

**GLOBAL VILLAGE ACADEMY – NORTH**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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## **FINANCIAL SECTION**



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

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

Board of Directors  
Global Village Academy – North  
Thornton, Colorado

## INDEPENDENT AUDITOR’S REPORT

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Global Village Academy – North (the “School”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities , each major fund, and the aggregate remaining fund information of the Global Village Academy - North as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

### **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 47-51 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, 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 Schools internal control over financial reporting and compliance.

*PB Solutions LLC*

Littleton, Colorado  
October 12, 2023

# **Global Village Academy – North**

## **Management’s Discussion and Analysis**

June 30, 2023

The following Management Discussion and Analysis (MD&A) of Global Village Academy – North’s financial performance provides a general review of financial activities for the fiscal year ended June 30, 2023. This narrative is intended to give an overview and analysis of the school’s financial performance. The reader should review the Financial Statements, including the Notes to Financial Statements, to understand the school’s financial performance.

### **Financial Highlights**

The fiscal year ended June 30, 2023, is the thirteenth year of operations for Global Village Academy – North. As of June 30, 2023, the net position changed by (\$427,134) to (\$1,685,335). The negative balance is the result of the regulations under the Governmental Accounting Standards Board Statement (GASB) Number 68 and 75. Further information about GASB 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the school are funded primarily by tax revenue received under the Colorado School Finance Act which is called Per Pupil Revenue. The Per Pupil Revenue for Fiscal Year ending June 30, 2023, was \$7,964,275 which was an increase from the prior year of 4.8%. At the close of the fiscal year Global Village Academy – North’s governmental fund reported an ending fund balance of \$2,966,653 an increase of \$392,103 from the prior year.

### **Overview of Financial Statements**

This discussion and analysis is 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) note 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, a manner analogous to a private-sector business.

The Statement of Net Position represents information on all the School’s assets, liabilities, and deferred inflows and outflows, with the difference reported as net position. With historical data, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or weakening.

The Statement of Activities, or income statement presents information showing how the School’s net position changed during the 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 (for example, salaries and benefits earned but unpaid as of the fiscal year and uncollected grant revenues).

# **Global Village Academy – North**

## **Management’s Discussion and Analysis**

June 30, 2023

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 (Colorado Charter School Institute). 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, the General 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 financial statements.

**Global Village Academy – North**  
**Management’s Discussion and Analysis**  
**June 30, 2023**

**Government-Wide Financial Analysis**

As stated earlier, the net position may serve over time as a useful indicator of the School’s financial position. In the case of Global village Academy – North, liabilities exceeded assets resulting in a net position of (\$1,685,335) in FY2022-2023. The negative balance 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, \$293,762 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the as the TABOR Amendment. Accordingly, these funds are not available to satisfy the School’s general operating expenses.

**Global Village Academy – North’s Net Position**

|                                       |  | <b>Governmental Activities</b> |                       |
|---------------------------------------|--|--------------------------------|-----------------------|
|                                       |  | <b>6/30/2023</b>               | <b>6/30/2022</b>      |
| <b>ASSETS</b>                         |  |                                |                       |
| Cash and Investments                  |  | \$ 3,016,685                   | \$ 2,614,662          |
| Restricted Cash and Investments       |  | \$ 1,948,443                   | \$ 3,375,632          |
| Other Assets                          |  | \$ 603,800                     | \$ 1,186,534          |
| Capital Assets, Net                   |  | \$ 22,931,168                  | \$ 23,315,567         |
|                                       | <b>TOTAL ASSETS</b>                        | <b>\$ 28,500,096</b>           | <b>\$ 30,492,395</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |  |                                |                       |
| Related to Pensions                   |  | \$ 2,615,728                   | \$ 2,496,498          |
| Related to OPEB                       |  | \$ 105,185                     | \$ 90,619             |
|                                       | <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b> | <b>\$ 2,720,913</b>            | <b>\$ 2,587,117</b>   |
| <b>LIABILITIES</b>                    |  |                                |                       |
| Current Liabilities                   |  | \$ 645,652                     | \$ 2,589,808          |
| Accrued Interest                      |  | \$ 77,895                      | \$ 77,893             |
| Noncurrent Liabilities                |  | \$ 30,917,998                  | \$ 28,116,335         |
|                                       | <b>TOTAL LIABILITIES</b>                   | <b>\$ 31,641,545</b>           | <b>\$ 30,784,036</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |                                |                       |
| Related to Pensions                   |  | \$ 1,139,412                   | \$ 3,419,611          |
| Related to OPEB                       |  | \$ 125,387                     | \$ 134,066            |
|                                       | <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> | <b>\$ 1,264,799</b>            | <b>\$ 3,553,677</b>   |
| <b>NET POSITION</b>                   |  |                                |                       |
| Net Position                          |  |                                |                       |
| Net Investment in Capital Assets      |  | \$ 4,764,639                   | \$ 6,547,151          |
| Restricted                            |  | \$ 293,762                     | \$ 262,141            |
| Unrestricted                          |  | \$ (6,743,736)                 | \$ (8,067,493)        |
|                                       | <b>TOTAL NET POSITION</b>                  | <b>\$ (1,685,335)</b>          | <b>\$ (1,258,201)</b> |

The largest portion of the School’s assets is in capital assets, at 76% of total assets in 2023.

**Global Village Academy – North**  
**Management’s Discussion and Analysis**  
**June 30, 2023**

**Global Village Academy – North’s Change in Net Position**

|  |  |  |  | <b>Governmental Activities</b> |                       |
|--|--|--|--|--------------------------------|-----------------------|
|  |  |  |  | <b>6/30/2023</b>               | <b>6/30/2022</b>      |
| <b>PROGRAM REVENUES:</b>                   |  |  |  |                                |                       |
| Charges for Services                       |  |  |  | \$ 209,212                     | \$ 206,213            |
| Operating Grants and Contributions         |  |  |  | \$ 1,903,453                   | \$ 1,485,663          |
| Capital Grants and Contributions           |  |  |  | \$ 361,744                     | \$ 3,224,488          |
| <b>TOTAL PROGRAM REVENUES</b>              |  |  |  | <b>\$ 2,474,409</b>            | <b>\$ 4,916,364</b>   |
| <b>GENERAL REVENUES:</b>                   |  |  |  |                                |                       |
| Per Pupil Operating Revenue                |  |  |  | \$ 7,964,275                   | \$ 7,601,433          |
| Mill Levy Override                         |  |  |  | \$ 765,906                     | \$ 387,520            |
| Investment Earnings                        |  |  |  | \$ 79,247                      | \$ 11,214             |
| Other                                      |  |  |  | \$ 52,353                      | \$ 14,335             |
| <b>TOTAL GENERAL REVENUES</b>              |  |  |  | <b>\$ 8,861,781</b>            | <b>\$ 8,014,502</b>   |
| <b>TOTAL REVENUES</b>                      |  |  |  | <b>\$ 11,336,190</b>           | <b>\$ 12,930,866</b>  |
| <b>EXPENSES:</b>                           |  |  |  |                                |                       |
| Instruction                                |  |  |  | \$ 6,786,024                   | \$ 2,982,176          |
| Supporting Services                        |  |  |  | \$ 4,071,824                   | \$ 3,473,259          |
| Interest and Fiscal Charges                |  |  |  | \$ 905,676                     | \$ 905,674            |
| <b>TOTAL EXPENSES</b>                      |  |  |  | <b>\$ 11,763,524</b>           | <b>\$ 7,361,109</b>   |
| <b>Increase (Decrease) in Net Position</b> |  |  |  | <b>\$ (427,334)</b>            | <b>\$ 5,569,757</b>   |
| <b>Beginning Net Position</b>              |  |  |  | <b>\$ (1,258,201)</b>          | <b>\$ (6,827,958)</b> |
| <b>Ending Net Position</b>                 |  |  |  | <b>\$ (1,258,201)</b>          | <b>\$ (1,258,201)</b> |

The largest portion of the School’s revenues come from Per Pupil Revenue. In 2023 the percentage was 70% and in 2022 it was 59%.

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

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

**Global Village Academy – North**  
Management’s Discussion and Analysis  
June 30, 2023

**General Fund**

The focus of the School’s General Fund 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 \$2,966,653, an increase of \$392,103 from the prior year.

**General Fund Budgetary Highlights**

The School adopts a general fund budget in May based on enrollment projections for the school year. In October, after the enrollment count has been finalized, adjustments are made to the budget. At the end of the fiscal year June 30, 2023 the School had some variances between its final budgeted and actual activities. Overall, the School recognized \$239,326 more in revenue than budgeted due to additional Mill Levy Override Funds and the additional calculation for the PERA on Behalf Contribution. The School spent \$80,217 more than budgeted. The final budget amendment was made on June 21, 2023 for the fiscal year ended June 30, 2023.

**Capital Assets & Long-Term Debt**

The School has invested in capital assets for the School’s educational facility, land, and equipment. Information regarding capital assets may be found in Note 4 of the financial statements. Depreciation expenses for capital assets are booked under supporting Services of the School’s operations.

The School has long-term debt in the form of 2020 Charter School Revenue Bonds issued by Colorado Educational and Facilities Authority (CECFA). These funds were used to pay off the 2018 Bonds and to provide the funds for the construction of the new School building. Information about the long-term debt can be found in Note 5 of the financial statements.

**Economic Factors and Next Year’s Budget**

The primary factor driving the budget for Global Village Academy – North is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education. Global Village Academy – North regularly reviews projected plans for PPR funding and budget impact. Several budget scenarios and operation plans have been developed to analyze options to respond to state decisions. Student count changes are also evaluated in the budgeting process as well as facility financing costs and other additional considerations specific to the budgeting process are used to project revenues and expenses for the School.

**Global Village Academy – North**  
Management’s Discussion and Analysis  
June 30, 2023

**Requests for Information**

The financial report is designed to provide a general overview of Global Village Academy – North’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 address to the School:

Global Village Academy – North  
12415 Grant Street  
Thornton, CO 80241

## **BASIC FINANCIAL STATEMENTS**

GLOBAL VILLAGE ACADEMY - NORTH

STATEMENT OF NET POSITION

As of June 30, 2023

|  | <u>GOVERNMENTAL<br/>ACTIVITIES</u> |
|--|------------------------------------|
| <b>ASSETS</b>  |                                    |
| Cash and Investments   | \$ 3,016,685                       |
| Restricted Cash and Investments                              | 1,948,443                          |
| Due from CSI   | 123,117                            |
| Other Accounts Receivable                                    | 448,183                            |
| Deposits   | 32,500                             |
| Capital Assets, Not Depreciated                              | 2,303,827                          |
| Capital Assets, Depreciated, Net of Accumulated Depreciation | <u>20,627,341</u>                  |
| <b>TOTAL ASSETS</b>  | <u>28,500,096</u>                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |                                    |
| Related to Pensions  | 2,615,728                          |
| Related to OPEB  | <u>105,185</u>                     |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                  | <u>2,720,913</u>                   |
| <b>LIABILITIES</b>   |                                    |
| Accounts Payable   | 150,497                            |
| Accrued Salaries and Benefits                                | 495,155                            |
| Accrued Interest Payable                                     | 77,895                             |
| Noncurrent Liabilities                                       |                                    |
| Due in One Year  | 255,000                            |
| Due in More than One Year                                    | 19,859,972                         |
| Net Pension Liability  | 10,447,981                         |
| Net OPEB Liability   | <u>355,045</u>                     |
| <b>TOTAL LIABILITIES</b>                                     | <u>31,641,545</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                                    |
| Related to Pensions  | 1,139,412                          |
| Related to OPEB  | <u>125,387</u>                     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                   | <u>1,264,799</u>                   |
| <b>NET POSITION</b>  |                                    |
| Net Investment in Capital Assets                             | 4,764,639                          |
| Restricted for Emergencies                                   | 293,762                            |
| Unrestricted   | <u>(6,743,736)</u>                 |
| <b>TOTAL NET POSITION</b>                                    | <u>\$ (1,685,335)</u>              |

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

GLOBAL VILLAGE ACADEMY - NORTH

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

| FUNCTIONS/PROGRAMS                | EXPENSES             | PROGRAM REVENUES        |  | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN<br>NET POSITION |
|-----------------------------------|----------------------|-------------------------|--|--|
|                                   |                      | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS |  |
| PRIMARY GOVERNMENT                |                      |                         |  |  |
| <b>Governmental Activities</b>    |                      |                         |  |  |
| Instructional                     | \$ 6,786,024         | \$ 16,488               | \$ 1,389,641                             | \$ -   |
| Supporting Services               | 4,071,824            | 192,724                 | 513,812                                  | 361,944  |
| Interest and Other Fiscal Charges | 905,676              | -                       | -  | -  |
| Total Governmental<br>Activities  | <u>\$ 11,763,524</u> | <u>\$ 209,212</u>       | <u>\$ 1,903,453</u>                      | <u>\$ 361,944</u>  |
|                                   |                      |                         | GENERAL REVENUES                         |  |
|                                   |                      |                         | Per Pupil Revenue                        | 7,964,275  |
|                                   |                      |                         | Mill Levy Override                       | 765,906  |
|                                   |                      |                         | Interest                                 | 79,247   |
|                                   |                      |                         | Other                                    | 52,353   |
|                                   |                      |                         | TOTAL GENERAL REVENUES                   | <u>8,861,781</u>   |
|                                   |                      |                         | CHANGE IN NET POSITION                   | (427,134)  |
|                                   |                      |                         | NET POSITION, Beginning                  | <u>(1,258,201)</u>   |
|                                   |                      |                         | NET POSITION, Ending                     | <u>\$ (1,685,335)</u>                                      |

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

GLOBAL VILLAGE ACADEMY - NORTH

BALANCE SHEET  
 GENERAL FUND  
 June 30, 2023

|                                      | <u>GENERAL<br/>FUND</u> |
|--------------------------------------|-------------------------|
| <b>ASSETS</b>                        |                         |
| Cash and Investments                 | \$ 3,016,685            |
| Due from CSI                         | 123,117                 |
| Other Accounts Receivable            | 448,183                 |
| Deposits                             | 32,500                  |
| TOTAL ASSETS                         | <u>\$ 3,620,485</u>     |
| <b>LIABILITIES AND FUND BALANCES</b> |                         |
| <b>LIABILITIES</b>                   |                         |
| Accounts Payable                     | \$ 150,497              |
| Accrued Salaries and Benefits        | 495,155                 |
| Due to Other Fund                    | 8,180                   |
| TOTAL LIABILITIES                    | <u>653,832</u>          |
| <b>FUND BALANCES</b>                 |                         |
| Nonspendable                         | 32,500                  |
| Restricted for Emergencies           | 293,762                 |
| Assigned to Special Education        | 90,000                  |
| Unassigned                           | 2,550,391               |
| TOTAL FUND BALANCES                  | <u>2,966,653</u>        |
| TOTAL LIABILITIES AND FUND BALANCES  | <u>\$ 3,620,485</u>     |

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

GLOBAL VILLAGE ACADEMY - NORTH

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

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

|  |  |                              |
|--|--|------------------------------|
| Total fund balances of governmental funds  |  | \$ 2,966,653                 |
| Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.  |  |                              |
|  | Net Pension Liability                                | (10,447,981)                 |
|  | Net OPEB Liability                                   | <u>(355,045)</u>             |
|  |  | (10,803,026)                 |
| 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 | 2,615,728                    |
|  | Deferred outflows of resources - Related to OPEB     | (1,139,412)                  |
|  | Deferred inflows of resources - Related to Pensions  | 105,185                      |
|  | Deferred inflows of resources - Related to OPEB      | <u>(125,387)</u>             |
|  |  | <u>1,456,114</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>4,694,924</u>             |
| Net position of governmental activities  |  | <u><u>\$ (1,685,335)</u></u> |

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

GLOBAL VILLAGE ACADEMY - NORTH  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GENERAL FUND  
Year Ended June 30, 2023

|                             | GENERAL<br>FUND |
|-----------------------------|-----------------|
| REVENUES                    |                 |
| Local Sources               | \$ 8,225,840    |
| State Sources               | 1,645,595       |
| Federal Sources             | 970,938         |
| TOTAL REVENUES              | 10,842,373      |
| EXPENDITURES                |                 |
| Current                     |                 |
| Instruction                 | 6,171,328       |
| Supporting Services         | 4,278,942       |
| TOTAL EXPENDITURES          | 10,450,270      |
| NET CHANGE IN FUND BALANCES | 392,103         |
| FUND BALANCES, Beginning    | 2,574,550       |
| FUND BALANCES, Ending       | \$ 2,966,653    |

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

GLOBAL VILLAGE ACADEMY - NORTH

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

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

|  |           |  |                     |
|--|-----------|--|---------------------|
| Net change in fund balances - total governmental funds   |           |  | \$ 392,103          |
| 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. |           |  |                     |
| Depreciation   |           |  | (9,743)             |
| 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.   |           |  |                     |
| Deferred charges related to Pension Plan   | (444,167) |  |                     |
| Deferred charges related to OPEB   | 36,102    |  | (408,065)           |
|  |           |  |                     |
| 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.   |           |  | <u>(401,429)</u>    |
| Change in net position of governmental activities  |           |  | <u>\$ (427,134)</u> |

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

GLOBAL VILLAGE ACADEMY - NORTH

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 June 30, 2023

|                                       | Governmental<br>Activities<br><u>Internal Service<br/>Fund</u> |
|---------------------------------------|--|
| <b>ASSETS</b>                         |  |
| Current Assets                        |  |
| Restricted Cash and Investments       | \$ 1,948,443   |
| Grant Receivable                      | -  |
| Due from Other Fund                   | <u>8,180</u>   |
| Total Current Assets                  | <u>1,956,623</u>   |
| Noncurrent Assets                     |  |
| Capital Assets, Not Being Depreciated | 2,303,827  |
| Capital Assets, Depreciated, Net      | <u>20,627,341</u>  |
| Total Noncurrent Assets               | <u>22,931,168</u>  |
| TOTAL ASSETS                          | <u>24,887,791</u>  |
| <b>LIABILITIES</b>                    |  |
| Current Liabilities                   |  |
| Accrued Interest Payable              | 77,895   |
| Bonds Payable, Current Portion        | <u>255,000</u>   |
| Total Current Liabilities             | <u>332,895</u>   |
| Noncurrent Liabilities                |  |
| Bonds Payable                         | <u>19,859,972</u>  |
| Total Noncurrent Liabilities          | <u>19,859,972</u>  |
| TOTAL LIABILITIES                     | <u>20,192,867</u>  |
| <b>NET POSITION</b>                   |  |
| Net Investment in Capital Assets      | 4,764,639  |
| Unrestricted                          | <u>(69,715)</u>  |
| TOTAL NET POSITION                    | <u>\$ 4,694,924</u>  |

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

GLOBAL VILLAGE ACADEMY - NORTH  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended June 30, 2023

|   | <u>Governmental<br/> Activities<br/> Internal Service<br/> Fund</u> |
|---|---|
| OPERATING REVENUES                      |   |
| Rent Income                             | \$ 1,083,500  |
| TOTAL OPERATING REVENUES                | <u>1,083,500</u>  |
| OPERATING EXPENSES                      |   |
| Purchased Services                      | 3,951   |
| Depreciation                            | 711,287   |
| TOTAL OPERATING EXPENSES                | <u>715,238</u>  |
| NET OPERATING INCOME (LOSS)             | <u>368,262</u>  |
| NON-OPERATING REVENUES (EXPENSES)       |   |
| Earnings on Investments                 | 79,247  |
| Grants and Contributions                | 56,738  |
| Interest Expense                        | (905,676)   |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(769,691)</u>  |
| CHANGE IN NET POSITION                  | (401,429)   |
| NET POSITION, Beginning                 | <u>5,096,353</u>  |
| NET POSITION, Ending                    | <u><u>\$ 4,694,924</u></u>  |

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

GLOBAL VILLAGE ACADEMY - NORTH

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended June 301, 2023

Increase (Decrease) in Cash and Cash Equivalents

|   | Governmental<br>Activities<br><u>Internal Service<br/>Fund</u> |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES  |  |
| Cash Received from Rental Operations  | \$ 1,083,500   |
| Cash Paid to Suppliers  | (1,852,068)  |
| Net Cash Used by Operating Activities   | <u>(768,568)</u>   |
| CASH FLOWS FROM NONCAPITAL FINANCING<br>ACTIVITIES  |  |
| Cash Payments to/from Other Funds   | <u>(8,180)</u>   |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING<br>ACTIVITIES                               |  |
| Purchase of Capital Assets  | (336,631)  |
| Payments from Grants  | 541,693  |
| Principal Payments on Long Term Debt  | -  |
| Interest Payments   | (934,750)  |
| Net Cash Used by Capital Financing Activities   | <u>(729,688)</u>   |
| CASH FLOWS FROM INVESTING ACTIVITIES  |  |
| Interest Received   | <u>79,247</u>  |
| NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS                                       | (1,427,189)  |
| CASH AND CASH EQUIVALENTS, Beginning  | <u>3,375,632</u>   |
| CASH AND CASH EQUIVALENTS, Ending   | <u>\$ 1,948,443</u>  |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO<br>NET CASH USED BY OPERATING ACTIVITIES     |  |
| Operating Income (Loss)   | \$ 368,262   |
| Adjustments to Reconcile Operating Income<br>to Net Cash Provided by Operating Activities |  |
| Depreciation Expense  | 711,287  |
| Changes in Assets and Liabilities   |  |
| Accounts Payable  | (1,848,117)  |
| Total Adjustments   | <u>(1,136,830)</u>   |
| Net Cash Provided by Operating Activities   | <u>\$ (768,568)</u>  |

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

Global Village Academy-North (the “School”) was formed in 2006 under the name Global Village Academy-Northglenn pursuant to the Colorado Charter Schools Act to form and operate a charter school. Beginning July 1, 2023 the School changed its name from Global Village Academy- Northglenn to Global Village Academy – North. The accounting policies of the School conform with generally accepted accounting principles 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.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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 \$5,000 and an estimated useful life in excess of one year.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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.

|                        |            |
|------------------------|------------|
| Leasehold Improvements | 3-10 years |
| Equipment              | 3-10 years |

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

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023 are 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 outflows 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 inflows 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 – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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, 2023, a liability for the unused compensated absences has been reported in the General Fund.

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.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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 as nonspendable at June 30, 2023.
- 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, 2023.
- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The School reports its Special Education Reserve as assigned resources as of June 30, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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, 2023.

**Subsequent Events**

The School has evaluated events subsequent to the year ended June 30, 2023 through October 12, 2023 the date these financial statements were issued and has incorporated any required recognition into these financial statements.

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

**Budgets**

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**State Compliance**

At June 30, 2023, the actual expenditures in the General Fund exceeded budgeted amounts by \$80,217. This may be a violation of state statute.

**NOTE 3: CASH AND INVESTMENTS**

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

|             |                     |
|-------------|---------------------|
| Deposits    | \$ 3,016,685        |
| Investments | <u>1,948,443</u>    |
| Total       | <u>\$ 4,965,128</u> |

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

|                                     |                     |
|-------------------------------------|---------------------|
| Cash and Investments - Unrestricted | \$ 3,016,685        |
| Cash and Investments - Restricted   | <u>1,948,443</u>    |
| Total                               | <u>\$ 4,965,128</u> |

**Deposits**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023 State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories.

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Deposits (Continued)**

At June 30, 2023, the School had deposits with financial institutions with a carrying amount of \$3,016,685. The bank balances with the financial institutions were \$2,971,526. \$250,000 of these balances were covered by federal depository and \$2,721,526 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 – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Investments** (Continued)

Local Government Investment Pools

The School had invested \$1,948,443 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

**Restricted Cash and Investments**

Cash and Investments in the amount of \$1,948,443 are restricted in the Internal Service Fund for debt service requirements.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 4: CAPITAL ASSETS**

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

|  | Balance<br>6/30/2022 | Additions    | Deletions | Balance<br>6/30/2023 |
|--|----------------------|--------------|-----------|----------------------|
| <b>Governmental Activities</b>         |                      |              |           |                      |
| Capital Assets, Not Depreciated        |                      |              |           |                      |
| Land                                   | \$ 2,303,827         | \$ -         | \$ -      | \$ 2,303,827         |
| Capital Assets, Not Being Depreciated  | \$ 2,303,827         | \$ -         | \$ -      | \$ 2,303,827         |
| Capital Asset, Being Depreciated       |                      |              |           |                      |
| Buildings and Improvements             | 21,001,997           | 336,631      | -         | 21,338,628           |
| Equipment                              | 65,357               | -            | -         | 65,357               |
| Capital Assets, Being Depreciated      | 21,067,354           | 336,631      | -         | 21,403,985           |
| Accumulated Depreciation               |                      |              |           |                      |
| Buildings and Improvements             | -                    | 711,287      | -         | 711,287              |
| Equipment                              | 55,614               | 9,743        | -         | 65,357               |
| Total Depreciation                     | 55,614               | 721,030      | -         | 776,644              |
| Capital Assets, Being Depreciated, Net | 21,011,740           | (384,399)    | -         | 20,627,341           |
| Net Capital Assets                     | \$ 23,315,567        | \$ (384,399) | \$ -      | \$ 22,931,168        |

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

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GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 5: LONG-TERM DEBT**

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

|                       | Balance<br>6/30/2022 | Additions           | Payments         | Balance<br>6/30/2023 | Due In<br>One Year |
|-----------------------|----------------------|---------------------|------------------|----------------------|--------------------|
| Revenue Bonds         |                      |                     |                  |                      |                    |
| Series 2020 A & B     | \$ 19,170,000        | \$ -                | \$ -             | \$ 19,170,000        | \$ 255,000         |
| 2020 Premium          | 974,048              | -                   | 29,076           | 944,972              | -                  |
| Net Pension Liability | 7,604,385            | 2,843,596           | -                | 10,447,981           | -                  |
| Net OPEB Liability    | 367,902              | -                   | 12,857           | 355,045              | -                  |
| Total                 | <u>\$ 28,116,335</u> | <u>\$ 2,843,596</u> | <u>\$ 41,933</u> | <u>\$ 30,917,998</u> | <u>\$ 255,000</u>  |

**Series 2020 Revenue Bonds**

In December 2020, the Colorado Educational and Facilities Authority (CECFA) issued \$19,170,000 Charter School Revenue Bonds. Proceeds from the bonds are being used to finance the cost of construction of an educational facility and to refund the Series 2018 bonds. Interest accrues at a rate ranging from 4.00% to 5.00% per year. Interest payments are due semi-annually on July 1 and January 1 beginning on July 1, 2021. Principal payments are due annually through December 31, 2055.

**Financial Covenants**

The Series 2020A and 2020B Charter School Revenue Bonds require the School meet certain financial covenants. These covenants are tested at June 30 of each year and a certification whether the balances required have been met. At June 30, 2023, the School was required to maintain a coverage ratio of 1.2 and maintain cash on hand of not less than 45 . At June 30, 2023, the School has met its financial covenants.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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>         |
|----------------------------|----------------------|----------------------|----------------------|
| 2024                       | \$ 255,000           | \$ 929,650           | \$ 1,184,650         |
| 2025                       | 270,000              | 919,150              | 1,189,150            |
| 2026                       | 280,000              | 908,150              | 1,188,150            |
| 2027                       | 290,000              | 896,750              | 1,186,750            |
| 2028                       | 300,000              | 884,950              | 1,184,950            |
| 2029-2033                  | 1,700,000            | 4,223,050            | 5,923,050            |
| 2034-2038                  | 2,150,000            | 3,760,000            | 5,910,000            |
| 2039-2043                  | 2,735,000            | 3,152,625            | 5,887,625            |
| 2044-2048                  | 3,490,000            | 2,378,500            | 5,868,500            |
| 2049-2053                  | 4,455,000            | 1,390,125            | 5,845,125            |
| 2054-2056                  | 3,245,000            | 248,625              | 3,493,625            |
| Total                      | <u>\$ 19,170,000</u> | <u>\$ 19,691,575</u> | <u>\$ 38,861,575</u> |

**NOTE 6: INTERFUND BALANCES**

At June 30, 2023 the General Fund owes \$8,180 to the Internal Service Fund for expenditures paid by the Internal Service Fund on the General Fund's behalf.

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan**

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

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

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

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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 \$985,777 for the year ended June 30, 2023.

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA’s negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

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

At June 30, 2023, the School reported a liability of \$10,447,981 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:

|  |              |
|--|--------------|
| School’s proportionate share of the net pension liability  | \$10,447,981 |
| The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School | 3,044,647    |
| Total  | \$13,492,628 |

At December 31, 2022, the School’s proportion was 0.05738%, which was a decrease of 0.008% from its proportion measured as of December 31, 2021.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

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

For the year ended June 30, 2023, the School recognized pension expense of \$2,047,606 and revenue of \$259,630 for support from the State as a nonemployer contributing entity. At June 30, 2023 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Difference between expected and actual experience   | \$98,879                                  | \$-                                      |
| Changes of assumptions or other inputs  | 185,068                                   | -  |
| Net difference between projected and actual earnings on pension plan investments                                | 1,403,549                                 | -  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 429,232                                   | 1,139,412                                |
| Contributions subsequent to the measurement date  | 499,000                                   | N/A                                      |
| Total   | \$2,615,728                               | \$1,139,412                              |

\$499,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30,</b> |            |
|----------------------------|------------|
| 2024                       | (\$29,626) |
| 2025                       | (201,761)  |
| 2026                       | 392,320    |
| 2027                       | 816,383    |

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: 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, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

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

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

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

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

- **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.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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:

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

| <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 SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogously future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

*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<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension | \$13,672,814           | \$10,447,981                     | \$7,754,916            |

*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 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

*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.

*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.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

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.

*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 \$49,337 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of \$355,045 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.0435%, which was an increase of 0.0008% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of \$13,235. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

|   | <u>Deferred Outflows of<br/>Resources</u> | <u>Deferred Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience   | \$46                                      | \$85,862                                 |
| Changes of assumptions or other inputs  | 5,707                                     | 39,186                                   |
| Net difference between projected and actual earnings on OPEB plan investments                                   | 21,686                                    | -  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 52,772                                    | 339                                      |
| Contributions subsequent to the measurement date  | 24,974                                    | N/A                                      |
| <b>Total</b>  | <b>\$105,185</b>                          | <b>\$125,387</b>                         |

\$24,974 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended June 30,</b> |            |
|----------------------------|------------|
| 2024                       | (\$17,365) |
| 2025                       | (19,993)   |
| 2026                       | (3,609)    |
| 2027                       | 4,349      |
| 2028                       | (6,827)    |
| Thereafter                 | (1,731)    |

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

|  | State Division | School Division                                      | Local Government Division | Judicial Division |
|--|----------------|--|---------------------------|-------------------|
| Actuarial cost method  |                | Entry age  |                           |                   |
| Price inflation  |                | 2.30%  |                           |                   |
| Real wage growth   |                | 0.70%  |                           |                   |
| Wage inflation   |                | 3.00%  |                           |                   |
| Salary increases, including wage inflation   |                |  |                           |                   |
| Members other than State Troopers  | 3.30%-10.90%   | 3.40%-11.00%   | 3.20%-11.30%              | 2.80%-5.30%       |
| State Troopers   | 3.20%-12.40%   | N/A  | 3.20%-12.40%              | N/A               |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation |                | 7.25%  |                           |                   |
| Discount rate  |                | 7.25%  |                           |                   |
| Health care cost trend rates   |                |  |                           |                   |
| PERA benefit structure:  |                |  |                           |                   |
| Service-based premium subsidy  |                | 0.00%  |                           |                   |
| PERACare Medicare plans  |                | 6.50% in 2022, gradually decreasing to 4.50% in 2030 |                           |                   |
| Medicare Part A premiums   |                | 3.75% in 2022, gradually increasing to 4.50% in 2029 |                           |                   |
| DPS benefit structure:   |                |  |                           |                   |
| Service-based premium subsidy  |                | 0.00%  |                           |                   |
| PERACare Medicare plans  |                | N/A  |                           |                   |
| Medicare Part A premiums   |                | N/A  |                           |                   |

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related Morbidity Assumptions**

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

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

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

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8:** **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

| <b>Asset Class</b> | <b>Target Allocation</b> | <b>30 Year Expected Geometric Real Rate</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>          |   |

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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 <sup>1</sup> | 5.25%                      | 6.25%               | 7.25%                      |
| Ultimate PERACare Medicare trend                  | 3.50%                      | 4.50%               | 5.50%                      |
| Initial Medicare Part A trend rate                | 3.00%                      | 4.00%               | 5.00%                      |
| Ultimate Medicare Part A trend rate               | 3.50%                      | 4.50%               | 5.50%                      |
| Net OPEB Liability                                | \$344,996                  | \$355,045           | \$365,980                  |

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

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

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

- 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 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<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$411,603              | \$355,045                        | \$306,671              |

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

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Charter Collaborative Contract**

On March 25, 2012, the School, along with Global Village Academy – North (“GVA-North”) 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, 2023, the Collaborative charged the School \$668,930 under the terms of the contract.

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2023 significant amounts of grant expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

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

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$293,762 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

GLOBAL VILLAGE ACADEMY – NORTH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 10: DEFICIT NET POSITION**

At June 30, 2023, the net position of the governmental activities is in a deficit position in the amount of \$1,685,335 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

**NOTE 11: CHANGE IN ACCOUNTING PRINCIPLES**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

GLOBAL VILLAGE ACADEMY - NORTH

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2023

|                                   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET    | ACTUAL             | VARIANCE<br>Positive<br>(Negative) | 2022<br>ACTUAL     |
|-----------------------------------|--------------------|--------------------|--------------------|------------------------------------|--------------------|
| <b>REVENUES</b>                   |                    |                    |                    |                                    |                    |
| Local Sources                     |                    |                    |                    |                                    |                    |
| Per Pupil Revenue                 | \$8,068,709        | \$7,964,274        | \$7,964,275        | \$ 1                               | \$7,601,433        |
| Mill Levy Override                | 705,386            | 705,690            | 765,906            | 60,216                             | 387,520            |
| Charges for Services              | 302,150            | 186,385            | 192,724            | 6,339                              | 154,365            |
| Grants and Donations              | 22,000             | 16,070             | 16,488             | 418                                | 51,848             |
| Other                             | 12,000             | 52,646             | 52,353             | (293)                              | 14,335             |
| State Sources                     |                    |                    |                    |                                    |                    |
| Capital Construction              | 257,544            | 305,206            | 305,206            | -                                  | 246,669            |
| PERA on Behalf Contribution       | -                  | 93,000             | 259,630            | 166,630                            | 93,070             |
| Grants and Donations              | 351,762            | 312,030            | 314,853            | 2,823                              | 456,410            |
| Federal Sources                   |                    |                    |                    |                                    |                    |
| Grants and Donations              | 532,567            | 967,746            | 970,938            | 3,192                              | 1,144,573          |
| <b>TOTAL REVENUES</b>             | <u>10,252,118</u>  | <u>10,603,047</u>  | <u>10,842,373</u>  | <u>239,326</u>                     | <u>10,150,223</u>  |
| <b>EXPENDITURES</b>               |                    |                    |                    |                                    |                    |
| Current                           |                    |                    |                    |                                    |                    |
| Salaries                          | 4,525,067          | 4,950,000          | 5,041,935          | (91,935)                           | 4,301,101          |
| Employee Benefits                 | 1,622,299          | 1,718,000          | 1,850,963          | (132,963)                          | 1,362,210          |
| Purchased Services                | 2,666,821          | 2,695,437          | 2,538,354          | 157,083                            | 2,373,466          |
| Supplies and Materials            | 692,766            | 841,332            | 874,197            | (32,865)                           | 843,637            |
| Property                          | 70,000             | 23,151             | 23,060             | 91                                 | 208,236            |
| Other                             | 84,100             | 142,133            | 121,761            | 20,372                             | 113,762            |
| <b>TOTAL EXPENDITURES</b>         | <u>9,661,053</u>   | <u>10,370,053</u>  | <u>10,450,270</u>  | <u>(80,217)</u>                    | <u>9,202,412</u>   |
| <b>NET CHANGE IN FUND BALANCE</b> | 591,065            | 232,994            | 392,103            | 159,109                            | 947,811            |
| <b>FUND BALANCE, Beginning</b>    | <u>2,288,046</u>   | <u>2,288,046</u>   | <u>2,574,550</u>   | <u>286,504</u>                     | <u>1,626,739</u>   |
| <b>FUND BALANCE, Ending</b>       | <u>\$2,879,111</u> | <u>\$2,521,040</u> | <u>\$2,966,653</u> | <u>\$ 445,613</u>                  | <u>\$2,574,550</u> |

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - NORTH

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

Years Ended December 31,

|   | 2022          | 2021         | 2020          | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         |
|---|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Proportion of the Net Pension Liability (Asset)   | 0.057%        | 0.065%       | 0.070%        | 0.058%       | 0.057%       | 0.061%       | 0.064%       | 0.054%       | 0.045%       | 0.034%       |
| Proportionate Share of the Net Pension Liability (Asset)                                | \$ 10,447,981 | \$ 7,604,385 | \$ 10,527,264 | 8,597,709    | 10,095,156   | 19,739,851   | 19,036,892   | 8,597,709    | 6,141,106    | 4,332,988    |
| State of Colorado Proportionate Share of the Net Pension Liability (Asset)              | 3,044,647     | 871,746      | -             | 1,090,510    | 1,380,373    | -            | -            | -            | -            | -            |
| Total Proportionate Share of the Net Pension Liability (Asset)                          | 13,492,628    | 8,476,131    | 10,527,264    | 9,688,219    | 11,475,529   | 19,739,851   | 19,036,892   | 8,597,709    | 6,141,106    | 4,332,988    |
| Covered payroll   | \$ 4,421,522  | \$ 8,167,646 | \$ 3,722,665  | \$ 3,380,829 | \$ 3,198,916 | \$ 2,807,066 | \$ 2,869,660 | \$ 2,575,434 | \$ 1,898,191 | \$ 1,367,747 |
| Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 236.3%        | 93.1%        | 282.8%        | 286.6%       | 358.7%       | 703.2%       | 663.4%       | 333.8%       | 323.5%       | 316.8%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability              | 61.79%        | 74.86%       | 66.99%        | 64.52%       | 57.01%       | 43.96%       | 43.10%       | 59.20%       | 62.80%       | 64.10%       |

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - NORTH

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

Years Ended June 30,

|   | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contributions                                  | \$ 985,777   | \$ 807,114   | \$ 790,262   | \$ 693,959   | \$ 616,974   | \$ 596,253   | \$ 483,386   | \$ 388,778   | \$ 279,550   |
| Contributions in Relation to the Contractually Required Contributions | 985,777      | 807,114      | 790,262      | 693,959      | 616,974      | 596,253      | 483,386      | 388,778      | 279,550      |
| Contribution Deficiency (Excess)                                      | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll   | \$ 4,836,969 | \$ 4,051,273 | \$ 3,975,153 | \$ 3,580,798 | \$ 3,225,174 | \$ 3,073,055 | \$ 2,575,434 | \$ 2,169,003 | \$ 1,641,683 |
| Contributions as a Percentage of Covered Payroll                      | 20.38%       | 19.92%       | 19.88%       | 19.38%       | 19.13%       | 19.40%       | 18.77%       | 17.92%       | 17.03%       |

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

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - NORTH

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

Years Ended December 31,

|  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Proportion of the Net OPEB Liability (Asset)   | 0.043%       | 0.043%       | 0.040%       | 0.038%       | 0.037%       | 0.035%       | 0.036%       |
| Proportionate Share of the Net OPEB Liability (Asset)                                | \$ 355,045   | \$ 367,902   | \$ 382,521   | \$ 422,629   | \$ 503,787   | \$ 449,353   | \$ 471,202   |
| Covered payroll  | \$ 4,421,522 | \$ 8,167,646 | \$ 3,722,665 | \$ 3,198,916 | \$ 3,198,916 | \$ 2,807,066 | \$ 2,869,660 |
| Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 8.0%         | 4.5%         | 10.3%        | 13.2%        | 15.7%        | 16.0%        | 16.4%        |
| Plan Fiduciary Net position as a Percentage of the Total OPEB Liability              | 38.57%       | 39.40%       | 32.78%       | 24.49%       | 17.03%       | 17.53%       | 16.72%       |

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

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY - NORTH

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

Years Ended June 30,

|   | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contributions                                  | \$ 49,337    | \$ 41,411    | \$ 40,547    | \$ 36,524    | \$ 32,896    | \$ 30,658    | \$ 31,345    |
| Contributions in Relation to the Contractually Required Contributions | 49,337       | 41,411       | 40,547       | 36,524       | 32,896       | 30,658       | 31,345       |
| Contribution Deficiency (Excess)                                      | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll   | \$ 4,836,969 | \$ 4,051,273 | \$ 3,975,153 | \$ 3,580,798 | \$ 3,225,174 | \$ 3,005,686 | \$ 3,073,055 |
| Contributions as a Percentage of Covered Payroll                      | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        |

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

See the accompanying independent auditor's report.

## 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***

Board of Directors  
Global Village Academy – North  
Thornton, 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, each major fund, and the aggregate remaining fund information of Global Village Academy – North (the “School”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October 12, 2023.

### **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 12, 2023



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

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

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Global Village Academy – North  
Thornton, Colorado

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Global Village Academy - North (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PB Solutions LLC*

Littleton, Colorado  
October 12, 2023

**GVA NORTH**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

| <i>Award Information</i>   | <i>AL/other #</i> | <i>Pass-Through Entity Name</i>         | <i>Pass-Through Entity #</i> | <i>Federal Expenditures (\$)</i>                              |
|--|-------------------|---|------------------------------|---|
| <b>Child Nutrition Cluster-Cluster</b>   |                   |   |                              |   |
| United States Department of Agriculture<br>School Breakfast Program                            | 10.553            | Colorado Department of<br>Education     | 4553                         | 12,928<br><u>12,928</u>                                       |
| School Breakfast Program   |                   |   |                              | 12,928  |
| Total School Breakfast Program   |                   |   |                              | <u>12,928</u>   |
| National School Lunch Program  |                   |   |                              | 130,856   |
| National School Lunch Program  | 10.555            | Colorado Department of<br>Education     | 4555                         | 130,856<br><u>130,856</u><br><u>143,784</u><br><u>143,784</u> |
| Total National School Lunch Program  |                   |   |                              | 130,856   |
| Total United States Department of Agriculture  |                   |   |                              | <u>143,784</u>  |
| <b>Total Child Nutrition Cluster-Cluster</b>   |                   |   |                              |   |
| <b>Special Education Cluster (IDEA)-Cluster</b>  |                   |   |                              |   |
| Department of Education<br>Special Education Grants to States                                  |                   |   |                              | 30,249  |
| Special Education Grants to States   | 84.027            | Colorado Department of<br>Education     | 6027                         | 30,249  |
| Special Education Grants to States   |                   |   |                              | 129,375   |
| Total Special Education Grants to States   | 84.027            | Colorado Department of<br>Education     | 4027                         | 129,375<br><u>159,624</u><br><u>159,624</u><br><u>159,624</u> |
| Total Department of Education  |                   |   |                              | 159,624   |
| <b>Total Special Education Cluster (IDEA)-Cluster</b>  |                   |   |                              |   |
| <b>477 Cluster-Cluster</b>   |                   |   |                              |   |
| Department of Health and Human Services<br>Child Care and Development Block Grant(477 Cluster) |                   |   |                              | 53,492  |
| Child Care and Development Block Grant(477 Cluster)  | 93.575            | Colorado Department of Public<br>Health | 7575                         | 53,492  |
| Child Care and Development Block Grant(477 Cluster)  |                   |   |                              | 53,492  |
| Total Child Care and Development Block Grant(477 Cluster)                                      |                   |   |                              | 53,492<br><u>53,492</u><br><u>53,492</u>                      |
| Total Department of Health and Human Services  |                   |   |                              | 53,492  |
| <b>Total 477 Cluster-Cluster</b>   |                   |   |                              |   |

The accompanying notes are an integral part of this schedule

**GVA NORTH**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

| <i>Award Information</i>  | <i>AI/other #</i> | <i>Pass-Through Entity Name</i>      | <i>Pass-Through Entity #</i> | <i>Federal Expenditures (\$)</i> |
|---|-------------------|--------------------------------------|------------------------------|----------------------------------|
| <b>Other Programs (Treated individually for major program determination)</b>                          |                   |                                      |                              |                                  |
| Department of Education   |                   |                                      |                              |                                  |
| Title I Grants to Local Educational Agencies  |                   |                                      |                              |                                  |
| Title I Grants to Local Educational Agencies  | 84.010            | Colorado Department of Education     | 4010                         | 143,495                          |
| Title I Grants to Local Educational Agencies  | 84.010            | Colorado Department of Education     | 9202                         | 750                              |
| Title I Grants to Local Educational Agencies  | 84.010            | Colorado Department of Education     | 9211                         | 2,265                            |
| Total Title I Grants to Local Educational Agencies  |                   |                                      |                              | <u>146,510</u>                   |
| English Language Acquisition State Grants   |                   |                                      |                              |                                  |
| English Language Acquisition State Grants   | 84.365            | Colorado Department of Education     | 4365                         | 30,670                           |
| Total English Language Acquisition State Grants   |                   |                                      |                              | <u>30,670</u>                    |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)       |                   |                                      |                              |                                  |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)       | 84.367            | Colorado Department of Education     | 4367                         | 16,834                           |
| Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) |                   |                                      |                              | <u>16,834</u>                    |
| Education Stabilization Fund  |                   |                                      |                              |                                  |
| Education Stabilization Fund  | 84.425            | Colorado Department of Education     | 4431                         | 173,585                          |
| Education Stabilization Fund  | 84.425            | Colorado Department of Education     | 4420                         | 19,265                           |
| Education Stabilization Fund  | 84.425            | Colorado Department of Education     | 9414                         | 204,938                          |
| Education Stabilization Fund  | 84.425            | Colorado Department of Education     | 6425                         | 17,666                           |
| Total Education Stabilization Fund  |                   |                                      |                              | <u>415,454</u>                   |
| <i>Total Department of Education</i>  |                   |                                      |                              | <u>609,468</u>                   |
| Department of Health and Human Services   |                   |                                      |                              |                                  |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                                    |                   | Colorado Department of Public Health | 7323                         | 4,575                            |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                                    | 93.323            |                                      |                              |                                  |
| Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                              |                   |                                      |                              | <u>4,575</u>                     |
| Total Department of Health and Human Services   |                   |                                      |                              | <u>4,575</u>                     |
| <b>Total Other Programs (Treated individually for major program determination)</b>                    |                   |                                      |                              | <u>614,043</u>                   |
| <b>Total Expenditures of Federal Awards</b>   |                   |                                      |                              | <u>\$ 970,943</u>                |

The accompanying notes are an integral part of this schedule

GLOBAL VILLAGE ACADEMY - NORTH  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School. The Schedule includes federally funded amounts of pass-through awards received by the School through the State of Colorado. The information this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule represents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in position or cash flows of the School.
2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. The School has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2023, the School did not pass through any federal funds to subrecipients.
4. For federal awards expended by the School as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.

GLOBAL VILLAGE ACADEMY - NORTH

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2023

**Section I - Summary of Auditor's Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was: Unmodified
2. The independent auditor's report on internal control over financial reported disclosed:  
  
Significant deficiency(ies)?  Yes  None Reported  
Material weakness(es)?  Yes  No
3. Noncompliance considered material to the financial statements was disclosed by the audit:  Yes  No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:  
  
Significant deficiency(ies)?  Yes  None Reported  
Material weakness(es)?  Yes  No
5. The opinions expressed in the independent auditor's report on compliance for major federal award programs were: Unmodified
6. The audit disclosed findings required to be reported by section 2 CFR §200.516(a)?  Yes  No
7. The Organization's major programs were:  

| <u>Name of federal program</u> | <u>CDFA Number</u>        |
|--------------------------------|---------------------------|
| Education Stabilization Fund   | 84.425D, 84.425U, 84.425C |
8. Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000
9. The Organization qualified as low-risk auditee:  Yes  No

GLOBAL VILLAGE ACADEMY – NORTH

Schedule Findings and Questioned Costs  
For the year ended June 30, 2023

**Section II – Financial Statement Findings**

No findings noted.

**Section III – Federal Award Findings**

No findings noted.