

Walden Green Montessori

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2020



Walden Green Montessori

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Walden Green Montessori
Spring Lake, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Walden Green Montessori (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Walden Green Montessori
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Walden Green Montessori as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 3 through 8 and 37 through 42 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of Walden Green Montessori’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Walden Green Montessori’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walden Green Montessori’s internal control over financial reporting and compliance.



Muskegon, Michigan
November 13, 2020

This section of Walden Green Montessori's annual financial report presents our discussion and analysis of the School's financial performance during the year ended June 30, 2020. Please read it in conjunction with the School's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Walden Green Montessori financially as a whole. The School-wide financial statements provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School's operations in more detail than the School-wide financial statements. The basic financial statements are comprised of the following elements:

Management's Discussion and Analysis (MD&A)

Basic Financial Statements

- School-wide Financial Statements

- Fund Financial Statements

- Notes to Financial Statements

Required Supplementary Information

- Budgetary Information for the General Fund

Reporting the School as a Whole—School-wide Financial Statements

Operating profit or loss for the fiscal year is one of the most important questions asked about the School. The Statement of Activities reports information on the School as a whole and its activities in a way that helps answer this question. We prepare this statement using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and Statement of Activities report the School's net position—the difference between assets/deferred outflows and liabilities/deferred inflows—as one way to measure the School's financial health or financial position. Over time, increases or decreases in the School's net position—as reported in the Statement of Activities—are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School's operating results. However, the School's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School.

The Statement of Net Position and Statement of Activities report the governmental activities for the School, which encompass all of the School's services, including instruction and support services. Unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities.

Reporting the School's Most Significant Funds—Fund Financial Statements

The School's fund financial statements provide detailed information about the most significant funds—not the School as a whole. Walden Green Montessori used two funds in the current year – the General Fund and the Debt Service Fund. The funds use the following accounting approach:

Governmental funds—All of the School's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation.

The School as a Whole

Recall that the Statement of Net Position provides the perspective of the School as a whole. The following table provides a summary of the School’s net position as of June 30, 2020 and 2019.

<u>Statement of Net Position</u>	<u>2020</u>	<u>2019</u>
Assets		
Current Assets and Other Assets	\$ 1,867,253	\$ 1,630,559
Capital Assets	<u>2,689,785</u>	<u>2,757,289</u>
Total Assets	4,557,038	4,387,848
Deferred Outflows of Resources		
Related to other postemployment benefits	24,141	19,454
Related to Pensions	<u>105,721</u>	<u>126,036</u>
Total Assets and Deferred Outflows of Resources	4,686,900	4,533,338
Liabilities		
Current Liabilities	341,893	300,189
Noncurrent Liabilities	<u>3,575,915</u>	<u>3,700,170</u>
Total Liabilities	3,917,808	4,000,359
Deferred Inflows of Resources		
Related to other postemployment benefits	45,753	24,258
Related to Pensions	<u>50,383</u>	<u>55,840</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,013,944</u>	<u>4,080,457</u>
Net Position		
Net investment in capital assets	(217,430)	(256,782)
Restricted for debt service	540,022	527,295
Unrestricted	<u>350,364</u>	<u>182,368</u>
Total Net Position	<u>\$ 672,956</u>	<u>\$ 452,881</u>

The above analysis focuses on net position, which can be used as an indicator of the School’s financial health. Current assets, defined as assets available for the School's use within one year, increased by \$236,694 primarily due to the increase in cash and investments as well as an increase in due from other governmental units. Capital assets decreased by \$67,504 due to the current year’s depreciation exceeding current year additions. Overall, total assets and deferred outflows of resources increased by \$153,562. Total liabilities and deferred inflows of resources decreased by \$66,513; primarily due to the payment on long term debt. The impact on the net investment in capital assets (which represents the School’s net position invested in buildings and equipment less accumulated depreciation and related debt) was a decrease of \$39,352. The unrestricted net position balance of \$350,364 is used to provide working capital and cash flow requirements as well as providing for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year’s operations for the School as a whole are reported in the Statement of Activities, which shows the changes in net position for fiscal year 2020.

Statement of Activities

	<u>2020</u>	<u>2019</u>
<i>Functions/Programs</i>		
Program Revenue		
Charges for Services	\$ 17,308	\$ 18,291
Operating Grants	454,901	258,351
General Revenues		
Grants and Contributions not Restricted to Specific Programs	1,925,234	1,939,369
Investment Earnings	7,047	9,730
Total Revenues	<u>2,404,490</u>	<u>2,225,741</u>
Expenses		
Instruction	1,162,310	1,051,322
Support Services	825,901	773,122
Community services	-	350
Interest of Long-term Debt	196,204	202,175
Total Governmental Activities	<u>2,184,415</u>	<u>2,026,969</u>
Change in Net Position	220,075	198,772
Net Position - Beginning of Year	452,881	254,109
Net Position - End of Year	<u>\$ 672,956</u>	<u>\$ 452,881</u>

Change in Net Position

The School experienced an increase in net position of \$220,075. The total revenues were up \$178,749 largely due to grants and state aid contributions. Total expenses were up by \$157,446 largely due to an increase in instruction and support services.

As discussed above, the net cost shows the financial burden that was placed on the School by each of these functions. Since unrestricted state aid constitutes the vast majority of district operating revenue sources, the Board of Directors and administration must annually evaluate the needs of the School and balance those needs with state-prescribed available unrestricted resources.

The School's Funds

As we noted earlier, the School uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School is being held accountable for the resources taxpayers and others provide to it and may provide more insight into the School's overall financial health.

In the General Fund, our principal operating fund, the fund balance increased \$187,763 during the year and ended the year with a positive fund balance of \$1,105,838.

General Fund Budgetary Highlights

Over the course of the year, the School revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. (A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements).

State revenues were amended down as the School became aware that revenues from the State of Michigan would be less than originally anticipated.

There were revisions made to the 2019-2020 General Fund original budget. Budgeted expenditures for instruction (both basic programs and added needs) were decreased by a total of \$211,738 due to lower costs related to staffing and lower program costs. Administration was amended down by \$18,412 due to lower than expected costs in legal services, fees, and consulting expenses. Operations and Maintenance budget was decreased by \$49,803 due to decreased costs in supplies and maintenance of the equipment and repairs. Other categories were adjusted to match anticipated expenditures as the year progressed.

State revenues were greater than budget because the anticipated state aid cut was less than anticipated.

Actual results for expenditures for the year ended June 30, 2020 were close to budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the School had \$2,689,785 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$67,504 from last year.

	<u>2020</u>	<u>2019</u>
Land	\$ 319,638	\$ 319,638
Building and improvements	2,359,951	2,425,692
Furniture and equipment	10,196	11,959
	<u>\$ 2,689,785</u>	<u>\$ 2,757,289</u>

We present more detailed information about our capital assets in the notes to the financial statements.

Long-term Obligations

At June 30, 2020, the School had \$3,221,059 in bonds relating to building construction. The School made its scheduled debt payments during the current year. In addition, the School incurred no new debt.

Economic Factors and Next Year's Budget

Our appointed officials and administration considered many factors when setting the School's 2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The fiscal year 2021 budget anticipates an increase in enrollment of approximately 8 students. The State foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021 fiscal year is 90 percent and 10 percent of the October 2020 and February 2020 student counts, respectively. The original 2021 budget was adopted in June 2020 and anticipated a decrease from fund balance of \$12,772.

Approximately 86 percent of total General Fund revenue comes from the state foundation grant. As a result, direct funding is heavily dependent on the state's ability to fund local school operations. Based on early enrollment data at the start of the 2021 school year, we anticipate that the fall student count will be below the estimates used in creating the fiscal 2021 budget. Once the final student count and related per pupil funding is validated, state law requires the School to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School's revenue is heavily dependent on state funding and the health of the state's School Aid Fund, the actual revenue received depends on the state's ability to collect revenues to fund its appropriation to schools. The state periodically holds a revenue-estimating conference to estimate revenues.

Contacting the School Financial Management

The financial report is designed to provide a general overview of the School's finances for all those interested in the School's finances. If you have any questions about this report or need additional information, contact Walden Green Montessori, 17339 Roosevelt Road, Spring Lake, Michigan 49456.

Walden Green Montessori
STATEMENT OF NET POSITION
June 30, 2020

	Governmental activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 910,443
Investments	215,704
Receivables	749
Due from other governmental units	390,901
Prepaid items	36,000
Total current assets	1,553,797
Noncurrent assets	
Restricted investments	313,456
Capital assets, net	
Nondepreciable	319,638
Depreciable	2,370,147
Total noncurrent assets	3,003,241
Total assets	4,557,038
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	24,141
Related to pensions	105,721
Total deferred outflows of resources	129,862
Total assets and deferred outflows of resources	4,686,900
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	93,337
Due to other governmental units	21,946
Unearned revenue	106,610
Bonds and other obligations, due within one year	120,000
Total current liabilities	341,893
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	3,101,059
Net other postemployment benefits liability	80,102
Net pension liability	394,754
Total noncurrent liabilities	3,575,915
Total liabilities	3,917,808
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	45,753
Related to pensions	50,383
Total deferred inflows of resources	96,136
Total liabilities and deferred inflows of resources	4,013,944
NET POSITION	
Net investment in capital assets	(217,430)
Restricted for debt service	539,522
Unrestricted	350,864
Total net position	\$ 672,956

The accompanying notes are an integral part of this statement.

Walden Green Montessori
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

<i>Functions/Programs</i>	Program Revenue			Net (Expense) Revenue and Changes in Net Position
<i>Functions/Programs</i>	Expenses	Charges for services	Operating grants and contributions	Governmental activities
Governmental activities				
Instruction	\$ 1,162,310	\$ 17,308	\$ 351,066	\$ (793,936)
Support services	825,901	-	103,835	(722,066)
Interest on long-term debt	196,204	-	-	(196,204)
Total governmental activities	\$ 2,184,415	\$ 17,308	\$ 454,901	(1,712,206)
General revenues				
Grants and contributions not restricted to specific programs				1,925,234
Investment earnings				7,047
Total general revenues				1,932,281
Change in net position				220,075
Net position at beginning of year				452,881
Net position at end of year				\$ 672,956

The accompanying notes are an integral part of this statement.

Walden Green Montessori
BALANCE SHEET
 Governmental Funds
 June 30, 2020

	General Fund	Debt Service Fund	Total governmental funds
ASSETS			
Cash and cash equivalents	\$ 910,443	\$ -	\$ 910,443
Investments	-	215,704	215,704
Receivables	749	-	749
Due from other governmental units	390,901	-	390,901
Due from other funds	-	57,000	57,000
Prepaid items	36,000	-	36,000
Restricted investments	-	313,456	313,456
Total assets	\$ 1,338,093	\$ 586,160	\$ 1,924,253
LIABILITIES			
Accounts payable	\$ 12,035	\$ -	\$ 12,035
Accrued liabilities	34,664	-	34,664
Due to other governmental units	21,946	-	21,946
Due to other funds	57,000	-	57,000
Unearned revenue	106,610	-	106,610
Total liabilities	232,255	-	232,255
FUND BALANCES			
Nonspendable - prepaid items	36,000	-	36,000
Restricted for debt service	-	586,160	586,160
Assigned to subsequent year's budget appropriations	12,772	-	12,772
Unassigned	1,057,066	-	1,057,066
Total fund balances	1,105,838	586,160	1,691,998
Total liabilities and fund balances	\$ 1,338,093	\$ 586,160	\$ 1,924,253

The accompanying notes are an integral part of this statement.

Walden Green Montessori
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 June 30, 2020

Total fund balance—governmental funds		\$ 1,691,998
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.		
Cost of capital assets	\$ 3,902,664	
Accumulated depreciation	<u>(1,212,879)</u>	2,689,785
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds.		
Deferred outflows of resources - related to other postemployment benefits	24,141	
Deferred inflows of resources - related to other postemployment benefits	(45,753)	
Deferred outflows of resources - related to pensions	105,721	
Deferred inflows of resources - related to pensions	<u>(50,383)</u>	33,726
Accrued interest in governmental activities is not reported in the governmental funds.		
		(46,638)
Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		
		<u>(3,695,915)</u>
Net position of governmental activities		<u><u>\$ 672,956</u></u>

The accompanying notes are an integral part of this statement.

Walden Green Montessori
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total governmental funds</u>
REVENUES			
Local sources			
Investment earnings	\$ 44	\$ 7,003	\$ 7,047
Fees and charges	17,308	-	17,308
Other	187,159	-	187,159
Total local sources	204,511	7,003	211,514
State sources	2,068,581	-	2,068,581
Federal sources	122,202	-	122,202
Total revenues	2,395,294	7,003	2,402,297
EXPENDITURES			
Current			
Instruction	1,097,966	-	1,097,966
Support services	759,793	-	759,793
Debt service			
Principal repayment	-	115,000	115,000
Interest and other charges	-	194,785	194,785
Capital outlay	36,272	-	36,272
Total expenditures	1,894,031	309,785	2,203,816
Excess (deficiency) of revenues over (under) expenditures	501,263	(302,782)	198,481
OTHER FINANCING SOURCES (USES)			
Transfers in	-	313,500	313,500
Transfers out	(313,500)	-	(313,500)
Total other financing sources (uses)	(313,500)	313,500	-
Net change in fund balances	187,763	10,718	198,481
Fund balances at beginning of year	918,075	575,442	1,493,517
Fund balances at end of year	\$ 1,105,838	\$ 586,160	\$ 1,691,998

The accompanying notes are an integral part of this statement.

Walden Green Montessori
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
 For the year ended June 30, 2020

Net change in fund balances—total governmental funds		\$ 198,481
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.		
Depreciation expense	\$ (71,493)	
Capital outlay	<u>3,989</u>	(67,504)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		
		106,856
Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid.		
		1,509
Some other postemployment benefit related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
		7,189
Some pension related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
		<u>(26,456)</u>
Change in net position of governmental activities		<u><u>\$ 220,075</u></u>

The accompanying notes are an integral part of this statement.

Walden Green Montessori
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Fiduciary Funds
June 30, 2020

	<u>Agency funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 140</u>
LIABILITIES	
Deposits held for others	<u>\$ 140</u>

The accompanying notes are an integral part of this statement.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Walden Green Montessori (School) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

Reporting Entity

The School is governed by an appointed five member Board of Directors (Board), which has responsibility and control over all activities related to education within the School. The School receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School is considered to be financially accountable for other organizations, those organizations should be included as component units in the School's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—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. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by intergovernmental revenues and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the School's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 collectible within the current period or soon 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. 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to Schools based on information supplied by the Schools. For the current fiscal year, the foundation allowance was based on pupil membership counts taken in October and February.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The School also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the School are reported at fair value (generally based on quoted market prices). Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the School intends to hold the investment until maturity.

State statutes authorize the School to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The School is also authorized to invest in U. S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School's deposits and investments are in accordance with statutory authority.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

As the School constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment, of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and improvements	10-50
Furniture and equipment	3-10

Long-term Obligations

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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are incurred.

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 debt service expenditures.

Defined Benefit Plan

For purposes of measuring the net pension and net other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

Deferred Outflows/Inflows of Resources

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

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Deferred Outflows/Inflows of Resources—Continued

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the School that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants 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 state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year end.

The School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain comments.
3. Prior to July 1, the budget is legally adopted by Board of Directors resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the General Fund are noted in the required supplementary information section.
4. Formal budgetary integration is employed as a management control device during the year.
5. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2020.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2020, the School had the following investments:

Investment Type	Fair value	Weighted average maturity (Days)	Standard Poor's rating	Percent
Money Market Fund	<u>\$ 529,160</u>	36	AAAm	100%

Interest rate risk

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

Credit risk

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School has no investment policy that would further limit its investment choices.

Concentration of credit risk

The School does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the School investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2020, \$346,520 of the School's bank balance of \$950,051 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments

The School does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk

The School is not authorized to invest in investments which have this type of risk.

Restricted investments

A reserve fund requirement was placed on assets by the bond agreement. At June 30, 2020, the Debt Service investments include \$313,456 which are in a reserve fund and are restricted for payment of the outstanding bonds.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE D—FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Money market funds: Valued at amortized cost which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the School's assets at fair value on a recurring basis as of June 30, 2020:

	Assets at Fair Value as of June 30, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 529,160	\$ -	\$ 529,160
Total assets at fair value	<u>\$ -</u>	<u>\$ 529,160</u>	<u>\$ -</u>	<u>\$ 529,160</u>

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE E—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 319,638	\$ -	\$ -	\$ 319,638
Capital assets, being depreciated:				
Buildings and improvements	3,220,317	-	-	3,220,317
Furniture and equipment	360,239	3,989	1,519	362,709
Total capital assets, being depreciated	3,580,556	3,989	1,519	3,583,026
Less accumulated depreciation:				
Buildings and improvements	794,625	65,741	-	860,366
Furniture and equipment	348,280	5,752	1,519	352,513
Total accumulated depreciation	1,142,905	71,493	1,519	1,212,879
Total capital assets, being depreciated, net	2,437,651	(67,504)	-	2,370,147
Capital assets, net	<u>\$ 2,757,289</u>	<u>\$ (67,504)</u>	<u>\$ -</u>	<u>\$ 2,689,785</u>

Depreciation

Depreciation expense has been charged to functions as follows:

Instruction	\$ 64,344
Support services	7,149
	<u>\$ 71,493</u>

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u><u>\$ 57,000</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

The General Fund transferred \$313,500 to the Debt Service Fund to fund debt service payments.

NOTE G—LONG-TERM OBLIGATIONS

The School issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School.

The following is a summary of long-term obligations activity for the School for the year ended June 30, 2020:

	<u>Balance</u>	<u>Balance</u>	<u>Due within</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>
Governmental activities	July 1, 2019	Additions	Reductions
Bonds	\$ 3,465,000	\$ -	\$ 115,000
Discount	(137,085)	-	(8,144)
	<u><u>\$3,327,915</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 106,856</u></u>
			<u><u>June 30, 2020</u></u>
			<u><u>\$ 3,221,059</u></u>
			<u><u>\$ 120,000</u></u>

The governmental activities bonds are secured by future state aid of the School. If the School defaults, the bonds are callable.

General obligation bonds consist of the following:

	<u>Interest</u>	<u>Date of</u>	<u>Balance</u>
	<u>Rate</u>	<u>Maturity</u>	<u>Balance</u>
General obligation bonds			
2006 Limited Obligation Revenue Bond	5.25-5.625%	October 2036	<u><u>\$3,350,000</u></u>

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE G—LONG-TERM OBLIGATIONS—Continued

The annual requirements of principal and interest to amortize the bonds as of June 30, 2020 follow:

Year ending June 30,	Principal	Interest	Total
2021	\$ 120,000	\$ 186,550	\$ 306,550
2022	130,000	180,250	310,250
2023	135,000	173,425	308,425
2024	145,000	166,000	311,000
2025	150,000	158,025	308,025
2026-2030	900,000	654,688	1,554,688
2031-2035	1,185,000	372,094	1,557,094
2036-2037	585,000	41,484	626,484
	\$ 3,350,000	\$ 1,932,516	\$5,282,516

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

Benefits Provided – Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System who became a member after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4 percent of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50 percent (up to 1 percent of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional service or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

Pension Reform 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan (Pension Plus 2) with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6 percent. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Regular Retirement

The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Post-Retirement Adjustments

A retiree who became a Member Investment Plan member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

Plan Status

The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

Benefits Provided – OPEB

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80 percent beginning January 1, 2013; 90 percent for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – OPEB—Continued

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions – Pension and OPEB

School Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period for the 2019 fiscal year.

The schedules below summarize the contribution rates in effect for the System’s fiscal year ended September 30, 2019.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	18.25 %
Member Investment Plan	3.0 - 7.0	18.25
Pension Plus Plan	3.0 - 6.4	16.46
Pension Plus 2 Plan	6.2	19.59
Defined Contribution	0.0	13.39

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	7.93 %
Personal Healthcare Fund	0.0	7.57

The School District’s pension contributions for the year ended June 30, 2020 were equal to the required contribution total. Pension contributions were approximately \$28,000, including Section 147c contributions.

For the year ended June 30, 2020, the School and employee defined contribution plan contributions were approximately \$23,000 and \$6,000, respectively.

The School District’s OPEB contributions for the year ended June 30, 2020 were equal to the required contribution total. OPEB contributions were approximately \$7,000.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the School reported a liability of \$394,754 for its proportionate share of the net pension liability and a liability of \$80,102 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2019, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2018. The School District’s proportion of the net pension and OPEB liabilities was determined by dividing each employer’s statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required for all applicable employers during the measurement period. At September 30, 2019 and 2018, the School’s pension proportion was 0.00119 and 0.00127 percent, respectively. At September 30, 2019 and 2018, the School’s OPEB proportion was 0.00112 and 0.00131 percent, respectively.

For the year ended June 30, 2020, the School recognized pension expense of \$57,108 and an OPEB credit of \$595.

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,769	\$ 1,646	\$ -	\$ 29,392
Changes of assumptions	77,293	-	17,356	-
Net difference between projected and actual earnings on pension plan investments	-	12,651	-	1,393
Changes in proportion and differences between School contributions and proportionate share of contributions	2,984	23,854	2,016	14,968
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	12,232	-	-
School contributions subsequent to the measurement date	23,675	-	4,769	-
Total	\$ 105,721	\$ 50,383	\$ 24,141	\$ 45,753

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued

The School District contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2021. The State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in expense as follows:

Year ending June 30,	Pension	OPEB
2021	\$ 19,330	\$ (6,373)
2022	13,231	(6,373)
2023	8,319	(5,708)
2024	3,015	(4,788)
2025	-	(3,139)

Actuarial assumptions

Valuation Assumptions

Investment rate of return –	6.8% a year for the MIP and Basic plans 6.8% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 6.95% a year for OPEB
Salary increases –	2.75%-11.55%
Inflation –	2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	7.5% Year 1 graded to 3.5% Year 12

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Mortality Assumptions

The healthy life post-retirement mortality tables used in this valuation of the System were the RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study

The annual actuarial valuation report of the System used for these statements is dated September 30, 2018. Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.0 %	5.5 %
Private Equity Pools	18.0	8.6
International Equity Pools	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
Total	<u>100.0</u> %	

*Long term rates of return are net of administrative expenses and 2.3% inflation.

Rate of return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.14 percent and 5.37 percent on pension plan and OPEB plan investments, respectively.

Discount rate

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2019 were 7.05 percent (7 percent for the Pension Plus Plan and 6 percent for the Pension plus 2 plan), and 7.15 percent, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension and OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Sensitivity of the net pension liability to changes in the discount rate

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower (5.8% / 5.8% / 5%)	Discount Rate (6.8% / 6.8% / 6%)	1% Higher (7.8% / 7.8% / 7%)
\$ 513,205	\$ 394,754	\$ 296,553

Sensitivity of the net OPEB liability to changes in the discount rate—Continued

The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower (5.95%)	Discount Rate (6.95%)	1% Higher (7.95%)
\$ 98,257	\$ 80,102	\$ 64,856

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the School’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School’s proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
\$ 64,210	\$ 80,102	\$ 98,254

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plans’ fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Comprehensive Annual Financial Report available at www.michigan.gov/orsschools.

Payable to the pension and OPEB plan

At year end the School is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c amounts are not considered payables for this purpose.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE I—COMMITMENTS AND CONTINGENCIES

Operating Leases

The School has a lease agreement expiring August 2022. Rental expense for the year ended June 30, 2020 was \$13,464. The following is a schedule of future minimum rental payments required under operating leases for the School's double wide modular classroom:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 13,464
2022	13,464
2023	2,244
	<u>\$ 29,172</u>

The School also has a month-to-month lease for classroom space for \$1,500 per month. Rental expense for the year ended June 30, 2020 was \$18,000.

Grant Programs

The School participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

NOTE J—OTHER INFORMATION

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2020 or any of the prior three years.

Employee Services Agreement

The School leases its employees, with the exception of one employee, from an employee leasing company and is not required to have these School employees covered by MPSERS. Expenditures for employee costs such as salaries and wages, payroll taxes, and benefits under the management services agreements have been recorded and reported in conformance with the State of Michigan's standard chart of accounts.

Walden Green Montessori
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE K—SUBSEQUENT EVENTS

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact that it will have on the economy and the School's operations. As of November 13, 2020, the School is in the process of implementing risk mitigation tactics including all aspects of the School's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the School.

On July 31, 2020 the governor signed Public Act 146 of 2020 which retroactively reduced the per pupil foundation allowance by \$175 per pupil for the 2019-2020 fiscal year. This reduced the School's 2019-2020 state aid revenue by \$42,371 and was deducted from the August 20, 2020 state aid payment.

NOTE L—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the School's 2021 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the School's 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Walden Green Montessori
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
 General Fund
 For the year ended June 30, 2020

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 203,500	\$ 200,582	\$ 204,511	\$ 3,929
State sources	2,195,352	1,944,128	2,068,581	124,453
Federal sources	122,514	125,791	122,202	(3,589)
Total revenues	2,521,366	2,270,501	2,395,294	124,793
EXPENDITURES				
Instruction				
Basic programs	953,860	889,605	871,721	17,884
Added needs	375,075	227,592	226,245	1,347
Support services				
Pupil	99,100	103,837	103,795	42
Instructional staff	-	-	40	(40)
General administration	149,570	131,158	128,404	2,754
School administration	374,298	366,031	348,636	17,395
Business	17,200	17,200	17,160	40
Operations and maintenance	181,475	131,672	131,379	293
Pupil transportation services	6,000	379	379	-
Staff services/non-instruction technology	34,686	30,000	30,000	-
Community services	1,200	-	-	-
Capital Outlay	38,464	36,273	36,272	1
Outgoing transfers and other transactions	316,250	316,250	313,500	2,750
Total expenditures	2,547,178	2,249,997	2,207,531	42,466
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,812)</u>	<u>\$ 20,504</u>	187,763	<u>\$ 167,259</u>
Fund balance at beginning of year			918,075	
Fund balance at end of year			<u>\$ 1,105,838</u>	

Walden Green Montessori
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
School's proportion of the net pension liability (%)	0.00119%	0.00127%	0.00128%	0.00135%	0.00127%	0.00123%	-	-	-	-
School's proportionate share of the net pension liability	\$ 394,754	\$ 383,156	\$ 330,705	\$ 337,056	\$ 309,221	\$ 271,939	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 97,067	\$ 110,619	\$ 101,461	\$ 114,947	\$ 96,230	\$ 93,006	\$ -	\$ -	\$ -	\$ -
School's proportionate share of the net pension liability as a percentage of its covered payroll	406.68%	346.37%	325.94%	293.23%	321.34%	292.39%	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	-	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Walden Green Montessori
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of School's Pension Contributions
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contributions	\$ 16,019	\$ 19,404	\$ 18,075	\$ 20,354	\$ 20,934	\$ 20,770	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	16,019	19,404	18,075	20,354	20,934	20,770	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 85,000	\$ 110,164	\$ 102,135	\$ 107,095	\$ 105,354	\$ 94,500	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	18.85%	17.61%	17.70%	19.01%	19.87%	21.98%	-	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Walden Green Montessori
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of School's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
School's proportion of the net OPEB liability (%)	0.00112%	0.00131%	0.00128%	-	-	-	-	-	-	-
School's proportionate share of the net OPEB liability	\$ 80,102	\$ 104,099	\$ 113,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 97,067	\$ 110,619	\$ 101,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.52%	94.11%	111.51%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%	-	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Walden Green Montessori
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of School's OPEB Contributions
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contributions	\$ 6,914	\$ 8,815	\$ 7,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	6,914	8,815	7,131	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 85,000	\$110,164	\$102,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	8.13%	8.00%	6.98%	-	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Walden Green Montessori
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information
For the year ended June 30, 2020

Pension Information

Benefit changes – there were no changes of benefit terms in 2019.

Changes of assumptions – the assumption changes for 2019 were:

Discount rate for MIP and Basic plans decreased to 6.80% from 7.05%.

Discount rate for Pension Plus decreased to 6.80% from 7.00%.

OPEB Information

Benefit changes – there were no changes of benefit terms in 2019.

Changes of assumptions – the assumption changes for 2019 were:

Discount rate decreased to 6.95% from 7.15%.

Healthcare cost trend rate increased to 7.50% Year 1 graded to 3.50% Year 12 from 7.50% Year 1 graded to 3.00% Year 12.