

Walden Green Montessori  
**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

Year ended June 30, 2022



Walden Green Montessori

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Walden Green Montessori  
Spring Lake, Michigan

**Report on the Audit of the Financial Statements**

***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2022, 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.

***Basis for Opinions***

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. 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 the 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.

## **Report on the Audit of the Financial Statements—Continued**

### ***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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Board of Directors  
Walden Green Montessori  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the School’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 the School’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 School’s internal control over financial reporting and compliance.



Muskegon, Michigan  
October 27, 2022

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, 2022. 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, 2022 and 2021.

<u>Statement of Net Position</u>	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 2,109,306	\$ 1,853,695
Noncurrent assets	3,041,966	2,934,636
<b>Total assets</b>	<b>5,151,272</b>	<b>4,788,331</b>
Deferred Outflows of Resources		
Related to other postemployment benefits	29,822	25,217
Related to Pensions	57,326	73,542
Total Assets and Deferred Outflows of Resources	5,238,420	4,887,090
Liabilities		
Current liabilities	378,528	363,782
Noncurrent liabilities	3,136,385	3,393,517
<b>Total liabilities</b>	<b>3,514,913</b>	<b>3,757,299</b>
Deferred Inflows of Resources		
Related to other postemployment benefits	78,431	60,215
Related to Pensions	127,947	58,013
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>3,721,291</b>	<b>3,875,527</b>
Net position		
Net investment in capital assets	25,963	(174,116)
Restricted for debt service	555,154	548,874
Unrestricted	936,012	636,805
<b>Total net position</b>	<b>\$ 1,517,129</b>	<b>\$ 1,011,563</b>

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 \$255,611 primarily due to the increase in cash and investments as well as an increase in due from other governmental units. Capital assets increased by \$107,148 due to the current year additions exceeding current year’s depreciation. Overall, total assets and deferred outflows of resources increased by \$351,330. Total liabilities and deferred inflows of resources decreased by \$154,236; 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 an increase of \$200,079. The unrestricted net position balance of \$936,012 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 the fiscal year ended June 30, 2022 and 2021.

**Statement of Activities**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Program Revenues		
Operating grants and contributions	\$ 589,985	\$ 619,618
Charges for services	13,951	12,317
General Revenues		
Unrestricted grants and contributions	2,074,532	1,950,892
Other	410	122
<b>Total Revenues</b>	<b>2,678,878</b>	<b>2,582,949</b>
<b>Expenses</b>		
Instruction	1,175,130	1,264,039
Support services	813,790	790,334
Interest on long-term debt	184,392	189,969
<b>Total Expenses</b>	<b>2,173,312</b>	<b>2,244,342</b>
<b>Change in net position</b>	<b>505,566</b>	<b>338,607</b>
<b>Beginning net position</b>	<u>1,011,563</u>	<u>672,956</u>
<b>Ending net position</b>	<b><u>\$ 1,517,129</u></b>	<b><u>\$ 1,011,563</u></b>



### **Change in Net Position**

The School experienced an increase in net position of \$505,566. The total revenues were up \$95,929 largely due to grants and state aid contributions. Total expenses were down by \$71,030 largely due to a decrease in instruction 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 \$271,318 during the year and ended the year with a positive fund balance of \$1,573,657.

### **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).

There were revisions made to the 2021-2022 General Fund original budget. Federal revenues were amended up as the School became aware that federal revenues passed through the State of Michigan would be more than originally anticipated. Budgeted expenditures for instruction (both basic programs and added needs) were decreased by a net total of \$265,326 due to lower costs related to staffing and lower program costs. Operations and Maintenance budget was decreased by \$113,667 due to decreased expenses in supplies and maintenance of the equipment and repairs. Outgoing transfers and other transactions was increased \$225,000 in anticipation of bond refinancing being completed by June 30, 2022. Other categories were adjusted to match anticipated expenditures as the year progressed.

Actual results for expenditures for the year ended June 30, 2022 were lower than budgeted amounts, except for Capital outlay. The renewal of the portable classroom lease was reported as an acquisition under GASB 87 for \$38,003. Outgoing transfers and other transactions were under budget \$225,000 as the bond refinancing was not completed by year end.

### Capital Asset and Debt Administration

#### **Capital Assets**

At June 30, 2022, the School had \$2,728,391 (net of accumulated depreciation/amortization) invested in a broad range of capital assets, including land, buildings, furniture and equipment, and right to use assets. This amount represents a net increase (including additions, deductions, and depreciation) of \$107,148 from last year.

	<u>2022</u>	<u>2021</u>
Land	\$ 319,638	\$ 319,638
Building and improvements	2,300,304	2,294,211
Furniture and Equipment	81,002	7,394
Right to use assets	27,447	-
	<u>\$ 2,728,391</u>	<u>\$ 2,621,243</u>

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

#### **Long-term Obligations**

At June 30, 2022, the School had \$2,987,347 in bonds relating to building construction. The School made its scheduled debt payments during the current year. In addition, the School is now reporting a lease obligation of \$28,925 under GASB 87.

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

Our appointed officials and administration considered many factors when setting the School's 2023 fiscal year budget. One of the most important factors affecting the budget is our student count. The fiscal year 2023 budget anticipates an increase in enrollment of 6 students. The State foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2023 fiscal year is 90 percent and 10 percent of the October 2022 and February 2022 student counts, respectively. The original 2023 budget was adopted in June 2022 and amended July 2022 and anticipated a decrease from fund balance of \$251,752 related to bond refinancing in July 2022.

Approximately 76% 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 2023 school year, we anticipate that the fall student count will be below the estimates used in creating the fiscal 2023 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, 2022

	<b>Governmental activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,096,759
Investments	227,532
Receivables	11,973
Due from other governmental units	693,923
Prepaid items	79,119
Total current assets	2,109,306
Noncurrent assets	
Restricted investments	313,575
Capital assets, net	
Nondepreciable/nonamortizable	319,638
Depreciable/amortizable	2,408,753
Total noncurrent assets	3,041,966
Total assets	5,151,272
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	29,822
Related to pensions	57,326
Total deferred outflows of resources	87,148
Total assets and deferred outflows of resources	5,238,420
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	58,271
Due to other governmental units	63,200
Unearned revenue	109,522
Bonds and other obligations, due within one year	147,535
Total current liabilities	378,528
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	2,868,737
Net other postemployment benefits liability	16,764
Net pension liability	250,884
Total noncurrent liabilities	3,136,385
Total liabilities	3,514,913
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	78,431
Related to pensions	127,947
Total deferred inflows of resources	206,378
Total liabilities and deferred inflows of resources	3,721,291
<b>NET POSITION</b>	
Net investment in capital assets	25,963
Restricted for debt service	555,154
Unrestricted	936,012
Total net position	\$ 1,517,129

The accompanying notes are an integral part of this statement.

Walden Green Montessori  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2022

<i>Functions/Programs</i>	<b>Program Revenue</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>	
<i>Functions/Programs</i>	<b>Expenses</b>	<b>Charges for services</b>	<b>Operating grants and contributions</b>	<b>Governmental activities</b>
Governmental activities				
Instruction	\$ 1,175,130	\$ 13,951	\$ 327,619	\$ (833,560)
Support services	813,790	-	262,366	(551,424)
Interest on long-term debt	184,392	-	-	(184,392)
Total governmental activities	<b>\$ 2,173,312</b>	<b>\$ 13,951</b>	<b>\$ 589,985</b>	(1,569,376)
General revenues				
Grants and contributions not restricted to specific programs				2,074,532
Investment earnings				410
Total general revenues				2,074,942
Change in net position				505,566
Net position at beginning of year				1,011,563
Net position at end of year				<b>\$ 1,517,129</b>

The accompanying notes are an integral part of this statement.

Walden Green Montessori  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2022

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total governmental funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,096,759	\$ -	\$ 1,096,759
Investments	-	227,532	227,532
Receivables	11,973	-	11,973
Due from other governmental units	693,923	-	693,923
Due from other funds	-	57,500	57,500
Prepaid items	79,119	-	79,119
Restricted investments	-	313,575	313,575
Total assets	<b>\$ 1,881,774</b>	<b>\$ 598,607</b>	<b>\$ 2,480,381</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,728	\$ -	\$ 3,728
Accrued liabilities	11,090	-	11,090
Due to other governmental units	63,200	-	63,200
Due to other funds	57,500	-	57,500
Unearned revenue	109,522	-	109,522
Total liabilities	245,040	-	245,040
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	63,077	-	63,077
<b>FUND BALANCES</b>			
Nonspendable - prepaid items	79,119	-	79,119
Restricted for debt service	-	598,607	598,607
Assigned to subsequent year's budget appropriations	251,752	-	251,752
Unassigned	1,242,786	-	1,242,786
Total fund balances	1,573,657	598,607	2,172,264
Total liabilities and fund balances	<b>\$ 1,881,774</b>	<b>\$ 598,607</b>	<b>\$ 2,480,381</b>

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, 2022

Total fund balance—governmental funds \$ 2,172,264

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	\$ 4,103,484	
Accumulated depreciation/amortization	<u>(1,375,093)</u>	2,728,391

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	29,822	
Deferred inflows of resources - related to other postemployment benefits	(78,431)	
Deferred outflows of resources - related to pensions	57,326	
Deferred inflows of resources - related to pensions	<u>(127,947)</u>	(119,230)

Accrued interest in governmental activities is not reported in the  
 governmental funds.

(43,453)

Other assets that are not available to pay for current period  
 expenditures are reported as unavailable revenue in the  
 governmental funds.

63,077

Long-term obligations in governmental activities are not due and  
 payable in the current period and are not reported in the  
 governmental funds.

(3,283,920)

Net position of governmental activities

\$1,517,129

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, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total governmental funds</u>
<b>REVENUES</b>			
Local sources			
Investment earnings	\$ 50	\$ 360	\$ 410
Fees and charges	13,951	-	13,951
Other	127,579	-	127,579
Total local sources	141,580	360	141,940
State sources	2,133,085	-	2,133,085
Federal sources	427,076	-	427,076
Total revenues	2,701,741	360	2,702,101
<b>EXPENDITURES</b>			
Current			
Instruction	1,179,671	-	1,179,671
Support services	865,335	-	865,335
Debt service			
Principal repayment	-	130,000	130,000
Interest and other charges	-	181,940	181,940
Capital outlay	107,170	-	107,170
Total expenditures	2,152,176	311,940	2,464,116
Excess (deficiency) of revenues over (under) expenditures	549,565	(311,580)	237,985
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other governmental units and other transactions	38,003	-	38,003
Transfers in	-	316,250	316,250
Transfers out	(316,250)	-	(316,250)
Total other financing sources (uses)	(278,247)	316,250	38,003
Net change in fund balances	271,318	4,670	275,988
Fund balances at beginning of year	1,302,339	593,937	1,896,276
Fund balances at end of year	<b>\$ 1,573,657</b>	<b>\$ 598,607</b>	<b>\$ 2,172,264</b>

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, 2022

Net change in fund balances—total governmental funds \$ 275,988

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	\$ (91,353)	
Capital outlay	<u>198,501</u>	107,148

Lease proceeds are other financing sources in the governmental funds, but the proceeds increase long-term obligations in the Statement of NetPosition.		(38,003)
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Revenue reported in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		(19,016)
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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.		130,934
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Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid.		1,610
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Some other postemployment benefit related expenses reported in the Statement of Activites do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		22,380
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Some pension related expenses reported in the Statement of Activites do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>24,525</u>
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Change in net position of governmental activities		<u><u>\$ 505,566</u></u>
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The accompanying notes are an integral part of this statement.



Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**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, 2022

**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, 2022

**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.

**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, 2022

**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. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,000 as composite groups for financial reporting purposes.

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. Right to use assets of the School are amortized using the straight-line method over the shorter of the lease period or estimated useful lives. 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
Right to use – leased portable classroom	3

***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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**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***

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.

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, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Leases***

The School is a lessee for a noncancelable lease of a portable classroom. The School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

**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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**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, 2022.

**NOTE C—DEPOSITS AND INVESTMENTS**

As of June 30, 2022, the School had the following investments:

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted average maturity (Days)</b>	<b>Standard Poor's rating</b>	<b>Percent</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Money Market Fund	<u><b>\$ 541,107</b></u>	18	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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

**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, 2022, \$521,191 of the School's bank balance of \$1,124,784 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, 2022, the Debt Service investments include \$313,575 which are in a reserve fund and are restricted for payment of the outstanding bonds.



Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**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, 2022.

**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, 2022:

	<b>Assets at Fair Value as of June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	<b>\$ -</b>	<b>\$ 541,107</b>	<b>\$ -</b>	<b>\$ 541,107</b>

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE E—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 319,638	\$ -	\$ -	\$ 319,638
<b>Capital assets, being depreciated/amortized:</b>				
Buildings and improvements	3,220,317	73,739	-	3,294,056
Furniture and equipment	365,028	86,759	-	451,787
Right to use - leased portable classroom	-	38,003	-	38,003
Total capital assets, being depreciated/ amortized	3,585,345	198,501	-	3,783,846
<b>Less accumulated depreciation/amortization:</b>				
Buildings and improvements	926,106	67,646	-	993,752
Furniture and equipment	357,634	13,151	-	370,785
Right to use - leased portable classroom	-	10,556	-	10,556
Total accumulated depreciation/amortization	1,283,740	91,353	-	1,375,093
Total capital assets, being depreciated/ amortized, net	2,301,605	107,148	-	2,408,753
Capital assets, net	<b>\$ 2,621,243</b>	<b>\$ 107,148</b>	<b>\$ -</b>	<b>\$ 2,728,391</b>

**Depreciation /amortization**

Depreciation/amortization expense has been charged to functions as follows:

Instruction	\$ 82,218
Support services	9,135
	<b>\$ 91,353</b>

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2022 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>\$ 57,500</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 \$316,250 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, 2022:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within</u>
	<u>July 1, 2021</u>			<u>June 30, 2022</u>	<u>one year</u>
<b>Governmental activities</b>					
Bonds	\$ 3,230,000	\$ -	\$ 130,000	\$ 3,100,000	\$ 135,000
Discount	(120,797)	-	(8,144)	(112,653)	-
Notes from direct borrowings and direct placements	-	38,003	9,078	28,925	12,535
	<u><b>\$3,109,203</b></u>	<u><b>\$ 38,003</b></u>	<u><b>\$ 130,934</b></u>	<u><b>\$ 3,016,272</b></u>	<u><b>\$ 147,535</b></u>

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

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE G—LONG-TERM OBLIGATIONS—Continued**

General obligation bonds and notes from direct borrowings and direct placements consist of the following:

	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Balance</b>
<b>Governmental activities:</b>			
General obligation bonds			
2006 Limited Obligation Revenue Bond	5.5-5.625%	April 2036	<b>\$ 3,100,000</b>
Notes from direct borrowings and direct placements			
Lease obligation - portable classroom	4%	Sept 2024	<b>\$ 28,925</b>

The annual requirements of principal and interest to amortize the bonds and notes from direct borrowings and direct placements outstanding as of June 30, 2022 follow:

<u>Year ending June 30,</u> Leases	<b>Bonds</b>		<b>Notes from Direct Borrowings and Direct Placements</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 135,000	\$ 169,713	\$ 12,535	\$ 929
2024	145,000	162,013	13,046	418
2025	150,000	153,900	3,344	22
2026	160,000	145,375	-	-
2027	170,000	136,300	-	-
2028-2032	1,005,000	522,984	-	-
2033-2037	1,335,000	188,719	-	-
	<b>\$ 3,100,000</b>	<b>\$ 1,479,004</b>	<b>\$ 28,925</b>	<b>\$ 1,369</b>

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**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 board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**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 if applicable. 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.

***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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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

**Benefits Provided – Pension—Continued**

***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.

***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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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

**Benefits Provided – Pension—Continued**

***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.

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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

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

**Contributions – Pension and OPEB**

Schools 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, 2020 valuation will be amortized over an 18-year period beginning October 1, 2020, and ending September 30, 2038.

The schedules below summarize the contribution rates in effect for the System’s fiscal year ended September 30, 2021.

<b>Pension Contribution Rates</b>		
<b>Benefit Structure</b>	<b>Member</b>	<b>Employer</b>
Basic	0.0 - 4.0 %	19.78 %
Member Investment Plan	3.0 - 7.0	19.78
Pension Plus Plan	3.0 - 6.4	16.82
Pension Plus 2 Plan	6.2	19.59
Defined Contribution	0.0	13.39

<b>OPEB Contribution Rates</b>		
<b>Benefit Structure</b>	<b>Member</b>	<b>Employer</b>
Premium Subsidy	3.0 %	8.43 %
Personal Healthcare Fund	0.0	7.57

The School’s pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Pension contributions were approximately \$41,400, including Section 147c contributions.

For the year ended June 30, 2022, the School and employee defined contribution plan contributions were approximately \$34,400 and \$8,800, respectively.

The School’s OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. OPEB contributions were approximately \$10,000.



Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

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

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

At June 30, 2022, the School reported a liability of \$250,884 for its proportionate share of the net pension liability and a liability of \$16,764 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2021, 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, 2020. 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 from all applicable employers during the measurement period. At September 30, 2021 and 2020, the School’s pension proportion was 0.00106 and 0.00105 percent, respectively. At September 30, 2021 and 2020, the School’s OPEB proportion was 0.00110 and 0.00098 percent, respectively.

For the year ended June 30, 2022, the School recognized pension expense (benefit) of \$12,618 and an OPEB expense (benefit) of \$(12,422).

At June 30, 2022, 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	\$ 3,886	\$ 1,477	\$ -	\$ 47,850
Changes of assumptions	15,815	-	14,014	2,097
Net difference between projected and actual earnings on pension plan investments	-	80,658	-	12,635
Changes in proportion and differences between School contributions and proportionate share of contributions	1,656	28,916	8,146	15,849
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	16,896	-	-
School contributions subsequent to the measurement date	35,969	-	7,662	-
<b>Total</b>	<b>\$ 57,326</b>	<b>\$ 127,947</b>	<b>\$ 29,822</b>	<b>\$ 78,431</b>

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

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

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

The School contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB resulting from employer contributions subsequent to the measurement date, 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, 2023. 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, 2023. 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
2023	\$ (20,169)	\$ (15,716)
2024	(24,592)	(14,814)
2025	(23,327)	(13,178)
2026	(21,606)	(10,278)
2027	-	(2,020)
Thereafter	-	(265)
	<b>\$ (89,694)</b>	<b>\$ (56,271)</b>

**Actuarial assumptions**

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.

**Summary of Actuarial Assumptions**

Valuation date –	September 30, 2020
Actuarial cost method –	Entry age, Normal
Wage Inflation Rate –	2.75%
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%, including wage inflation at 2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3% Year 120

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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

**Actuarial assumptions—Continued**

***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.

***Opt-Out Assumption***

21 percent of eligible participants hired before July 1, 2008 and 30 percent of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

***Survivor Coverage***

80 percent of male retirees and 67 percent of female retirees are assumed to have coverages continuing after the retiree's death.

***Coverage Election at Retirement***

75 percent of male and 60 percent of female future retirees are assumed to elect coverage of one or more dependents.

***Experience Study***

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, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2021 are based on the results of an actual valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

***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.

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

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

**Actuarial assumptions—Continued**

***Long-Term Expected Rate of Return on Investments—Continued***

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of September 30, 2021 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	25.0 %	5.4 %
Private Equity Pools	16.0	9.1
International Equity Pools	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate and Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return/Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
<b>Total</b>	<b><u>100.0</u> %</b>	

\*Long term rates of return are net of administrative expenses and 2% inflation.

***Rate of return***

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 27.3 percent and 27.1 percent on pension plan and OPEB plan investments, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***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, hybrid plans provided through non-university employers only), and 6.95 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2021 were 6.8 percent (6.8 percent for the Pension Plus Plan and 6 percent for the Pension plus 2 plan, hybrid plans provided through non-university employers only), and 6.95 percent, respectively. These discount rates for the current year were based on the long-term expected rates of return on pension plan and OPEB investments of 6.8 percent (6.8 percent for the Pension Plus plan, 6 percent for the Pension Plus 2 plan) and 6.95 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 these 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, 2022

**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’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:

<b>1% Lower*</b> <b>(5.8% / 5.8% / 5%)</b>	<b>Discount Rate*</b> <b>(6.8% / 6.8% / 6%)</b>	<b>1% Higher*</b> <b>(7.8% / 7.8% / 7%)</b>
\$ 358,696	\$ 250,884	\$ 161,500

\* Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the School’s proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the School’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:

<b>1% Lower</b> <b>(5.95%)</b>	<b>Discount Rate</b> <b>(6.95%)</b>	<b>1% Higher</b> <b>(7.95%)</b>
\$ 31,150	\$ 16,764	\$ 4,555

**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:

<b>1% Lower</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Higher</b>
\$ 4,080	\$ 16,764	\$ 31,034

**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 Annual Comprehensive Financial Report available at [www.michigan.gov/orsschools](http://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, 2022

**NOTE I—COMMITMENTS AND CONTINGENCIES**

**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, 2022 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.

**NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the School's 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**NOTE L—SUBSEQUENT EVENT**

The School issued refunding bonds totaling \$2,388,000 in July 2022. The interest rate is 4.25%. The School used the funds to pay-off their 2006 Limited Obligation Revenue Bonds in August 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

Walden Green Montessori  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 General Fund  
 For the year ended June 30, 2022

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 218,500	\$ 141,581	\$ 141,580	\$ (1)
State sources	2,151,353	2,135,897	2,133,085	(2,812)
Federal sources	461,874	491,720	427,076	(64,644)
Incoming transfers and other transactions	-	-	38,003	38,003
Total revenues	2,831,727	2,769,198	2,739,744	(29,454)
<b>EXPENDITURES</b>				
Instruction				
Basic programs	1,114,802	983,965	979,009	4,956
Added needs	335,381	200,892	200,662	230
Support services				
Pupil	109,100	85,925	85,924	1
General administration	136,737	137,900	134,591	3,309
School administration	377,769	410,065	408,770	1,295
Business	17,200	17,200	17,160	40
Operations and maintenance	301,944	188,277	185,796	2,481
Pupil transportation services	1,000	200	197	3
Staff services/non-instruction technology	33,405	32,897	32,897	-
Community services	100	-	-	-
Capital Outlay	103,464	69,167	107,170	(38,003)
Outgoing transfers and other transactions	316,250	541,250	316,250	225,000
Total expenditures	2,847,152	2,667,738	2,468,426	199,312
Excess (deficiency) of revenues over (under) expenditures	<b>\$ (15,425)</b>	<b>\$ 101,460</b>	271,318	<b>\$ 169,858</b>
Fund balance at beginning of year			1,302,339	
Fund balance at end of year			<b>\$ 1,573,657</b>	



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>2021</u>	<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>
School's proportion of the net pension liability (%)	0.00106%	0.00105%	0.00119%	0.00127%	0.00128%	0.00135%	0.00127%	0.00123%	-	-
School's proportionate share of the net pension liability	\$ 250,884	\$ 361,559	\$ 394,754	\$ 383,156	\$ 330,705	\$ 337,056	\$ 309,221	\$ 271,939	\$ -	\$ -
School's covered payroll	\$ 96,711	\$ 85,000	\$ 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	259.42%	425.36%	406.68%	346.37%	325.94%	293.23%	321.34%	292.39%	-	-
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	-	-

Note: For years prior to 2014 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**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 24,542	\$ 18,717	\$ 16,019	\$ 19,404	\$ 18,075	\$ 20,354	\$ 20,934	\$ 20,770	\$ -	\$ -
Contributions in relation to the statutorily required contributions	24,542	18,717	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	\$ 121,800	\$ 92,500	\$ 85,000	\$ 110,164	\$ 102,135	\$ 107,095	\$ 105,354	\$ 94,500	\$ -	\$ -
Contributions as a percentage of covered payroll	20.15%	20.23%	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>2021</u>	<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>
School's proportion of the net OPEB liability (%)	0.00110%	0.00098%	0.00112%	0.00131%	0.00128%	-	-	-	-	-
School's proportionate share of the net OPEB liability	\$ 16,764	\$ 52,755	\$ 80,102	\$ 104,099	\$ 113,139	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 96,711	\$ 85,000	\$ 97,067	\$ 110,619	\$ 101,461	\$ -	\$ -	\$ -	\$ -	\$ -
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.33%	62.06%	82.52%	94.11%	111.51%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%	-	-	-	-	-

Note: For years prior to 2017 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**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 9,992	\$ 7,929	\$ 6,914	\$ 8,815	\$ 7,131	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	9,992	7,929	6,914	8,815	7,131	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$121,800	\$ 92,500	\$ 85,000	\$110,164	\$102,135	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	8.20%	8.57%	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, 2022

Pension Information

**Benefit changes** – there were no changes of benefit terms in 2021.

**Changes of assumptions** – there were no changes of assumptions in 2021.

OPEB Information

**Benefit changes** – there were no changes of benefit terms in 2021.

**Changes of assumptions** – the healthcare cost trend rate for those under the age of 65 increased from 7 percent to 7.75 percent in 2021.