

GLOBAL VILLAGE ACADEMY COLLABORATIVE

BASIC FINANCIAL STATEMENTS

June 30, 2023

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor's Report	
Management's Discussion and Analysis	i - v
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – General Fund	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7 – 39
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	40
Schedule of the Collaborative's Proportionate Share of the Net Pension Liability – PERA School Division Trust Fund Plan	41
Schedule of the Collaborative's Contributions – PERA School Division Trust Fund Plan	42
Schedule of the Collaborative's Proportionate Share of the Net OPEB Liability – PERA Health Care Trust Fund Plan	43
Schedule of the Collaborative's Contributions – PERA Health Care Trust Fund Plan	44
Auditor's Integrity Report	45

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 Collaborative
Thornton, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Global Village Academy Collaborative (the "Collaborative"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative, 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 Collaborative'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 Collaborative'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 Collaborative's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the Collaborative's proportionate share, and the schedules of the Collaborative's contributions on pages 40-44 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 Collaborative's basic financial statements. The Auditor's Integrity Report listed in the table of contents is presented for purposes of additional analysis and are not a required part of the 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. In our opinion, the Auditor's Integrity Report is fairly stated in all material respects in relation to the financial statements as a whole.

PB Solutions LLC

Littleton, Colorado
November 16, 2023

Global Village Academy – Collaborative

Management’s Discussion and Analysis

June 30, 2023

The following Management Discussion and Analysis (MD&A) of Global Village Academy – Collaborative’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 Collaborative’s financial performance. The reader should review the Financial Statements, including the Notes to Financial Statements, to understand the Collaborative’s financial performance.

Financial Highlights

The fiscal year ended June 30, 2023, is the tenth year of operations for Global Village Academy – Collaborative. As of June 30, 2023, the net position changed by \$153,222 to (\$1,753,242). 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 4 and 5 of the financial statements.

The operations of the Collaborative are funded primarily by contracts with the Collaborative Charter Schools to administer, manage, and support the implementation of the school’s educational programs. In the year ended June 30, 2023, the Collaborative served three schools; Aurora, North, and Douglas County (Collaborative Charter Schools.) Fees collected from the three schools during the year totaled \$1,699,366.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Collaborative’s basic financial statements. The Collaborative’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 Collaborative’s finances, a manner analogous to a private-sector business.

The Statement of Net Position represents information on all the Collaborative’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 Collaborative is improving or weakening.

The Statement of Activities, or income statement presents information showing how the Collaborative’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).

The government-wide statement of activities distinguishes functions/programs of the Collaborative supported primarily by charges for serves to the charter schools. The governmental activities of the Collaborative include only supporting services.

Global Village Academy – Collaborative

Management’s Discussion and Analysis

June 30, 2023

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 Collaborative, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Global Village Academy – Collaborative

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 Collaborative’s financial position. In the case of Global village Academy – Collaborative, liabilities exceeded assets resulting in a net position of (\$1,753,242) 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, \$69,662 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the Collaborative’s general operating expenses.

Global Village Academy – Collaborative’s Net Position

			Governmental Activities	
			6/30/2023	6/30/2022
ASSETS				
Cash and Investments			\$ 26,055	\$ 456,938
Restricted Cash and Investments			\$ 194,289	\$ -
Due from Charter Schools			\$ 6,311	
Inventory			\$ 13,362	\$ 9,829
Other Assets			\$ 18,924	\$ -
Deposits			\$ 2,500	\$ 2,500
	TOTAL ASSETS		\$ 261,441	\$ 469,267
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions			\$ 460,088	\$ 244,313
Related to OPEB			\$ 21,868	\$ 16,473
	TOTAL DEFERRED OUTFLOW OF RESOURCES		\$ 481,956	\$ 260,786
LIABILITIES				
Current Liabilities			\$ 145,315	\$ 384,625
Accrued Salaries			\$ 7,432	\$ 6,717
Noncurrent Liabilities			\$ 2,107,867	\$ 1,538,195
	TOTAL LIABILITIES		\$ 2,260,614	\$ 1,929,537
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions			\$ 200,884	\$ 657,398
Related to OPEB			\$ 35,141	\$ 49,582
	TOTAL DEFERRED INFLOWS OF RESOURCES		\$ 236,025	\$ 706,980
NET POSITION				
Net Position				
Net Investment in Capital Assets			\$ -	\$ -
Restricted			\$ 69,662	\$ 46,000
Unrestricted			\$ (1,822,904)	\$ (1,952,464)
	TOTAL NET POSITION		\$ (1,753,242)	\$ (1,906,464)

Global Village Academy – Collaborative

Management’s Discussion and Analysis

June 30, 2023

The largest portion of the Collaborative’s assets is in cash, at 84% of total assets in 2023.

Global Village Academy – Collaborative’s Change in Net Position

				Governmental Activities	
				6/30/2023	6/30/2022
Program Revenue:					
Charges for Services				\$ 1,699,366	\$ 1,293,454
Operating Grants and Contributions				\$ 401,052	\$ 1,763
Capital Grants and Contributions				\$ -	\$ -
Total Program Revenue				\$ 2,100,418	\$ 1,295,217
General Revenue:					
Other				\$ 194,379	\$ 213,560
Total General Revenue				\$ 194,379	\$ 213,560
Total Revenue				\$ 2,294,797	\$ 1,508,777
Expenses:					
Supporting Services				\$ 2,141,575	\$ 911,917
Total Expenses				\$ 2,141,575	\$ 911,917
Increase (Decrease) in Net Position				\$ 153,222	\$ 596,860
Beginning Net Position				\$ (1,906,464)	\$ (2,503,324)
Ending Net Position				\$ (1,753,242)	\$ (1,906,464)

The largest portion of the Collaborative’s revenues came from charges for services. In 2023 the percentage was 81% and in 2022 it was 99%.

Financial Analysis of the Government’s Funds

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

Global Village Academy – Collaborative

Management’s Discussion and Analysis

June 30, 2023

General Fund

The focus of the Collaborative’s General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Collaborative’s financing requirements. Unassigned fund balance may serve as a useful measure of the Collaborative’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Collaborative’s General Fund reported an ending fund balance of \$108,694, an increase of \$30,769 from the prior year.

General Fund Budgetary Highlights

The Collaborative approves a general fund budget in May based on enrollment projections from the charter schools within the Collaborative. In October, after the enrollment count has been finalized, adjustments are made to the budget from the enrollment information from the Collaborative charter schools. At the end of the fiscal year June 30, 2023, the Collaborative had some variances between its final budgeted and actual activities. Overall, the School recognized \$27,232 less in revenue than budgeted due to decrease in grants received. The Collaborative spent \$57,719 less than budgeted.

Capital Assets & Long-Term Debt

The Collaborative has no capital assets, nor long-term debt obligations.

Economic Factors and Next Year’s Budget

The primary factor driving the budget for Global Village Academy – Collaborative is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education for each of the schools within the Collaborative. Global Village Academy – Collaborative regularly reviews projected plans for PPR funding and budget impact for each of the charter schools within the Collaborative. Several budget scenarios and operation plans have been developed to analyze options to respond to state decisions.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

GLOBAL VILLAGE ACADEMY COLLABORATIVE

STATEMENT OF NET POSITION
As of June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 26,055
Accounts Receivable	194,289
Due from Charter Schools	6,311
Inventory for Sale	13,362
Prepaid Expenses	18,924
Deposits	<u>2,500</u>
TOTAL ASSETS	<u>261,441</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	460,088
Related to OPEB	<u>21,868</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>481,956</u>
LIABILITIES	
Accounts Payable	145,315
Accrued Salaries and Benefits	7,432
Noncurrent Liabilities	
Net Pension Liability	2,038,483
Net OPEB Liability	<u>69,384</u>
TOTAL LIABILITIES	<u>2,260,614</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	200,884
Related to OPEB	<u>35,141</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>236,025</u>
NET POSITION	
Restricted for Emergencies	69,662
Unrestricted	<u>(1,822,904)</u>
TOTAL NET POSITION	<u>\$ (1,753,242)</u>

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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT					
Governmental Activities				GOVERNMENTAL ACTIVITIES	
Supporting Services	\$ 2,141,575	\$ 1,699,366	\$ 401,052	\$ -	\$ (41,157)
Total Governmental Activities	\$ 2,141,575	\$ 1,699,366	\$ 401,052	\$ -	(41,157)
			GENERAL REVENUES		
			Other		194,379
			TOTAL GENERAL REVENUES		194,379
			CHANGE IN NET POSITION		153,222
			NET POSITION, Beginning		(1,906,464)
			NET POSITION, Ending		\$ (1,753,242)

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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

BALANCE SHEET
GENERAL FUND
June 30, 2023

	<u>GENERAL FUND</u>
ASSETS	
Cash and Investments	\$ 26,055
Accounts Receivable	194,289
Due from Charter Schools	6,311
Inventory for Sale	13,362
Prepaid Expenses	18,924
Deposits	2,500
TOTAL ASSETS	<u>\$ 261,441</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 145,315
Accrued Salaries	7,432
TOTAL LIABILITIES	<u>152,747</u>
FUND BALANCES	
Nonspendable	34,786
Restricted for Emergencies	69,662
Unassigned	4,246
TOTAL FUND BALANCES	<u>108,694</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 261,441</u>

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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

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		\$	108,694
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	(2,038,483)	
	Net OPEB Liability	<u>(69,384)</u>	(2,107,867)
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	460,088	
	Deferred inflows of resources - Related to Pensions	(200,884)	
	Deferred outflows of resources - Related to OPEB	21,868	
	Deferred inflows of resources - Related to OPEB	<u>(35,141)</u>	<u>245,931</u>
Net position of governmental activities			<u>\$ (1,753,242)</u>

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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

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

	<u>GENERAL FUND</u>
REVENUES	
Local Sources	\$ 1,918,578
State and Federal Sources	<u>376,219</u>
TOTAL REVENUES	<u>2,294,797</u>
EXPENDITURES	
Current	
Supporting Services	<u>2,264,028</u>
TOTAL EXPENDITURES	<u>2,264,028</u>
NET CHANGE IN FUND BALANCES	30,769
FUND BALANCES, Beginning	<u>77,925</u>
FUND BALANCES, Ending	<u><u>\$ 108,694</u></u>

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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

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			\$ 30,769
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	101,017	
	Deferred charges related to OPEB	<u>21,436</u>	<u>122,453</u>
Change in net position of governmental activities			<u>\$ 153,222</u>

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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Global Village Academy Collaborative (the “Collaborative”) was formed in 2010 for the purpose of developing and operating public charter schools, which “advance world language education.” The Collaborative manages the following Schools (“the “Schools”), all within the Colorado Front Range:

- Global Village Academy – Aurora, a component unit of Aurora Public School District
- Global Village Academy – North, funded by the Charter School Institute
- Global Village Academy – Douglas County, a component unit of Douglas County School District

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

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the Collaborative and organizations for which the Collaborative is financially accountable. It is also financially accountable for legally separate organizations if the Collaborative’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 Collaborative. The Collaborative may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the Collaborative does not include additional organizations within its reporting entity.

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 Collaborative. 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 COLLABORATIVE

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 Collaborative. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the Collaborative 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 Collaborative 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 Collaborative.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

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 Collaborative's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Collaborative reports the following major governmental fund:

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

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the Collaborative 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.

Inventory – Payments made to vendors for school uniforms that will be used in future periods are recorded as inventory. An expenditure is reported in the year in which the uniforms are sold.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Collaborative as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

At June 30, 2023, the Collaborative does not report any capital assets.

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

Accrued Salaries and Benefits – The accrued salaries and benefits include amounts payable to employees for services rendered during the fiscal year and amounts due for payroll liabilities.

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 COLLABORATIVE

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.

At June 30, 2023, the Collaborative does not report any long-term debt.

Compensated Absences – The Collaborative’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 has been accrued for these compensated absences and was included in Accrued Salaries and Benefits.

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 the Collaborative’s management may have categorized and segmented portion for various purposes, the Board has the unrestricted right to revisit or alter these managerial decisions.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

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 Collaborative 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 Collaborative reports inventory, prepaid expenses, and 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 Collaborative 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 Collaborative 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 Collaborative did not have any 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 COLLABORATIVE

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 Collaborative 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 Collaborative 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 Collaborative purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

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

Subsequent Events

The Collaborative has evaluated events subsequent to the year ended June 30, 2023 through November 16, 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: CASH AND INVESTMENTS

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 Collaborative are eligible public depositories.

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

At June 30, 2023, the Collaborative had deposits with financial institutions with a carrying amount of \$26,055. The bank balances with the financial institutions were \$41,918, all of which were covered by federal depository insurance.

Investments

Interest Rate Risk

The Collaborative 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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

Investments (Continued)

- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

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

The Collaborative did not report any investments at June 30, 2023.

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NOTE 4: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Collaborative 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 Collaborative 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.

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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: 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 Collaborative 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 Through 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%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Collaborative is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Collaborative were \$228,547 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

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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. 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 Collaborative's proportion of the net pension liability was based on the Collaborative'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 Collaborative reported a liability of \$2,038,483 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 Collaborative 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 Collaborative were as follows:

Collaborative's proportionate share of the net pension liability	\$2,038,483
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Collaborative	594,034
Total	\$2,632,517

At December 31, 2022, the Collaborative's proportion was 0.0112%, which was a decrease of 0.0014% from its proportion measured as of December 31, 2021.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: 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 Collaborative recognized pension expense of \$248,041 and revenue of \$50,656 for support from the State as a nonemployer contributing entity. At June 30, 2023 the Collaborative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$19,292	\$-
Changes of assumptions or other inputs	36,108	-
Net difference between projected and actual earnings on pension plan investments	273,843	200,884
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	130,845	N/A
Total	\$460,088	\$200,884

\$130,845 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:

Year ended June 30,	
2024	(\$80,186)
2025	(29,450)
2026	78,713
2027	159,282

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: 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 ¹	Financed by the AIR

¹ 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: **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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: **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 analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$2,667,673	\$2,038,483	\$1,153,045

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.

NOTE 5: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The Collaborative 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.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Collaborative 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.

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.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

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 Collaborative is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Collaborative were \$11,439 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 Collaborative reported a liability of \$69,384 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 Collaborative's

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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)

proportion of the net OPEB liability was based on the Collaborative'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 Collaborative's proportion was 0.0085%, which was an increase of 0.0003% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Collaborative recognized OPEB expense of \$21,436. At June 30, 2023, the Collaborative reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$9	\$16,779
Changes of assumptions or other inputs	1,115	7,658
Net difference between projected and actual earnings on OPEB plan investments	4,238	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,957	10,704
Contributions subsequent to the measurement date	6,549	N/A
Total	\$21,868	\$35,141

\$6,549 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:

Year ended June 30,	
2024	(\$7,268)
2025	(8,254)
2026	(3,937)
2027	1,023
2028	(1,096)
Thereafter	(290)

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: **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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate
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%
Total	100.00 %	

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: 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 Collaborative’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	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	3.50%	4.50%	5.50%
Net OPEB Liability	\$67,420	\$69,384	\$71,520

¹For 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 COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 **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 Collaborative’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$80,436	\$69,384	\$59,930

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.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: COMMITMENTS AND CONTINGENCIES

Charter Collaborative Contracts

Between 2011 and 2015, the Collaborative entered into agreements with the Schools to advance and carry out the common educational mission of the 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 agreements. For the year ended June 30, 2023, the Collaborative charged the Schools the following fees under the terms of the agreements:

Aurora	\$751,556
Douglas County	\$278,881
Northglenn	\$668,929

At June 30, 2023, the Collaborative was owed \$6,311 from Douglas County for expenditures the Collaborative paid on behalf of the School.

Claims and Judgments

The Collaborative 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 Collaborative may be required to reimburse the grantor government. As of June 30, 2023 significant amounts of grant expenditures have not been audited but the Collaborative believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Collaborative.

Tabor Amendment

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

The Collaborative has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$69,662 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: **DEFICIT NET POSITION**

At June 30, 2023, the net position of the governmental activities is in a deficit position in the amount of \$1,753,242 due to the Collaborative including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

NOTE 8: **CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the Collaborative 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 Collaborative 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 COLLABORATIVE

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Service Fees	\$ 1,727,989	\$ 1,700,182	\$ 1,699,366	\$ (816)	\$ 1,293,454
Grants and Donations	-	25,580	24,833	(747)	1,763
Other Revenues	195,000	216,000	194,379	(21,621)	213,560
State and Federal Sources					
PERA on Behalf Contribution	-	18,000	50,656	32,656	17,957
Grants and Donations	-	362,267	325,563	(36,704)	-
TOTAL REVENUES	<u>1,922,989</u>	<u>2,322,029</u>	<u>2,294,797</u>	<u>(27,232)</u>	<u>1,526,734</u>
EXPENDITURES					
Current					
Salaries	933,949	1,171,318	1,169,222	2,096	801,890
Employee Benefits	282,100	323,659	373,363	(49,704)	242,244
Purchased Services	333,173	568,582	526,827	41,755	333,394
Supplies and Materials	130,500	181,588	187,237	(5,649)	135,456
Property	10,000	8,000	4,464	3,536	6,016
Other	106,000	68,600	2,915	65,685	2,014
TOTAL EXPENDITURES	<u>1,795,722</u>	<u>2,321,747</u>	<u>2,264,028</u>	<u>57,719</u>	<u>1,521,014</u>
NET CHANGE IN FUND BALANCE	127,267	282	30,769	30,487	5,720
FUND BALANCE, Beginning	<u>77,925</u>	<u>77,925</u>	<u>77,925</u>	-	<u>72,205</u>
FUND BALANCE, Ending	<u>\$ 205,192</u>	<u>\$ 78,207</u>	<u>\$ 108,694</u>	<u>\$ 30,487</u>	<u>\$ 77,925</u>

See the accompanying independent auditor's report.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

SCHEDULE OF THE COLLABORATIVE'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)	0.01119%	0.01261%	0.01324%	0.01300%	0.01400%	0.01400%	0.02300%	0.03000%	0.02500%	0.02400%
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,038,483	\$ 1,467,211	\$ 2,001,387	2,013,443	2,523,807	4,636,331	6,804,755	4,626,984	3,442,900	3,059,332
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	594,034	168,197	-	255,380	345,096	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	2,632,517	1,635,408	2,001,387	2,268,823	2,868,903	4,636,331	6,804,755	4,626,984	3,442,900	3,059,332
Covered payroll	\$ 862,337	\$ 787,944	\$ 707,951	\$ 773,587	\$ 746,482	\$ 661,383	\$ 1,024,910	\$ 1,318,420	\$ 1,064,185	\$ 996,958
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	236.4%	186.2%	282.7%	293.3%	384.3%	701.0%	663.9%	350.9%	323.5%	306.9%
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 COLLABORATIVE

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 228,547	\$ 146,767	\$ 156,852	\$ 138,022	\$ 161,452	\$ 124,286	\$ 117,056	\$ 279,446	\$ 202,714	\$ 176,021
Contributions in Relation to the Contractually Required Contributions	228,547	146,767	156,852	138,022	161,452	124,286	117,056	279,446	202,714	176,021
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,121,427	\$ 738,246	\$ 788,994	\$ 712,189	\$ 843,988	\$ 658,664	\$ 607,315	\$ 1,491,236	\$ 1,133,204	\$ 1,037,276
Contributions as a Percentage of Covered Payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.87%	19.27%	18.74%	17.89%	16.97%

See the accompanying independent auditors' report.

GLOBAL VILLAGE ACADEMY COLLABORATIVE

SCHEDULE OF THE COLLABORATIVE'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)	0.00850%	0.00823%	0.00766%	0.00881%	0.00926%	0.00815%	0.01298%
Proportionate Share of the Net OPEB Liability (Asset)	69,384	70,984	72,746	99,062	126,042	168,292	105,874
Covered payroll	\$ 862,337	\$ 787,944	\$ 707,951	\$ 773,587	\$ 746,482	\$ 1,024,910	\$ 1,033,739
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.0%	9.0%	10.3%	12.8%	16.9%	16.4%	10.2%
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 COLLABORATIVE

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 11,439	\$ 7,530	\$ 8,048	\$ 7,264	\$ 8,609	\$ 6,718	\$ 6,195
Contributions in Relation to the Contractually Required Contributions	11,439	7,530	8,048	7,264	8,609	6,718	6,195
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,121,427	\$ 738,246	\$ 788,994	\$ 712,189	\$ 843,988	\$ 661,383	\$ 607,315
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.

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education

Auditors Integrity Report

District: 8041 – Global Village Charter Collaborative
Fiscal Year 2022-23

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	77,926		2,294,796		2,264,029		108,693
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	77,926		2,294,796		2,264,029		108,693
11 Charter School Fund	0		0		0		0
20.26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	0		0		0		0
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	0		0		0		0
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60.65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0
			FINAL				