

**MONARCH MONTESSORI OF DENVER CHARTER**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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## **FINANCIAL SECTION**



**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

Board of Directors  
Monarch Montessori of Denver Charter  
Denver, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Monarch Montessori of Denver Charter (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 Monarch Montessori of Denver Charter as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we

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

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*PB Solutions LLC*

Littleton, Colorado  
October 13, 2023

## **Monarch Montessori of Denver Charter School Management Discussion and Analysis**

As management of Monarch Montessori of Denver Charter School (MMDC or the School), we offer readers of Monarch Montessori of Denver Charter School's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023.

### **Financial Highlights**

The year ended June 30, 2023 is the eleventh year of operations for MMDC. As of June 30, 2023, net position decreased by \$95,222 to \$2,010,554. This balance includes the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 8 and 9 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was \$2,257,703. At the close of the fiscal year, Monarch Montessori of Denver Charter School's governmental funds reported an ending fund balance of \$1,645,398, an increase of \$166,116 from the prior year.

### **Overview of Financial Statements**

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

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

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

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

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

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Denver Public Schools). The governmental activities of the School include instruction and supporting services.

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

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

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 7-43.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Monarch Montessori of Denver Charter School, assets and deferred outflows exceeded liabilities and deferred inflows resulting in a net position of \$2,010,554 in FY 2022-2023. Again, the net position includes amounts directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the School's total net position, \$110,350 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment and \$1,360,619 is invested in capital assets. Accordingly, these funds are not available to satisfy the School's general operating expenses.



**Monarch Montessori of Denver Charter School's Net Position  
Governmental Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,170,419	\$ 1,095,568 <sup>1</sup>
Restricted Cash and Investments	365,800	343,205
Accounts Receivable	267,966	168,320
Prepaid Expenses	31,309	18,679
Lease Receivable	419,847	404,163
Capital Assets, Not Depreciated	1,135,000	1,135,000
Capital Assets, Net of Accum Depreciation	8,184,819	8,543,104
<b>Total Assets</b>	<b>11,575,160</b>	<b>11,708,039</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions	655,968	445,128
Related to OPEB	20,874	8,069
<b>Total Deferred Outflows of Resources</b>	<b>676,842</b>	<b>453,197</b>
<b>LIABILITIES</b>		
Accounts Payable	8,329	-
Accrued Salaries & Benefits	181,556	146,278
Unearned Revenues	211	212
Accrued Interest Payable	50,528	50,528
Noncurrent Liabilities		
Due in One Year	150,000	-
Due in More than One Year	8,175,000	8,325,000
Net Pension Liability	1,026,786	8,306
OPEB Liability	17,803	18,763
<b>Total Liabilities</b>	<b>9,610,213</b>	<b>8,549,087</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	176,440	1,062,921
Related to OPEB	34,948	39,289
Related to Leases	419,847	404,163
<b>Total Deferred Inflows of Resources</b>	<b>631,235</b>	<b>1,506,373</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,360,619	1,696,309
Restricted for Emergencies	110,350	103,071
Unrestricted	539,585	306,396
<b>Total Net Position</b>	<b>\$ 2,010,554</b>	<b>\$ 2,105,776</b>

The largest portion of the School's assets is in capital assets, at 81% of total assets in 2023.

**Monarch Montessori of Denver Charter School’s Change in Net Position  
Governmental Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Program Revenue:		
Charges for Services	\$ 10,767	\$ 3,269
Operating Grants and Contributions	802,787	598,584
Capital Grants and Contributions	78,901	62,225
Total Program Revenue	892,455	664,078
General Revenue:		
Per Pupil Revenue	2,257,703	2,091,200
Mill Levy Override	648,065	565,061
Interest	42,814	27,289
Other	207,705	172,638
Total General Revenue	3,156,287	2,856,188
<b>Total Revenue</b>	<b>4,048,742</b>	<b>3,520,266</b>
Expenses:		
Instructional	2,012,952	1,535,952
Supporting Services	1,735,574	1,155,368
Interest and Fiscal Charges	395,438	395,437
<b>Total Expenses</b>	<b>4,143,964</b>	<b>3,086,757</b>
<b>Increase/(Decrease) in Net Position</b>	(95,222)	433,509
<b>Net Position, Beginning</b>	<b>2,105,776</b>	<b>1,672,267</b>
<b>Net Position, Ending</b>	<b>\$ 2,010,554</b>	<b>\$ 2,105,776</b>

The largest portion of the School’s revenues came from Per Pupil Revenue – 56% and 59%, respectively.

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

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

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

As of the end of the current fiscal year, the School’s General Fund reported an ending fund balance of \$1,279,598, an increase of \$143,521 from the prior year. As of the end of the current

fiscal year, the School's Building Corporation reported an ending fund balance of \$365,800, an increase of \$22,595 from prior year. This fund records the activity of the Monarch Building Corporation (the Corporation), established to assist the School with the purchase and financing of the School's facility.

### **General Fund Budgetary Highlights**

The School approves a General Fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized \$57,552 more revenue than expected and spent \$52,911 less than planned, when compared to the final budget. One budget amendment was made during FY 2022-2023.

### **Right-to-Use Assets**

The Governmental Accounting Standards Board (GASB) has recently issued two standards that affect the accounting for right to use assets:

GASB 87 requires that multi-year leases, regardless of whether they are considered operating or capital leases under previous accounting standards, be capitalized. As a lessee, Charter schools now must recognize right-to-use assets and corresponding lease liabilities for all qualifying leases. As a lessor, Charter schools now must recognize lease receivables and a corresponding deferred inflow of resources.

GASB 96 requires that multi-year software licenses, or subscription-based information technology arrangements (SBITAs), be capitalized. Charter schools now must recognize right-to-use assets and corresponding SBITA liabilities for all qualifying agreements.

The School recognized lease revenue and interest , as a lessor in the form a facility lease agreement with First Steps at Montessori. The School has recognized a lease receivable and a corresponding deferred inflow of resources. Additional information related to Leases may be found in Note 5 to the financial statements.

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

The School has invested in capital assets for the School's educational facility, land, and equipment purchased in support of the School's educational program. Additional information related to capital assets can be found in Note 4 to the financial statements. Depreciation expenses for capital assets are booked under supporting services of the School's operations.

The School has long-term debt in the form of 2015 Charter School Refunding and Improvement Bonds that were reissued in May 2020. The bonds were used to purchase and improve the School's facility. The School is required to make regular lease payments to the Corporation for

the use of the building. The bonds mature in May 2025 when a final balloon payment is due. Additional information related to long-term debt can be found in Note 6 to the financial statements.

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

The primary factors driving the budget for Monarch Montessori of Denver Charter School are student enrollment and Per Pupil Revenue. Enrollment for the 2022-2023 school year was 223.00 funded students. This information was analyzed as part of the 2023-2024 budget which is projecting a 230.00 funded student count.

### **Requests for Information**

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

Monarch Montessori of Denver Charter School  
4985 Peoria Street  
Denver, CO 80239

## **BASIC FINANCIAL STATEMENTS**

MONARCH MONTESSORI OF DENVER CHARTER

STATEMENT OF NET POSITION

As of June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,170,419
Restricted Cash and Investments	365,800
Accounts Receivable	267,966
Prepaid Expenses	31,309
Lease Receivable	419,847
Capital Assets, Not Depreciated	1,135,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>8,184,819</u>
<b>TOTAL ASSETS</b>	<u>11,575,160</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pensions	655,968
Related to OPEB	<u>20,874</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>676,842</u>
<b>LIABILITIES</b>	
Accounts Payable	8,329
Accrued Salaries and Benefits	181,556
Unearned Revenues	211
Accrued Interest Payable	50,528
Noncurrent Liabilities	
Due in One Year	150,000
Due in More than One Year	8,175,000
Net Pension Liability	1,026,786
Net OPEB Liability	<u>17,803</u>
<b>TOTAL LIABILITIES</b>	<u>9,610,213</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	176,440
Related to OPEB	34,948
Related to Leases	<u>419,847</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>631,235</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,360,619
Restricted for Emergencies	110,350
Unrestricted	<u>539,585</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,010,554</u>

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

MONARCH MONTESSORI OF DENVER CHARTER

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT				
<b>Governmental Activities</b>				
Instructional	\$ 2,012,952	\$ -	\$ 299,780	\$ (1,713,172)
Supporting Services	1,735,574	10,767	503,007	(1,142,899)
Interest and Other Fiscal Charges	395,438	-	-	(395,438)
<b>Total Governmental Activities</b>	<b>\$ 4,143,964</b>	<b>\$ 10,767</b>	<b>\$ 802,787</b>	<b>(3,251,509)</b>
		GENERAL REVENUES		
				Per Pupil Revenue 2,257,703
				Mill Levy Override 648,065
				Interest 42,814
				Other 207,705
				<b>TOTAL GENERAL REVENUES 3,156,287</b>
				CHANGE IN NET POSITION (95,222)
				NET POSITION, Beginning 2,105,776
				<b>NET POSITION, Ending \$ 2,010,554</b>

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

MONARCH MONTESSORI OF DENVER CHARTER

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,170,419	\$ -	\$ 1,170,419
Restricted Cash and Investments		365,800	365,800
Accounts Receivable	267,966	-	267,966
Lease Receivable	419,847	-	419,847
Prepaid Expenses	31,309	-	31,309
<b>TOTAL ASSETS</b>	<u><u>\$ 1,889,541</u></u>	<u><u>\$ 365,800</u></u>	<u><u>\$ 2,255,341</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 8,329	\$ -	\$ 8,329
Accrued Salaries	181,556	-	181,556
Unearned Revenue	211	-	211
<b>TOTAL LIABILITIES</b>	<u>190,096</u>	<u>-</u>	<u>190,096</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow of Resources - Lease	<u>419,847</u>	<u>-</u>	<u>419,847</u>
<b>FUND BALANCES</b>			
Nonspendable	31,309	-	31,309
Restricted for Emergencies	110,350	-	110,350
Restricted for Debt Service	-	365,800	365,800
Assigned for Future Expenditures	600,000	-	600,000
Unassigned	537,939	-	537,939
<b>TOTAL FUND BALANCES</b>	<u>1,279,598</u>	<u>365,800</u>	<u>1,645,398</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,889,541</u></u>	<u><u>\$ 365,800</u></u>	<u><u>\$ 2,255,341</u></u>

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



MONARCH MONTESSORI OF DENVER CHARTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2023

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

Total fund balances of governmental funds			\$ 1,645,398
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, not depreciated	1,135,000	
	Capital Assets, depreciated	10,701,210	
	Accumulated Depreciation	<u>(2,516,391)</u>	9,319,819
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bond Payable	(8,325,000)	
	Accrued Interest Payable	(50,528)	
	Net Pension Liability	(1,026,786)	
	Net OPEB Liability	<u>(17,803)</u>	(9,420,117)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources -Related to Pensions	655,968	
	Deferred outflows of resources - Related to OPEB	20,874	
	Deferred inflows of resources - Related to Pensions	(176,440)	
	Deferred inflows of resources - Related to OPEB	<u>(34,948)</u>	<u>465,454</u>
Net position of governmental activities			<u>\$ 2,010,554</u>

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

MONARCH MONTESSORI OF DENVER CHARTER

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2023

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 3,211,153	\$ 14,992	\$ 3,226,145
State Sources	378,681	-	378,681
Federal Sources	335,427	-	335,427
<b>TOTAL REVENUES</b>	<b>3,925,261</b>	<b>14,992</b>	<b>3,940,253</b>
EXPENDITURES			
Current			
Instruction	2,004,656	-	2,004,656
Supporting Services	1,374,043	-	1,374,043
Debt Service			
Principal	-	-	-
Interest	-	395,438	395,438
<b>TOTAL EXPENDITURES</b>	<b>3,378,699</b>	<b>395,438</b>	<b>3,774,137</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>546,562</b>	<b>(380,446)</b>	<b>166,116</b>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	403,041	403,041
Transfers Out	(403,041)	-	(403,041)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(403,041)</b>	<b>403,041</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>143,521</b>	<b>22,595</b>	<b>166,116</b>
FUND BALANCES, Beginning	1,136,077	343,205	1,479,282
FUND BALANCES, Ending	<u>\$ 1,279,598</u>	<u>\$ 365,800</u>	<u>\$ 1,645,398</u>

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

MONARCH MONTESSORI OF DENVER CHARTER

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		\$ 166,116
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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 position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlay	-	
Depreciation	<u>(358,285)</u>	(358,285)

Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.

Deferred charges related to Pension Plan	78,841	
Deferred charges related to OPEB	<u>18,106</u>	<u>96,947</u>

Change in net position of governmental activities		<u><u>\$ (95,222)</u></u>
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The accompanying notes are an integral part of the financial statements.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

The Monarch Montessori of Denver Charter (the “School”) was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public Schools District (the “District”). The School is governed by a five-member Board of Directors.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies:

**Reporting Entity**

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the School and organizations for which the School is financially accountable. It is also financially accountable for legally separate organizations if the School’s officials appoint a voting majority for the organization’s governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the School includes the following organization within its reporting entity:

**Monarch Building Corporation**

The Monarch Building Corporation (the “Corporation”) was formed to support the School to perform its function and to carry out its purpose, specifically to assist in the purchase and financing of the School’s facilities. The Corporation is blended into the School’s financial statements as a special revenue fund. Separate financial statements are not available for the Corporation.

The School is a component unit of the Denver Public Schools District.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary 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 net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

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 other customers 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 revenue and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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

MONARCH MONTESSORI OF DENVER CHARTER

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**  
(Continued)

enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the School reports the following major governmental funds:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

The *Building Corporation* accounts for the activities of the Monarch Building Corporation.

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

Deposits and Investments – For purposes of the statement of cash flows, the School considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of the School is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	30 years
Equipment	10 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$181,556. The accrued compensation is reported as a liability in the General Fund.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

Deferred Outflows of Resources - In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred 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.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred 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.

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Compensated Absences – The School’s policy allows employees to earn seven to ten days of personal leave of absence during the year. Unused leave up to 40 hours may be carried over to the next fiscal year. Any excess accrued leave is paid out at the end of the contract year at a rate of \$150 per day. Employees who resign or terminate employment prior to the end of the school year are paid for their unused personal leave of absence days. No liability is recorded in the School’s government-wide statement of net position.

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.



MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position 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 School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right 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. The School considers prepaid expenses as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The School has also classified funds for debt service as being restricted because their use is restricted by debt covenants.

MONARCH MONTESSORI OF DENVER CHARTER

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.
- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The School reports assigned fund balances for future expenditures 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 fund balance.

**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.

**Income Taxes**

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2023.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Subsequent Events**

The School has evaluated events subsequent to the year ended June 30, 2023 through October 13, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

**Budgets**

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing 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 to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

**NOTE 3: CASH AND INVESTMENTS**

At June 30, 2023 cash and investments consist of the following:

Petty Cash	\$	170
Deposits		1,170,249
Investments		<u>365,800</u>
Total	\$	<u><u>1,536,219</u></u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$	1,170,419
Cash and Investments - Restricted		<u>365,800</u>
Total	\$	<u><u>1,536,219</u></u>

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**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. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2023, the School had deposits with financial institutions with a carrying amount of \$1,170,249. The bank balances with the financial institutions were \$1,278,125. Of these balances, \$284,492 was covered by federal depository insurance and \$993,633 was covered by collateral held by authorized escrow agents in the financial institutions 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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Investments (Continued)**

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The School does not have a formal investment policy to limit credit risk. However, the School follows state statutes regarding investments.

Local Government Investment Pools

The School has invested \$365,800 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and 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 pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes, and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Investments (Continued)**

Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

**Restricted Cash and Investments**

At June 30, 2023, cash and investments in the amount of \$365,800 is restricted in the Building Corporation to comply with debt covenants.

**NOTE 4: CAPITAL ASSETS**

Capital Asset activity for the year ended June 30, 2023, is summarized below:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 1,135,000	\$ -	\$ -	\$ 1,135,000
Capital Asset, Being Depreciated				
Building	10,692,772	-	-	10,692,772
Equipment	8,438	-	-	8,438
Total Capital Assets, Being Depreciated	10,701,210	-	-	10,701,210
Accumulated Depreciation				
Building	2,155,785	357,441	-	2,513,226
Equipment	2,321	844	-	3,165
Total Depreciation	2,158,106	358,285	-	2,516,391
Total Capital Assets, Being Depreciated, Net	8,543,104	(358,285)	-	8,184,819
Net Capital Assets	\$ 9,678,104	\$ (358,285)	\$ -	\$ 9,319,819

Depreciation has been charged to the Supporting Services program of the School.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 5: LEASES**

The School entered into an agreement to sublease premises to First Steps At Montessori from May 2020 through to May 2024. In August 2022 the agreement was extended to May 2025 for an additional rent of \$203,742. The School recognized lease revenue of \$161,579 and interest on the lease of \$27,618 during the year ended June 30, 2023. At June 30, 2023 an amount of \$419,847 is recognized as a lease receivable and corresponding deferred inflow of resources relating to leases.

**NOTE 6: LONG-TERM DEBT**

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2023:

	Balance <u>6/30/2022</u>	Additions	Payments	Balance <u>6/30/2023</u>	Due In <u>One Year</u>
Series 2015 Bonds					
Reissuance	\$ 8,325,000	-	-	\$ 8,325,000	150,000
Net Pension Liability	8,306	1,018,480	-	1,026,786	-
Net OPEB Liability	<u>18,763</u>	<u>-</u>	<u>960</u>	<u>17,803</u>	<u>-</u>
Total	<u>\$ 8,352,069</u>	<u>\$ 1,018,480</u>	<u>\$ 960</u>	<u>\$ 9,369,589</u>	<u>\$ 150,000</u>

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 6: LONG-TERM DEBT** (Continued)

**Charter School Refunding and Improvement Bonds, Series 2015**

In December 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$8,815,000 Charter School Refunding and Improvement Bonds, Series 2015. Proceeds from the bonds were used to purchase the School’s building and provide funding for improvements. Interest accrues at rates ranging from 5.50% to 7.00%. The bonds matured in May 2020.

In May 2020, the bonds were re-issued in the aggregate amount of \$8,565,000. The re-issued bonds carry an interest rate of 4.75%. Semi-annual interest payments are due on May 15 and November 15 through May 15, 2025. Principal payments are due on May 15, 2020 and May 15, 2024. A final balloon payment in the amount of \$8,175,000 is due on May 15, 2025.

The School is obligated to make monthly lease payments to the Building Corporation for the use of the building and facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the bonds.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 150,000	\$ 395,438	\$ 545,438
2025	<u>8,175,000</u>	<u>388,312</u>	<u>8,563,312</u>
Total	<u>\$ 8,325,000</u>	<u>\$ 783,750</u>	<u>\$ 9,108,750</u>

**NOTE 7: INTERFUND TRANSFERS**

During the year ended June 30, 2023, the General Fund transferred \$420,437 to the Building Corporation to cover the School’s rent obligations and the Building Corporation transferred \$17,396 to the General Fund for expenditures paid by the General Fund on behalf of the Building Corporation.



MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The School participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-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 DPS Division 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 DPS Division—a single-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

The lifetime retirement benefit for all eligible retiring employees under the 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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8:** **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.

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 of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, 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 DPS Division. 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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

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

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions provisions as of June 30, 2023.* Eligible employees of the School and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division 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 December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412 <sup>1</sup>	(11.72%)	(10.93%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
<b>Total employer contribution rate to the DPS Division</b>	<b>8.66%</b>	<b>9.45%</b>

<sup>1</sup>To conform with this presentation of contribution rates, the 2022 annual PCOP offset of 11.47% has been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements.

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

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were \$169,590 for the year ended June 30, 2023.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8:** **DEFINED BENEFIT PENSION PLAN** (Continued)

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

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial 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 DPS Division 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 DPS Division 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 \$1,026,786 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

The School's proportionate share of the net pension liability	\$1,026,786
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	730,567
Total	\$1,757,353

At December 31, 2022, the proportion was 0.1183%, which was a decrease of 0.0208% from its proportion measured as of December 31, 2021. For the year ended June 30, 2023, the School recognized pension expense of \$306,073 and revenue of \$106,900 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$36,312	\$-
Changes of assumptions or other inputs	35,888	-
Net difference between projected and actual earnings on pension plan investments	388,930	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	106,455	176,440
Contributions subsequent to the measurement date	88,382	-
Total	\$655,968	\$176,440

\$88,382 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:

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

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

Year ended June 30,	
2024	\$40,618
2025	(348)
2026	125,493
2027	225,382

*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:	3.80%-11.50%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

The 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:

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8:** **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- **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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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%
<b>Total</b>	<b>100.00%</b>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in 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.



MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 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.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- 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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

Based on the above assumptions and methods, the DPS Division’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 liability	\$1,737,753	\$1,026,786	\$440,732

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

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* The School participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-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 DPS 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.

**General Information about the OPEB Plan**

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

*Benefits provided.* The DPS 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 DPS HCTF and the Health Care Trust Fund (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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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.

*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 DPS HCTF or the HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02% of PERA-includable salary into the DPS HCTF.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

Employer contributions are recognized by the DPS 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 DPS HCTF the School were \$19,105 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 \$17,803 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS 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 DPS HCTF for the calendar year 2022 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2022, the School's proportion was 0.2026%, which an increase of 0.02419% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of \$999. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: 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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$-	\$19,087
Changes of assumptions or other inputs	-	8,510
Net difference between projected and actual earnings on OPEB plan investments	10,094	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,240	7,351
Contributions subsequent to the measurement date	9,540	N/A
<b>Total</b>	<b>\$20,874</b>	<b>\$34,948</b>

\$9,540 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:

<b>Year ended</b>	
2024	(\$8,326)
2025	(6,871)
2026	(3,620)
2027	(506)
2028	(2,893)
Thereafter	(1,398)

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: 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)**

<i>Actuarial assumptions.</i> The TOL in the	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80%-11.50%
Long-term investment rate of return, net of OPEB	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
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: 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)

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase	Annual Increase
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	0.0%	0.0%

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



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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: 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 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.

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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

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

Year	PERACare Medicare	Medicare Part A
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 the DPS Division as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed on a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

Post-retirement non-disabled 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 following health care costs assumptions were updated and used in the roll-forward calculation for the DPS 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.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: 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)

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were 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:

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: 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)

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

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

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

	1% Decrease in Trend	Current Trend Rates	1% Increase in Trend
Initial PERACare Medicare trend	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate <sup>1</sup>	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$17,351	\$17,803	\$18,174

<sup>1</sup>For the January 1, 2023, plan year.

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

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

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

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$30,129	\$17,803	\$7,302

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

**NOTE 10: TAXABLE PENSION CERTIFICATES OF PARTICIPATION (PCOPs)**

The Denver Public Schools District (the "District") issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. The School contributed 8.20%, 8.51%, and 8.67% of covered payroll for the fiscal years ending June 30, 2023, 2022, and 2021, respectively, to the District to cover its obligation relating to the PCOPs.

For the year ended June 30, 2023 the School contributed \$153,587 to the District for its PCOPs obligation.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by

MONARCH MONTESSORI OF DENVER CHARTER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 11:** **COMMITMENTS AND CONTINGENCIES** (Continued)

**Claims and Judgments** (Continued)

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 an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$110,350 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

**NOTE 12:** **CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, the School has evaluated its existing agreements and has determined that no changes to the School's financial statements are deemed necessary.



**REQUIRED SUPPLEMENTARY INFORMATION**

MONARCH MONTESSORI OF DENVER CHARTER

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Local Sources					
Per Pupil Revenue	\$ 2,322,343	\$ 2,257,673	\$2,257,703	\$ 30	\$2,091,200
Mill Levy Override	586,309	648,061	648,065	4	565,061
Tuition and Fees	4,000	8,920	10,767	1,847	3,269
Contributions	55,000	59,000	59,091	91	70,573
Interest	50	120	27,822	27,702	26,441
Other	244,197	239,197	207,705	(31,492)	172,638
State Sources					
Capital Construction	69,317	78,902	78,901	(1)	62,225
PERA-On Behalf Contribution	-	40,000	106,900	66,900	34,463
Grants and Donations	128,707	190,878	192,880	2,002	231,496
Federal Sources					
Grants and Donations	306,263	344,958	335,427	(9,531)	334,030
<b>TOTAL REVENUES</b>	<b>3,716,186</b>	<b>3,867,709</b>	<b>3,925,261</b>	<b>57,552</b>	<b>3,591,396</b>
<b>EXPENDITURES</b>					
Instruction					
Salaries	1,315,358	1,361,080	1,361,265	(185)	1,277,118
Employee Benefits	292,127	316,024	384,296	(68,272)	383,878
Purchased Services	133,924	108,115	98,722	9,393	104,743
Supplies and Materials	92,374	105,625	126,772	(21,147)	178,960
Property	24,748	42,000	30,487	11,513	39,571
Other	82,907	38,010	3,114	34,896	932
<b>Total Instruction</b>	<b>1,941,438</b>	<b>1,970,854</b>	<b>2,004,656</b>	<b>(33,802)</b>	<b>1,985,202</b>
Supporting Services					
Salaries	548,993	555,402	521,923	33,479	292,556
Employee Benefits	231,940	234,965	212,803	22,162	56,132
Purchased Services	490,983	615,889	582,234	33,655	507,999
Supplies and Materials	33,336	41,500	47,088	(5,588)	34,669
Other	11,220	13,000	9,995	3,005	9,141
<b>Total Supporting Services</b>	<b>1,316,472</b>	<b>1,460,756</b>	<b>1,374,043</b>	<b>86,713</b>	<b>900,497</b>
<b>TOTAL EXPENDITURES</b>	<b>3,257,910</b>	<b>3,431,610</b>	<b>3,378,699</b>	<b>52,911</b>	<b>2,885,699</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>458,276</b>	<b>436,099</b>	<b>546,562</b>	<b>110,463</b>	<b>705,697</b>
<b>OTHER FINANCING USES</b>					
Transfers Out	(420,437)	(420,437)	(403,041)	17,396	(395,437)
<b>TOTAL OTHER FINANCING USES</b>	<b>(420,437)</b>	<b>(420,437)</b>	<b>(403,041)</b>	<b>17,396</b>	<b>(395,437)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>37,839</b>	<b>15,662</b>	<b>143,521</b>	<b>127,859</b>	<b>310,260</b>
<b>FUND BALANCE, Beginning</b>	<b>794,407</b>	<b>1,136,078</b>	<b>1,136,077</b>	<b>(1)</b>	<b>825,817</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 832,246</b>	<b>\$ 1,151,740</b>	<b>\$1,279,598</b>	<b>\$ 127,858</b>	<b>\$1,136,077</b>

See the accompanying independent auditor's report

MONARCH MONTESSORI OF DENVER CHARTER

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

	Years Ended December 31,										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Proportion of the Net Pension Liability (Asset)	0.11833%	0.13910%	0.16866%	0.11119%	0.11423%	0.18168%	0.18820%	0.18779%	0.17249%	0.17900%	
Proportionate Share of the Net Pension Liability (Asset)	\$1,026,786	\$ 8,306	\$ 758,883	\$ 732,547	\$1,168,449	\$1,628,730	\$2,061,694	\$1,527,762	\$1,077,312	\$ 596,186	
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	730,567	2,438	-	324,649	605,367	-	-	-	-	-	
Total Proportionate Share of the Net Pension Liability (Asset)	1,757,353	10,744	758,883	1,057,196	1,773,816	1,628,730	2,061,694	1,527,762	1,077,312	596,186	
Covered payroll	\$1,734,928	\$1,506,943	\$1,328,801	\$1,202,812	\$1,259,177	\$1,231,421	\$1,243,563	\$1,188,334	\$1,015,802	\$ 625,164	
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.29%	0.71%	57.1%	87.9%	140.9%	132.3%	165.8%	128.6%	106.1%	95.4%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.93%	99.87%	90.14%	84.73%	75.70%	79.50%	74.10%	79.30%	83.90%	86.30%	

See the accompanying independent auditor's report

MONARCH MONTESSORI OF DENVER CHARTER  
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 169,590	\$ 129,944	\$ 106,963	\$ 80,801	\$ 62,963	\$ 57,344	\$ 53,252	\$ 37,112	\$ 36,761	\$ 42,226
Contributions in Relation to the Contractually Required Contributions	169,590	129,944	106,963	80,801	62,963	57,344	53,252	37,112	36,761	42,226
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,873,006	\$1,576,039	\$1,431,366	\$1,253,243	\$1,176,053	\$1,268,228	\$1,223,382	\$1,231,565	\$1,130,854	\$ 886,475
Contributions as a Percentage of Covered Payroll	9.05%	8.24%	7.47%	6.45%	5.35%	4.52%	4.35%	3.01%	3.25%	4.76%

See the accompanying independent auditor's report

MONARCH MONTESSORI OF DENVER CHARTER

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.20256%	0.17837%	0.16874%	0.16046%	0.17341%	0.18118%	0.18820%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 17,803	\$ 18,763	\$ 38,628	\$ 59,109	\$ 78,331	\$ 92,333	\$ 102,588
Covered payroll	\$1,734,928	\$1,506,943	\$1,328,801	\$1,202,812	\$1,259,177	\$1,231,421	\$1,243,563
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	1.03%	1.25%	2.91%	4.91%	6.22%	7.50%	8.25%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	85.60%	83.93%	65.43%	46.98%	34.72%	30.45%	33.64%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditor's report

MONARCH MONTESSORI OF DENVER CHARTER  
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 19,105	\$ 16,105	\$ 14,479	\$ 12,782	\$ 11,996	\$ 12,936	\$ 12,478
Contributions in Relation to the Contractually Required Contributions	19,105	16,105	14,479	12,782	11,996	12,936	12,478
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,873,006	\$4,576,039	\$1,431,366	\$1,253,243	\$1,176,053	\$1,268,228	\$4,223,382
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.01%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditor's report