

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2023

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JOHN CUTLER & ASSOCIATES

Board of Directors
St. Vrain Community Montessori School
Longmont, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of St. Vrain Community Montessori School (the "School") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Vrain Community Montessori School of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 St. Vrain Community Montessori 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.

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 38-43 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The combining schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

November 7, 2023

St. Vrain Community Montessori School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2023

As management of St. Vrain Community Montessori School (the School), we offer readers of the School's basic financial statements this narrative and analysis of the financial activities of the School as of and for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

Financial Highlights

The year ended June 30, 2023, was the fourteenth year of operations for the School. As of June 30, 2023, the net position was a negative \$2,330,579 due primarily to the implementation of GASB 68 & GASB 75. GASB 68 & 75 are pension and post-employment benefit disclosures. The General Fund ending fund balance increased from \$1,122,203 to \$1,209,896. This was an increase of \$87,693 or 2.6% of General Fund expenditures or 7.8% of Fund Balance. The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). State categorical revenue or Per Pupil Revenue (PPR) for the year was \$2,124,369.

Overview of Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The School reports two governmental funds, its General Fund, and Grants Fund.

St. Vrain Community Montessori School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

The School adopts annual budgets for its funds. Budgetary comparisons have been provided for each governmental fund in the basic financial statements to demonstrate compliance with these budgets.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements are shown on pages 6 through 38.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial condition. As of June 30, 2023, the School's liabilities and deferred inflows exceeded assets and deferred outflows by \$2,330,579. \$82,800 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the School. The negative net position of \$2,330,579 decreased from the prior fiscal year by \$39,979, or 1.7% principally because the School recognized a smaller net PERA pension liability.

Net position as of June 30, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Investments	\$ 1,330,140	\$ 1,167,738
Receivables and Other Current Assets	44,276	295,030
Capital Assets, Net	178,720	164,287
Deposits	14,434	13,841
Prepaid Expenses	<u>48,319</u>	<u>80,565</u>
Total Assets	<u>1,615,889</u>	<u>1,721,461</u>
Deferred Outflows, Pensions/OPEB	1,000,578	1,337,775
Liabilities		
Accounts Payable	59,950	48,022
Due to District/other Funds	2,827	201,178
Accrued Expenses	23,406	21,580
Unearned Revenue	141,090	164,191
Net Pension/OPEB Liability	<u>4,217,410</u>	<u>2,926,757</u>
Total Liabilities	<u>4,444,683</u>	<u>3,361,728</u>
Deferred Inflows, Pensions/OPEB	502,363	2,068,066
Net Position		
Net Investment in Capital Assets	65,797	133,540

St. Vrain Community Montessori School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Restricted for Emergencies	103,000	82,800
Unrestricted	<u>(2,499,376)</u>	<u>(2,586,898)</u>
Total Net Position	\$ <u>(2,330,579)</u>	\$ <u>(2,370,558)</u>

Change in net position for the year ended June 30, 2023 and June 30, 2022:

	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 258,609	\$ 300,951
Operating Grants and Contributions	378,020	369,787
Capital Grants and Contributions	<u>81,770</u>	<u>66,543</u>
Total Program Revenues	<u>718,399</u>	<u>737,281</u>
General Revenues		
State Categorical Revenue/PPR	2,124,369	2,010,896
Mill Levy Override	463,152	390,150
Special Funding PERA	108,223	34,168
Earnings on Investments	31,047	2,558
Other	<u>347,256</u>	<u>98,603</u>
Total General Revenues	<u>3,074,047</u>	<u>2,536,375</u>
Total Revenues	<u>3,792,446</u>	<u>3,273,656</u>
Expenditures/Expenses		
Current		
Instruction	2,215,325	1,190,461
Supporting Services	1,537,142	935,762
Other Operating Expenditures	<u>-</u>	<u>-</u>
Total Expenses	<u>3,752,467</u>	<u>2,126,223</u>
Increase in Net Position	39,979	1,147,433
Net Position, Beginning of Year	<u>(2,370,558)</u>	<u>(3,517,991)</u>
Net Position, End of Year	\$ <u>(2,330,579)</u>	\$ <u>(2,370,558)</u>

St. Vrain Community Montessori School

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2023

Financial Analysis of the School's Funds

The School reports two governmental funds, the General Fund, and Grants Fund. The General Fund is considered a major fund and is used to account for the School's general operations. The General Fund began the year with a positive fund balance of \$1,122,203. Fund Balance in the General Fund increased to \$1,209,896 at year-end. The increase of \$87,693 was 2.6% of total expenditures or 7.8% of Fund Balance and can be attributed to additional State and Federal funding. Eighty six percent of fund balance is unassigned. The Grants Fund ended the year with no fund balance as it began the year.

General Fund and Grants Fund Budgetary Highlights

The School's consolidated General Fund revised budget had expenditures of \$3,361,000 for the year ended June 30, 2023. Actual expenditures were \$3,347,581. The Grants Fund had budgetary expenditures of \$253,316 with actual expenditures of \$248,949.

Budget amendments were approved for the consolidated General Fund and Grants Fund. The consolidated General Fund had increased appropriations of \$86,385 to \$3,361,000. The Grants Fund had increased appropriations of \$99,465 to \$253,316.

Capital Assets and Debt Administration

Net capital assets were \$178,720 at June 30, 2023. The School leases its school facility and land under operating leases with a third party that expire in 2024 with options to extend until 2025. Please refer to Note 8, page 37 for details on all leases. Total lease expense for the year was \$224,294. The School had no outstanding debt at June 30, 2023.

Economic Factors, Next Year's Budget, Student Counts

The enrollment budgeted for the FY23 was 229 K-8 students and 30 P-K for a total of 259 students. Final enrollment came in at 226 K-8 students and 30 P-K for a total of 256 students. Even with fewer students than budgeted, the additional State and Federal funding created an offset and the School was still able to increase Fund Balance by \$87.7K. Enrollment for FY24 is estimated to be 239 K-8 and 31 P-K students, or a 4.2% compared to FY23. State funding or Per Pupil Revenue (PPR) increased substantially for FY23. The 6.9% increase put PPR at \$9,400 per student. FY24 PPR is projected at \$10,382 reflecting a 10.45% increase over FY23. Capital construction funding will also increase to approximately \$400/student up from \$359 in FY23 or an increase of 11.4%.

St. Vrain Community Montessori School
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

The primary factor driving the budget for the School is student enrollment. The following is a historical summary taken from the Colorado Department of Education (CDE) data base:

SVCMS Historical Enrollment

FY	FPC	PK	K-8	Total	Student % CHG.
FY10	72	22	87	109	
FY11	99	26	112	138	26.61%
FY12	116	21	131	152	10.14%
FY13	139	26	152	178	17.11%
FY14	158	22	174	196	10.11%
FY15	178	22	185	207	5.61%
FY16	190	25	206	231	11.59%
FY17	194	27	210	237	2.60%
FY18	219	37	233	270	13.92%
FY19	213	43	228	271	0.37%
FY20	219	39	219	258	-4.80%
FY21	223	26	223	249	-3.49%
FY22	228	31	228	259	4.02%
FY23	226	30	226	256	-1.16%

Requests for Information

The financial report is designed to provide a general overview of the School's finances for all those with an interest in the School. Questions concerning any of the information provided in this report or requests for additional information should be addressed to St. Vrain Community Montessori School, 1055 Delaware Ave., Longmont, Colorado 80501.

BASIC FINANCIAL STATEMENTS

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

STATEMENT OF NET POSITION

Year Ended June 30, 2023

	Governmental Activities	
	2023	2022
ASSETS		
Cash and Investments	\$ 1,330,140	\$ 1,167,738
Accounts Receivable	5,458	90,105
Due from District	38,818	3,747
Due From Other Funds	162,294	201,178
Prepaid Expenses	48,319	80,565
Deposits	14,434	13,841
Capital Assets, not depreciated	112,923	30,747
Capital Assets, Depreciated, net of accumulated depreciation	65,797	133,540
TOTAL ASSETS	1,778,183	1,721,461
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	964,159	1,315,531
Related to OPEB	36,419	22,244
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,000,578	1,337,775
LIABILITIES		
Accounts Payable	59,950	48,022
Due to District	2,827	-
Due to Other Funds	162,294	201,178
Accrued Expenses	23,406	21,580
Unearned Revenues	141,090	164,191
Noncurrent Liabilities		
Net Pension Liability	4,078,462	2,791,694
Net OPEB Liability	138,948	135,063
TOTAL LIABILITIES	4,606,977	3,361,728
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	452,095	2,020,355
Related to OPEB	50,268	47,711
TOTAL DEFERRED INFLOWS OF RESOURCES	502,363	2,068,066
NET POSITION		
Net Investment in Capital Assets	65,797	133,540
Restricted for Emergencies	103,000	82,800
Unrestricted	(2,499,376)	(2,586,898)
TOTAL NET POSITION	\$ (2,330,579)	\$ (2,370,558)

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2023	2022
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	\$ 2,215,325	\$ -	\$ 341,060	\$ -	\$ (1,874,265)	\$ (946,221)
Supporting Services	1,537,142	258,609	36,960	81,770	(1,159,803)	(442,721)
Total Governmental Activities	<u>\$ 3,752,467</u>	<u>\$ 258,609</u>	<u>\$ 378,020</u>	<u>\$ 81,770</u>	(3,034,068)	(1,388,942)
			GENERAL REVENUES			
					2,124,369	2,010,896
					463,152	390,150
					108,223	(76,503)
					31,047	2,558
					347,256	209,274
					<u>3,074,047</u>	<u>2,536,375</u>
					39,979	1,147,433
					<u>(2,370,558)</u>	<u>(3,517,991)</u>
					<u>\$ (2,330,579)</u>	<u>\$ (2,370,558)</u>

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

BALANCE SHEET
Year Ended June 30, 2023

	GENERAL FUND	GRANTS FUND	TOTAL	
			2023	2022
ASSETS				
Cash and Investments	\$ 1,330,140	\$ -	\$ 1,330,140	\$ 1,167,738
Accounts Receivable	5,458	-	5,458	90,105
Due from District	-	38,818	38,818	3,747
Due from Other Funds	162,294	-	162,294	201,178
Prepaid Expenses	48,319	-	48,319	80,565
Deposits	14,434	-	14,434	13,841
TOTAL ASSETS	\$ 1,560,645	\$ 38,818	\$ 1,599,463	\$ 1,557,174
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 42,901	\$ 17,049	\$ 59,950	\$ 48,022
Due to District	2,827	-	2,827	-
Due to Other Funds	162,294	-	162,294	201,178
Payroll Liabilities	23,406	-	23,406	21,580
Unearned Revenues	119,321	21,769	141,090	164,191
TOTAL LIABILITIES	350,749	38,818	389,567	434,971
FUND BALANCES				
Nonspendable	62,753	-	62,753	94,406
Restricted for Emergencies	103,000	-	103,000	82,800
Unassigned	1,044,143	-	1,044,143	944,997
TOTAL FUND BALANCES	1,209,896	-	1,209,896	1,122,203
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,560,645	\$ 38,818		

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

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

178,720 164,287

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 (\$4,078,456), net OPEB liability (\$138,951) deferred outflows related to pensions of \$964,159 deferred outflows related to OPEB of \$36,419, deferred inflows related to pensions of (\$452,095), and deferred inflows related to of OPEB (\$50,268).

(3,719,195) (3,657,048)

Net position of governmental activities

\$ (2,330,579) \$ (2,370,558)

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended June 30, 2023

	GENERAL FUND	GRANTS FUND	TOTAL	
			2023	2022
REVENUES				
Local Sources	\$ 3,333,579	\$ 9,584	\$ 3,343,163	\$ 3,105,919
State and Federal Sources	101,695	239,365	341,060	244,240
 TOTAL REVENUES	 <u>3,435,274</u>	 <u>248,949</u>	 <u>3,684,223</u>	 <u>3,350,159</u>
EXPENDITURES				
Current				
Instruction	1,979,542	135,587	2,115,129	1,684,678
Supporting Services	1,368,039	113,362	1,481,401	1,563,294
 TOTAL EXPENDITURES	 <u>3,347,581</u>	 <u>248,949</u>	 <u>3,596,530</u>	 <u>3,247,972</u>
 NET INCOME (LOSS)	 87,693	 -	 87,693	 102,187
 FUND BALANCES, Beginning	 <u>1,122,203</u>	 <u>-</u>	 <u>1,122,203</u>	 <u>1,020,016</u>
 FUND BALANCES, Ending	 <u>\$ 1,209,896</u>	 <u>\$ -</u>	 <u>\$ 1,209,896</u>	 <u>\$ 1,122,203</u>

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

ST. VRAIN COMMUNITY MONTESSORI 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, 2023

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

Net change in fund balances - total governmental funds	\$ 87,693
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$20,737, was exceeded depreciation expense (\$6,304), for the year.	14,433
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>(62,147)</u>
Change in net position of governmental activities	<u>\$ 39,979</u>

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Vrain Community Montessori School (the “School”) was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school within the St. Vrain Valley School District (the “District”) in the State of Colorado.

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.

Based upon the application of these criteria, there are no organizations that should be included in the School’s reporting entity.

The School is a component unit of the St. Vrain Valley School District (the “District”).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all 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 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.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 funds:

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.

Grants Fund – This fund is used to account for grant revenues and related expenditures.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets – Capital assets, which include property and equipment, 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 assets 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: leasehold remaining life of lease.

Unearned Revenues – Unearned revenues include tuition payments that have been collected for the following school year.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted and are as follows:

- Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.
- Restricted Net Position are liquid assets, which have third party limitations on their use.
- Unrestricted Net Position represents assets that do not have any third party limitation on their use. While management may have categorized and segmented portion for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. At June 30, 2023, the School reports nonspendable fund balance in the form of prepaid expenses and deposits.
- 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.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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, 2023.
- 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 resources first to defer the use of these other classified funds.

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 purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for General Fund and the Grants Fund 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 prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2023 consisted of the following:

Cash on Hand	\$	700
Deposits		481,514
Investments		<u>847,926</u>
Total	\$	<u>1,330,140</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, 2023, 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. 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.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

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, 2023, the School had deposits with financial institutions with a carrying amount of \$481,514. The bank balances with the financial institutions were \$499,923. Of these balances, \$250,000 was covered by federal depository insurance and \$249,923 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

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

Local Government Investment Pools

At June 30, 2023, The School had invested \$847,926 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2023, is summarized below.

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ 101,373	\$ 11,550	\$ -	\$ 112,923
Capital Assets, Being Depreciated				
Leasehold Improvements	672,056	9,187	-	681,243
Machinery and Equipment	<u>60,234</u>	<u>-</u>	<u>-</u>	<u>60,234</u>
Total Capital Assets, Being Depreciated	<u>732,290</u>	<u>9,187</u>	<u>-</u>	<u>741,477</u>
Accumulated Depreciation				
Leasehold Improvements	626,603	3,668	-	630,271
Machinery and equipment	<u>42,773</u>	<u>2,636</u>	<u>-</u>	<u>45,409</u>
Total Accumulated Depreciation	<u>669,376</u>	<u>6,304</u>	<u>-</u>	<u>675,680</u>
Total Net Depreciable Assets	<u>62,914</u>	<u>2,883</u>	<u>-</u>	<u>65,797</u>
Net Capital Assets	<u>\$ 164,287</u>	<u>\$ 14,433</u>	<u>\$ -</u>	<u>\$ 178,720</u>

Depreciation expense is charged to the supporting services program of the School.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from July to June but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$23,406. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: 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.

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

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, 2023: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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 \$371,270 for the year ended June 30, 2023.

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

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

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

At June 30, 2023, the School reported a liability of \$4,078,462 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	\$4,078,462
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School.	920,314
Total	\$4,998,776

At December 31, 2022, the School's proportion was .02240%, which was decrease of .00159% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized pension expense of \$549,373 and revenue of \$108,223 for support from the State as a nonemployer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$38,598	N/A
Changes of assumptions or other inputs	72,243	N/A
Net difference between projected and actual earnings on pension plan investments	547,887	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	117,567	452,095
Contributions subsequent to the measurement date	187,864	N/A
Total	\$964,159	\$452,095

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

\$187,864 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	(\$128,709)
2025	\$72,630
2026	\$105,227
2027	\$138,083
2028	\$136,969

Actuarial assumptions. The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the 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, 2021, 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (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.

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. 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%
Total	100.00%	

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

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

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan (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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$5,337,297	\$4,078,462	\$3,027,196

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.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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.

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

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

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 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.

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.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

General Information about the OPEB Plan (Continued)

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 School were \$18,581 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of \$138,948 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.0170%, which was an increase of 0.00136% from its proportion measured as of December 31, 2021.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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, 2023, the School recognized OPEB expense of \$10,848. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$18	\$33,603
Changes of assumptions or other inputs	2,233	15,336
Net difference between projected and actual earnings on OPEB plan investments	8,487	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,279	1,329
Contributions subsequent to the measurement date	9,402	N/A
Total	\$36,419	\$50,268

\$9,402 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended:	
2024	(\$7,661)
2025	(\$8,990)
2026	(\$3,363)
2027	\$565
2028	(\$3,545)
Thereafter	(\$257)

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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, 2021 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			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing 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	

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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 TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022

premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the

UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan.

Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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)

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

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

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

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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)

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

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

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on 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.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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)

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.

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:

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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)

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

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

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

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

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

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

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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 actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. 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.

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%
Total	100.00 %	

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

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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 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 ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$135,018	\$138,948	\$143,231

¹For the January 1, 2023, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: 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)

- 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.

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$161,085	\$138,948	\$120,019

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.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: COMMITMENTS AND CONTINGENCIES

Short Term Leases

The School is party to a number of short term leases as shown in the following table:

Operating Leases in Force:

Address:	Lessor	Beginning Lease Date	Lease Expiration	Monthly Lease Rate	Option for Extension (Y/N)
1055 Delaware Ave., Longmont	1055 Delaware, LLC	6/29/2009	7/31/2025	\$6,152.50	Y
1111 Delaware Ave., Longmont	Icebox Knitting, LLC	5/2/2011	6/30/2025	\$1,800.00	Y
1001 Delaware Ave. Ste. A, Longmont	KBI Delaware, LLC	1/10/2013	7/31/2025	\$6,407.38	Y
1001 Delaware Ave. Ste. B, Longmont	KBI Delaware, LLC	1/10/2013	7/31/2025	\$3,787.88	Y
1001 Delaware Ave., Longmont	Williams Scotsman, Inc.	8/15/2018	8/14/2023	\$1,245.00	Y

All of these leases are renewable on an annual basis.

Total lease expense for the year ending June 30, 2023 including CAM was \$224,294.

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, 2023, 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, 2023, the reserve of \$103,000 was recorded as a restriction of fund balance in the General Fund.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 9: DEFICIT NET POSITION

The net position of the governmental activities is in a deficit position in the amount of \$2,330,579 due to the School including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through November 7, 2023. It was determined that no events are required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

CONSOLIDATED GENERAL FUND

Year Ended June 30, 2023

	2023			VARIANCE Positive (Negative)	2022 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Per pupil revenue	\$ 2,140,472	\$ 2,124,375	\$ 2,124,369	\$ (6)	\$ 2,010,896
Mill Levy	397,620	463,152	463,152	-	390,150
Tuition and Fees	223,650	261,400	258,609	(2,791)	300,951
Grants and Contributions	326,425	245,500	109,146	(136,354)	192,090
Interest	1,850	30,250	31,047	797	2,558
Other	184,598	161,608	347,256	185,648	209,274
State and Federal	-	74,715	101,695	26,980	41,899
TOTAL REVENUES	3,274,615	3,361,000	3,435,274	74,274	3,147,818
EXPENDITURES					
Salaries	1,315,438	1,331,791	1,319,878	11,913	1,151,388
Employee Benefits	429,960	456,768	537,012	(80,244)	415,490
Purchased Services	18,391	49,534	53,103	(3,569)	37,646
Supplies and Materials	107,660	75,283	47,218	28,065	63,797
Property	-	-	22,331	(22,331)	15,579
Other	-	-	-	-	778
TOTAL INSTRUCTION	1,871,449	1,913,376	1,979,542	(66,166)	1,684,678
Supporting Services					
Salaries	509,988	477,525	483,338	(5,813)	485,505
Employee Benefits	212,115	203,926	197,611	6,315	175,896
Purchased Services	411,222	469,041	398,802	70,239	396,066
Supplies and Materials	74,263	83,576	79,959	3,617	77,941
Property	-	-	35,882	(35,882)	53,365
Other	195,578	213,556	172,447	41,109	172,180
TOTAL SUPPORTING SERVICES	1,403,166	1,447,624	1,368,039	79,585	1,360,953
TOTAL EXPENDITURES	3,274,615	3,361,000	3,347,581	13,419	3,045,631
NET CHANGE IN FUND BALANCE					
	-	-	87,693	87,693	102,187
FUND BALANCE, Beginning	1,341,188	1,131,308	1,122,203	(9,105)	1,020,016
FUND BALANCE, Ending	\$ 1,341,188	\$ 1,131,308	\$ 1,209,896	\$ 78,588	\$ 1,122,203

See the accompanying independent auditors' report.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

GRANTS FUND
Year Ended June 30, 2023

	2023			VARIANCE	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources	\$ -	\$ -	\$ 9,584	\$ 9,584	\$ -
State and Federal Sources	153,851	253,316	239,365	(13,951)	202,341
TOTAL REVENUES	153,851	253,316	248,949	(4,367)	202,341
EXPENDITURES					
Salaries	59,782	121,771	118,680	3,091	109,345
Employee Benefits	2,000	1,140	-	1,140	6,597
Purchased Services	91,600	116,395	115,451	944	84,629
Supplies and Materials	469	1,010	10,559	(9,549)	1,770
Property and Equipment	-	-	-	-	-
Other	-	13,000	4,259	8,741	-
TOTAL EXPENDITURES	153,851	253,316	248,949	4,367	202,341
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL
 SCHEDULE OF THE SCHOOLS PROPORTIONATE SHARE
 SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
School's proportionate share of the Net Pension Liability	0.017%	0.018%	0.021%	0.230%	0.025%	0.237%	0.241%	0.274%	0.024%	0.022%
	\$ 2,172,426	\$ 2,504,017	\$ 3,215,713	\$ 3,513,166	\$ 8,160,991	\$ 4,189,303	\$ 3,605,103	\$ 4,148,518	\$ 2,791,694	\$ 4,078,462
School's proportionate share of the Net Pension Liability										
State of Colorado Proportionate Share of the Net Pension Liability associated with the School	-	-	-	-	-	572,829	579,168	-	320,032	920,314
Total portion of the Net Pension Liability associated with the School	\$ 2,172,426	\$ 2,504,017	\$ 3,215,713	\$ 3,513,166	\$ 8,160,991	\$ 4,762,132	\$ 4,184,271	\$ 4,148,518	\$ 3,111,726	\$ 4,998,776
School's covered payroll	\$ 689,659	\$ 773,972	\$ 916,386	\$ 1,107,608	\$ 1,164,185	\$ 1,300,659	\$ 1,417,995	\$ 1,426,600	\$ 1,499,235	\$ 1,821,701
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	315.0%	323.5%	350.9%	317.2%	701.0%	322.1%	254.2%	290.8%	186.2%	223.9%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.10%	43.96%	57.01%	64.52%	66.99%	74.86%	61.79%

See the accompanying independent auditors' report.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 118,453	\$ 153,475	\$ 181,554	\$ 214,931	\$ 229,266	\$ 265,559	\$ 283,615	\$ 298,160	\$ 306,100	\$ 371,270
Contributions in relation to the Statutorily required contributions	118,453	153,475	181,554	214,931	229,266	265,559	283,615	298,160	306,100	371,270
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 696,520	\$ 857,010	\$ 968,117	\$ 1,107,608	\$ 1,213,131	\$ 1,388,180	\$ 1,463,424	\$ 1,426,600	\$ 1,626,373	\$ 1,821,701
Contributions as a percentage of covered payroll	17.01%	17.91%	18.75%	19.40%	18.90%	19.13%	19.38%	20.90%	18.82%	20.38%

See the accompanying independent auditors' report.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

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

Years Ended December 31,

	2016	2017	2018	2019	2020	2021	2022
School's proportionate share of the Net Pension Liability	0.013%	0.014%	0.015%	0.016%	0.016%	0.016%	0.017%
School's proportionate share of the Net Pension Liability	\$ 169,288	\$ 186,367	\$ 209,230	\$ 177,257	\$ 150,833	\$ 135,063	\$ 138,948
School's covered payroll	\$ 1,107,608	\$ 1,164,185	\$ 1,300,659	\$ 1,417,995	\$ 1,426,600	\$ 1,499,235	\$ 1,821,701
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	15.3%	16.0%	16.1%	12.5%	10.6%	9.0%	7.6%
Plan fiduciary net position as a percentage of the total pension liability	16.72%	17.53%	17.03%	24.49%	32.78%	39.40%	38.57%

See the accompanying independent auditors' report.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 11,298	\$ 12,384	\$ 14,159	\$ 14,925	\$ 14,552	\$ 16,590	\$ 18,581
Contributions in relation to the Statutorily required contributions	11,298	12,384	14,159	14,925	14,552	16,590	18,581
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 1,107,608	\$ 1,213,131	\$ 1,388,180	\$ 1,463,424	\$ 1,426,600	\$ 1,626,373	\$ 1,821,701
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.

COMBINING SCHEDULES

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

COMBINING BALANCE SHEET

June 30, 2023

	GENERAL FUND	PRESCHOOL FUND	PUPIL ACTIVITIES	TOTAL
ASSETS				
Cash	\$ 1,048,525	\$ 107,616	\$ 173,999	\$ 1,330,140
Accounts Receivable	5,458	-	-	5,458
Due from Other Funds	162,294	-	-	162,294
Prepaid Expenditures	48,319	-	-	48,319
Deposits	14,434	-	-	14,434
	<u>1,279,030</u>	<u>107,616</u>	<u>173,999</u>	<u>1,560,645</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 42,901	\$ -	\$ -	\$ 42,901
Due to District	2,827	-	-	2,827
Due to Other Funds	-	50,144	112,150	162,294
Accrued Expenses	23,406	-	-	23,406
Unearned Revenues	-	57,472	61,849	119,321
	<u>69,134</u>	<u>107,616</u>	<u>173,999</u>	<u>350,749</u>
TOTAL LIABILITIES				
FUND BALANCES				
Nonspendable	62,753	-	-	62,753
Restricted for Emergencies	103,000	-	-	103,000
Unassigned	1,044,143	-	-	1,044,143
	<u>1,209,896</u>	<u>-</u>	<u>-</u>	<u>1,209,896</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 1,279,030</u>	<u>\$ 107,616</u>	<u>\$ 173,999</u>	<u>\$ 1,560,645</u>

See the accompanying independent auditors' report.

ST. VRAIN COMMUNITY MONTESSORI SCHOOL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2023

	GENERAL FUND	PRESCHOOL FUND	PUPIL ACTIVITIES	TOTAL
REVENUES				
Local Sources				
Per pupil revenue	\$ 2,124,369	\$ -	\$ -	\$ 2,124,369
Mill Levy	463,152	-	-	463,152
Tuition and Fees	6,810	251,799	-	258,609
Grants and Contributions	109,146	-	-	109,146
Interest	31,047	-	-	31,047
Other	190,176	-	157,080	347,256
State and Federal				
Grants and Contributions	101,695	-	-	101,695
TOTAL REVENUES	3,026,395	251,799	157,080	3,435,274
EXPENDITURES				
Current				
Salaries	1,667,817	135,398	-	1,803,215
Employee Benefits	669,679	64,944	-	734,623
Purchased Services	428,337	-	23,569	451,906
Supplies and Materials	105,279	537	21,361	127,177
Property	58,213	-	-	58,213
Other	9,377	50,920	112,150	172,447
TOTAL EXPENDITURES	2,938,702	251,799	157,080	3,347,581
NET CHANGE IN FUND BALANCES	87,693	-	-	87,693
FUND BALANCES, Beginning	1,122,203	-	-	1,122,203
FUND BALANCES, Ending	\$ 1,209,896	\$ -	\$ -	\$ 1,209,896

See the accompanying independent auditors' report.