CYBER VILLAGE ACADEMY
ST. PAUL, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2019

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CYBER VILLAGE ACADEMY

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INTRODUCTORY SECTION

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CYBER VILLAGE ACADEMY

Board and Administration
Year Ended June 30, 2019

BOARD
Cyber Village Academy

	Board Position
Beth Samy	Chair
Frank Leo	Vice Chair
Lauren Odle	Secretary
Melissa Onyango-Robshaw	Treasurer
Nicky Bohm	Director
Robyn Consoer	Director
Jim Morse	Director
Cherie Neima	Director
James Zimmerman	Director

BOARD
Virtual Properties (the Building Company)

	Board Position
Nicole Rasmussen	Chair
Jim Morse	Vice Chair
Melissa Onyango-Robshaw	Treasurer

ADMINISTRATION

Nicole Rasmussen	Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Boards and Management of
Cyber Village Academy and Virtual Properties
St. Paul, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cyber Village Academy (the Academy) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, 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 RSI 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 Academy's basic financial statements. The introductory section and supplemental information are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements.

The supplemental information and the UFARS Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

(continued)

Prior Year Comparative Information

We have previously audited the Academy's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 1, 2018. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 21, 2019

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This section of Cyber Village Academy's (the Academy) annual financial statements presents management's discussion and analysis of the Academy's financial performance during the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the other components of the Academy's annual financial statements.

FINANCIAL HIGHLIGHTS

The Academy's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2019 by $1,262,821 (deficit net position). The Academy's total net position improved $538,690 during the fiscal year ended June 30, 2019, mainly due to changes in the Academy's proportionate share of liabilities and related deferrals for two state-wide pension plans.

At June 30, 2019, the Academy's General Fund reported an ending fund balance of $671,780, an increase of $110,409 from the beginning of the year.

Virtual Properties, an affiliated building company (the Building Company) was established to potentially purchase a building, which the Academy would rent for its educational program. The Building Company, a separate legal entity, is incorporated in this report as a blended component unit. The Building Company Special Revenue Fund ended the year with a deficit fund balance of $2,100, unchanged from the prior year, which represents unfunded legal and other costs incurred to establish the Building Company.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the entity-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information related to defined benefit pension plan liabilities and contributions; and
- Combining and individual fund financial statements and schedules presented as supplemental information.

The following explains the two types of statements included in the basic financial statements:

Entity-Wide Financial Statements

The entity-wide financial statements (Statement of Net Position and Statement of Activities) report information about the Academy as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two entity-wide financial statements report the Academy's *net position* and how it has changed. Net position—the difference between the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one measure of the Academy's financial health or *position*. Over time, increases or decreases in the Academy's net position are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the Academy requires consideration of additional nonfinancial factors, such as changes in the Academy's student population and the condition of its equipment and facilities.

In the entity-wide financial statements, the Academy's activities are all shown in one category titled "governmental activities." These activities, including elementary and secondary regular instruction, special education instruction, and administration, are primarily financed with state aids. A majority of food service activities are financed with federal grants. Any future Building Company activity will be financed by rent from the Academy.

Fund Financial Statements

The fund financial statements provide more detailed information about the Academy's *funds*, focusing on its most significant "major" funds, rather than the Academy as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. All of the funds currently maintained by the Academy are "governmental" fund types. Governmental funds generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the entity-wide financial statements, we provide additional information (reconciliation schedules) on the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 1 is a summarized view of the Academy's Statement of Net Position for the last two fiscal years:

Table 1
Summary of Net Position
as of June 30, 2019 and 2018

	2019	2018
Assets		
Current and other assets	$ 941,722	$ 887,224
Capital assets, net of depreciation	47,024	216,718
Total assets	$ 988,746	$ 1,103,942
Deferred outflow of resources		
Pension plan deferments – PERA and TRA	$ 3,084,601	$ 3,480,651
Liabilities		
Current and other liabilities	$ 272,042	$ 327,953
Long-term liabilities, including due within one year	2,032,469	5,201,840
Total liabilities	$ 2,304,511	$ 5,529,793
Deferred inflows of resources		
Pension plan deferments – PERA and TRA	$ 3,031,657	$ 856,311
Net position		
Net investment in capital assets	$ 47,024	$ 120,861
Unrestricted	(1,309,845)	(1,922,372)
Total net position	$ (1,262,821)	$ (1,801,511)

The Academy's financial position is the product of many factors. For example, determination of the Academy's investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, may produce a significant difference in the calculated amounts. Unrestricted net position includes the Academy's long-term liability for pensions, which are not fully funded.

The Academy's total net position at June 30, 2019 was $538,690 higher than the prior year. Total assets and deferred outflows of resources decreased $511,246, while total liabilities and deferred inflows of resources decreased $1,049,936. The changes in deferred outflows and inflows of resources, as well as long-term liabilities, were primarily related to changes in the Academy's proportionate share of two state-wide pension plans.

Table 2 presents a condensed version of the Academy's Change in Net Position for the last two years:

Table 2
Change in Net Position
for the Years Ended June 30, 2019 and 2018

	2019	2018
Revenue		
Program revenues		
Charges for services	$ 20,732	$ 52,651
Operating grants and contributions	1,547,913	1,407,533
General revenues		
General grants and aids	1,803,595	2,056,062
Other	10,790	7,412
Total revenue	3,383,030	3,523,658
Expenses		
Administration	168,791	327,827
District support services	344,281	458,522
Elementary and secondary regular instruction	697,285	1,701,003
Special education instruction	993,596	1,318,058
Instructional support services	10,444	38,870
Pupil support services	88,270	135,315
Sites and buildings	488,912	490,374
Fiscal and other fixed cost programs	16,100	11,904
Food service	33,884	30,329
Interest and fiscal charges	2,777	4,512
Total expenses	2,844,340	4,516,714
Change in net position	$ 538,690	$ (993,056)

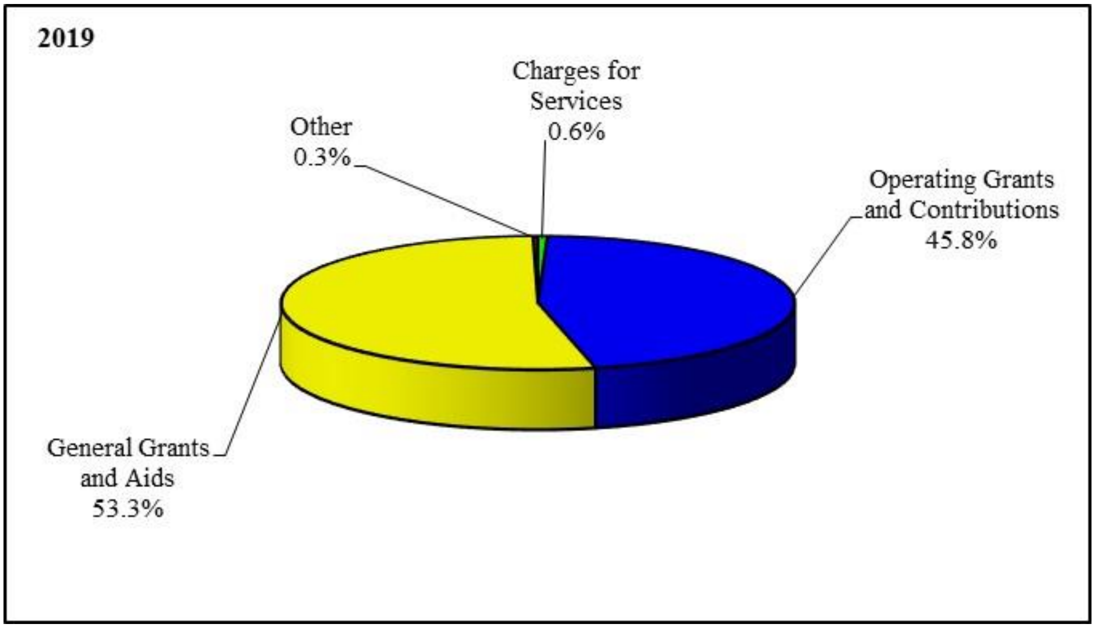
This format is presented on an accrual basis of accounting and it includes all of the governmental activities of the Academy. This statement includes depreciation expense, but excludes capital asset purchase costs and principal payments on debt.

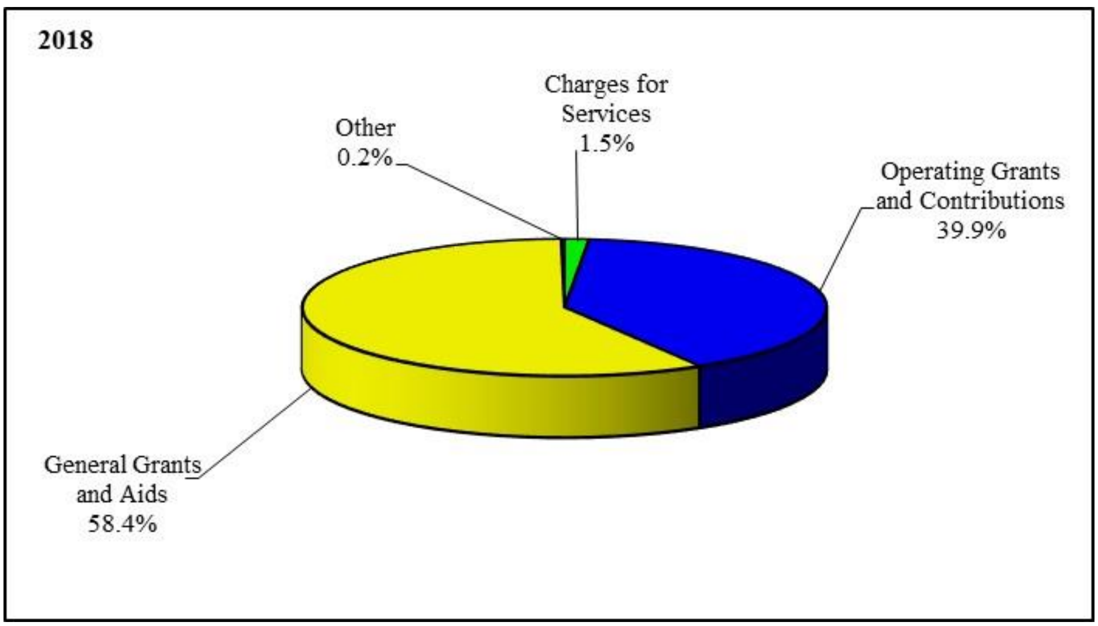
Total revenues decreased 4.0 percent in 2019, due to the Academy receiving less general education state aid than last year as a result of a decrease in students served.

Expenses were 37.0 percent lower than last year, with the majority of the decrease in the special education ($324,462) and elementary and secondary regular instruction ($1,003,718) program areas. The decrease in both program areas was primarily related to changes in the Academy's proportionate share of pension costs related to the two state-wide pension plans.

Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2019 and 2018

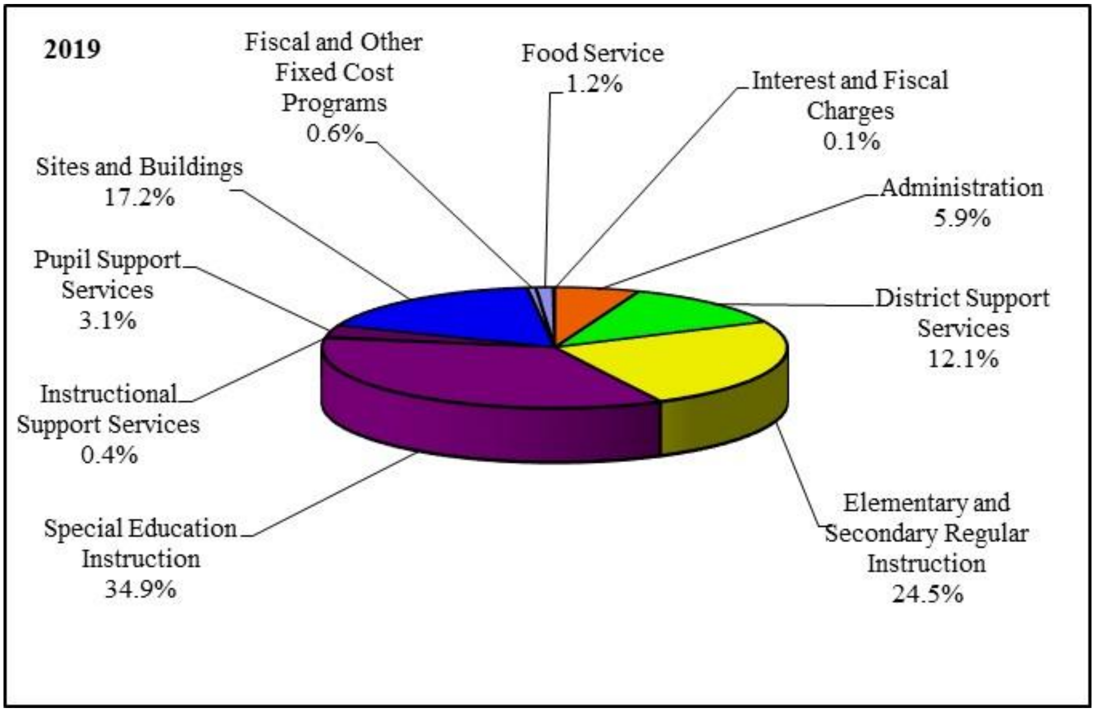


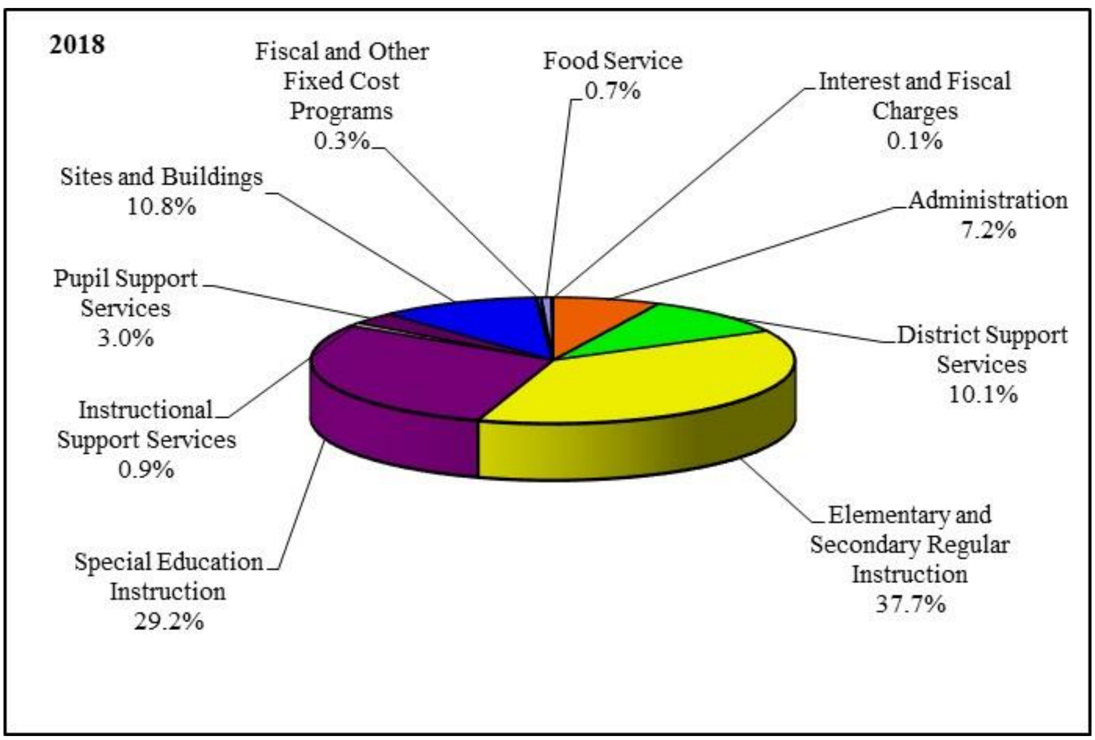


The largest share of the Academy's revenue is received from the state, including most of the general and operating grants. This significant reliance on the state for funding has placed pressure on charter schools as funding increases have generally not kept pace with inflation in recent years.

The Academy's total revenues were $3,383,030 for the year ended June 30, 2019, which was a decrease of $140,628 from the prior year.

Figure B – Expenses for Fiscal Years 2019 and 2018





The Academy's cost of all governmental activities for 2019 was $2,844,340, which is a decrease of $1,672,374 from the prior year.

Approximately 59.8 percent of the Academy's 2019 expenses were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, special education instruction, and instructional support services. An additional 17.2 percent of the Academy's expenses were related to leasing and maintaining the Academy's school site.

General Fund

Table 3 is a summarized view of the Academy's General Fund financial position for the last two years:

Table 3
Summary of General Fund Financial Position
as of June 30, 2019 and 2018

	2019	2018
Total assets	$ 943,822	$ 888,134
Total liabilities	272,042	326,763
Total fund balances	$ 671,780	$ 561,371

Table 4 presents the Academy's General Fund activity for the last two years:

Table 4
Summary of General Fund Activity
for the Years Ended June 30, 2019 and 2018

	2019				2018
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Total revenue	$ 3,563,738	$ 3,538,393	$ 3,481,027	$ (57,366)	$ 3,506,726
Total expenditures	3,557,356	3,640,265	3,480,068	(160,197)	3,590,896
Other financing sources (uses)	(15,900)	(15,900)	109,450	125,350	(12,677)
Net change in fund balances	$ (9,518)	$ (117,772)	$ 110,409	$ 228,181	$ (96,847)

During the fiscal year ended June 30, 2019, the Academy amended its budget in response to information and conditions existing at mid-year. General Fund revenue for fiscal 2019 was under the final budget by $57,366, mainly due to earning less general education state aid than anticipated. General Fund expenditures were under budget by $160,197, primarily in special education and regular instruction programs.

Food Service Special Revenue Fund

Food Service Special Revenue Fund expenditures exceeded revenues by $16,750 for the year ended June 30, 2019. A transfer of $16,750 was made from the General Fund to eliminate the operating deficit.

Building Company Special Revenue Fund

The Building Company Special Revenue Fund did not have any financial activity in the current fiscal year, and has a deficit fund balance of $2,100 as of June 30, 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 5 shows the Academy's capital assets and accumulated depreciation, together with changes from the previous year. The 2019 decrease in depreciation expense was due to the sale of three buses during the year.

Table 5
Capital Assets
as of June 30, 2019 and 2018

	2019	2018	Increase (Decrease)
Capital assets, depreciated			
Furniture and equipment	$ 147,852	$ 339,521	$ (191,669)
Leasehold improvements	26,561	26,561	–
Total capital assets, depreciated	174,413	366,082	(191,669)
Less accumulated depreciation			
Furniture and equipment	(123,671)	(146,627)	22,956
Leasehold improvements	(3,718)	(2,737)	(981)
Total accumulated depreciation	(127,389)	(149,364)	21,975
Net capital assets, depreciated	$ 47,024	$ 216,718	$ (169,694)
Depreciation expense	$ 16,359	$ 54,404	$ (38,045)

Debt Administration

Table 6 shows the components of the Academy's long-term liabilities and the change from the prior year:

Table 6
Outstanding Long-Term Liabilities
as of June 30, 2019 and 2018

	2019	2018	Increase (Decrease)
Capital lease	$ –	$ 95,857	$ (95,857)
Net pension liability – PERA	399,426	414,957	(15,531)
Net pension liability – TRA	1,633,043	4,691,026	(3,057,983)
Total	$ 2,032,469	$ 5,201,840	$ (3,169,371)

The Academy's long-term liabilities decreased $3,169,371 in 2019, mainly due to a decrease in the net pension liabilities reported for the state-wide Teachers Retirement Association and Public Employees Retirement Association pension plans. The Academy also paid off a capital lease used to finance the purchase of two busses using the proceeds from the sale of the busses.

The Academy also maintains a line of credit with a local bank for cash flow purposes. No draws were made on the line of credit during the year.

Additional details of the Academy's capital assets and debt administration can be found in the notes to basic financial statements.

FACTORS BEARING ON THE ACADEMY'S FUTURE

The Academy is dependent on the state of Minnesota for much of its revenue. In recent years, legislated revenue increases have made it difficult to meet the instructional program needs and increased costs, due to inflation for Minnesota charter schools.

The general education program is the method by which charter schools receive the majority of their financial support. This source of funding is primarily state aid and, as such, charter schools rely heavily on the state of Minnesota for educational resources. The Legislature approved annual increases of 2 percent to the basic general education formula allowance for the fiscal year 2020–2021 biennium. The per pupil allowance will increase $126 to $6,438 for fiscal year 2020, and another $129 to $6,567 for fiscal year 2021.

The amount of aid a charter school receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the Academy's financial well-being.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our customers, investors, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact Cyber Village Academy, 768 Hamline Avenue South, St. Paul, Minnesota 55116.

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BASIC FINANCIAL STATEMENTS

CYBER VILLAGE ACADEMY

Statement of Net Position
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	Governmental Activities	
	2019	2018
Assets		
Cash and temporary investments	$ 461,428	$ 366,368
Receivables		
Due from other governmental units	379,859	414,670
Prepaid items	100,435	106,186
Capital assets		
Depreciated, net of accumulated depreciation	47,024	216,718
Total assets	988,746	1,103,942
Deferred outflows of resources		
Pension plan deferments – PERA and TRA	3,084,601	3,480,651
Total assets and deferred outflows of resources	$ 4,073,347	$ 4,584,593
Liabilities		
Salaries and benefits payable	$ 262,209	$ 296,085
Accounts and contracts payable	9,833	25,739
Unearned revenue	–	6,129
Long-term liabilities		
Due within one year	–	29,906
Due in more than one year	2,032,469	5,171,934
Total long-term liabilities	2,032,469	5,201,840
Total liabilities	2,304,511	5,529,793
Deferred inflows of resources		
Pension plan deferments – PERA and TRA	3,031,657	856,311
Net position		
Net investment in capital assets	47,024	120,861
Unrestricted	(1,309,845)	(1,922,372)
Total net position	(1,262,821)	(1,801,511)
Total liabilities, deferred inflows of resources, and net position	$ 4,073,347	$ 4,584,593

See notes to basic financial statements

CYBER VILLAGE ACADEMY

Statement of Activities
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	2019				2018
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 168,791	$ –	$ –	$ (168,791)	$ (327,827)
District support services	344,281	–	–	(344,281)	(458,522)
Elementary and secondary regular instruction	697,285	4,905	47,451	(644,929)	(1,609,693)
Special education instruction	993,596	–	1,157,346	163,750	(294,497)
Instructional support services	10,444	–	–	(10,444)	(38,870)
Pupil support services	88,270	–	–	(88,270)	(135,315)
Sites and buildings	488,912	–	341,809	(147,103)	(162,713)
Fiscal and other fixed cost programs	16,100	–	–	(16,100)	(11,904)
Food service	33,884	15,827	1,307	(16,750)	(12,677)
Interest and fiscal charges	2,777	–	–	(2,777)	(4,512)
Total governmental activities	$ 2,844,340	$ 20,732	$ 1,547,913	(1,275,695)	(3,056,530)
	General revenues				
	General grants and aids			1,803,595	2,056,062
	Other general revenues			10,790	7,412
	Total general revenues			1,814,385	2,063,474
	Change in net position			538,690	(993,056)
	Net position – beginning			(1,801,511)	(808,455)
	Net position – ending			$ (1,262,821)	$ (1,801,511)

CYBER VILLAGE ACADEMY

Balance Sheet
Governmental Funds
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	General Fund	Nonmajor Funds	Total Governmental Funds 2019	Total Governmental Funds 2018
Assets				
Cash and temporary investments	$ 461,278	$ 150	$ 461,428	$ 366,368
Receivables				
Due from other governmental units	379,809	50	379,859	414,670
Due from other funds	2,300	–	2,300	2,250
Prepaid items	100,435	–	100,435	106,186
Total assets	$ 943,822	$ 200	$ 944,022	$ 889,474
Liabilities				
Salaries and benefits payable	$ 262,209	$ –	$ 262,209	$ 296,085
Accounts and contracts payable	9,833	–	9,833	25,739
Due to other funds	–	2,300	2,300	2,250
Unearned revenue	–	–	–	6,129
Total liabilities	272,042	2,300	274,342	330,203
Fund balances (deficits)				
Nonspendable for prepaid items	100,435	–	100,435	106,186
Assigned for next year’s budget	–	–	–	9,515
Unassigned	571,345	(2,100)	569,245	443,570
Total fund balances (deficits)	671,780	(2,100)	669,680	559,271
Total liabilities and fund balances	$ 943,822	$ 200	$ 944,022	$ 889,474

CYBER VILLAGE ACADEMY

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	2019	2018
Total fund balances – governmental funds	$ 669,680	$ 559,271
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	174,413	366,082
Accumulated depreciation	(127,389)	(149,364)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Capital lease	–	(95,857)
Net pension liability – PERA	(399,426)	(414,957)
Net pension liability – TRA	(1,633,043)	(4,691,026)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – PERA and TRA pension plans	3,084,601	3,480,651
Deferred inflows of resources – PERA and TRA pension plans	(3,031,657)	(856,311)
Total net position – governmental activities	$ (1,262,821)	$ (1,801,511)

CYBER VILLAGE ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	General Fund	Nonmajor Funds	Total Governmental Funds 2019	Total Governmental Funds 2018
Revenue				
Federal sources	$ 142,153	$ 1,307	$ 143,460	$ 45,951
State sources	3,305,002	–	3,305,002	3,397,515
Local sources				
Investment earnings	215	–	215	234
Other	33,657	15,827	49,484	80,678
Total revenue	3,481,027	17,134	3,498,161	3,524,378
Expenditures				
Current				
Administration	241,044	–	241,044	229,564
District support services	317,944	–	317,944	423,066
Elementary and secondary regular instruction	1,058,768	–	1,058,768	1,180,659
Special education instruction	1,198,015	–	1,198,015	1,102,674
Instructional support services	3,300	–	3,300	25,901
Pupil support services	58,581	–	58,581	94,794
Sites and buildings	487,682	–	487,682	489,144
Fiscal and other fixed cost programs	16,100	–	16,100	11,904
Food service	–	33,884	33,884	30,329
Debt service				
Principal	95,857	–	95,857	28,678
Interest and fiscal charges	2,777	–	2,777	4,512
Total expenditures	3,480,068	33,884	3,513,952	3,621,225
Excess (deficiency) of revenue over expenditures	959	(16,750)	(15,791)	(96,847)
Other financing sources (uses)				
Sale of capital assets	126,200	–	126,200	–
Transfers in	–	16,750	16,750	12,677
Transfers (out)	(16,750)	–	(16,750)	(12,677)
Total other financing sources (uses)	109,450	16,750	126,200	–
Net change in fund balances	110,409	–	110,409	(96,847)
Fund balances (deficits)				
Beginning of year	561,371	(2,100)	559,271	656,118
End of year	$ 671,780	$ (2,100)	$ 669,680	$ 559,271

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds

Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	2019	2018
Total net change in fund balances – governmental funds	$ 110,409	$ (96,847)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	–	6,353
Depreciation expense	(16,359)	(54,404)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(153,335)	–
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Lease principal payments	95,857	28,678
Net pension liability – PERA	15,531	(8,982)
Net pension liability – TRA	3,057,983	(135,220)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – PERA and TRA pension plans	(396,050)	82,650
Deferred inflows of resources – PERA and TRA pension plans	(2,175,346)	(815,284)
Change in net position – governmental activities	$ 538,690	$ (993,056)

CYBER VILLAGE ACADEMY

General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenue				
Federal sources	$ 58,951	$ 145,574	$ 142,153	$ (3,421)
State sources	3,456,057	3,352,214	3,305,002	(47,212)
Local sources				
Investment earnings	200	200	215	15
Other	48,530	40,405	33,657	(6,748)
Total revenue	3,563,738	3,538,393	3,481,027	(57,366)
Expenditures				
Current				
Administration	242,341	249,613	241,044	(8,569)
District support services	412,650	350,071	317,944	(32,127)
Elementary and secondary regular instruction	1,140,215	1,108,624	1,058,768	(49,856)
Special education instruction	1,103,267	1,287,297	1,198,015	(89,282)
Instructional support services	26,111	24,000	3,300	(20,700)
Pupil support services	92,751	86,639	58,581	(28,058)
Sites and buildings	498,449	492,449	487,682	(4,767)
Fiscal and other fixed costs programs	8,380	8,380	16,100	7,720
Debt service				
Principal	28,224	28,224	95,857	67,633
Interest and fiscal charges	4,968	4,968	2,777	(2,191)
Total expenditures	3,557,356	3,640,265	3,480,068	(160,197)
Excess (deficiency) of revenue over expenditures	6,382	(101,872)	959	102,831
Other financing sources (uses)				
Sale of capital assets	–	–	126,200	126,200
Transfers (out)	(15,900)	(15,900)	(16,750)	(850)
Total other financing sources (uses)	(15,900)	(15,900)	109,450	125,350
Net change in fund balances	$ (9,518)	$ (117,772)	110,409	$ 228,181
Fund balances				
Beginning of year			561,371	
End of year			$ 671,780	

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cyber Village Academy (the Academy) is an outcome-based charter school established June 16, 1997 in accordance with Minnesota Statutes § 124D.10. The Academy's financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the Academy is considered to be financially accountable.

Component units are legally separate entities for which the Academy (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there is one organization considered to be a component unit of the Academy. Virtual Properties, an affiliated building company (the Building Company) is a Minnesota nonprofit organization classified by the Internal Revenue Service (IRS) as a 501(c)(3) tax-exempt organization by reason of its function as a "supporting organization" of the Academy. The Building Company was formed for the purpose of owning the real estate and building to be leased by the Academy for its operations. IRS code requires that, to be granted tax-exempt status as a "supporting organization," an organization must meet a three-part test. One test is whether the supporting organization is "operated, supervised, or controlled by" the organization it supports. To meet this test, members of the Building Company's Board are appointed by the Academy's Board. Because the Building Company is considered a supporting organization and its sole purpose is to provide services to the Academy, it is included in these financial statements as a blended component, with its balances and transactions reported as funds of the Academy. The Building Company does not issue separate financial statements.

The Academy is required to operate under a charter agreement with an entity approved by the Minnesota Department of Education (MDE) as a charter school "authorizer." The authorizer monitors and evaluates the Academy's performance, and periodically determines whether to renew its charter. The Academy's authorizer is Innovative Quality Schools. Aside from its responsibilities as authorizer, Innovative Quality Schools has no authority or control over the Academy, and is not financially accountable for it. Therefore, the Academy is not considered to be a component unit of Innovative Quality Schools.

Extracurricular student activities, if any, are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the school board can elect to either control or not control extracurricular activities. The Academy's Board has elected to control extracurricular activities; therefore, any extracurricular student activity accounts are included in the Academy's General Fund.

B. Basis of Statement Presentation

As required by state law, the Academy operates as a nonprofit corporation under Minnesota Statutes § 317A. However, state law also requires that the Academy comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts, which mandates the use of a governmental fund accounting structure.

C. Entity-Wide Financial Statement Presentation

The entity-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the Academy. Generally, the effect of material interfund activity has been removed from the entity-wide financial statements. The Statement of Activities demonstrates the degree to which the direct expenses of a 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

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

Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for the governmental funds. Major governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Academy generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Proceeds of long-term debt or capital leases are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt or other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The existence of the various academy funds has been established by the MDE. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Fund

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for the Academy's child nutrition program.

Building Company Special Revenue Fund – This fund accounts for all activities of the Building Company, potentially including the proceeds and uses of resources borrowed to finance the purchase or improvement of a school site, the receipt of lease payments from the Academy, and debt service payments for the related long-term debt.

E. Income Taxes

The Academy and the Building Company are exempt from federal and state income taxes under Internal Revenue Code (IRC) § 501(c)(3). Both are subject to tax on income from any unrelated business.

The Academy and the Building Company are subject to the recognition requirements for uncertain income tax positions as required by the Financial Accounting Standards Board Accounting Standards Codification 740-10. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Academy and the Building Company have analyzed tax positions taken for filing with the IRS and state jurisdiction where they operate. The Academy and the Building Company believe that income tax filing positions will be sustained upon examination and do not anticipate any adjustments that would result in a material adverse effect on their respective financial condition, results of operation, or cash flows. Accordingly, the Academy and the Building Company have not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at the current year-end. The Academy and the Building Company are subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

G. Budgeting

Each June, the Board adopts an annual budget for the following fiscal year for the General Fund and Food Service Special Revenue Fund, which are prepared on the same modified accrual basis of accounting as the fund financial statements. The Building Company is not legally required to adopt a budget. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled balances are allocated to the respective funds on the basis of cash participation by each fund. The Building Company maintains a separate depository account, and any interest is allocated directly to that fund. Investments are reported at fair value; however, the Academy held no investments at June 30, 2019 or during the year then ended.

I. Receivables

When necessary, the Academy utilizes an allowance for uncollectible accounts to value its receivables. However, the Academy considers all of its current receivables to be collectible.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The Academy defines capital assets as those with an initial, individual cost of $500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed by the Academy, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 3 to 25 years for furniture, equipment, and leasehold improvements.

L. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, a statement of financial position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption/acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until then. The Academy has one type of item that qualifies for reporting in these categories, the deferred outflows/inflows of resources related to pensions reported in the entity-wide Statement of Net Position. These deferred outflows/inflows result from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

M. Compensated Absences

Substantially all of the Academy's employees are entitled to personal leave at various rates. Employees cannot carryover and are not compensated for unused personal leave at year-end; therefore, no long-term liability for unused compensated absences has been recorded.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Any debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental fund types recognize debt proceeds as other financing sources in the year of issue, and premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

O. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

P. Interfund Transactions and Transfers

The General Fund has a receivable of $2,300 at year-end with $2,250 due from the Building Company Special Revenue Fund to reimburse legal expenditures incurred to establish the Building Company, and $50 due from the Food Service Special Revenue Fund to cover negative cash balance.

During fiscal year 2019, the General Fund transferred $16,750 to the Food Service Special Revenue Fund to finance child nutrition program expenditures in excess of revenues.

Interfund balances and transfers between governmental funds reported in the fund financial statements are eliminated in the entity-wide financial statements.

Q. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation. The Academy carries commercial insurance for these risks. Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in the Academy's insurance coverage in the current year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

In the entity-wide financial statements, net position represents the residual of all other financial statement elements presented in the Statement of Net Position. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position –** All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

S. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints established by Board resolution. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to commit those amounts.

- **Assigned** – Consists of internally imposed constraints on amounts intended to be used by the Academy for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority.

- **Unassigned –** The residual classification for the General Fund, which also reflects any negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the Academy's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The Academy's Board has formally adopted a fund balance policy goal regarding the minimum unassigned fund balance for the General Fund. The policy establishes a goal to increase fund balance by 1.33 percent per year in the years where the Academy does not incur unforeseen expenditures and state holdback does not exceed 10.00 percent, with an ultimate fund balance goal of 20.00 percent of expenditures. The June 30, 2019 unassigned General Fund balance represented 16.42 percent of 2019 expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS

In accordance with applicable Minnesota Statutes, the Academy maintains deposits at depository banks authorized by the Board. The following is considered the most significant risk associated with deposits:

> **Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may be lost. Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Academy's policies do not further limit depository choices.

At June 30, 2019, the carrying value of the Academy's deposits was $461,428, and the bank balance was $560,426. At June 30, 2019, the Academy's deposits were covered by federal deposit insurance or pledged collateral held by the Academy's agent in the Academy's name.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, depreciated				
Furniture and equipment	$ 339,521	$ –	$ 191,669	$ 147,852
Leasehold improvements	26,561	–	–	26,561
Total capital assets, depreciated	366,082	–	191,669	174,413
Less accumulated depreciation for				
Furniture and equipment	(146,627)	(15,378)	(38,334)	(123,671)
Leasehold improvements	(2,737)	(981)	–	(3,718)
Total accumulated depreciation	(149,364)	(16,359)	(38,334)	(127,389)
Net capital assets, depreciated	$ 216,718	$ (16,359)	$ 153,335	$ 47,024

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year was charged to the following governmental functions:

District support services	$ 225
Elementary and secondary regular instruction	7,760
Instructional support services	7,144
Sites and buildings	1,230
Total depreciation expense	$ 16,359

NOTE 4 – LONG TERM LIABILITIES

A. Capital Lease

In July 2016, the Academy entered into a lease purchase agreement through a local bank to finance $150,000 of the purchase of two school buses. The agreement had an interest rate of 3.99 percent, and called for 60 monthly payments through July 29, 2021. The buses were capitalized in equipment at their full purchase price of $184,334. The Academy sold the buses and paid off remaining lease principal in the current year.

B. Pension Liabilities

The Academy reports its proportionate share of the unfunded net pension liabilities for state-wide PERA and TRA pension plans to which its employees belong. The Academy remits employee withholdings and employer contributions from the governmental fund paying the related salary, primarily the General Fund.

C. Changes in Long-Term Liabilities

Changes in the Academy's long-term liabilities for the year ended June 30, 2019 are as follows:

	June 30, 2018	Additions	Retirements	June 30, 2019
Capital lease	$ 95,857	$ –	$ 95,857	$ –
Net pension liability – PERA	414,957	81,515	97,046	399,426
Net pension liability – TRA	4,691,026	499,045	3,557,028	1,633,043
	$ 5,201,840	$ 580,560	$ 3,749,931	$ 2,032,469

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The Academy participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the IRC.

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

All full-time and certain part-time employees of the Academy other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan within one year of eligible employment.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Benefit increases are provided to benefit recipients each January. GERF benefit recipients receive a future annual increase equal to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. TRA Benefits

The TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2019; the Academy was required to contribute 7.5 percent for Coordinated Plan members. The Academy's contributions to the GERF for the year ended June 30, 2019 were $32,584. The Academy's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2017		2018		2019	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.50 %	11.00 %	11.71 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.71 %

The Academy's contributions to the TRA for the plan's fiscal year ended June 30, 2019, were $117,281. The Academy's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 378,728
Add employer contributions not related to future contribution efforts	522
Deduct the TRA's contributions not included in allocation	(471)
Total employer contributions	378,779
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 414,367

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2019, the Academy reported a liability of $399,426 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of the PERA's participating employers. The Academy's proportionate share was 0.0072 percent at the end of the measurement period and 0.0065 percent for the beginning of the period.

The Academy's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts recognized by the Academy as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the net pension liability	$ 399,426
State's proportionate share of the net pension liability associated with the Academy	$ 13,214

For the year ended June 30, 2019, the Academy recognized pension expense of $87,944 for its proportionate share of the GERF's pension expense. In addition, the Academy recognized an additional $3,082 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the GERF.

At June 30, 2019, the Academy reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 9,590	$ 8,090
Changes in actuarial assumptions	26,497	41,893
Differences between projected and actual investment earnings	–	52,935
Changes in proportion	117,733	–
Academy's contributions to the GERF subsequent to the measurement date	32,584	–
Total	$ 186,404	$ 102,918

A total of $32,584 reported as deferred outflows of resources related to pensions resulting from academy contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2020	$ 62,117
2021	$ 16,464
2022	$ (19,341)
2023	$ (8,338)

2. TRA Pension Costs

At June 30, 2019, the Academy reported a liability of $1,633,043 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The Academy's proportionate share was 0.0260 percent at the end of the measurement period and 0.0235 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the TRA. The amount recognized by the Academy as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the net pension liability	$ 1,633,043
State's proportionate share of the net pension liability associated with the Academy	$ 153,199

For the year ended June 30, 2019, the Academy recognized negative pension expense of $440,291. It also recognized $106,923 as a decrease to pension expense (and grant revenue) for the support provided by direct aid.

At June 30, 2019, the Academy reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 9,505	$ 30,112
Changes in actuarial assumptions	1,534,546	2,728,614
Difference between projected and actual investment earnings	–	166,882
Changes in proportion	1,236,865	3,131
Academy's contributions to the TRA subsequent to the measurement date	117,281	–
Total	$ 2,898,197	$ 2,928,739

A total of $117,281 reported as deferred outflows of resources related to pensions resulting from academy contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2020	$ 254,065
2021	$ 185,422
2022	$ 123,530
2023	$ (352,678)
2024	$ (358,162)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50%	2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25%	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent annually for the TRA.

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Actuarial assumptions used in the June 30, 2018 valuations were based on the results of actuarial experience studies. The most recent experience studies were completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2018:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

- The single discount rate changed from 5.12 percent to 7.50 percent.

The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36 %	5.10 %
International stocks	17	5.30 %
Bonds (fixed income)	20	0.75 %
Alternative assets (private markets)	25	5.90 %
Cash	2	– %
Total	100 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

G. Pension Liability Sensitivity

The following table presents the Academy's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
Academy's proportionate share of the GERF net pension liability	$ 649,119	$ 399,426	$ 193,312
TRA discount rate	6.50%	7.50%	8.50%
Academy's proportionate share of the TRA net pension liability	$ 2,591,633	$ 1,633,043	$ 842,213

H. Pension Plan Fiduciary Net Position

Detailed information about the GERF's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

Detailed information about the TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained on the TRA website www.MinnesotaTRA.org; by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling (651) 296-2409 or (800) 657-3669.

NOTE 6 – LINE OF CREDIT

On February 2, 2019, the Academy renewed an expiring $300,000 line of credit for cash flow purposes through a local bank. The line of credit matures on January 15, 2020 and has a variable interest rate at prime, as quoted in the Wall Street Journal, plus 2.0 percent. The Academy did not draw on this line of credit during the year ended June 30, 2019.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. Space Leases

The Academy has an agreement with Talmud Torah of St. Paul to lease space at 768 Hamline Avenue South, St. Paul, Minnesota 55116 for a five-year period ending June 30, 2020. During the year ended June 30, 2019, the Academy paid $483,447 under the lease agreement. A future minimum lease payment is as follows:

Year Ending June 30,	Amount
2020	$ 482,949

B. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial.

C. Legal Claims

The Academy has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and typically covered by insurance carried for that purpose. Management believes the Academy will not incur any material liabilities relating to these claims.

REQUIRED SUPPLEMENTARY INFORMATION

CYBER VILLAGE ACADEMY

Public Employees Retirement Association Pension Benefits Plan
Schedule of Academy's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2019

Academy Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0030%	$ 140,925	$ –	$ 140,925	$ 155,964	90.36%	78.70%
06/30/2016	06/30/2015	0.0032%	$ 165,840	$ –	$ 165,840	$ 187,902	88.26%	78.20%
06/30/2017	06/30/2016	0.0050%	$ 405,975	$ 5,339	$ 411,314	$ 309,436	131.20%	68.90%
06/30/2018	06/30/2017	0.0065%	$ 414,957	$ 5,215	$ 420,172	$ 418,566	99.14%	75.90%
06/30/2019	06/30/2018	0.0072%	$ 399,426	$ 13,214	$ 412,640	$ 486,421	82.12%	79.50%

Public Employees Retirement Association Pension Benefits Plan
Schedule of Academy Contributions
Year Ended June 30, 2019

Academy Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 13,746	$ 13,746	$ –	$ 187,902	7.32%
06/30/2016	$ 23,308	$ 23,308	$ –	$ 309,436	7.53%
06/30/2017	$ 31,393	$ 31,393	$ –	$ 418,566	7.50%
06/30/2018	$ 36,482	$ 36,482	$ –	$ 486,421	7.50%
06/30/2019	$ 32,584	$ 32,584	$ –	$ 434,653	7.50%

Note : The Academy implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CYBER VILLAGE ACADEMY

Teachers Retirement Association Pension Benefits Plan
Schedule of Academy's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2019

Academy Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0143%	$ 658,934	$ 46,337	$ 705,271	$ 653,917	100.77%	81.50%
06/30/2016	06/30/2015	0.0158%	$ 977,386	$ 119,629	$ 1,097,015	$ 802,173	121.84%	76.80%
06/30/2017	06/30/2016	0.0191%	$ 4,555,806	$ 456,911	$ 5,012,717	$ 1,043,431	436.62%	44.88%
06/30/2018	06/30/2017	0.0235%	$ 4,691,026	$ 453,965	$ 5,144,991	$ 1,267,554	370.08%	51.57%
06/30/2019	06/30/2018	0.0260%	$ 1,633,043	$ 153,199	$ 1,786,242	$ 1,433,762	113.90%	78.07%

Teachers Retirement Association Pension Benefits Plan
Schedule of Academy Contributions
Year Ended June 30, 2019

Academy Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 60,163	$ 60,163	$ –	$ 802,173	7.50%
06/30/2016	$ 76,496	$ 76,496	$ –	$ 1,043,431	7.33%
06/30/2017	$ 95,066	$ 95,066	$ –	$ 1,267,554	7.50%
06/30/2018	$ 107,560	$ 107,560	$ –	$ 1,433,762	7.50%
06/30/2019	$ 117,281	$ 117,281	$ –	$ 1,522,873	7.70%

Note: The Academy implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Contribution stabilizer provisions were repealed.

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.

- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2017 CHANGES IN PLAN PROVISIONS

- The state's special funding contribution increased from $6 million to $16 million.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.

- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.

- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.

- The investment return assumption was changed from 8.00 percent to 7.50 percent.

- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.

- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.

- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.

- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

SUPPLEMENTAL INFORMATION

CYBER VILLAGE ACADEMY

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2019

	Special Revenue Funds		
	Food Service	Building Company	Total
Assets			
Cash and temporary investments	$ –	$ 150	$ 150
Receivables			
Due from other governmental units	50	–	50
Total assets	$ 50	$ 150	$ 200
Liabilities			
Due to other funds	$ 50	$ 2,250	$ 2,300
Fund balances (deficits)			
Unassigned	–	(2,100)	(2,100)
Total liabilities and fund balances	$ 50	$ 150	$ 200

CYBER VILLAGE ACADEMY

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2019

	Special Revenue Funds		
	Food Service	Building Company	Total
Revenue			
Federal sources	$ 1,307	$ –	$ 1,307
Local sources			
Other	15,827	–	15,827
Total revenue	17,134	–	17,134
Expenditures			
Current			
Food service	33,884	–	33,884
Excess (deficiency) of revenue over expenditures	(16,750)	–	(16,750)
Other financing sources			
Transfers in	16,750	–	16,750
Net change in fund balances	–	–	–
Fund balances (deficits)			
Beginning of year	–	(2,100)	(2,100)
End of year	$ –	$ (2,100)	$ (2,100)

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CYBER VILLAGE ACADEMY

General Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	2019	2018
Assets		
Cash and temporary investments	$ 461,278	$ 365,190
Receivables		
Due from other governmental units	379,809	414,508
Due from other funds	2,300	2,250
Prepaid items	100,435	106,186
Total assets	$ 943,822	$ 888,134
Liabilities		
Salaries and benefits payable	$ 262,209	$ 296,085
Accounts and contracts payable	9,833	24,549
Unearned revenue	–	6,129
Total liabilities	272,042	326,763
Fund balances		
Nonspendable for prepaid items	100,435	106,186
Assigned for next year’s budget	–	9,515
Unassigned	571,345	445,670
Total fund balances	671,780	561,371
Total liabilities and fund balances	$ 943,822	$ 888,134

CYBER VILLAGE ACADEMY

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	$ 145,574	$ 142,153	$ (3,421)	$ 44,327
State sources	3,352,214	3,305,002	(47,212)	3,397,515
Local sources				
Investment earnings	200	215	15	234
Other	40,405	33,657	(6,748)	64,650
Total revenue	3,538,393	3,481,027	(57,366)	3,506,726
Expenditures				
Current				
Administration				
Salaries	184,986	179,372	(5,614)	161,173
Employee benefits	38,277	36,808	(1,469)	36,456
Purchased services	–	500	500	–
Supplies and materials	350	86	(264)	–
Other expenditures	26,000	24,278	(1,722)	31,935
Total administration	249,613	241,044	(8,569)	229,564
District support services				
Salaries	182,390	162,674	(19,716)	222,733
Employee benefits	53,287	49,888	(3,399)	70,285
Purchased services	89,600	87,357	(2,243)	116,460
Supplies and materials	21,894	16,731	(5,163)	12,698
Other expenditures	2,900	1,294	(1,606)	890
Total district support services	350,071	317,944	(32,127)	423,066
Elementary and secondary regular instruction				
Salaries	833,387	808,939	(24,448)	894,244
Employee benefits	220,723	196,259	(24,464)	215,775
Purchased services	14,489	11,897	(2,592)	23,303
Supplies and materials	39,025	35,695	(3,330)	33,663
Capital expenditures	1,000	–	(1,000)	–
Other expenditures	–	5,978	5,978	13,674
Total elementary and secondary regular instruction	1,108,624	1,058,768	(49,856)	1,180,659
Special education instruction				
Salaries	833,420	766,892	(66,528)	717,854
Employee benefits	195,572	185,553	(10,019)	176,389
Purchased services	175,805	221,812	46,007	200,603
Supplies and materials	82,500	19,819	(62,681)	5,514
Other expenditures	–	3,939	3,939	2,314
Total special education instruction	1,287,297	1,198,015	(89,282)	1,102,674

(continued)

CYBER VILLAGE ACADEMY

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Purchased services	1,000	2,498	1,498	2,647
Supplies and materials	17,000	802	(16,198)	16,034
Capital expenditures	5,000	–	(5,000)	6,353
Other expenditures	1,000	–	(1,000)	867
Total instructional support services	24,000	3,300	(20,700)	25,901
Pupil support services				
Salaries	5,957	5,957	–	21,411
Employee benefits	1,362	903	(459)	3,289
Purchased services	74,470	50,488	(23,982)	65,803
Supplies and materials	4,350	1,180	(3,170)	4,278
Capital expenditures	500	–	(500)	–
Other expenditures	–	53	53	13
Total pupil support services	86,639	58,581	(28,058)	94,794
Sites and buildings				
Purchased services	488,449	487,631	(818)	487,407
Supplies and materials	4,000	51	(3,949)	1,737
Total sites and buildings	492,449	487,682	(4,767)	489,144
Fiscal and other fixed cost programs				
Purchased services	8,380	16,100	7,720	11,904
Debt service				
Principal	28,224	95,857	67,633	28,678
Interest and fiscal charges	4,968	2,777	(2,191)	4,512
Total debt service	33,192	98,634	65,442	33,190
Total expenditures	3,640,265	3,480,068	(160,197)	3,590,896
Excess (deficiency) of revenue over expenditures	(101,872)	959	102,831	(84,170)
Other financing sources (uses)				
Sale of capital assets	–	126,200	126,200	–
Transfers (out)	(15,900)	(16,750)	(850)	(12,677)
Total other financing sources (uses)	(15,900)	109,450	125,350	(12,677)
Net change in fund balances	$ (117,772)	110,409	$ 228,181	(96,847)
Fund balances				
Beginning of year		561,371		658,218
End of year		$ 671,780		$ 561,371

CYBER VILLAGE ACADEMY

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	2019	2018
Assets		
Cash and temporary investments	$ –	$ 1,028
Receivables		
Due from other governmental units	50	162
Total assets	$ 50	$ 1,190
Liabilities		
Accounts and contracts payable	$ –	$ 1,190
Due to other funds	50	–
Total liabilities	50	1,190
Fund balances		
Restricted for food service	–	–
Total liabilities and fund balances	$ 50	$ 1,190

CYBER VILLAGE ACADEMY

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	$ 1,500	$ 1,307	$ (193)	$ 1,624
Local sources				
Other	16,600	15,827	(773)	16,028
Total revenue	18,100	17,134	(966)	17,652
Expenditures				
Current				
Supplies and materials	34,000	33,884	(116)	30,329
Excess (deficiency) of revenue over expenditures	(15,900)	(16,750)	(850)	(12,677)
Other financing sources				
Transfers in	15,900	16,750	850	12,677
Net change in fund balances	$ –	–	$ –	–
Fund balances				
Beginning of year		–		–
End of year		$ –		$ –

CYBER VILLAGE ACADEMY

Building Company Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	2019	2018
Assets		
Cash and temporary investments	$ 150	$ 150
Liabilities		
Due to other funds	$ 2,250	$ 2,250
Fund balances (deficits)		
Unassigned	(2,100)	(2,100)
Total liabilities and fund balances	$ 150	$ 150

CYBER VILLAGE ACADEMY

Building Company Special Revenue Fund
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2019 and 2018

	2019	2018
Net change in fund balances	$ –	$ –
Fund balances (deficit)		
Beginning of year	(2,100)	(2,100)
End of year	$ (2,100)	$ (2,100)

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OTHER REQUIRED REPORTS

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

To the Boards and Management of
Cyber Village Academy and Virtual Properties
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cyber Village Academy (the Academy) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 21, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

(continued)

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 21, 2019

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the Boards and Management of
Cyber Village Academy and Virtual Properties
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cyber Village Academy (the Academy) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 21, 2019.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. Our audit considered both of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 21, 2019

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2019

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 3,481,027	$ 3,481,027	$ –
Total expenditures		$ 3,480,068	$ 3,480,067	$ 1
Nonspendable				
460	Nonspendable fund balance	$ 100,435	$ 100,435	$ –
Restricted				
403	Staff development	$ –	$ –	$ –
406	Health and safety	$ –	$ –	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
423	Certain teacher programs	$ –	$ –	$ –
424	Operating capital	$ –	$ –	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
450	Pre-kindergarten	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
472	Medical Assistance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – Impact Aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ –	$ –	$ –
Unassigned				
422	Unassigned fund balance	$ 571,345	$ 571,345	$ –
Food Service				
Total revenue		$ 17,134	$ 17,134	$ –
Total expenditures		$ 33,884	$ 33,884	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ –	$ –	$ –
432	ECFE	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ –	$ –	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2019

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Internal Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note 1: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

Note 2: This table reflects only the activity of Cyber Village Academy, the primary government. The activity and balances of Virtual Properties, an affiliated building company and blended component unit, are not included.