.00475825% | 0.00417471% | 0.00432630% | 0.00352529% | 0.00271965% |
| School's proportionate share of the net pension liability | \$ 1,522,781 | \$ 1,435,988 | \$ 1,123,651 | \$ 852,746 | \$ 970,788 | \$ 710,872 | \$ 782,204 | \$ 1,398,972 | \$ 1,049,616 | \$ 415,951 |
| School's share of State's share of the net pension liability as nonemployer contributing entity | \$ 136,770 | \$ 31,487 | \$ 327,443 | \$ 97,756 | \$ - | \$ 90,165 | \$ 106,956 | | | |
| | <u>\$ 1,659,551</u> | <u>\$ 1,467,475</u> | <u>\$ 1,451,094</u> | <u>\$ 950,502</u> | <u>\$ 970,788</u> | <u>\$ 801,037</u> | <u>\$ 889,160</u> | | | |
| School's covered payroll | \$ 707,221 | \$ 618,521 | \$ 483,578 | \$ 457,958 | \$ 343,145 | \$ 279,172 | \$ 242,852 | \$ 199,567 | \$ 158,274 | \$ 118,484 |
| School's proportionate share of the net pension liability as a percentage of its covered payroll | 215.32% | 232.16% | 232.36% | 186.21% | 282.91% | 254.64% | 322.09% | 701.00% | 663.16% | 351.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.17% | 64.74% | 61.79% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.13% | 59.20% |

The amounts presented for each year were determined as of the calendar year that occurred within the fiscal year.

Notes to Required Supplemental Information

See Note 5 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provisions Since 2023

There were no changes made to the plan provisions.

Note 2—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

Salary scale assumptions were altered to better reflect actual experience.

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

The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable.

In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.

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

Subsequent Events

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