

**THE CHILDREN'S KIVA MONTESSORI SCHOOL**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

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## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Directors  
The Children's KIVA Montessori Charter School  
Cortez, Colorado

### INDEPENDENT AUDITORS' REPORT

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund, of The Children's KIVA Montessori Charter School (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Children's KIVA Montessori Charter School as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Children's KIVA Montessori Charter School and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. As stated in Note 8, the School closed operations as of June 30, 2022.

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

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

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 41-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

*John Luttrell & Associates, LLC*

October 31, 2022

## **The Children's KIVA Montessori Charter School Management Discussion and Analysis**

As management of The Children's KIVA Montessori Charter School (KIVA or the School), we offer readers of The Children's KIVA Montessori Charter School's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022.

### **Financial Highlights**

The year ended June 30, 2022 is the seventh year of operations for KIVA. As of June 30, 2022, net position increased by \$935,812 to \$386,893. This balance includes the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was \$1,217,247. At the close of the fiscal year, The Children's KIVA Montessori Charter School's governmental fund reported an ending fund balance of \$183,779, an increase of \$12,639 from prior year.

### **Overview of Financial Statements**

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

#### ***Government-Wide Financial Statements***

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

The statement of net position presents information on all the School's assets, liabilities, and deferred inflows and outflows, with the difference reported as net position. Over time, increases or 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Montezuma County School District RE-1). The governmental activities of the School include instructional, supporting services, and interest on long-term debt.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The School adopts annually appropriated budgets for the General Fund. A budgetary comparison schedule for the General Fund has been provided herein.

**Proprietary Funds.** The School also maintains a proprietary fund to record the activity of the Children's KIVA Montessori School Building Corporation (the Corporation). The Corporation was formed to provide a mechanism to issue and pay debt on behalf of the School.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 9-40.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of The Children's KIVA Montessori Charter School, assets and deferred outflows exceeded liabilities and deferred inflows resulting in a net position of \$386,893 in FY 2021-2022. Again, this is directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the School's total net position, \$40,600 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and \$787,061 is invested in net assets. Accordingly, these funds are not available to satisfy the School's general operating expenses.

**The Children's KIVA Montessori Charter School's Net Position  
Governmental Activities**

|   |           |                  |                     |
|---|-----------|------------------|---------------------|
| <b>ASSETS</b>                               |           |                  |                     |
| Cash and Investments                        | \$        | 97,933           | \$ 342,282          |
| Accounts Receivable                         |           | 31,583           | 9,701               |
| Intergovernmental Receivable                |           | -                | 7,108               |
| Grants Receivable                           |           | 154,700          | -                   |
| Prepaid Expenses                            |           | 19,798           | 38,947              |
| Capital Assets, Net of Accum Depreciation   |           | 2,004,185        | 1,839,175           |
| <b>Total Assets</b>                         |           | <b>2,308,199</b> | <b>2,237,213</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |           |                  |                     |
| Related to Pensions                         |           | 934,955          | 615,127             |
| Related to OPEB                             |           | 11,794           | 16,003              |
| <b>Total Deferred Outflows of Resources</b> |           | <b>946,749</b>   | <b>631,130</b>      |
| <b>LIABILITIES</b>                          |           |                  |                     |
| Accounts Payable                            |           | 36,193           | 41,861              |
| Accrued Expenses                            |           | 55,532           | 73,810              |
| Noncurrent Liabilities                      |           |                  |                     |
| Due in One Year                             |           | 26,575           | 25,248              |
| Due in More than One Year                   |           | 1,190,549        | 1,215,797           |
| Net Pension Liability                       |           | 1,077,248        | 1,322,441           |
| Net OPEB Liability                          |           | 52,118           | 48,028              |
| <b>Total Liabilities</b>                    |           | <b>2,438,215</b> | <b>2,727,185</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |           |                  |                     |
| Related to Pensions                         |           | 405,013          | 668,271             |
| Related to OPEB                             |           | 24,827           | 21,806              |
| <b>Total Deferred Inflows of Resources</b>  |           | <b>429,840</b>   | <b>690,077</b>      |
| <b>NET POSITION</b>                         |           |                  |                     |
| Net Investment in Capital Assets            |           | 787,061          | 623,378             |
| Restricted for Emergencies                  |           | 40,600           | 39,517              |
| Unrestricted                                |           | (440,768)        | (1,211,814)         |
| <b>Total Net Position</b>                   | <b>\$</b> | <b>386,893</b>   | <b>\$ (548,919)</b> |

The largest portion of the School's assets is in capital assets, at 87% of total assets in 2022.

**The Children's KIVA Montessori Charter School's Change in Net Position  
Governmental Activities**

|  | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|--|----------------------|----------------------|
| Program Revenue:                           |                      |                      |
| Charges for Services                       | \$ 141,681           | \$ 106,375           |
| Operating Grants and Contributions         | 458,951              | 224,841              |
| Capital Grants and Contributions           | 41,235               | 165,735              |
| Total Program Revenue                      | 641,867              | 496,951              |
| General Revenue:                           |                      |                      |
| Per Pupil Revenue                          | 1,217,247            | 1,081,321            |
| Unrestricted State Aid                     | 26,485               | -                    |
| Other Revenues                             | 16,221               | 372                  |
| Interest and Miscellaneous                 | 20                   | 31                   |
| Total General Revenue                      | 1,259,973            | 1,081,724            |
| <b>Total Revenue</b>                       | <b>1,901,840</b>     | <b>1,578,675</b>     |
| Expenses:                                  |                      |                      |
| Instruction                                | 412,555              | 529,910              |
| Supporting Services                        | 465,115              | 449,874              |
| Interest on Long-Term Debt                 | 88,358               | 128,665              |
| Total Expenses                             | 966,028              | 1,108,449            |
| <b>Increase/(Decrease) in Net Position</b> | 935,812              | 470,226              |
| <b>Net Position, Beginning</b>             | <b>(548,919)</b>     | <b>(1,019,145)</b>   |
| <b>Net Position, Ending</b>                | <b>\$ 386,893</b>    | <b>\$ (548,919)</b>  |

The largest portion of the School's revenues came from Per Pupil Revenue – 64%, respectively in 2022.

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$183,779, an increase of \$12,639 from prior year.

## **General Fund Budgetary Highlights**

The School approves a General Fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized \$37,739 less revenue than expected and spent \$23,856 less than planned, when compared to the final budget. One budget amendment was made during FY 2021-2022.

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

The School has invested in capital assets in the form of the School's land, construction in progress, and fully depreciated machinery and equipment. More information regarding capital assets can be found in Note 4 to the financial statements.

The School has long-term debt in the form of two construction loans with First Southwest Bank. Proceeds of loans were used to purchase and make building improvements on the School's educational facility. More information regarding long-term debt may be found in Note 6 to the financial statements.

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

The primary factors driving the budget for The Children's KIVA Montessori Charter School are student enrollment and Per Pupil Revenue. Enrollment for the 2021-2022 school year was 139.00 funded students. This information was analyzed as part of the 2022-2023 budget which is projecting a 157.00 funded student count.

## **Requests for Information**

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

The Children's KIVA Montessori Charter School  
601 N Mildred Rd  
Cortez, CO 81321

## **BASIC FINANCIAL STATEMENTS**

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

STATEMENT OF NET POSITION

June 30, 2022

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| ASSETS   |                                    |
| Cash and Investments   | \$ 97,933                          |
| Accounts Receivable  | 31,583                             |
| Grants Receivable  | 154,700                            |
| Prepaid Expenses   | 19,798                             |
| Capital Assets, Depreciated, Net of Accumulated Depreciation | <u>2,004,185</u>                   |
| <br>TOTAL ASSETS   | <br><u>2,308,199</u>               |
| DEFERRED OUTFLOWS OF RESOURCES                               |                                    |
| Related to Pensions  | 934,955                            |
| Related to OPEB  | <u>11,794</u>                      |
| <br>TOTAL DEFERRED OUTFLOWS OF RESOURCES                     | <br><u>946,749</u>                 |
| LIABILITIES  |                                    |
| Accounts Payable   | 36,193                             |
| Accrued Salaries and Benefits                                | 55,532                             |
| Noncurrent Liabilities                                       |                                    |
| Net Pension Liability  | 1,077,248                          |
| Net OPEB Liability   | 52,118                             |
| Due Within One Year  | 26,575                             |
| Due in More Than One Year                                    | <u>1,190,549</u>                   |
| <br>TOTAL LIABILITIES  | <br><u>2,438,215</u>               |
| DEFERRED INFLOWS OF RESOURCES                                |                                    |
| Related to Pensions  | 405,013                            |
| Related to OPEB  | <u>24,827</u>                      |
| <br>TOTAL DEFERRED INFLOWS OF RESOURCES                      | <br><u>429,840</u>                 |
| NET POSITION   |                                    |
| Investment in Capital Assets                                 | 787,061                            |
| Restricted for Emergencies                                   | 40,600                             |
| Unrestricted   | <u>(440,768)</u>                   |
| <br>TOTAL NET POSITION                                       | <br><u>\$ 386,893</u>              |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

| FUNCTIONS/PROGRAMS               | PROGRAM REVENUES  |                         |                             | NET EXPENSE<br>REVENUE AND<br>CHANGE IN<br>NET POSITION |   |
|----------------------------------|-------------------|-------------------------|-----------------------------|---|---|
|                                  | Expenses          | Charges for<br>Services | Operating                   |   | Capital                                     |
|                                  |                   |                         | Grants and<br>Contributions |   | Grants and<br>Contributions                 |
| <b>Governmental Activities</b>   |                   |                         |                             | Governmental<br>Activities                              |   |
| Instruction                      | \$ 412,555        | \$ -                    | \$ 157,768                  | \$ -  | \$ (254,787)                                |
| Supporting Services              | 465,115           | 141,681                 | 301,183                     | 41,235  | 18,984                                      |
| Interest on Long-Term Debt       | 88,358            | -                       | -                           | -   | (88,358)                                    |
| Total Governmental<br>Activities | <u>\$ 966,028</u> | <u>\$ 141,681</u>       | <u>\$ 458,951</u>           | <u>\$ 41,235</u>  | <u>\$ (324,161)</u>                         |
|                                  |                   | GENERAL REVENUES        |                             |   |   |
|                                  |                   |                         |                             |   | Per Pupil Revenue 1,217,247                 |
|                                  |                   |                         |                             |   | Investment Earnings 20                      |
|                                  |                   |                         |                             |   | Other Revenues 16,221                       |
|                                  |                   |                         |                             |   | Unrestricted State Aid 26,485               |
|                                  |                   |                         |                             |   | <u>TOTAL GENERAL REVENUES 1,259,973</u>     |
|                                  |                   |                         |                             |   | CHANGE IN NET POSITION 935,812              |
|                                  |                   |                         |                             |   | NET POSITION, Beginning, Restated (548,919) |
|                                  |                   |                         |                             |   | <u>NET POSITION, Ending \$ 386,893</u>      |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

|   | General<br>Fund |
|---|-----------------|
| ASSETS  |                 |
| Cash and Investments  | \$ 90,023       |
| Accounts Receivable   | 10,983          |
| Grants Receivable   | 154,700         |
| Prepaid Expenditures  | 19,798          |
|   | <hr/>           |
| TOTAL ASSETS  | \$ 275,504      |
|   | <hr/>           |
| LIABILITIES AND FUND BALANCES   |                 |
| LIABILITIES   |                 |
| Accounts Payable  | \$ 36,193       |
| Accrued Salaries and Benefits   | 55,532          |
|   | <hr/>           |
| TOTAL LIABILITIES   | 91,725          |
|   | <hr/>           |
| FUND BALANCES   |                 |
| Nonspendable  | 19,798          |
| Restricted for Emergencies  | 40,600          |
| Unassigned  | 123,381         |
|   | <hr/>           |
| TOTAL FUND BALANCES   | 183,779         |
|   | <hr/>           |
| Amounts reported for governmental activities in the statement of net position are different because:  |                 |
| Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability of (\$1,077,248), net OPEB liability of (\$52,118), deferred outflows related to pensions and OPEB \$946,749, and deferred inflows related to pensions and OPEB of (\$429,840). | (612,457)       |
| Internal Service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.  | 815,571         |
|   | <hr/>           |
| Net position of governmental activities   | \$ 386,893      |
|   | <hr/> <hr/>     |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

|                             | General<br>Fund   |
|-----------------------------|-------------------|
| REVENUES                    |                   |
| Local Sources               | \$ 1,251,569      |
| State Sources               | 128,549           |
| Federal Sources             | 283,614           |
|                             | <hr/>             |
| TOTAL REVENUES              | 1,663,732         |
|                             | <hr/>             |
| EXPENDITURES                |                   |
| Current                     |                   |
| Instruction                 | 1,021,220         |
| Supporting Services         | 629,873           |
|                             | <hr/>             |
| TOTAL EXPENDITURES          | 1,651,093         |
|                             | <hr/>             |
| NET CHANGE IN FUND BALANCES | 12,639            |
|                             | <hr/>             |
| FUND BALANCES, Beginning    | 171,140           |
|                             | <hr/>             |
| FUND BALANCES, Ending       | <u>\$ 183,779</u> |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

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

|  |                   |
|--|-------------------|
| Net change in fund balances - total governmental funds   | \$ 12,639         |
| Deferred Charges related to pensions and OPEB are not recognized in the governmental funds.<br>However, for the government-wide funds, those amounts are capitalized and amortized.                              | 816,959           |
| The Internal Service fund is used by management to charge the cost of lease payments to<br>the governmental funds. The net revenue of the internal service fund is reported with<br>the governmental activities. | <u>106,214</u>    |
| Change in net position of governmental activities  | <u>\$ 935,812</u> |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPES  
 June 30, 2022

|   | Governmental<br>Activities       |
|---|----------------------------------|
|   | <u>Internal Service<br/>Fund</u> |
| ASSETS  |                                  |
| Current Assets                                  |                                  |
| Restricted Cash and Investments                 | \$ 7,910                         |
| Accounts Receivable                             | <u>20,600</u>                    |
| Total Current Assets                            | <u>28,510</u>                    |
| Long-term Assets                                |                                  |
| Capital Assets, Net of Accumulated Depreciation | <u>2,004,185</u>                 |
| Total Long-term Assets                          | <u>2,004,185</u>                 |
| TOTAL ASSETS                                    | <u>2,032,695</u>                 |
| LIABILITIES                                     |                                  |
| Current Liabilities                             |                                  |
| Bonds Payable - Current Portion                 | <u>26,575</u>                    |
| Total Current Liabilities                       | <u>26,575</u>                    |
| Long-Term Liabilities                           |                                  |
| Bonds Payable                                   | <u>1,190,549</u>                 |
| TOTAL LIABILITIES                               | <u>1,217,124</u>                 |
| NET POSITION                                    |                                  |
| Net Investment in Capital Assets                | 794,971                          |
| Unrestricted                                    | <u>20,600</u>                    |
| TOTAL NET POSITION                              | <u>\$ 815,571</u>                |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND TYPES  
Year Ended June 30, 2022

|   | Governmental<br>Activities<br><u>Internal Service<br/>Fund</u> |
|---|--|
| OPERATING REVENUES                      |  |
| Rent                                    | <u>\$ 123,600</u>  |
| OPERATING EXPENSES                      |  |
| Purchased Services                      | <u>17,051</u>  |
| TOTAL OPERATING EXPENSES                | <u>17,051</u>  |
| OPERATING INCOME                        | <u>106,549</u>   |
| NON-OPERATING REVENUES (EXPENSES)       |  |
| Interest Expense                        | (88,358)   |
| Donations                               | <u>88,023</u>  |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(335)</u>   |
| NET INCOME (LOSS)                       | 106,214  |
| NET POSITION, Beginning                 | <u>709,357</u>   |
| NET POSITION, Ending                    | <u><u>\$ 815,571</u></u>                                       |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPES  
 Year Ended June 30, 2022  
 Increase (Decrease) in Cash

|   | Governmental<br>Activities       |
|---|----------------------------------|
|   | <u>Internal Service<br/>Fund</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                  |
| Cash Received from Rent   | \$ 103,000                       |
| Cash Paid to Suppliers  | <u>14,876</u>                    |
| Net Cash Provided by Operating Activities   | <u>117,876</u>                   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                       |                                  |
| Capital Purchases   | (165,010)                        |
| Principal Payments on Bonds   | (23,921)                         |
| Interest Paid on Long-term Debt   | <u>(88,358)</u>                  |
| Net Cash Provided by Financing Activities   | <u>(277,289)</u>                 |
| <b>CASH FLOWS FROM NON CAPITAL RELATED FINANCING ACTIVITIES</b>                       |                                  |
| Donations   | <u>88,023</u>                    |
| <b>NET INCREASE IN CASH</b>   | (71,390)                         |
| CASH, Beginning   | <u>79,300</u>                    |
| CASH, Ending  | <u><u>\$ 7,910</u></u>           |
| <b>RECONCILIATION OF OPERATING LOSS TO NET<br/>CASH USED BY OPERATING ACTIVITIES</b>  |                                  |
| Operating Income  | \$ 106,549                       |
| Adjustments to Reconcile Operating Income<br>to Net Cash Used by Operating Activities |                                  |
| Depreciation Expense  | -                                |
| Changes in Assets and Liabilities   |                                  |
| Accounts Receivable   | (20,600)                         |
| Prepaid Expenses  | <u>31,927</u>                    |
| Total Adjustments   | <u>11,327</u>                    |
| Net Cash Provided by Operating Activities   | <u><u>\$ 117,876</u></u>         |

The accompanying notes are an integral part of the financial statements.

THE CHILDREN’S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Children’s KIVA Montessori School (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.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

**Reporting Entity**

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

KIVA Montessori School Building Corporation

The Children’s KIVA Montessori School Building Corporation. (“Corporation”) is considered to be financially accountable to the School. The purpose of the Corporation is to provide a mechanism to issue and pay debt on behalf of 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 an internal service fund. Separate financial statements are not available.

The School is a component unit of the Montezuma County School District RE-1.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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 financial resources except those required to be accounted for in another fund.

Additionally, the School reports the following fund types:

The *Internal Service Fund* is used to account for activity of the Building Corporation.

**Deferred Outflows/Inflows of Resources**

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

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

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

*Investments* – Investments are recorded at fair value.

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

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Prepaid Expenses* – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

*Capital Assets* – Capital assets, which include leasehold improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements 20 - 40 years; equipment 5 years.

*Long-term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Net Position* – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. As of June 30, 2022, the School has classified its prepaid expenditures as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2022.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial coverage for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

A budget is adopted for all funds on a basis consistent with generally accepted accounting principles.

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 by June 30th. 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.

**NOTE 3: CASH AND INVESTMENTS**

Cash and Investments at June 30, 2022 consisted of the following:

|          |                  |
|----------|------------------|
| Deposits | <u>\$ 97,934</u> |
|----------|------------------|

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

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% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the School had deposits with financial institutions with a carrying amount of \$97,934. The bank balances with the financial institutions were \$188,819. All of this amount, was covered by federal depository insurance.

**Investments**

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

It is the School's policy to follow Colorado State statutes guidelines for managing credit risk or interest rate risk.

The School has no investments at June 30, 2022

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 4: CAPITAL ASSETS**

Capital Assets activity for the year ended June 30, 2022 is summarized below.

|  | Balance<br><u>June 30, 2021</u> | <u>Additions</u>  | <u>Deletions</u> | Balance<br><u>June 30, 2022</u> |
|--|---------------------------------|-------------------|------------------|---------------------------------|
| <b>Governmental Activities</b>           |                                 |                   |                  |                                 |
| Capital Assets,<br>Not Depreciated       |                                 |                   |                  |                                 |
| Land                                     | \$ 180,000                      | \$ -              | \$ -             | \$ 180,000                      |
| Construction in progress                 | <u>1,659,175</u>                | <u>165,010</u>    | <u>-</u>         | <u>1,824,185</u>                |
| Total Capital Assets,<br>not depreciated | <u>1,839,175</u>                | <u>165,010</u>    | <u>-</u>         | <u>2,004,185</u>                |
| <u>Capital Assets, depreciated</u>       |                                 |                   |                  |                                 |
| Machinery and Equipment                  | <u>42,495</u>                   | <u>-</u>          | <u>-</u>         | <u>42,495</u>                   |
| Total Capital Assets,<br>Depreciated     | <u>42,495</u>                   | <u>-</u>          | <u>-</u>         | <u>42,495</u>                   |
| Accumulated Depreciation                 |                                 |                   |                  |                                 |
| Machinery and Equipment                  | <u>42,495</u>                   | <u>-</u>          | <u>-</u>         | <u>42,495</u>                   |
| Total Accumulated<br>Depreciation        | <u>42,495</u>                   | <u>-</u>          | <u>-</u>         | <u>42,495</u>                   |
| Net capital assets, depreciated          | <u>-</u>                        | <u>-</u>          | <u>-</u>         | <u>-</u>                        |
| Net Capital Assets                       | <u>\$ 1,839,175</u>             | <u>\$ 165,010</u> | <u>\$ -</u>      | <u>\$ 2,004,185</u>             |

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during the school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were \$55,532 in the General Fund.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 6: LONG-TERM DEBT**

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2022:

|               | <u>Balance</u><br><u>June 30, 2021</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance</u><br><u>June 30, 2022</u> | <u>Due In</u><br><u>One Year</u> |
|---------------|--|------------------|-----------------|--|----------------------------------|
| Notes Payable | \$ 1,241,045                           | \$ -             | \$ 23,921       | \$ 1,217,124                           | \$ 26,575                        |

**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 \$1,824,185.

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.

Future debt service requirements are as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|----------------------------|---------------------|-------------------|---------------------|
| 2023                       | \$ 26,575           | \$ 53,021         | \$ 79,596           |
| 2024                       | 27,806              | 51,790            | 79,596              |
| 2025                       | 29,434              | 50,162            | 79,596              |
| 2026                       | 30,979              | 48,617            | 79,596              |
| 2027                       | 31,737              | 47,859            | 79,596              |
| 2028-2032                  | 170,660             | 227,320           | 397,980             |
| 2033-2037                  | 220,729             | 177,251           | 397,980             |
| 2038-2042                  | 285,278             | 112,702           | 397,980             |
| 2043-2046                  | <u>393,926</u>      | <u>4,054</u>      | <u>397,980</u>      |
| Total                      | <u>\$ 1,217,124</u> | <u>\$ 772,776</u> | <u>\$ 1,989,900</u> |

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

**General Information about the Pension Plan** (Continued)

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

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

In all cases the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

THE CHILDREN’S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

**General Information about the Pension Plan** (Continued)

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, 2022:* Eligible employees of, School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413.

Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

|  | July 1,<br>2021<br>Through<br>June 30, 2022 |
|--|---|
| 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%                                       |
| <b>Total employer contribution rate to the SCHDTF</b>  | <b>19.88%</b>                               |

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$140,087 for the year ended June 30, 2022.

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.

THE CHILDREN’S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

**General Information about the Pension Plan** (Continued)

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

**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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School proportion of the net pension liability was based on June 30, 2022 contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of \$3,238,133 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School were as follows:

|  |             |
|--|-------------|
| School’s proportionate share of the net pension liability  | \$1,077,248 |
| The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School | 110,792     |
| Total  | \$1,188,040 |

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

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

At December 31, 2021, the School's proportion was 0.00926%, which was an increase of 0.00051% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension income of \$688,192 and revenue of \$26,485 for support from the State as a nonemployer contributing entity.

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Difference between expected and actual experience   | \$41,241                              | N/A                                  |
| Changes of assumptions or other inputs  | \$82,240                              | N/A                                  |
| Net difference between projected and actual earnings on pension plan investments                                | N/A                                   | \$405,013                            |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | \$729,478                             | N/A                                  |
| Contributions subsequent to the measurement date  | \$81,996                              | N/A                                  |
| Total   | \$934,955                             | \$405,013                            |

\$81,996 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |            |
|----------------------------|------------|
| 2023                       | \$599,506  |
| 2024                       | (\$20,838) |
| 2025                       | (\$81,562) |
| 2026                       | (\$49,160) |

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

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

*Actuarial assumptions.* The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

<sup>1</sup> 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

THE CHILDREN’S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

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

Based on the above assumptions and methods, the SCHDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

|  | 1% Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension | \$1,585,621            | \$1,077,248                      | \$653,030              |

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

**Summary of Significant Accounting Policies (Continued)**

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.

**General Information about the OPEB Plan**

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

**General Information about the OPEB Plan (Continued)**

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

**General Information about the OPEB Plan (Continued)**

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$5,786 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$52,118 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.00604%, which was an increase of 0.00099% from its proportion measured as of December 31, 2020.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

For the year ended June 30, 2022, the School recognized OPEB expense of \$17,106. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows of</u> |
|---|---|--------------------------------|
| Difference between expected and actual experience   | \$79                                      | \$12,358                       |
| Changes of assumptions or other inputs  | \$1,079                                   | \$2,827                        |
| Net difference between projected and actual earnings on OPEB plan investments                                   | N/A                                       | \$3,226                        |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | \$7,774                                   | \$6,416                        |
| Contributions subsequent to the measurement date  | \$2,862                                   | N/A                            |
| Total   | \$11,794                                  | \$24,827                       |

\$2,862 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended June 30,</b> |           |
|----------------------------|-----------|
| 2023                       | (\$4,253) |
| 2024                       | (\$3,925) |
| 2025                       | (\$4,356) |
| 2026                       | (\$4,055) |
| 2027                       | \$21      |
| Thereafter                 | \$673     |

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

*Actuarial assumptions.* The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

|  | State Division | School Division | Local Government Division   | Judicial Division |
|--|----------------|-----------------|---|-------------------|
| Actuarial cost method  |                |                 | Entry age   |                   |
| Price inflation  |                |                 | 2.30%   |                   |
| Real wage growth   |                |                 | 0.70%   |                   |
| Wage inflation   |                |                 | 3.00%   |                   |
| Salary increases, including wage inflation   |                |                 |   |                   |
| Members other than State Troopers  | 3.30%-10.90%   | 3.40%-11.00%    | 3.20%-11.30%  | 2.80%-5.30%       |
| State Troopers   | 3.20%-12.40%   | N/A             | 3.20%-12.40%  | N/A               |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation |                |                 | 7.25%   |                   |
| Discount rate  |                |                 | 7.25%   |                   |
| Health care cost trend rates   |                |                 |   |                   |
| PERA benefit structure:  |                |                 |   |                   |
| Service-based premium subsidy  |                |                 | 0.00%   |                   |
| PERACare Medicare plans  |                |                 | 4.50% in 2021,<br>6.00% in 2022<br>gradually decreasing<br>to 4.50% in 2029 |                   |
| Medicare Part A premiums   |                |                 | 3.75% in 2021,<br>gradually increasing<br>to 4.50% in 2029                  |                   |
| DPS benefit structure:   |                |                 |   |                   |
| Service-based premium subsidy  |                |                 | 0.00%   |                   |
| PERACare Medicare plans  |                |                 | N/A   |                   |
| Medicare Part A premiums   |                |                 | N/A   |                   |

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NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

| Medicare Plan                            | Initial Costs for Members<br>without Medicare Part A |                 |                                 |
|--|--|-----------------|---------------------------------|
|  | Monthly Cost   | Monthly Premium | Monthly Cost Adjusted to Age 65 |
| Medicare Advantage/Self-Insured Rx       | \$633  | \$230           | \$591                           |
| Kaiser Permanente Medicare Advantage HMO | 596  | 199             | 562                             |

The 2021 Medicare Part A premium is \$471 (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, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

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

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

| <u>Year</u> | <u>PERACare<br/>Medicare Plans</u> | <u>Medicare Part A<br/>Premiums</u> |
|-------------|------------------------------------|-------------------------------------|
| 2021        | 4.50%                              | 3.75%                               |
| 2022        | 6.00%                              | 3.75%                               |
| 2023        | 5.80%                              | 4.00%                               |
| 2024        | 5.60%                              | 4.00%                               |
| 2025        | 5.40%                              | 4.00%                               |
| 2026        | 5.10%                              | 4.25%                               |
| 2027        | 4.90%                              | 4.25%                               |
| 2028        | 4.70%                              | 4.25%                               |
| 2029+       | 4.50%                              | 4.50%                               |

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

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

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

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

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

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

- 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 2021 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 PERA Board's actuary, as discussed above.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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.

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.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

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.

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   | 6.00%             | 4.70%  |
| <b>Total</b>   | <b>100.00%</b>    |  |

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

*Sensitivity of the 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  | 3.50%                      | 4.50%               | 5.50%                      |
| Ultimate PERACare Medicare trend rate | 3.50%                      | 4.50%               | 5.50%                      |
| Initial Medicare Part A trend rate    | 2.75%                      | 3.75%               | 4.75%                      |
| Ultimate Medicare Part A trend rate   | 3.50%                      | 4.50%               | 5.50%                      |
| Net OPEB Liability                    | \$50,622                   | \$52,118            | \$53,852                   |

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

THE CHILDREN’S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

(Continued)

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

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

|   | 1% Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$60,530               | \$52,118                         | \$44,933               |

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment.

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2022, the reserve of \$40,600 was recorded as a reservation of fund balance in the General Fund.

THE CHILDREN'S KIVA MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 10: SUBSEQUENT EVENTS**

Potential subsequent events were considered through October 31, 2022. It was determined that no events were required to be disclosed through this date.

**REQUIRED SUPPLEMENTARY INFORMATION**

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2022

|                                   | 2022               |                  |                  | VARIANCE<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|------------------|------------------|------------------------------------|
|                                   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           |                                    |
| REVENUES                          |                    |                  |                  |                                    |
| Local Sources                     |                    |                  |                  |                                    |
| Per Pupil Revenue                 | \$ 1,203,889       | \$ 1,189,782     | \$ 1,217,247     | \$ 27,465                          |
| Tuition and Fees                  | 20,063             | 19,500           | 18,081           | (1,419)                            |
| Grants and Donations              | 30,000             | 30,000           | 4,259            | (25,741)                           |
| Interest                          | -                  | -                | 20               | 20                                 |
| Miscellaneous                     | 15,194             | 15,194           | 11,962           | (3,232)                            |
| State Sources                     |                    |                  |                  |                                    |
| Grants                            | 102,211            | 126,170          | 128,549          | 2,379                              |
| Federal Sources                   |                    |                  |                  |                                    |
| Grants and Donations              | 315,824            | 320,825          | 283,614          | (37,211)                           |
| <b>TOTAL REVENUES</b>             | <b>1,687,181</b>   | <b>1,701,471</b> | <b>1,663,732</b> | <b>(37,739)</b>                    |
| EXPENDITURES                      |                    |                  |                  |                                    |
| General Government                |                    |                  |                  |                                    |
| Current                           |                    |                  |                  |                                    |
| Salaries                          | 719,108            | 702,151          | 758,885          | (56,734)                           |
| Employee Benefits                 | 297,334            | 304,972          | 228,818          | 76,154                             |
| Purchased Services                | 557,991            | 571,845          | 545,174          | 26,671                             |
| Supplies and Materials            | 60,971             | 60,971           | 88,877           | (27,906)                           |
| Property                          | 30,671             | 32,330           | 27,716           | 4,614                              |
| Other                             | 2,680              | 2,680            | 1,623            | 1,057                              |
| <b>TOTAL EXPENDITURES</b>         | <b>1,668,755</b>   | <b>1,674,949</b> | <b>1,651,093</b> | <b>23,856</b>                      |
| <b>NET CHANGE IN FUND BALANCE</b> | <b>18,426</b>      | <b>26,522</b>    | <b>12,639</b>    | <b>(13,883)</b>                    |
| FUND BALANCE, Beginning           | 143,092            | 183,914          | 171,140          | (12,774)                           |
| FUND BALANCE, Ending              | \$ 161,518         | \$ 210,436       | \$ 183,779       | \$ (26,657)                        |

See the accompanying independent auditors' report.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

|  | <u>2014</u> | <u>2015</u> | <u>2016</u>  | <u>2017</u>  | <u>2018</u>  | <u>2019</u>  | <u>2020</u>  | <u>2021</u>  |
|--|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| School's proportionate share of the Net Pension Liability  | 0.0430%     | 0.0059%     | 0.0075%      | 0.0086%      | 0.0076%      | 0.0065%      | 0.0087%      | 0.0278%      |
| School's proportionate share of the Net Pension Liability  | \$ 589,157  | \$ 916,857  | \$ 2,234,269 | \$ 2,785,084 | \$ 1,347,435 | \$ 969,734   | \$ 1,322,441 | \$ 1,077,248 |
| State of Colorado's Proportionate Share of the Net Pension Liability associated with the School  | \$ -        | \$ -        | \$ -         | \$ -         | \$ 184,243   | \$ 122,998   | \$ -         | \$ 110,792   |
| Total portion of the Net Pension Liability associated with the School                            | \$ 589,157  | \$ 916,857  | \$ 2,234,269 | \$ 2,785,084 | \$ 1,531,678 | \$ 1,092,732 | \$ 1,322,441 | \$ 1,188,040 |
| School's covered payroll   | \$ 75,877   | \$ 261,250  | \$ 336,799   | \$ 397,300   | \$ 418,340   | \$ 361,653   | \$ 464,824   | \$ 567,288   |
| School's proportionate share of the Net Pension Liability as a percentage of its covered payroll | 776.5%      | 351.0%      | 663.4%       | 701.0%       | 322.1%       | 268.1%       | 284.5%       | 209.4%       |
| Plan fiduciary net position as a percentage of the total pension liability                       | 62.8%       | 59.2%       | 43.1%        | 44.0%        | 57.0%        | 64.5%        | 67.0%        | 74.8%        |

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

THE CHILDREN'S KIVA MONTESSORI SCHOOL  
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
 SCHOOL DISVISION TRUST FUND

Years Ended June 30,

|  | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>   | <u>2020</u>   | <u>2021</u>    | <u>2022</u>    |
|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Statutorily required contributions                                   | \$ 29,920     | \$ 45,275     | \$ 64,511     | \$ 74,017     | \$ 70,993     | \$ 79,705     | \$ 103,840     | \$ 140,087     |
| Contributions in relation to the Statutorily required contributions. | <u>29,920</u> | <u>45,275</u> | <u>64,511</u> | <u>74,017</u> | <u>70,993</u> | <u>79,705</u> | <u>103,840</u> | <u>140,087</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    |
| School's covered payroll   | \$ 75,877     | \$ 261,250    | \$ 336,799    | \$ 397,300    | \$ 367,658    | \$ 411,274    | \$ 522,333     | \$ 567,288     |
| Contributions as a percentage of covered payroll                     | 39.43%        | 17.33%        | 19.15%        | 18.63%        | 19.31%        | 19.38%        | 19.88%         | 24.69%         |

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

THE CHILDREN'S KIVA MONTESSORI SCHOOL  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
HEALTH CARE TRUST FUND

Years Ended December 31,

|   | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| School's proportionate share of the Net OPEB Liability  | 0.0043%     | 0.0049%     | 0.0049%     | 0.0042%     | 0.0051%     | 0.0060%     |
| School's proportionate share of the Net OPEB Liability  | \$ 55,303   | \$ 63,600   | \$ 67,296   | \$ 47,671   | \$ 48,028   | \$ 52,118   |
| School's covered payroll  | \$ 336,799  | \$ 397,300  | \$ 418,340  | \$ 361,653  | \$ 464,824  | \$ 567,288  |
| School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll | 16.4%       | 16.0%       | 16.1%       | 13.2%       | 10.3%       | 9.2%        |
| Plan fiduciary net position as a percentage of the total OPEB liability                       | 16.7%       | 17.5%       | 17.0%       | 17.0%       | 24.5%       | 32.8%       |

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

THE CHILDREN'S KIVA MONTESSORI SCHOOL  
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
 HEALTH CARE TRUST FUND

Years Ended June 30,

|   | <u>2017</u>  | <u>2018</u>  | <u>2019</u>  | <u>2020</u>  | <u>2021</u>  | <u>2022</u>  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contributions                                  | \$ 3,437     | \$ 4,105     | \$ 3,750     | \$ 4,195     | \$ 5,328     | \$ 5,786     |
| Contributions in relation to the Statutorily required contributions | <u>3,437</u> | <u>4,105</u> | <u>3,750</u> | <u>4,195</u> | <u>5,328</u> | <u>5,786</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>  |
| School's covered payroll  | \$ 336,799   | \$ 397,300   | \$ 367,658   | \$ 411,274   | \$ 522,333   | \$ 567,288   |
| Contributions as a percentage of covered payroll                    | 1.02%        | 1.03%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        |

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.