

**GLOBAL VILLAGE ACADEMY - AURORA**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

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**FINANCIAL SECTION**



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

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

Board of Directors  
Global Village Academy - Aurora  
Aurora, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Global Village Academy - Aurora (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Global Village Academy – Aurora as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 49-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 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 the School's internal control over financial reporting and compliance

*PB Solutions LLC*

Littleton, Colorado  
October 13, 2022

## **Global Village Academy - Aurora Management's Discussion and Analysis**

As management of Global Village Academy - Aurora (GVA-A or the School), we offer readers of Global Village Academy - Aurora's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022.

### **Financial Highlights**

The Fiscal Year ended June 30, 2022 is the fifteenth year of operations for GVA Aurora. As of June 30, 2022, net position changed by \$3,354,240 to \$(10,454,589). This negative balance is the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 8 and 9 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was \$8,121,653, which increased from prior year by \$970,391 (was \$7,151,262). At the close of the fiscal year, Global Village Academy - Aurora's governmental fund reported an ending fund balance of \$5,048,342 an increase of \$1,400,345 from prior year. The increase is a result of Bond refinancing, see notes 5 & 7.

### **Overview of Financial Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

### **Governmental Funds.**

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

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

The School adopts annually appropriated budgets for any governmental funds. A budgetary comparison schedule for the governmental fund has been provided herein.

### **Proprietary Funds.**

The School also maintains a proprietary fund to record the activity of the Global Village Building Corporation (the Building Corporation). The Building Corporation was formed solely to issue and pay debt on behalf of the School.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 10-48.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Global Village Academy - Aurora, liabilities exceeded assets resulting in a net position of \$(10,454,589) in FY 2021-2022. Again, this is directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the School's total net position, \$330,579 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the school's general operating expenses.

### Global Village Academy - Aurora's Net Position Governmental Activities

	Governmental Activities	
	6/30/2022	6/30/2021
Cash and Investments	\$ 5,788,600	\$ 4,235,869
Restricted Cash and Investments	1,971,106	3,307,764
Other Assets	808,257	317,457
Capital Assets, Net	21,598,647	22,246,660
Right to Use Assets	323,912	
Total Assets	<u>30,490,522</u>	<u>30,107,750</u>
Deferred Outflow of Resources	<u>4,219,439</u>	<u>5,712,410</u>
Current Liabilities	926,390	905,329
Accrued Interest	364,238	77,049
Noncurrent Liabilities	37,876,513	42,329,126
Total Liabilities	<u>39,167,141</u>	<u>43,311,504</u>
Deferred Inflow of Resources	<u>5,997,409</u>	<u>6,317,485</u>
Net Position		
Net Investment in Capital Assets	(4,548,568)	(2,230,576)
Restricted	330,579	330,579
Unrestricted	(6,236,600)	(11,908,832)
Total Net Position	<u>\$ (10,454,589)</u>	<u>\$ (13,808,829)</u>

The largest portion of the School's assets is in capital assets, at 71% of total assets in 2022.

**Global Village Academy - Aurora's Change in Net Position  
Governmental Activities**

	Governmental Activities	
	6/30/2022	6/30/2021
Program Revenue:		
Charges for Services	\$ 83,869	\$ 160,857
Operating Grants and Contributions	1,099,490	2,137,971
Capital Grants and Contributions	254,853	258,993
Total Program Revenue	1,438,212	2,557,821
General Revenue:		
Per Pupil Operating Revenue	8,121,653	7,151,262
Mill Levy Override	2,239,721	2,393,521
Interest	138,666	5,525
Rental Income	740,481	
Other	52,191	876,759
Total General Revenue	11,292,712	10,427,067
Total Revenue	12,730,924	12,984,888
Expenses:		
Instruction	3,764,594	1,506,699
Supporting Services	4,991,574	6,550,314
Interest and Fiscal Charges	620,516	1,892,317
Total Expenses	9,376,684	9,949,330
Increase (Decrease) in Net Position	3,354,240	3,035,558
Beginning Net Position	(13,808,829)	(16,844,387)
Ending Net Position	\$ (10,454,589)	\$ (13,808,829)

The largest portion of the School's revenues came from per pupil revenue – 72%, respectively in 2022.

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

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

**Governmental Funds.**

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$5,048,342, an increase of \$1,400,345 from prior year.

### **General Fund Budgetary Highlights**

The School approves a final general fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized \$1,413,538 less revenue due to updated district student enrollment discrepancies than expected. The school's expenditures greater than budgeted by \$354,346 mainly due to additional staff for students moved online verses in class and purchasing additional Chrombooks and laptops for the students. One budget amendment was made during FY 2021-2022 (i.e. Revised budget).

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

The School has invested in capital assets for the School's educational facility, land, and equipment. More information regarding capital assets may be found in Notes 1 & 4 to the financial statements. Depreciation expenses for capital assets are booked under Supporting Services of the School's operations.

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School's financial statements for the year ended June 30, 2022.

In December 2021 the Global Village Academy-Aurora issued 2021 Series A & B Charter School Refunding Revenue Bonds in the amount of \$19,240,000 and \$8,550,000, respectively. Proceeds of the 2021 bonds along with existing debt and project reserves were used to advance refund the 2011, 2014, 2016, and 2018 Bonds. The 2021 bonds carry interest rates ranging from 3.4% to 4%. For more information please see Note 5.

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

The collation of Global Village Academy – Aurora's (GVAA) budget has basis on a new systematic approach instituted across the GVA network. Consisting of separate phases, the budget collation process includes(d) an initial meeting to identify three main aggregates groups of the budgets to focus on during working sessions. Funding, Faculty and Admin, and Functional Expenses are considered on individual worksheets and as a function of total revenue; Additionally, historical values are continuously assessed and integral to GVAA's forecasting. Other considerations are the future goals and innate conservatism in budgeting process.

During the initial stages of the budget process, funding, staffing, and functional expenditures are analyzed at a school level, and cycled through various iterations of Board of Director's advice prior to final approval. Funding is estimated using most current figures from Aurora Public Schools' funding spreadsheets, plus an internal forecast. Subsequently, per pupil funding has been adjusted for \$409,256 from the original projections. Faculty and administration are reviewed on a rolling basis for curriculum and language immersion efficiency. For FY23, staffing has been adjusted 9% and labor-to-student ratio has been maximized based on an updated approach to language immersion and class scheduling proposed by school leaders. As a function of revenue, GVAA's labor is 55% of total funding.

Analogous to forecasting methods used for particular funding, functional expenses are criticized based on historical figures. As a strategic and systematic approach to GVA finances, actuals from previous years are digested for pattern identification. For FY23 forecasts, an upward trend for FY16-22 has been identified and a forecast technique of linear regression has been considered. In addition to the streamlined budgeting approach, YTD actuals are annualized and reviewed in line items where current budget is discrepant due to unforeseen circumstances. For FY22, legal and immigration fees; audit and accounting fees; payroll services; background checks; rental of equipment; supplies; utilities; and field trips were further adjusted using current projected annum data.

In calculation of GVAA's functional expenses and staffing, special considerations and priorities are given to areas identified by school leaders and board members. The focal outlays of funding are prioritized and reshuffled on a yearly basis. For FY23, curriculum alignment, class-student structuring, and language immersion have been acknowledged as primacies. Summarily, GVAA's methodical budgeting process strives for data-driven decision making and embraces innate conservatism in forecasting.

### **Requests for Information**

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

Global Village Academy - Aurora  
16401 E Alameda Pl  
Aurora, CO 80017

## **BASIC FINANCIAL STATEMENTS**

GLOBAL VILLAGE ACADEMY - AURORA

STATEMENT OF NET POSITION  
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 5,788,600
Restricted Cash and Investments	1,971,106
Accounts Receivable	139,151
Lease Receivable	622,125
Prepaid Expenses	22,860
Deposits	24,121
Capital Assets, Not Depreciated	1,101,789
Capital Assets, Depreciated, Net of Accumulated Depreciation	20,496,858
Right to Use Assets, Net of Accumulated Amortization	323,912
	<hr/>
TOTAL ASSETS	30,490,522
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	3,408,016
Related to OPEB	92,019
Deferred Charges	719,404
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,219,439
	<hr/>
LIABILITIES	
Accounts Payable	259,795
Due to District	190,847
Accrued Salaries and Benefits	455,641
Unearned Revenues	20,107
Accrued Interest Payable	364,238
Noncurrent Liabilities	
Due in One Year	287,633
Due in More than One Year	27,830,688
Net Pension Liability	9,307,874
Net OPEB Liability	450,318
	<hr/>
TOTAL LIABILITIES	39,167,141
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	5,188,513
Related to OPEB	186,771
Related to Leases	622,125
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	5,997,409
	<hr/>
NET POSITION	
Net Investment in Capital Assets	(4,548,568)
Restricted for Emergencies	330,579
Unrestricted	(6,236,600)
	<hr/>
TOTAL NET POSITION	\$ (10,454,589)
	<hr/> <hr/>

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

GLOBAL VILLAGE ACADEMY - AURORA

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
Instructional	\$ 3,764,594	\$ 21,381	\$ 268,698	\$ -	\$ (3,474,515)
Supporting Services	4,991,574	62,488	830,792	254,853	(3,843,441)
Interest and Other Fiscal Charges	620,516	-	-	-	(620,516)
<b>Total Governmental Activities</b>	<u>\$ 9,376,684</u>	<u>\$ 83,869</u>	<u>\$ 1,099,490</u>	<u>\$ 254,853</u>	<u>(7,938,472)</u>
			GENERAL REVENUES		
			Per Pupil Revenue		8,121,653
			Mill Levy Override		2,239,721
			Interest		138,666
			Rental Income		740,481
			Other		52,191
			<b>TOTAL GENERAL REVENUES</b>		<u>11,292,712</u>
			<b>CHANGE IN NET POSITION</b>		<u>3,354,240</u>
			<b>NET POSITION, Beginning</b>		<u>(13,808,829)</u>
			<b>NET POSITION, Ending</b>		<u>\$ (10,454,589)</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

BALANCE SHEET  
GENERAL FUND  
June 30, 2022

	GENERAL FUND
ASSETS	
Cash and Investments	\$ 5,788,600
Accounts Receivable	139,151
Lease Receivable	622,125
Prepaid Expenses	22,860
Deposits	24,121
TOTAL ASSETS	<u>\$ 6,596,857</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 259,795
Due to District	190,847
Accrued Salaries	455,641
Unearned Revenue	20,107
TOTAL LIABILITIES	<u>926,390</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Lease	<u>622,125</u>
FUND BALANCES	
Nonspendable	46,981
Restricted for Emergencies	330,579
Unassigned	4,670,782
TOTAL FUND BALANCES	<u>5,048,342</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,596,857</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2022

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

Total fund balances of governmental funds			\$ 5,048,342
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, depreciated	230,688	
	Accumulated Depreciation	(81,488)	
	Right to Use Assets	399,044	
	Accumulated Amortization	<u>(75,132)</u>	473,112
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Leases Payable	(328,321)	
	Net Pension Liability	(9,307,874)	
	Net OPEB Liability	<u>(450,318)</u>	(10,086,513)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	3,408,016	
	Deferred outflows of resources - Related to OPEB	92,019	
	Deferred inflows of resources - Related to Pensions	(5,188,513)	
	Deferred inflows of resources - Related to OPEB	<u>(186,771)</u>	<u>(1,875,249)</u>
Internal Service Funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.			<u>(4,014,281)</u>
Net position of governmental activities			<u>\$ (10,454,589)</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

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

	GENERAL FUND
REVENUES	
Local Sources	\$ 11,375,508
State and Federal Sources	<u>1,637,478</u>
TOTAL REVENUES	<u>13,012,986</u>
EXPENDITURES	
Current	
Instruction	6,756,617
Supporting Services	6,258,439
Debt Service	
Principal	70,722
Interest	<u>10,811</u>
TOTAL EXPENDITURES	<u>13,096,589</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(83,603)</u>
OTHER FINANCING SOURCES (USES)	
Lease Proceeds	78,293
Transfers In	<u>1,405,655</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,483,948</u>
NET CHANGE IN FUND BALANCES	1,400,345
FUND BALANCES, Beginning	<u>3,647,997</u>
FUND BALANCES, Ending	<u>\$ 5,048,342</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

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

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

Net change in fund balances - total governmental funds		\$ 1,400,345
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlay - Right to Use	78,293	
Depreciation and Amortization	<u>(83,666)</u>	(5,373)
<p>Some expenses reported in the statement of activities do not require current financial resources and are not reported in the governmental funds.</p>		
Lease Principal Payments		70,722
<p>Lease proceeds provide current financial resources in the governmental funds. However, the proceeds create additional long-term liabilities in the statement of net position.</p>		
		(78,293)
<p>Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.</p>		
Deferred charges related to Pension Plan	3,474,916	
Deferred charges related to OPEB	<u>40,844</u>	3,515,760
<p>The Internal Service Fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the Internal Service Fund is reported with the governmental activities.</p>		
		<u>(1,548,921)</u>
Change in net position of governmental activities		<u>\$ 3,354,240</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 June 30, 2022

	Governmental Activities
	<u>Internal Service Fund</u>
ASSETS	
Current Assets	
Restricted Cash and Investments	\$ 1,971,106
Total Current Assets	<u>1,971,106</u>
Noncurrent Assets	
Capital Assets, Not Being Depreciated	1,101,789
Capital Assets, Depreciated, Net	<u>20,347,658</u>
Total Noncurrent Assets	<u>21,449,447</u>
TOTAL ASSETS	<u>23,420,553</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges	<u>719,404</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	-
Accrued Interest Payable	364,238
Bonds Payable, Current Portion	<u>205,000</u>
Total Current Liabilities	<u>569,238</u>
Noncurrent Liabilities	
Bonds Payable	<u>27,585,000</u>
Total Noncurrent Liabilities	<u>27,585,000</u>
TOTAL LIABILITIES	<u>28,154,238</u>
NET POSITION	
Net Investment in Capital Assets	(4,369,447)
Unrestricted	<u>355,166</u>
TOTAL NET POSITION	<u>\$ (4,014,281)</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

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

	Governmental Activities <u>Internal Service Fund</u>
OPERATING REVENUES	
Rent Income	\$ 1,811,981
TOTAL OPERATING REVENUES	<u>1,811,981</u>
OPERATING EXPENSES	
Depreciation	<u>639,478</u>
TOTAL OPERATING EXPENSES	<u>639,478</u>
NET OPERATING INCOME (LOSS)	<u>1,172,503</u>
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	1,073
Bond Issuance Costs	(707,137)
Interest Expense	(609,705)
Transfers	<u>(1,405,655)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,721,424)</u>
CHANGE IN NET POSITION	(1,548,921)
NET POSITION, Beginning	<u>(2,465,360)</u>
NET POSITION, Ending	<u>\$ (4,014,281)</u>

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

GLOBAL VILLAGE ACADEMY - AURORA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 Year Ended June 301, 2022  
 Increase (Decrease) in Cash and Cash Equivalents

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	\$ 1,811,981
Cash Paid to Suppliers	-
Net Cash Used by Operating Activities	<u>1,811,981</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Payments to Other Funds	(1,405,655)
Net Cash Provided by Noncapital Financing Activities	<u>(1,405,655)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Debt Issuance	27,790,000
Payments to Escrow Agents	(29,266,649)
Interest Payments	(267,408)
Net Cash Provided by Capital Financing Activities	<u>(1,744,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>1,073</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,336,658)
CASH AND CASH EQUIVALENTS, Beginning	<u>3,307,764</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,971,106</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 1,172,503
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	639,478
Total Adjustments	<u>639,478</u>
Net Cash Used by Operating Activities	<u>\$ 1,811,981</u>

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

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

Global Village Academy-Aurora (the “School”) was formed in 2006 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies:

**Reporting Entity**

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

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

**Global Village Building Corporation**

The Global Village Building Corporation (the “Corporation”) was formed to support the School to perform its function and to carry out its purpose, specifically to provide a mechanism to issue debt on behalf of the School. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the benefit of the School. The Corporation is reported in the School’s financial statements as an internal service fund. Separate financial statements are not available for the Corporation.

**Government-Wide and Fund Financial Statements**

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

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

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

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenue and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

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

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

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

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

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

In addition, the School reports the following fund type:

The *Internal Service Fund* accounts for the activities of the Corporation.

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

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

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Buildings and Improvements	40 years
Equipment	5-10 years

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

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were \$455,641. The accrued compensation is reported as a liability in the General Fund.

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

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

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

Compensated Absences – The School’s policy allows employees to accumulate paid time off. Unused paid time off is paid in August of each fiscal year. At June 30, 2022, a liability of \$ has been accrued for these compensated absences.

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

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

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports deposits and prepaid expenses as nonspendable at June 30, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2022.
- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The School did not have any assigned resources as of June 30, 2022.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

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

**Risk Management**

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

**Income Taxes**

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2022.

**Subsequent Events**

The School has evaluated events subsequent to the year ended June 30, 2022 through October 13, 2022 the date these financial statements were issued and has incorporated any required recognition into these financial statements.

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

**Budgets**

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

Management submits to the Board of Directors a proposed budget for the fiscal year commencing July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**State Compliance**

At June 30, 2022 actual expenditures in the General Fund exceeded budgeted amounts by \$354,346. This may be a violation of state statute.

**NOTE 3: CASH AND INVESTMENTS**

At June 30, 2022 cash and investments consist of the following:

Petty Cash	\$ 190
Deposits	3,408,480
Investments	<u>4,351,036</u>
Total	<u>\$ 7,759,706</u>

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

Cash and Investments - Unrestricted	\$ 5,788,600
Cash and Investments - Restricted	<u>1,971,106</u>
Total	<u>\$ 7,759,706</u>

**Deposits**

Custodial Credit Risk – Deposits

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

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

**Deposits (Continued)**

At June 30, 2022, the School had deposits with financial institutions with a carrying amount of \$3,408,480. The bank balances with the financial institutions were \$3,427,534. \$250,000 of these balances were covered by federal depository and \$3,177,534 were covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

**Investments**

Interest Rate Risk

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

Credit Risk

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

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

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

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

**Investments** (Continued)

Local Government Investment Pools

The School has invested \$4,351,036 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

**Restricted Cash and Investments**

Cash and Investments in the amount of \$1,971,106 are restricted in the Internal Service Fund for debt service requirements.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 4: CAPITAL ASSETS**

Capital Asset activity for the year ended June 30, 2022 is summarized below:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 1,101,789	\$ -	\$ -	\$ 1,101,789
Capital Asset, Being Depreciated				
Buildings and Improvements	\$24,660,044	-	-	\$24,660,044
Equipment	97,983	-	-	97,983
Right to Use Assets-Equipment	320,750	78,294	-	399,044
Total Capital Assets, Being Depreciated	25,078,777	78,294	-	25,157,071
Accumulated Depreciation				
Buildings and Improvements	3,547,116	642,796		4,189,912
Equipment	66,040	5,217	-	71,257
Right to Use Assets-Equipment	-	75,132		75,132
Total Depreciation	3,613,156	723,145	-	4,336,301
Total Capital Assets, Being Depreciated, Net	21,465,621	(644,851)	-	20,820,770
Net Capital Assets	\$ 22,567,410	\$ (644,851)	\$ -	\$ 21,922,559

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

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 5: LONG-TERM DEBT**

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

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Revenue Bonds					
Series 2011 A&B	\$ 7,395,000	\$ -	\$ 7,395,000	\$ -	
Series 2014 A&B	6,310,000	-	6,310,000	-	
Series 2016	6,110,000	-	6,110,000	-	-
Series 2018	7,970,000	-	7,970,000	-	-
Series 2021 A&B	-	27,790,000	-	27,790,000	205,000
Net Pension Liability	14,034,047	-	4,726,173	9,307,874	-
Net OPEB Liability	510,079	-	59,761	450,318	-
Total	<u>\$ 42,329,126</u>	<u>\$ 27,790,000</u>	<u>\$ 32,570,934</u>	<u>\$ 37,548,192</u>	<u>\$ 205,000</u>

**Series 2011 Charter School Revenue Bonds**

In January 2011, the Public Finance Authority (Authority) issued \$8,365,000 Charter School Revenue Bonds (Global Village Academy Project), Series 2011. Proceeds of the bonds were used in the acquisition of the land and to construct and equip a new educational facility. The School was obligated to make monthly lease payments to the Corporation for use of the building. The Corporation was required to make equal debt service payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 7.5% to 8.5%. In December 2021, the bonds were refunded with the proceeds of the 2021 Charter School Revenue Refunding Bonds.

**2014 Charter School Revenue Bonds**

In December 2014, the Public Finance Authority (Authority) issued \$6,870,000 Charter School Revenue Bonds (Global Village Academy Project), Series 2014. Proceeds of the bonds were used to construct and equip a new educational facility. The School was obligated to make monthly lease payments to the Corporation for use of the building. The Corporation was required to make equal debt service payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 5.47% to 7.5%. In December 2021, the bonds were refunded with the proceeds of the 2021 Charter School Revenue Refunding Bonds.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 5:** **LONG-TERM DEBT** (Continued)

**2016 Charter School Revenue Bonds**

In June 2016, the Public Finance Authority (Authority) issued \$6,580,000 Charter School Revenue Bonds (Global Village Academy Project), Series 2016. Proceeds of the bonds were used to purchase, improve, and equip a new educational facility. The School was obligated to make monthly lease payments to the Corporation for use of the building. The Corporation was required to make equal debt service payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 4.89% to 5.87%. In December 2021, the bonds were refunded with the proceeds of the 2021 Charter School Revenue Refunding Bonds.

**2018 Charter School Revenue Bonds**

In June 2018, the Public Finance Authority (Authority) issued \$8,145,000 Charter School Revenue Bonds (Global Village Academy Project), Taxable Series 2018. Proceeds of the bonds were used to purchase a new educational facility. The School was obligated to make monthly lease payments to the Corporation for use of the building. The Corporation was required to make equal debt service payments to the Trustee, for payment of the bonds. Interest accrued at 7% and was due semi-annually on June 15 and December 15. Principal payments were due annually on December 15 and a balloon payment in the amount of \$7,970,000 was due on December 15, 2021. In December 2021, the bonds were refunded with the proceeds of the 2021 Charter School Revenue Refunding Bonds.

**2021 Revenue Bonds**

On December 1, 2021 the School issued 2021 Series A & B Charter School Refunding Revenue Bonds in the amount of \$19,240,000 and \$8,550,000 respectively. Proceeds from the issuance of these bonds were used to refund the School's outstanding bonds from 2011, 2014, 2016 and 2018. The bonds carry interest rates ranging from 3.4% to 4%. Interest payments are due monthly beginning January 2022 through December 1, 2023. Semi-annual interest payments are due on January 1 and July 1 beginning January 1, 2024 through 2028. Annual principal payments are due on July 1, 2022 through 2028. A balloon payment of \$8,550,000 is due on December 1, 2023. A final balloon payment of \$16,945,000 is due on July 1, 2028.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 5: LONG-TERM DEBT** (Continued)

**Defeased Debt and Refundings**

Net proceeds of the 2021 bonds of \$28,706,150 were deposited in an irrevocable trust with an escrow agent to provide funding for the debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the related liability for the bonds has been removed from the School’s liabilities. On December 14, 2021, the defeased bonds were paid in full.

The reacquisition price exceeded the net carrying amount of the old debt by \$774,512. This amount has been deferred and is being amortized over the remaining life of the refunded debt.

Future debt service requirements on the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 205,000	\$ 1,009,899	\$ 1,214,899
2024	8,945,000	828,429	9,773,429
2025	400,000	643,556	1,043,556
2026	415,000	629,334	1,044,334
2027	435,000	614,502	1,049,502
2028-2029	17,390,000	894,835	18,284,835
Total	<u>\$ 27,790,000</u>	<u>\$ 4,620,555</u>	<u>\$32,410,555</u>

**NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES**

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government’s leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School’s financial statements for the year ended June 30, 2022.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES (Continued)**

In conjunction with the issuance of the Charter School Revenue Bonds (Global Village Academy Project), Taxable Series 2018 the School used the proceeds to purchase a new educational facility. The School has entered into a sub-lease agreement with the building’s current tenant, Mesa Systems, Inc. to lease the premises under the same terms and conditions as the prior landlord. Under the terms of the agreement, the tenant is required to make monthly base rental payments to the School ranging from \$37,657 to \$42,383 beginning on July 1, 2018 through April 1, 2024. The lease agreement is a triple net lease whereby the tenant is responsible for 100% of the operating expense of the leased premises.

A lease receivable of \$973,089 and a deferred inflow of \$973,089 were incorporated in the beginning fund balance of the general fund, resulting in a zero restatement. The School recognized lease revenue of \$350,964 and interest on the lease of \$131,991 during the year ended June 30, 2022. At June 30, 2022 an amount of \$622,125 is recognized as a Lease Receivable and corresponding Deferred Inflow of Resources relating to leases.

**Equipment Lease Agreements**

Between August 2020 and March 2022, the School, as lessee, entered into various lease agreements with Graybar and CIT to lease telephone equipment. Total lease liability under these leases was \$431,347 and the balance at June 30, 2022 was \$328,321. The interest rate implied in the lease is calculated at 3.49%. The lease payment schedules require the School to make monthly lease payments of \$7,731.

The following is a summary of the School’s lease transactions for the year ended June 30, 2022:

	<u>Balance</u> <u>6/30/2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2022</u>	<u>Due In</u> <u>One Year</u>
Copier Leases	\$ 320,750	\$ 78,293	\$ 70,722	\$ 328,321	\$ 82,633

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES (Continued)**

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 82,633	\$ 10,145	\$ 92,778
2024	85,563	7,214	92,777
2025	88,597	4,180	92,777
2026	60,331	1,437	61,768
2027	11,197	147	11,344
Total	<u>\$ 328,321</u>	<u>\$ 23,123</u>	<u>\$ 351,444</u>

Total lease expense for the year ended June 30, 2022 was \$81,533.

**NOTE 7: TRANSFERS**

During the year ended June 30, 2022 the Building Corporation transferred \$1,405,655 to the General Fund. The funds transferred represent reserve requirements related to the refunded bonds that were no longer required to be maintained in the Building Corporation.

**NOTE 8: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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

**General Information about the Pension Plan**

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

*Contributions provisions as of June 30, 2022:* Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.88%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$1,016,808 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the total annual payroll of the

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

SCHDTF, State Division Trust Fund, Judicial Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

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

At June 30, 2022, the School reported a liability of \$9,307,874 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School’s proportionate share of the net pension liability	\$9,307,874
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	1,184,422
Total	\$10,492,296

At December 31, 2021, the School’s proportion was 0.080%, which was a decrease of 0.013% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized pension expense of (\$2,614,953) and revenue of \$126,452 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$356,343	\$-
Changes of assumptions or other inputs	710,587	-
Net difference between projected and actual earnings on pension plan investments	-	3,499,483
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,830,126	1,689,030
Contributions subsequent to the measurement date	510,960	N/A
Total	\$3,408,016	\$5,188,513

\$510,960 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2023	\$225,799
2024	(1,024,761)
2025	(1,067,733)
2026	(424,762)

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

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

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

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

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

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

June 30, 2022

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

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$13,700,430	\$9,307,874	\$5,642,451

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

**NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

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

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

**General Information about the OPEB Plan**

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

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

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

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

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

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$52,162 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$450,318 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.0522%, which was a decrease of 0.0015% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$11,318. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$686	\$106,776
Changes of assumptions or other inputs	9,323	24,427
Net difference between projected and actual earnings on OPEB plan investments	-	27,875
Changes in proportion and differences between contributions recognized and proportionate share of contributions	55,794	27,693
Contributions subsequent to the measurement date	26,216	N/A
Total	\$92,019	\$186,771

\$26,216 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2023	(\$27,688)
2024	(40,975)
2025	(33,330)
2026	(11,771)
2027	(6,117)
Thereafter	(1,087)

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

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

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

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

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

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

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

June 30, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$437,386	\$450,318	\$465,299

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

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

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

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

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

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of

GLOBAL VILLAGE ACADEMY – AURORA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$522,997	\$450,318	\$388,237

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

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**Charter Collaborative Contract**

On March 25, 2012, the School, along with Global Village Academy – Northglenn (“GVA-Northglenn”) entered into an agreement with Global Village Collaborative (the “Collaborative”). The purpose of this agreement is to advance and carry out the common educational mission of participating schools. The Collaborative serves as a central office to administer, manage, and support the implementation of the schools’ educational programs.

The Collaborative is financed by the schools through fees and assessments calculated per the contract. For the year ended June 30, 2022, the Collaborative charged the School \$554,886 under the terms of the contract. At June 30, 2022, the Collaborative owed the School \$139,151 to refund excess fees collected.

**Claims and Judgments**

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

**NOTE 10:**     **COMMITMENTS AND CONTINGENCIES** (Continued)

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2022, the emergency reserve of \$330,579 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

**NOTE 11:**     **DEFICIT NET POSITION**

At June 30, 2022, the net position of the governmental activities is in a deficit position in the amount of \$10,454,589 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

At June 30, 2022, the net position of the Internal Service Fund is in a deficit position in the amount of \$4,014,281. The deficit is a result of the capital assets depreciating faster than the principal balance of the related debt is paid. Management expects this deficit to be eliminated once the School makes annual principal payments on its debt.

**REQUIRED SUPPLEMENTARY INFORMATION**

GLOBAL VILLAGE ACADEMY - AURORA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
<b>REVENUES</b>					
Local Sources					
Per Pupil Revenue	\$ 7,587,540	\$ 7,996,796	\$ 8,121,653	\$ 124,857	\$ 7,151,262
Mill Levy Override	3,105,015	4,443,460	2,239,721	(2,203,739)	2,393,521
Rental Income			740,481	740,481	869,179
Charges for Services	-	-	62,488	62,488	54,349
Grants and Donations	-	-	21,381	21,381	106,508
Interest	-	-	137,593	137,593	2,213
Other	-	-	52,191	52,191	7,580
State and Federal Sources					
PERA on Behalf Contribution	-	-	126,452	126,452	-
Capital Construction	1,719,101	1,986,268	254,853	(1,731,415)	258,993
Grants and Donations	-	-	1,256,173	1,256,173	2,137,971
<b>TOTAL REVENUES</b>	<b>12,411,656</b>	<b>14,426,524</b>	<b>13,012,986</b>	<b>(1,413,538)</b>	<b>12,981,576</b>
<b>EXPENDITURES</b>					
Current					
Salaries	5,203,443	5,412,445	5,407,616	4,829	5,094,129
Employee Benefits	1,755,183	1,600,000	1,725,563	(125,563)	1,524,264
Purchased Services	4,669,354	4,405,187	4,410,898	(5,711)	4,689,036
Supplies and Materials	468,000	728,727	698,251	30,476	736,890
Property	210,000	473,884	552,917	(79,033)	451,216
Other	66,500	122,000	219,811	(97,811)	369,418
Debt Service					
Principal	-	-	70,722	(70,722)	-
Interest	-	-	10,811	(10,811)	-
<b>TOTAL EXPENDITURES</b>	<b>12,372,480</b>	<b>12,742,243</b>	<b>13,096,589</b>	<b>(354,346)</b>	<b>12,864,953</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>39,176</b>	<b>1,684,281</b>	<b>(83,603)</b>	<b>(1,767,884)</b>	<b>116,623</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Proceeds	-	-	78,293	78,293	-
Transfers In	-	-	1,405,655	1,405,655	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>1,483,948</b>	<b>1,483,948</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>39,176</b>	<b>1,684,281</b>	<b>1,400,345</b>	<b>(283,936)</b>	<b>116,623</b>
<b>FUND BALANCE, Beginning</b>	<b>3,850,132</b>	<b>3,647,997</b>	<b>3,647,997</b>	<b>-</b>	<b>3,531,374</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 3,889,308</b>	<b>\$ 5,332,278</b>	<b>\$ 5,048,342</b>	<b>\$ (283,936)</b>	<b>\$ 3,647,997</b>

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - AURORA

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

Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.080%	0.093%	0.074%	0.074%	0.090%	0.081%	0.070%	0.065%	0.054%
Proportionate Share of the Net Pension Liability (Asset)	\$ 9,307,874	\$ 14,034,047	11,073,798	13,178,829	29,191,136	24,257,502	10,764,973	8,808,818	6,855,978
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	1,184,422	-	1,404,570	1,802,022	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	10,492,296	14,034,047	12,478,368	14,980,851	29,191,136	24,257,502	10,764,973	8,808,818	6,855,978
Covered payroll	\$ 4,998,663	\$ 4,963,985	\$ 4,352,263	\$ 4,091,664	\$ 4,160,464	\$ 4,063,383	\$ 3,258,579	\$ 2,870,863	\$ 2,166,889
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.2%	282.7%	286.7%	366.1%	701.6%	597.0%	330.4%	306.8%	316.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

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

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - AURORA

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 1,016,808	\$ 986,180	\$ 998,519	\$ 753,214	\$ 794,279	\$ 788,406	\$ 611,124	\$ 514,037	\$ 425,960
Contributions in Relation to the Contractually Required Contributions	1,016,808	986,180	998,519	753,214	794,279	788,406	611,124	514,037	425,960
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,113,908	\$ 4,960,670	\$ 4,894,697	\$ 4,894,697	\$ 4,208,457	\$ 4,063,383	\$ 3,258,579	\$ 2,870,863	\$ 2,502,659
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	20.40%	15.39%	18.87%	19.40%	18.75%	17.91%	17.02%

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

See the accompanying independent auditors' report.

GLOBAL VILLAGE ACADEMY - AURORA

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

Years Ended December 31,

	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.052%	0.054%	0.048%	0.048%	0.051%	0.046%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 450,318	\$ 510,079	\$ 544,056	\$ 658,205	\$ 666,009	\$ 600,414
Covered payroll	\$ 4,998,663	\$ 4,963,985	\$ 4,352,263	\$ 4,091,664	\$ 4,160,464	\$ 4,063,383
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.0%	10.3%	12.5%	16.1%	16.0%	14.8%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - AURORA

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 52,162	\$ 50,599	\$ 49,926	\$ 40,161	\$ 42,926	\$ 41,447
Contributions in Relation to the Contractually Required Contributions	<u>52,162</u>	<u>50,599</u>	<u>49,926</u>	<u>40,161</u>	<u>42,926</u>	<u>41,447</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,113,908	\$ 4,960,670	\$ 4,894,697	\$ 3,937,351	\$ 4,208,457	\$ 4,063,383
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditor's report.

## COMPLIANCE



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

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

## **INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Global Village Academy – Aurora  
Aurora, Colorado

We have audited, in accordance with the 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, the financial statements of the governmental activities, and each major fund, of the Global Village Academy – Aurora ( 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, and have issued our report thereon dated October 13, 2022.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PB Solutions LLC*

Littleton, Colorado

October 13, 2022