THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.

CORTEZ, COLORADO

FINANCIAL STATEMENTS

June 30, 2021

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
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June 30, 2021

INDEPENDENT AUDITORS' REPORT

Wall,
Smith,
Bateman Inc.

To the Board of Education
The Children's Kiva Montessori
Charter School Inc.
Cortez, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the major fund of The Children's Kiva Montessori Charter School Inc. (the School), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the major fund of the School, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefits information as outlined in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 6, 2021

As management of The Children's Kiva Montessori Charter School (CKMS or the School), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Highlights

The year ending June 30, 2021, marks the seventh year of operation for the School. During that time, the School faced many challenges, including operating in the Covid 19 environment. Student enrollment has increased 28% over the last three years. While facing teacher shortages in Southwest Colorado, the School has been able to attract skilled and competent staff to support the needs of our students. We moved into our new building in the fall of 2019, occupying approximately 50% of the building. The second phase of building remodel commenced in June 2021 and is expected to add more classroom and support space for the School.

The School's Charter was approved by the Montezuma Cortez School District in early 2021 for one-year, with a one-year additional and automatic extension if certain academic and administrative criteria are met. The School's operations are funded primarily through Per Pupil Revenue received under Colorado's School Finance Act. We discuss this in more detail in the Opportunities and Challenges section in this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to the basic financial statements, and it includes comparisons to prior year activity. The basic financial statements are comprised of 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The School is a 501(c) (3) non-profit corporation engaged in a single governmental program.

<u>Government-Wide Financial Statements</u> – These financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

> The statement of net position presents information on the School's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.
>
> The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid at year end).
>
> In the statement of net position and the statement of activities, we present the School using both Governmental Activities and Business type activities. Governmental activities comprise the School's day-to-day activities. Business type activities comprise The Building Corporation (CKBC), charged with acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements on behalf of the School.

<u>Fund Financial Statements</u> – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other nonprofits, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the School can be divided into two categories: governmental and proprietary funds.

Governmental funds – These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Year-end balances may include monies classified as spendable, restricted, committed, assigned, or unassigned. Such classifications show the nature and extent of constraints placed on the School's fund balance by law, creditors, and the School's annually adopted budget. For example, an Unassigned Fund balance is available for spending for any purpose. Such information may be useful in evaluating the School's near-term financing requirements.

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

Proprietary funds – These funds are reported in the same way that the business-type are reported in the statement of net position and the statement of activities in the school-wide statements but provide more detail and additional information, such as cash flows.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Required Supplementary Information – Supplementary information provides additional insight into how the School's actual operations compared to budgeted operations. Required supplementary information can be found following the notes to the basic financial statements.

Government-Wide Financial Analysis
The Statement of Net Position and Statement of Activities are shown on the following pages. These statements present the combined activities of the School and the Building Corporation.

STATEMENT OF NET POSITION
JUNE 30, 2021 and 2020

	2021	2020	Variance
ASSETS:			
Cash	$342,282	$230,094	$112,188
Accounts receivable	$9,701	$14,771	($5,070)
Intergovernmental receivable	$7,108	$6,088	$1,020
Prepaid expenses	$38,947	$18,884	$20,063
Total Current Assets	$398,038	$269,837	$128,201
Capital assets, net of accumulated depreciation	$1,839,175	$1,839,199	($24)
Total Noncurrent Assets	$1,839,175	$1,839,199	($24)
TOTAL ASSETS	$2,237,213	$2,109,036	$128,177
Deferred Outflows of Resources	$631,130	$155,369	$475,761
LIABILITIES:			
Accounts payable	$41,861	$34,877	$6,984
Unearned revenue	$0	$48,989	($48,989)
Accrued expenses	$73,810	$67,134	$6,676
Notes Payable	$25,248	$2,086	$23,162
Total Current Liabilities	$140,919	$153,086	($12,167)
Notes payable	$1,215,797	$1,240,996	($25,199)
Net pension and OPEB liability	$1,370,469	$1,017,405	$353,064
Total Noncurrent Liabilities	$2,586,266	$2,258,401	$327,865
TOTAL LIABILITIES	$2,727,185	$2,411,487	$315,698
Deferred Inflows of Resources	$690,077	$872,063	($181,986)
NET POSITION			
Net Investment in Capital Assets	$623,378	$598,203	$25,175
Restricted for TABOR	$39,517	$31,195	$8,322
Unrestricted	($1,211,814)	($1,648,543)	$436,729
TOTAL NET POSITION	($548,919)	($1,019,145)	$470,226

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2021 and 2020

	Fiscal Year 2021	Fiscal Year 2020	Variance
PROGRAM REVENUES			
Charges for Services	$106,375	$120,825	($14,450)
Operating Grants and Contributions	$224,841	$237,843	($13,002)
Capital Grants and Contributions	$165,735	$106,500	$59,235
GENERAL REVENUES			
Per Pupil revenue	$1,081,321	$797,975	$283,346
In-kind Contributions	$372	$23,144	($22,772)
Investment Revenue	$31	$29	$2
Total Revenues	$1,578,675	$1,286,316	$292,359
EXPENSES			
Instructional Program	$529,910	$437,184	$155,726
Supporting Services	$449,874	$435,711	$14,163
Building Corporation	$128,665	$112,354	$16,311
Total Expenses	$1,108,449	$985,249	$123,200
CHANGE IN NET POSITION	$470,226	$301,067	$169,129
NET POSITION, BEGINNING	($1,019,145)	($1,320,212)	$301,067
NET POSITION, ENDING	($548,919)	($1,019,145)	$470,226

Pension Obligations and Net Position

The effect of the PERA pension and OPEB expense on the School's total net position for Fiscal Year 2021 and 2020 is summarized below:

	Fiscal Year 2021	Fiscal Year 2020
Net Position (GAAP Basis)	$(1,258,276)	$(1,630,137)
GASB 68 - Pension	1,375,585	1,678,035
GASB 75 - OPEB	53,831	56,064
Net Position Excluding Pension and OPEB	$171,140	$103,962

The effect of the PERA pension and OPEB expense on the School's unrestricted position for Fiscal Year 2021 and 2020 is summarized below:

	Fiscal Year 2021	Fiscal Year 2020
Unrestricted Net Position (GAAP Basis)	$ (1,297,793)	$ (1,662,455)
GASB 68 - Pension	1,375,585	1,678,035
GASB 75 - OPEB	53,831	56,064
Unrestricted Net Position Excluding Pension and OPEB	$131,623	$71,644

Cash increased by $112,188 due, in part, to proceeds from a legal settlement reached by CKBC. Accounts receivable decreased and Intergovernmental receivable increased compared to the prior year due to timing of year end activity. Prepaid expenses for 2021 included a CKBC prepayment for the building remodel and July employee medical benefit premiums, compared to the school improvement grant with work in process at the end of 2020.

Accounts payable increased compared to the prior year due to year end activity; 2021 included $24,325 of intergovernmental payable to the District resulting from an Impact Aid funding error, while 2020 included a $24,900 purchase of Chromebooks. There were no Unearned grant revenues at the end of June 2021 compared to $48,989 last year, which were primarily related to unspent COVID Relief Funds and a school improvement grant.

Accrued expenses increased $6,676 in 2021 compared to 2020. These expenses include accrued wages and benefits that occur when teachers and certain other employees work ten months of the year but are paid over a full twelve months.

Revenues

The School's primary source of revenue is the state equalization revenue from the Colorado Department of Education. These revenues are based on a per pupil allocation as determined by the Colorado State Legislature. The School received State per pupil funding (PPR) of $7,807 for the 2020-2021 school year, based on the October 2020 pupil count of 138.5 kindergarten through eighth grade students. For the 2019-2020 school year, the School received State PPR of $8,229, based on a count of 97 kindergarten through eighth grade students. Overall, State equalization revenue increased by about $283,346 as of June 30, 2021 compared to the same period in 2020; reflecting a $341,504 increase due to increased enrollment; offset by a $58,058 decrease due to lower PPR funding.

Other sources of revenue for the School include program-specific State and Federal grants. In 2020-21 some of these included $29,815 of Impact Aid, $57,110 of Covid-related funds, $47,863 of Title funds and $19,492 of Rural school funds. During 2019-20 some of these included $29,072 of Impact Aid, $25,350 of Covid-related , $34,153 of Title funds, $10,330 of Rural school funds and $24,200 for school improvement.

CKBC sources of revenue include lease or rent on the school building, and donations from external sources. Monthly lease revenue remained the same for the period ended June 30, 2021 and June 30, 2020, while donations decreased about $100,200 compared to the prior year. CKBC results also include $117,500 from a favorable legal settlement received in March 2021.

Expenses
The School's expenses, excluding pension related obligations, increased $169,889 compared to the 2019-2020 school year primarily due to additional teaching staff to support increased enrollment. CKBC operating expenses increased $16,311 compared to the prior year.

Special Items
In March 2021 CKBC received $117,500 of proceeds from a legal settlement related to the asbestos removal project during the 2018-2019 school year.

Fund Balances
Restricted for TABOR - The State of Colorado Taxpayers Bill of Rights law requires governmental entities to reserve 3% of its fiscal year end spending excluding any bonded debt service, of which the School has none. Accordingly, a reserve for fund balance has been established in the amount of $39,517. TABOR funds are not available to satisfy general operating expenses of the School.

Unrestricted Funds – These funds are available to support general operating activities of the School. At June 30, 2021 these funds amounted to $(1,211,814) compared to $(1,648,543) at June 30, 2020.

Budget Variances – Governmental Fund
The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The School's Board of Directors revised the budget in January 2021 and approved two supplemental appropriations during the school year. Actual expenditures were under the Final Budget. See Required Supplementary Information.

Capital Assets and Long-term Debt
CKBC has entered into two loan agreements for a total of about $1.2 million related to the purchase and remodel of the school building. Phase II of the building remodel commenced in June 2021.

Cash Flow Needs
In February 2021, the School entered into a twelve-month operating line of credit with a local bank for up to $60,000. There were no amounts due at the end of June 30, 2021. The line of credit was used in December and January to support a cash flow gap that resulted from the timing of the PPR true up. For the first six months of the school year, the School's funding from PPR was based on the October 2019 student count of 97. The January 2021 true up adjusted the PPR for the remaining six months of the school year based on the October 2020 student count of 138.5.

Opportunities and Challenges
The Covid pandemic changed the environment in which the School operates. During 2020-21 the School operated in a mix of distance-learning and in-school learning modes to meet the challenges in the Covid 19. The School established a Return to Learn Committee to monitor Covid in the community, and to determine which mode of learning was appropriate to ensure the safety of students, families and staff. The School used a portion of federal Covid relief funds to provide an on-line only option for students and families who were not comfortable returning to the classroom.

We expect that the Covid pandemic will continue to affect the State's economy in the coming years, which could negatively impact school funding. For the 2020-21 school year, per pupil funding decreased $422 per student. Fortunately, the School was able to offset that decrease with an overall 43% increase in student enrollment. Student enrollment was 138.5 based on the October 2020 student count compared to 97 the prior year.

The Federal Government has provided Covid 19 funding to schools, including CKMS, to support needs resulting from the pandemic, primarily focused on reducing the spread of Covid 19 and addressing learning loss. During the 2020-21 school year, the School used $30,662 of Covid Relief funds and $26,448 of Elementary and Secondary School Emergency Relief Fund (ESSER I) funds primarily to support online learning, social distancing and additional technology requirements.

Additionally, the School has been awarded $189,722 referred to as ESSER II and $446,795 from the American Rescue Plan, referred to as ESSER III. For the 2021-22 school year, the School plans to use ESSER II for additional teaching staff and support to address learning loss, and for curriculum to support this effort. Plans are being developed for use of ESSER III funds, which will fall into the 2021-22 through 2024 school years.

Opportunities for the School to adapt and grow, include:

- The School is in its second year with an overall rating (representing growth and achievement) of Priority Improvement. Formal 06/30/2021 assessments were canceled due to the Covid pandemic. Unfortunately, and as with most schools affected by Covid, the school closures and changes in learning modes due to Covid 19 has resulted in learning loss. Regardless of these circumstances, the School must continue to make gains in achievement to maintain its accreditation, as measured by Colorado Department of Education.
- The School relies on PPR to support its ongoing operations. This funding is directly tied to student enrollment count, therefore, continued increased enrollment is important. Students and families have many options in the community. This, along with the Covid pandemic which caused some families to opt for homeschooling, presents challenges for the School.
- Retaining and attracting teaching staff is a challenge due to a statewide teacher shortage.
- As with other school districts in rural Colorado, the School is facing an increasing need for social-emotional resources to support its students;
- Phased remodel of the new building will continue to limit enrollment growth capacity; and

The School has a qualified core teaching staff to meet the needs of its students, and to support improved academic performance. Construction phasing was timed to meet projected enrollment growth over the next several years. Phase II of the building remodel commenced in June 2021, and is expected to be completed in January 2022.

CKBC faces its own challenges in securing additional resources to complete renovations of the new building to meet the School's enrollment and curricular needs.

<u>Request for Information</u>

This financial report is designed to provide a general overview of the School's financial position. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Children's Kiva Montessori Charter School at 601 Mildred Road, Cortez, Colorado 81321.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.

BASIC FINANCIAL STATEMENTS

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Current Assets			
Cash	$ 262,982	$ 79,300	$ 342,282
Accounts Receivable	9,701	-	9,701
Intergovernmental Receivable	7,108	-	7,108
Prepaid Expenses	7,020	31,927	38,947
Total Current Assets	286,811	111,227	398,038
Noncurrent Assets			
Capital Assets			
Land	-	180,000	180,000
Construction in Progress	-	1,659,175	1,659,175
Equipment	42,495	-	42,495
Less: Accumulated Depreciation	(42,495)	-	(42,495)
Total Noncurrent Assets	-	1,839,175	1,839,175
TOTAL ASSETS	286,811	1,950,402	2,237,213
DEFERRED OUTFLOWS OF RESOURCES			
Pension	615,127	-	615,127
OPEB	16,003	-	16,003
TOTAL DEFERRED OUTFLOWS OF RESOURCES	631,130	-	631,130
LIABILITIES			
Current Liabilities			
Accounts Payable	41,861	-	41,861
Unearned Revenue	-	-	-
Accrued Expenses	73,810	-	73,810
Notes Payable	-	25,248	25,248
Total Current Liabilities	115,671	25,248	140,919
Noncurrent Liabilities			
Notes Payable	-	1,215,797	1,215,797
Net Pension Liability	1,322,441	-	1,322,441
Net OPEB Liability	48,028	-	48,028
Total Noncurrent Liabilities	1,370,469	1,215,797	2,586,266
TOTAL LIABILITIES	1,486,140	1,241,045	2,727,185
DEFERRED INFLOWS OF RESOURCES			
Pension	668,271	-	668,271
OPEB	21,806	-	21,806
DEFERRED INFLOWS OF RESOURCES	690,077	-	690,077
NET POSITION			
Net Investment in Capital Assets	-	623,378	623,378
Restricted for TABOR	39,517	-	39,517
Unrestricted	(1,297,793)	85,979	(1,211,814)
TOTAL NET POSITION	$ (1,258,276)	$ 709,357	$ (548,919)

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Business-Type Activities**	**TOTAL**
Primary Government							
Governmental Activities							
Instructional Program	$ 529,910	$ 3,175	$ 204,501	$ -	$ (322,234)	$ -	$ (322,234)
Student Supporting Services	449,874	-	20,340	41,905	(387,629)	-	(387,629)
Total Governmental Activities	979,784	3,175	224,841	41,905	(709,863)	-	(709,863)
Business-Type Activities							
Building Corporation	128,665	103,200	-	123,830	-	98,365	98,365
Total Business-Type Activities	128,665	103,200	-	123,830	-	98,365	98,365
Total Primary Government	$ 1,108,449	$ 106,375	$ 224,841	$ 165,735	(709,863)	98,365	(611,498)
		General Revenues:					
		Per Pupil Revenue			1,081,321	-	1,081,321
		In-Kind Contributions			372	-	372
		Interest and Miscellaneous			31	-	31
		Total General Revenues			1,081,724	-	1,081,724
		CHANGE IN NET POSITION			371,861	98,365	470,226
		Net Position, Beginning of Year			(1,630,137)	610,992	(1,019,145)
		Net Position, End of Year			$ (1,258,276)	$ 709,357	$ (548,919)

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2021

		GENERAL FUND
ASSETS		
Cash	$	262,982
Accounts Receivable		9,701
Intergovernmental Receivable		7,108
Prepaid Expenditures		7,020
TOTAL ASSETS	$	286,811
LIABILITIES		
Accounts Payable	$	41,861
Unearned Revenue		-
Accrued Expenses		73,810
TOTAL LIABILITIES		115,671
FUND BALANCE		
Nonspendable		7,020
Restricted for:		
TABOR 3% Reserve		39,517
Committed		18,278
Unassigned		106,325
TOTAL FUND BALANCE		171,140
TOTAL LIABILITIES AND FUND BALANCE	$	286,811

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total governmental fund balances	$ 171,140
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	-
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position.	631,130
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(1,370,469)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	(690,077)
Net position of governmental activities	$ (1,258,276)

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2021

		GENERAL FUND
REVENUES		
Local Sources	$	46,881
State Sources		1,169,976
Federal Sources		134,788
TOTAL REVENUES		1,351,645
EXPENDITURES		
Current Expenditures		
Instructional Program		756,653
Student Support Services		22,954
Instructional Staff Support Services		49,783
General Administration Support Services		74,085
School Administration Support Services		93,365
Business Support Services		87,824
Operations and Maintenance of Plant Services		158,888
Central Support Services		39,792
TOTAL EXPENDITURES		1,283,344
NET CHANGE IN FUND BALANCE		68,301
Fund Balance, Beginning of Year		102,839
Fund Balance, End of Year	$	171,140

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	$	68,301
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in capital assets in the current period.		
Depreciation expense		(1,123)
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item represents the change in pension and OPEB expense.		304,683
Change in net position of governmental activities	$	371,861

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2021

	BUILDING CORPORATION
ASSETS	
Current Assets	
Cash	$ 79,300
Prepaid Expenses	31,927
Total Current Assets	111,227
Noncurrent Assets	
Capital Assets	
Land	180,000
Construction in Progress	1,659,175
Total Noncurrent Assets	1,839,175
TOTAL ASSETS	1,950,402
LIABILITIES	
Current Liabilities	
Notes Payable	25,248
Total Current Liabilities	25,248
Noncurrent Liabilities	
Notes Payable	1,215,797
Total Noncurrent Liabilities	1,215,797
TOTAL LIABILITIES	1,241,045
NET POSITION	
Net Investment in Capital Assets	598,130
Unrestricted	111,227
TOTAL NET POSITION	$ 709,357

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	BUILDING CORPORATION
OPERATING REVENUES	
Contribution Income	$ 6,330
Lease Income	103,200
TOTAL OPERATING REVENUES	109,530
OPERATING EXPENSES	
Management and General Expenses	64,841
Interest Expense	63,824
TOTAL OPERATING EXPENSES	128,665
Operating Income (Loss)	(19,135)
NONOPERATING REVENUES	
Insurance Settlement	117,500
TOTAL NONOPERATING REVENUES	117,500
CHANGE IN NET POSITION	98,365
NET POSITION, Beginning of Year	610,992
NET POSITION, End of Year	$ 709,357

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	BUILDING CORPORATION
Cash Flows from Operating Activities	
Cash Received from Operating Revenues	$ 77,603
Cash Payments for Operating Expenses	(128,665)
Net Cash Provided (Used) by Operating Activities	(51,062)
Cash Flows from Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Construction of Capital Assets	(1,099)
Principal Payments	(2,037)
Insurance Settlement	117,500
Net Cash Provided (Used) by Capital and Related Financing Activities	114,364
Cash Flows from Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	63,302
Cash and Cash Equivalents, Beginning of Year	15,998
Cash and Cash Equivalents, End of Year	$ 79,300

Operating Income (Loss)	$ (19,135)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) decrease in:	
Prepaid Expense	(31,927)
Net cash provided (used) by operating activities	$ (51,062)

The accompanying notes are an integral part of this financial statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Children's Kiva Montessori Charter School, Inc. (CKMCS or the School), a Colorado non-profit corporation, was created in 2014 for the sole purpose of developing and operating a public, free charter school located in Cortez, Colorado.

The School aims to provide a vibrant and engaging learning environment based on the teachings of Dr. Maria Montessori that supports all students' excellence and their ability to become empowered, creative, lifelong learners responsible for themselves, their community, and their environment.

CKMCS' financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Financial Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. 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 provides benefits to, or imposes financial burdens on the School.

Children's Kiva Building Corporation (CKBC or the Corporation) is considered to be financially accountable to the School. The purpose of the Corporation is to hold title to property and facilitate the acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property to be leased to the School. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as a proprietary fund. Separate financial statements are not available.

The School received its charter from the Montezuma County (Cortez) School District RE-1 in regards to all reporting to and funding from the Colorado Department of Education. The School is included as a discretely presented component unit of Montezuma County (Cortez) School District RE-1.

CKMCS is managed under the direction of the Board of Directors. All Directors have been elected, appointed, or designated.

Basis of Presentation
Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment.

Program revenues include charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Unrestricted intergovernmental revenues not included among program revenue are reported instead as general revenues.

Fund Financial Statements

The School reports the following major governmental fund:

General Fund – This fund is the general operating fund of the School. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Additionally, the School reports the following major proprietary fund:

The Building Corporation Fund – This fund is used to account for the activities of Children's Kiva Building Corporation.

Measurement Focus And Basis Of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. Current Financial Resources – Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund uses a fund balance as the measure of available spendable financial resources at the end of the period.

b. Economic Resources – The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the government-wide financial statements, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within a current period or within sixty days after year end. Expenditures (including capital outlays) are recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Assets, Liabilities, and Fund Balance / Net Position

Cash

For the purpose of both the government-wide and fund financial statements, "cash" includes the checking and savings accounts for CKMCS and CKBC.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

In the fund financial statements, grants receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid expenses. Expenditures are reported in the year in which the services are consumed.

Capital Assets

In the government-wide statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. CKMCS' and CKBC's policy is to capitalize all capital assets with a unit value of $1,000 or greater. Repairs and maintenance expenses are charged as expenditures when incurred.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. Capital assets are depreciated over their estimated useful lives of five years for equipment in the General Fund.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note Payable, bank

CKBC entered into a note payable with a financial institution for the School's building remodel. The terms of the loan include the required Tabor clause whereas allowing for all the obligations of the School to be subject to the action of the general assembly of the State of Colorado in annually making moneys available for the School, and the School's obligations under the loan terms are not deemed or construed as creating an indebtedness of the School within the meaning of any provision of the state constitution or the laws of the State of Colorado concerning or limiting the creations of indebtedness by the School and shall constitute a multiple fiscal year direct or indirect debt or other financial obligation of the School within the meaning of Section 20(4) of article X of the state constitution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions and other postemployment benefits must be deferred.

In-kind

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

Pensions

The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

Other Postemployment Benefits (OPEB)

The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the 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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the School is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance* – are amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – are amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of the basic financial statements requires management to make estimated and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during reporting period. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications were made to fiscal year 2020 financial statements in order to confirm to the fiscal year 2021 financial statements presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

The Board of Directors may authorize supplemental appropriations during the year. The Board of Directors approved supplemental appropriations during the fiscal year ended June 30, 2021, which are reflected within the financial statements.

Stewardship

The Building Corporation Fund is a 501(c)(3) nonprofit, therefore no budget was adopted during 2021.

NOTE 3 CASH AND DEPOSITS

Cash

As of June 30, 2021, the School had $342,282.

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% to the uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, $31,426 of the school's bank balance of $361,584 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial intuition through PDPA.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 06/30/2020	Additions	Deletions	Balance 06/30/2021
Governmental Activities				
Total Capital Assets Not Being Depreciated	$ -	$ -	$ -	$ -
Capital Assets Being Depreciated				
Equipment	42,495	-	-	42,495
Total Capital Assets Being Depreciated	42,495	-	-	42,495
Less: Accumulated Depreciation For				
Equipment	(41,372)	(1,123)	-	(42,495)
Total Accumulated Depreciation	(41,372)	(1,123)	-	(42,495)
Net Capital Assets being depreciated	1,123	(1,123)	-	-
Total Capital Assets	$ 1,123	$ (1,123)	$ -	$ -

Depreciation expense in the Statement of Activities – Governmental Activities for Instructional program was $1,123.

	Balance 06/30/2020	Additions	Deletions	Balance 06/30/2021
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	$ 180,000	$ -	$ -	$ 180,000
Construction in progress	1,658,076	1,099	-	1,659,175
Total capital assets not being depreciated	1,838,076	1,099	-	1,839,175
Net Capital Assets being depreciated	-	-	-	-
Total Capital Assets	$ 1,838,076	$ 1,099	$ -	$ 1,839,175

NOTE 5 ACCRUED SALARIES AND BENEFITS

The teachers are employed under ten and eleven month contracts. Most School employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the School's share of benefits, has been accrued in the financial statements in the amount of $73,810.

NOTE 6 OPERATING LEASE

The School entered into an operating lease with the Children's Kiva Building Corporation for the rental of one building for the period of October 1, 2018 – June 30, 2043 with payments made on a month to month basis. Payment amounts are only set through June 30, 2023, at which time the amount due each month will be re-evaluated.

Rental expenses for the operating lease for the year ended June 30, 2021, was approximately $103,200.

Future minimum rental commitments for the building operating lease as of June 30, are as follows:

Year Ended June 30,	
2022	$ 123,600
2023	123,600
	$ 247,200

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2021, were as follows:

	Beginning Balance 06/30/2020	Additions	Deletions	Ending Balance 06/30/2021	Due Within One Year
Business-type Activities:					
Notes Payable	$ 1,243,082	$ -	$ 2,037	$ 1,241,045	$ 25,248

Notes Payable

The Children's Kiva Building Corporation entered into a $1,120,000 construction loan agreement with First Southwest Bank beginning in July 2018 at a 5.069% interest rate, for the purchase and related building improvements incurred by the Corporation. All loans funds were drawn during FY2019. The original payment terms of the loan provided for an interest only payment period through August 5, 2020. In August 2020, this loan was amended to extend the interest only payment period from August 5, 2020 to June 5, 2021 and the maturity date of the loan from October 5, 2045 to June 5, 2046. At the time the loan was amended, the principal amount owed was $1,118,658. The building is included in construction in progress at a cost and donated value of $1,659,175.

The Children's Kiva Building Corporation also entered into a $124,428 construction loan agreement with First Southwest Bank Community Fund, beginning July 2018 at a 5.069% interest rate, for the purchase and related building improvements incurred by the Corporation. $19,931 of the loan funds were drawn during FY2019 with the remaining funds drawn in FY2020. The payment terms of the loan provide for an interest only payment period through June 5, 2021. Regular principal and interest payments will begin September 5, 2020. The final payment is due October 2045.

	Principal	Interest	Total
2022	$ 25,248	$ 63,109	$ 88,357
2023	26,575	61,783	88,358
2024	27,806	60,552	88,358
2025	29,434	58,924	88,358
2026	30,979	57,378	88,357
2027-2031	180,919	260,868	441,787
2032-2036	233,636	208,151	441,787
2037-2041	302,001	139,792	441,793
2042-2046	384,447	51,689	436,136
	$ 1,241,045	$ 962,246	$ 2,203,291

NOTE 8 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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, 2021. Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 through June 30, 2021
Employer Contribution Rate	10.90%
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	9.88%
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	19.88%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $103,840, for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, the School reported a liability of $1,322,441 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The Children's Kiva Montessori Charter School's proportionate share of the net pension liability	$ 1,322,441
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with The Children's Kiva Montessori Charter School	-
Total	$ 1,322,441

At December 31, 2020, the School's proportion was 0.0087 percent, which was an increase of 0.0022 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the School recognized pension expense of ($302,450) and revenue of $0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 72,661	$ -
Changes in assumptions and other inputs	127,215	222,292
Net difference between projected and actual earnings on pension plan investments	-	291,099
Changes in proportion and differences between contributions recognized and proportionate share of contributions	361,416	154,880
Contributions subsequent to the measurement date	53,835	-
Total	$ 615,127	$ 668,271

$53,835 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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,	
2022	$ (204,010)
2023	124,842
2024	18,111
2025	(45,923)
2026	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.25 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) [1]	Financed by the Annual Increase Reserve (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.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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 PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25 percent
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.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

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

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

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

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

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

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

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives [1]	6.00%	4.70%
Total	100.00%	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. 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 percent.

- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

- 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 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	$ 1,803,918	$ 1,322,441	$ 921,212

Pension plan fiduciary net position- Detailed information about the SCHDTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. Eligible employees of the School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

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

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 basis for 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 percent 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 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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $5,328 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of $48,028 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The School's proportion of the net OPEB liability was based on School contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the School's proportion was 0.0051 percent, which was an increase of .0008 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the School recognized OPEB expense of ($2,233). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 128	$ 10,559
Net difference between projected and actual earnings on OPEB plan investments	-	1,963
Changes of assumptions or other inputs	359	2,945
Changes in proportion and differences between contributions recognized and proportionate share of contributions	12,754	6,339
Contributions subsequent to the measurement date	2,762	-
Total	$ 16,003	$ 21,806

$2,762 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, 2022. 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,	
2022	(1,522)
2023	(1,247)
2024	(3,119)
2025	(3,125)
2026	406
Thereafter	43

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 % in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50 percent in 2029

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund
	School 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 State Troopers	3.40%-11.00%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females**: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives [1]	6.00%	4.70%
Total	100.00%	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$46,787	$48,028	$49,473

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, 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 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 OPEB liability	$ 55,017	$ 48,028	$ 42,057

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 CONCENTRATION OF CREDIT RISK

CKMCS' financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. CKMCS places its cash with high credit quality institutions. CKMCS routinely assesses the financial strength of its donors and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

NOTE 11 RISK OF LOSS

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

NOTE 12 COMMITMENTS AND CONTINGENCIES

Preschool Agreement

The School entered into an agreement with The Children's Kiva (Preschool) in December 2013. Under the Montessori philosophy, schools typically group in three, four and five year olds together in a single early childhood classroom; the Preschool facilitates the early childhood (ages three through five) program which provides continuity for the children entering kindergarten at age five. As a result, the School reimburses the Preschool for expenses incurred on behalf of the kindergarten class (five year olds). The agreement has no set termination date.

During the year ended June 30, 2021, the School transferred about $166,821 of PPOR and other funding sources to the Preschool, and the Preschool paid the School $6,302 for contracted services provided. As of June 30, 2021, $5,084 was due to the School from the Preschool as a result of an error in Impact Aid funding and for additional contract services provided by the School.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

Litigation

The School is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

Building Remodel

The building remodel is 49% complete and the estimated cost to complete is unknown at this time. The next phase of renovation is currently in process, which will include additional classroom space, one-on-one meeting/educational space, breakout space, offices, additional safety exit, and two bathrooms. Calculating costs and plans for additional phases are on hold until the current construction can be completed, although a Colorado Department of Public Health and Environment grant has been obtained to cover most of the additional abatement needed.

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Relief fund (CRF) and Elementary and Secondary School Emergency Relief (ESSER) funding has been awarded to the District to mitigate some of the costs/losses as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

NOTE 13 TABOR EMERGENCY RESERVE

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

NOTE 14 SUBSEQUENT EVENT

The School has evaluated subsequent events through June 30, 2021, the date which the financial statements were available to be issued.

NOTE 15 RELATED PARTY

The School leases a building from CKBC, a component unit. In addition, CKBC purchased an insurance policy through an insurance agency owned by one of their board members.

THE CHILDREN’S KIVA MONTESSORI CHARTER SCHOOL, INC.

REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund. In addition, pension and OPEB plan contributions and the School's proportionate share of the net pension and OPEB liabilities is required to supplement the basic financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 52,752	$ 52,752	$ 46,881	$ (5,871)
State Sources	1,063,288	1,176,828	1,169,976	(6,852)
Federal Sources	122,415	122,415	134,788	12,373
TOTAL REVENUES	1,238,455	1,351,995	1,351,645	(350)
EXPENDITURES				
Current Expenditures				
Instructional Program	714,871	812,872	756,653	56,219
Student Support Services	27,729	27,729	22,954	4,775
Instructional Staff Support Services	48,215	48,215	49,783	(1,568)
General Administration Support Services	74,336	74,336	74,085	251
School Administration Support Services	95,989	95,989	93,365	2,624
Business Support Services	82,526	82,526	87,824	(5,298)
Operations and Maintenance of Plant Services	168,734	168,734	158,888	9,846
Central Support Services	21,342	21,342	39,792	(18,450)
Reserves	37,012	-	-	-
TOTAL EXPENDITURES	1,270,754	1,331,743	1,283,344	48,399
Net Change in Fund Balance	(32,299)	20,252	68,301	48,049
FUND BALANCE, Beginning of Year	120,694	102,839	102,839	-
FUND BALANCE, End of Year	$ 88,395	$ 123,091	$ 171,140	$ 48,049

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.0087474684%	0.0064909503%	0.0076095950%	0.0086128314%	0.0075041262%	0.0059947651%	0.0043469455%
School's proportionate share of the net pension liability (asset)	$ 1,322,441	$ 969,734	$ 1,347,435	$ 2,785,084	$ 2,234,269	$ 916,857	$ 589,157
State's proportionate share of the net pension liability (asset) associated with the School	-	122,998	184,243	-	-	-	-
Total	$ 1,322,441	$ 1,092,732	$ 1,531,678	$ 2,785,084	$ 2,234,269	$ 916,857	$ 589,157
School's covered payroll	$ 464,824	$ 361,653	$ 418,340	$ 397,300	$ 336,799	$ 261,250	$ 75,877
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	284.50%	268.14%	322.09%	701.00%	663.38%	350.95%	776.46%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%

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

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Notes to the Required Supplementary Information

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 103,840	$ 79,705	$ 70,993	$ 74,017	$ 64,511	$ 45,275	$ 29,920
Contributions in relation to the contractually required contribution	(103,840)	(79,705)	(70,993)	(74,017)	(64,511)	(44,226)	(29,920)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ 1,049	$ -
School's covered payroll	$ 522,333	$ 411,274	$ 367,658	$ 397,300	$ 336,799	$ 261,250	$ 75,877
Contributions as a percentage of covered payroll	19.88%	19.38%	19.31%	18.63%	19.15%	17.33%	39.43%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Notes to the Required Supplementary Information

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2021	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.0050544030%	0.0042412434%	0.0049462770%	0.0048937813%	0.0042654402%
School's proportionate share of the net OPEB liability (asset)	$ 48,028	$ 47,671	$ 67,296	$ 63,600	$ 55,303
School's covered payroll	$ 464,824	$ 361,653	$ 418,340	$ 397,300	$ 336,799
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

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

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to the Required Supplementary Information:

See Notes to the Required Supplementary Information

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2021	2020	2019	2018	2017
Contractually required contribution	$ 5,328	$ 4,195	$ 3,750	$ 4,105	$ 3,437
Contributions in relation to the contractually required contribution	(5,328)	(4,195)	(3,750)	(4,105)	(3,437)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 522,333	$ 411,274	$ 367,658	$ 397,300	$ 336,799
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to the Required Supplementary Information:

See Notes to the Required Supplementary Information

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
    - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.78%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2020

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.