



St. Croix Preparatory Academy
Board Meeting Agenda
January 18, 2022

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 - A. Appoint Deanna Thompson to the Board
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6. Adjourn Meeting



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ANNUAL BOARD CALENDAR 2021-2022

July	Responsible	Notes/Status
Public Hearing on Student Fees	Kelly Gutierrez	Completed
Approval of 2021-2022 Student Fees	Kelly Gutierrez	Completed
PPP Loan Status/Update	Kelly Gutierrez	August
Vote on Board Officers – Chair, Vice Chair, Secretary/Board Clerk, Treasurer		Completed

August	Responsible	Notes/Status
PPP Loan Status/Update	Kelly Gutierrez	Completed
Status of School Opening	Jon Gutierrez	Completed
Covid-19 – Masks, Distance Learning, Protocols		Completed
Seat New Board Members		Completed
New Board Members Sign Schedule K, Conflict of Interest Form		Completed
Board Vacancy Process	Nicole Donnay	Completed

September	Responsible	Notes/Status
Annual Report Approval for 2020-2021	J. Gutierrez	October
Review of MCA Test Scores	K. Gutierrez	Completed
Q Comp Site Goals	D. Thompson	Completed
Financial Statement Review – Unaudited	K. Gutierrez	Completed

October	Responsible	Notes/Status
File Charter Assurances with Friends	J. Gutierrez	After Oct Meeting
Board Retreat		TBD
Review Strategic Plan		
Annual Report Approval for 2020-2021	J. Gutierrez	Completed
Board Training	J. Gutierrez	Completed

MDE Assurance of Compliance	J. Gutierrez	Completed
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November	Responsible	Notes/Status
Financial Statement Review		Completed
Audit Acceptance		December
World's Best Workforce Approval		Completed

December	Responsible	Notes/Status
Audit Acceptance		January

January	Responsible	Notes/Status
Board Election Timeframe Discussion		
Audit Acceptance		

February	Responsible	Notes/Status
Financial Statement Review		
Board Election Timeframe Discussion		
Approve School Calendar		

March	Responsible	Notes/Status
Approve Open Enrollment Period for Next Year		
Approve Board Calendar for Next Year <ul style="list-style-type: none"> ● Meetings ● Election ● Retreat 		

April	Responsible	Notes/Status
Annual Budget Introduction		
Compensation Plan Introduction		
Succession Planning Update		

May	Responsible	Notes/Status
Q Comp Report Presentation/Approval		
Financial Statement Review		
Compensation Plan Approval		
Board Election Update		
Approve Annual Budget		
Approve Employee Handbook		
Introduction of Family Handbook		
Disclosures/Conflict of Interest Signed		

June	Responsible	Notes/Status
Public Hearing on Fees - 2022		
New Board Member Training		
Read Well by Third Grade Approval		
Approval of Family Handbook		
Annual Finance Designations for Next Year <ul style="list-style-type: none"> ● Identified Official with Authority ● Official Newspaper ● Designation of Depository ● Account Signatories ● Collateralize Funds in Excess of FDIC Insurance ● Delegation of Authority to Make Electronic Funds Transfers 		



Members Present: K. Denzer, N. Donnay, A. Galati, R. Hajlo, D. Keyes, A. Melendres, S. Mueller

Members Absent:

Board Advisor Present: J. Gutierrez, K. Gutierrez

Guest: D. Thompson

Call to Order

R. Hajlo called the board meeting to order at 6:02 pm.

Open Forum

There were 11 speakers (Laura Determan, Dan David, Todd Gardner, Jake Lee, Sarah Fuerstenberg, Alyse Moelter, Nate Wagner, Matt Stiles, Eric Peterson, Annie Gese, Matt Logan) at the Open Forum.

Consent Agenda

The consent agenda includes an updated board calendar, the board minutes from the Oct 19 board meeting, information on the Classical Educational Conference and the Executive Director's report. A note of thank you to Nicole Donnay for coordinating the Classical Education Conference.

Motion to approve the Consent Agenda: D. Keyes
Second: N. Donnay
Approved: All

2020-2021 World's Best Workforce Report - D. Thompson

Deanna reviewed the following goals/results:

Kindergarten readiness:

- Goal: 90% of students will take a kindergarten readiness assessment – 91.1% took the assessment (met).
- Goal: 75% of students will attend kindergarten camp – 76% attended (met).
- Goal: 95% of students will advance to first grade – 92.2% advanced to first grade (did not meet).
- Goal: 80% of students would meet the STEP 3 benchmark by the end of the year – 70% met the STEP 3 benchmark (did not meet).

Reading Well by Third Grade:

- Goal: 86.9% proficiency on the MCA reading test – 88% achieved proficiency (met).

Closing the Achievement Gap:

- Goal: 69.9% of special education students “meets” or “exceeds” MCA reading standards – 69.2% of students achieved “meets” or “exceeds” MCA reading standards (did not meet).

Average ACT score:

- Increase average ACT composite score to 27.1 – average composite score was 26.5 (did not meet).



Graduation Rate:

- Graduation rate for at least 90% for the class of 2021 – graduation rate was 98% (met).

Motion to approve the 2020-2021 World’s Best Workforce Report: K. Denzer

Second: N. Donnay

Approved: All

The narratives explaining the misses and the why was very helpful.

Review First Quarter Financial Statements – K. Gutierrez

Review financial statements from July 1 through September 30.

Revenues

- YTD Actuals should be approximately 25% of % of Reforecasted Budget. Variance to note is federal funding is behind budget by 309% due to timing difference in when federal funding is received (federal funding is not received until expended).
- State funding affected by enrollment, which is down by 10 students. A decrease in projected enrollment impacts the budget by \$105K, however it was offset by an increase in per pupil funding (greater than what was budgeted) of 2.45%.
- Local revenue variance of \$480K is attributed to reduction in fundraising revenue of \$225K and a reduction in food service (hot lunch sales) of \$275K.

Expenditures

- Equipment expenses increase of \$635K due to the Stadium and Press Box project which was approved at the August 2021 board meeting.
- Other expenses increase of \$283K is the net difference between program and supply costs associated with Covid-19 grants and the decrease in fundraising expenses related to Together We Stand.

Net Income Impact of -\$892K in Reforecasted Budget. - \$881K is attributed to the one time pay adjustment and the bleachers project, which the Board approved in August 2021.

Projected Debt Service Coverage is projected to be at .99 vs the 1.10 minimum, per Bond Covenants, which will require SCPA to revise timing of expenditures towards the end of the fiscal year.

Fund Balance Reserve is projected to be at 35% vs. the 20% minimum per St. Croix Prep’s Fund Balance Policy..

Days Cash on Hand is projected to be at 115 days vs. >60 days, per Bond Covenants.

Mask Mandate – J. Gutierrez

On September 4 the board approved a mask mandate for K-8 that would change to strongly recommended 60 days after the Covid-19 vaccine became available to children ages 5-11. This date would be approximately the middle of January. There has been a recent surge in positive Covid-19 cases in school which are being evaluated and the Covid Response Team will be re-engaged after the Thanksgiving weekend. Recommend proposing a date of January 25 to review changing the mask



mandate to strongly recommended. Between now and then there will be two board meetings in which to monitor case numbers, etc.

There was discussion.

Motion to set the date of January 25, 2022 to change the K-8 mask mandate to strongly recommend: K. Denzer

Second: D. Keyes

In Favor: K. Denzer, N. Donnay, R. Hajlo, D. Keyes, A. Melendres, S. Mueller

Abstain: A. Galati

Motion passes.

Board Vacancies

The Executive Committee met with Deanna Thompson. They appreciate Deanna's willingness to serve on the board in the teacher seat.

The Executive Committee also met with each of the parent candidates Barb Siefken, David Truchot and Kim Pleticha. The Executive Committee gave feedback about the candidates and recommend Kim Pleticha to fill the parent seat as she as institutional knowledge of the board, been through board training and could be seated right away.

There was discussion.

Motion to approve seating Deanna Thompson as a teacher board member once she has completed the board training and motion to approve seating Kim Pleticha as a parent board member to fill the term until the results of the May 2022 election: K. Denzer.

Second: A. Melendres

Approved: All

Adjourn Meeting

Motion to adjourn at 7:37 pm: D. Keyes

Second: A. Melendres

Approved: All

Submitted by S. Peterson, St. Croix Preparatory Academy



Members Present: N. Donnay, A. Galati, R. Hajlo, D. Keyes, K. Pleticha, S. Mueller

Members Absent: K. Denzer, A. Melendres

Board Advisor Present: J. Gutierrez,

Guest: None

Call to Order

R. Hajlo called the board meeting to order at 6:01 pm.

Motion to close the meeting, pursuant to Minnesota Statutes Section 13D.05, subdivision 2(a)(3) for the discussion of private educational data for the proposed expulsion of a student: S. Mueller

Second: A. Galati

Approved: All

Closed Session

Return to Open Session

Motion to open the meeting after concluding the closed session: A. Galati

Second: K. Pleticha

Approved: All

Resolution to Expel a Student

Resolution to Expel a Student: R. Hajlo

Second: K. Pleticha

Roll Call Vote:

S. Mueller – Yes

D. Keyes – Yes

K. Pleticha – Yes

N. Donnay – Yes

A. Galati – Yes

R. Hajlo - Yes

Adjourn Meeting

Motion to adjourn at 6:41 pm: S. Mueller

Second: A. Galati

Approved: All

Submitted by J. Gutierrez, St. Croix Preparatory Academy



Members Present: N. Donnay, A. Galati, R. Hajlo, D. Keyes, K. Pleticha, S. Mueller, K. Denzer, A. Melendres

Members Absent:

Board Advisor Present: J. Gutierrez,

Guest: None

Call to Order

R. Hajlo called the board meeting to order at 6:00 pm.

Motion to close the meeting, pursuant to Minnesota Statutes Section 13D.05, subdivision 2(a)(3) for the discussion of private educational data for the proposed expulsion of students at St. Croix Preparatory Academy: S. Mueller
Second: A. Galati
Approved: All

Closed Session

Return to Open Session (7:19 pm)

Motion to open the meeting after concluding the closed session: K. Pleticha
Second: A. Galati
Approved: All

Resolution to Expel Student 1

Resolution to Expel Student 1: A. Galati
Second: K. Pleticha
Roll Call Vote:
S. Mueller – Yes
D. Keyes – Yes
N. Donnay - Yes
K. Pleticha – Yes
A. Melendres - Yes
A. Galati – Yes
K. Denzer - Yes
R. Hajlo - Yes

Resolution to Expel Student 2

Resolution to Expel Student 2: S. Mueller
Second: A. Galati
Roll Call Vote:
S. Mueller – Yes
D. Keyes – Yes
N. Donnay - Yes
K. Pleticha – Yes



A. Melendres - Yes
A. Galati – Yes
K. Denzer - Yes
R. Hajlo - Yes

Resolution to Expel Student 3

Resolution to Expel Student 3: K. Pleticha

Second: S. Mueller

Roll Call Vote:

S. Mueller – Yes
D. Keyes – Yes
N. Donnay - Yes
K. Pleticha – Yes
A. Melendres - Yes
A. Galati – Yes
K. Denzer - Yes
R. Hajlo - Yes

Adjourn Meeting

Motion to adjourn at 7:29 pm: S. Mueller

Second: A. Galati

Approved: All

Submitted by J. Gutierrez, St. Croix Preparatory Academy



J. Gutierrez
Professional Development Plan
2021-2022

Month	Category	Title	Description/Comments
July 2021	Video – 70 minutes	Glenn Loury – Charles Murray, Facing Reality, Two Truths About Race in America	Discussion of Murray’s latest book in light of his previous book, The Bell Curve
	Video – 81 minutes	Glenn Loury – John McWhorter, Rejecting Racial Determinism	Discussion of Charles Murray’s book, Facing Reality, Two Truths about Race in America
	Video – 59 minutes	John McWhorter – Leslie Harris, 1619 vs 1776, When was America Founded	Discussion of New York Times (Nikole Hannah-Jones) 1619 Project and impact on historical studies, classroom education
	Podcast – 31 minutes	The Debate Over Critical Race Theory – The Daily	
	Video -- 54 minutes	Thomas Sowell, The Myths of Economic Equality	A summary of Thomas Sowell’s book, The Conflict of Visions, with an introduction to his new book, Discrimination and Disparities
	Video – 16 minutes	Critical Race Theory, Everything is Racist, Voddie Baucham	11
	Video – 21 minutes	A Guide to Critical Race Theory, Ryan Chapman	
	Video – 21 minutes	What Exactly is Postmodernism, Ryan Chapman	
	Video – 25 minutes	The Evolution of American Liberalism, Ryan Chapman	
	Video – 25 minutes	The Marxism Behind Leftist Identity Politics, Ryan Chapman	
	Book	Critical Race Theory: An Introduction, by Richard Delgado and Jean Stefancic	A book by two of the original legal scholars who started critical race theory
	Video – 50 minutes	Race, Gender, Inequality, and Intersectionality, Kimberle Crenshaw	Lecture from one of the founders of critical race theory
	Videos/Lectures – 120 minutes	Various lectures on intersectionality, Marxism, the Communist Manifesto and critical theory, the precursor to Critical Race Theory	
	Videos/Lectures – 180 minutes	Various lectures on key court cases related to race discussions in the United States – Dred Scott v Sandford, Plessy v Ferguson, Brown v Board of Education	
	Video – 80 minutes	Nativism in American History and its Resurgence Today, David Bennet, Professor of History Emeritus Syracuse University	
	Book	The Souls of Black Folk, by W. E. B. DuBois	
	Video -- 55 minutes	Glenn Loury -- John McWhorter, CRT in the Schools	
	Movie	What Killed Michael Brown, by Shelby & Eli Steele	
	Book, Videos	Euthyphro, by Plato; Lectures from Greg Sadler, President of ReasonIO; Jeffrey Kaplan – Explanation of the of the Central Argument in Plato’s Euthyphro	
	Book, Videos	Apology, by Plato; Yale Courses, Socratic Citizenship, Lectures from Greg Sadler, President of ReasonIO	
	Video Lecture – 60 minutes	Aristophanes’ Critique of the Gods, by Wayne Ambler, University of Dallas	

August 2021	Video 65 minutes	Glenn Loury – John McWhorter, The Life and Work of Thomas Sowell	
	Play – Comedy	The Clouds, by Aristophanes	A comedy/satire on Socrates; Aristophanes referenced throughout The Apology, by Plato.
	Book	Phaedo, by Plato	Dialogue of Socrates prior to his death where he discusses immortality of the soul
	Play, Videos, Podcasts – 6 hours	Hamlet, a variety of lectures, videos, podcasts on Hamlet, by Shakespeare	
	Videos, Podcasts – 3 hours	A variety of videos, podcasts on Thomas Hobbes, John Locke, and Jean-Jacques Rousseau and the social contract, state of nature, life, liberty, property rights, etc.	
September	Video – 66 minutes	Reckoning with Relics of Racism, Glenn Loury and John McWhorter	
	School Law Conference	Rupp, Anderson, Squires and Waldspurger – Freedom of Speech and Student Protests, Disciplining Students with IEP and 504 Plans, Title IX Update, Lingering Legal Issues from the Pandemic, Legal Considerations from the DEI Efforts/Programming, Managing Board Meetings in Polarized Times, LGBTQ+ Update	
October	Book	1984, by George Orwell	
	Book – Essay	The Lost Tools of Learning, by Dorothy Sayers	
	Presentation Classical Conference	Presented at the MN Classical Conference – Civil Discourse with Classical Texts	
December	Video – 59 minutes	Beyond the Bias Narrative, Glenn Loury and John McWhorter	
	Video – 57 minutes	Love and Friendship in Hamlet: David Bevington Harper Lecture	
	Book, Videos, Movie	The Merchant of Venice, Shakespeare – the play, videos and movies	
January			12



Executive Director's Report to the Board

Date of Report: January 2022

Report Prepared By: Jon Gutierrez

Operational Items:

- Weekly meetings with administrative leadership and individual leadership team members – A. Sachariason, J. Karetov, K. Gutierrez, P. Rosell, B. Blotske, R. Dippel, K. Seim, C. Olson; and weekly administrative leadership meeting.
- Informational Meetings conducted. The enrollment period, as it relates to the lottery, ended on January 7, with lotteries conducted on January 13. Families will receive communication on their enrollment/wait list status during the week of January 17.
- Drafted and completed Governance Committee review of policy related to OSHA-ETS, which requires vaccination, weekly testing, face covering for employees. This was included in the board packet, but based on the US Supreme Court decision, we have retracted it.
- AIPAC (American Indian Parent Advisory Council). This committee has been formed and will present a report (per state statute) to the board in February.
- Monitoring and preparing for the changes presented by the Covid-19 pandemic.
- Current enrollment and waitlist details, as well as applications for the 2022-2023 school year

Grade	2021-22 Enrollment	2021-22 Waitlist	2022-23 Applications
Kindergarten	90	131	223
1 st Grade	90	82	61
2 nd Grade	90	110	47
3 rd Grade	91	106	56
4 th Grade	90	98	57
LS Total	451 (+1)	527(+23)	444 (+204)
5 th Grade	91	69	51
6 th Grade	92	70	51
7 th Grade	92	48	29
8 th Grade	90	18	20
MS Total	364 (+1)	205 (+1)	151 (+89)
9 th Grade	88	0	34
10 th Grade	96	0	6
11 th Grade	106	0	5
12 th Grade	89	0	0
US Total	379 (-2)	0	45 (+27)
School Total	1,194	13	640 (+320)

Professional Development: *See Attachment*



November 30, 2021

Members of the Board of Education
Charter School No. 4120
St. Croix Preparatory Academy
Stillwater, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the School Board. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the School for the courtesies, cooperation, and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "Michelle Hoffman".

Michelle Hoffman, CPA
Principal

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2021

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
EXECUTIVE AUDIT SUMMARY (EAS)
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JUNE 30, 2021**

EXECUTIVE AUDIT SUMMARY

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**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
ST. CROIX PREPARATORY ACADEMY
YEAR ENDED JUNE 30, 2021**

AUDIT FINDINGS AND RESULTS

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the School's financial records for the year ended June 30, 2021. We appreciated the time that staff took to work with us to complete the engagement.

Audit Opinion – The financial statements are fairly stated. We issued what is known as a “clean” or unmodified audit report.

Yellow Book Report – No compliance issues were noted in our review of laws, regulations, contracts, grant agreements, or other matters that could have significant financial implications to the School.

Internal Controls Report – No “material weaknesses” in internal control were noted.

Legal Compliance Report – No compliance findings were reported with respect to Minnesota Statutes related to charter schools and UFARS accounting.

Enrollment – For fiscal 2020-2021, the School served a net average daily membership of 1,183.02 (or 1,292.58 pupil units). For fiscal 2019-2020, the School served a net average daily membership of 1,190.01 (or 1,301.21 pupil units).

Fund Balance – Total fund balance of the School's General Fund increased by \$2,167,563 for fiscal year 2021 and ended at a balance of \$6,384,218 at June 30, 2021. The ending fund balance at June 30, 2021 for St. Croix Preparatory Academy represents 46.43% of expenditures incurred for the year. We recommend that a charter school develop a plan that will eventually result in a target fund balance that is at least 20% to 25% of annual expenditures. Fund balance is an important aspect in the School's financial well-being since a healthy fund balance represents financial flexibility in terms of positive cash flow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes, aid prorations at the state level and similar problems.

Budget to Actual – Total revenues of the General Fund on a net basis were \$521,274 (or 3.8%) higher than the budgeted amount while total expenditures were \$354,137 (or 2.5%) lower than had been budgeted. Including other financing sources, the net result was \$195,683 better than had been reflected in the final board approved budget. We recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero to the extent possible, and the School's variances were well within that general guideline for 2022. We encourage you to continue to undertake mid-year budget reviews resulting in the adoption of a revised General Fund budget when updated information becomes available.

Friends of St. Croix Preparatory Academy Building Company – The School's financial statements include the activity of the Friends of St. Croix Preparatory Building Company as a component unit. No separate financial statements are issued for the Building Company; however, a separate Form 990 is filed.

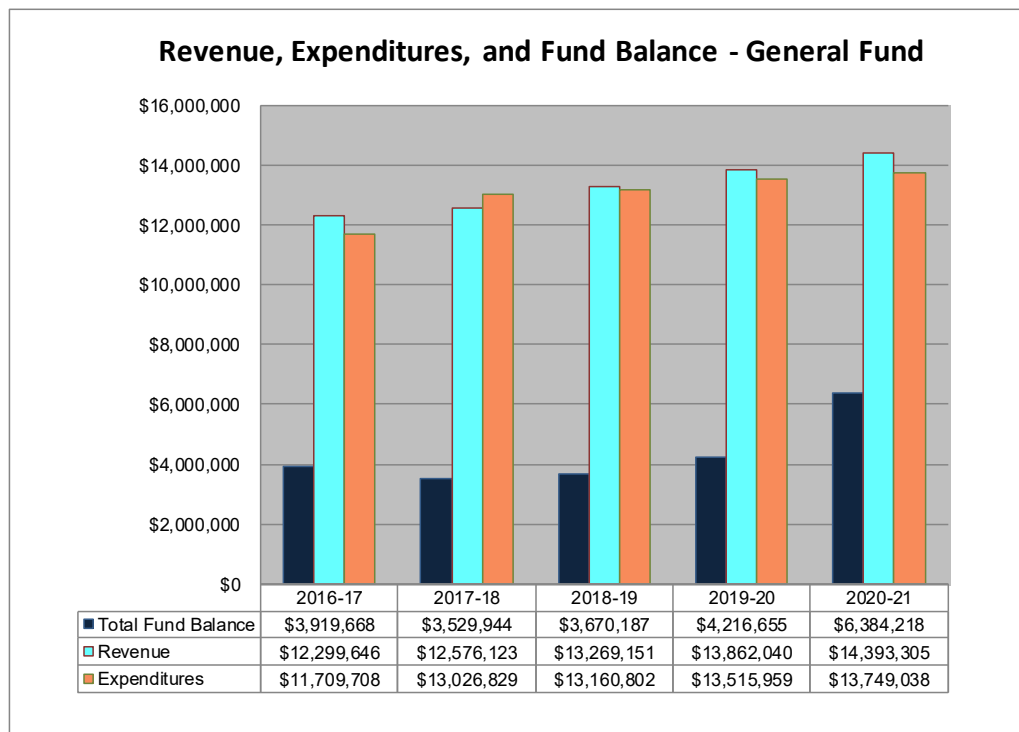
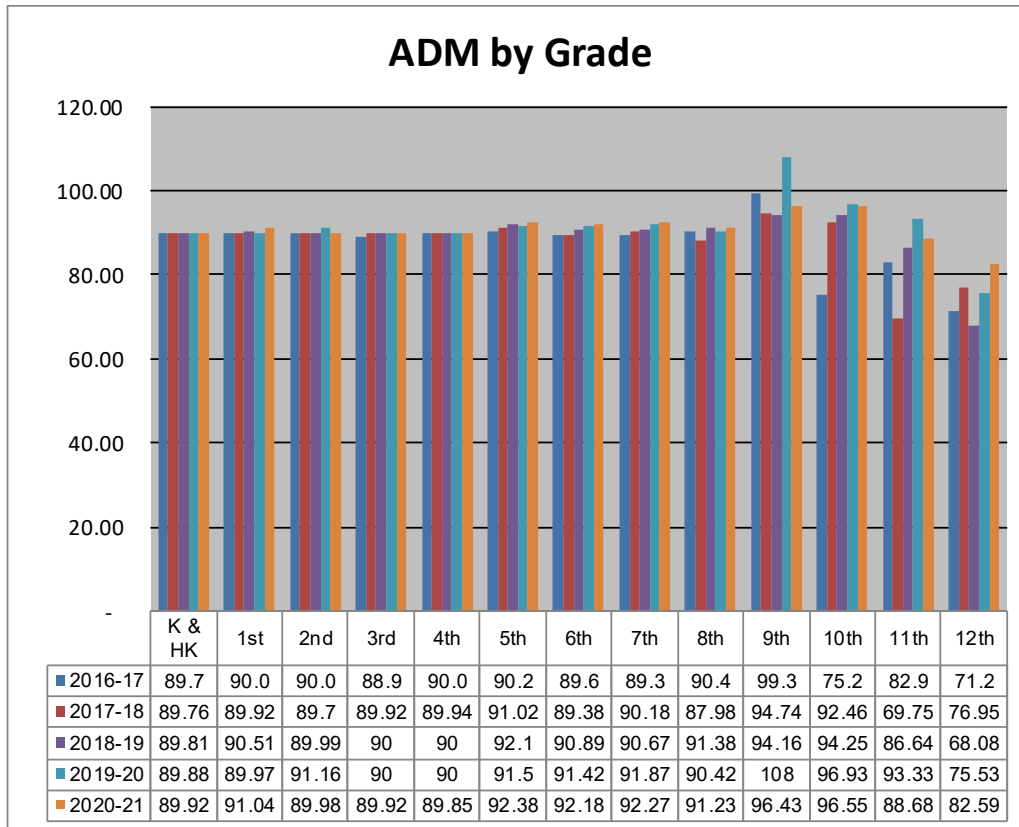
AUDIT FINDINGS AND RESULTS (CONTINUED)

Food Service Fund – The School's food service program operated at a deficit of \$22,473 for fiscal year 2021, decreasing ending fund balance to \$267,774 as of June 30, 2021.

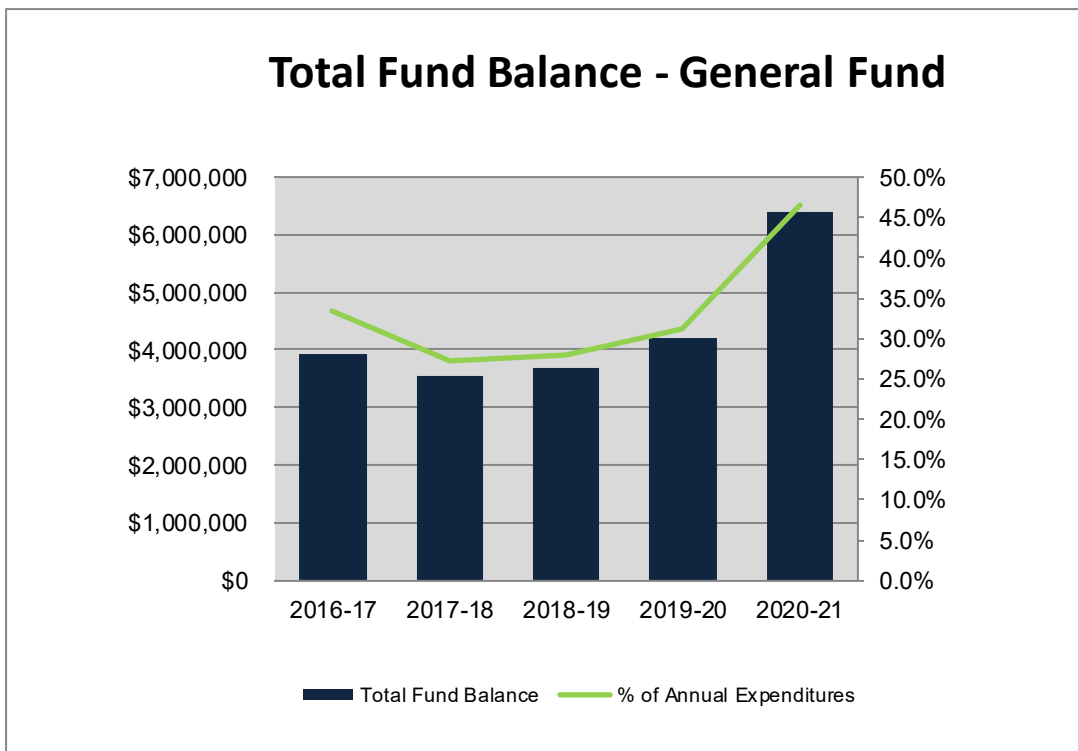
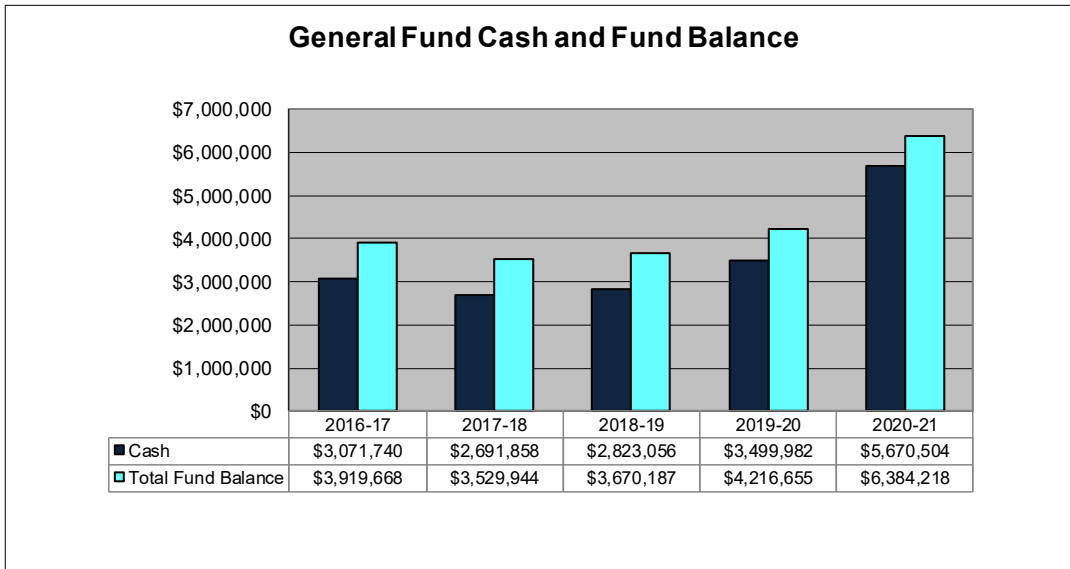
Community Service Fund – The School's community service program operated at a deficit of \$2,624 for fiscal year 2021, decreasing ending fund balance to \$74,543 as of June 30, 2021.

Building Company Debt Covenant Compliance – We want to take this opportunity to remind the board that there are some general debt covenants that were agreed to as part of the Loan and Trust Agreements made between St. Croix Preparatory Academy, the Friends of St. Croix Preparatory Academy Building Company, and UMB Bank (as trustee). Some examples include the submission of audited financial statements within a certain timeframe, the submission of quarterly enrollment, current budget, and financial information, and the submission of quarterly long-term budget model forecasting information. It is important that the board continue to monitor, review and accept responsibility for ensuring the ongoing compliance with all covenants that were agreed to as part of the financing arrangements related to the purchase of the building and subsequent improvements.

FINANCIAL TRENDS



FINANCIAL TRENDS (CONTINUED)





APPENDIX A

FORMAL REQUIRED COMMUNICATIONS

Members of the Board of Education
Charter School No. 4120
St. Croix Preparatory Academy
Stillwater, Minnesota

We have audited the financial statements of the governmental activities and each major fund of St. Croix Preparatory Academy (the School) as of and for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2021.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Accounting estimates (continued)

The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets
- Estimated proportionate share of PERA's and TRA's net pension liability

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2021. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the School. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2021 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the School for special education excess cost tuition billing and adds the amount to the School's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2021. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also Special Education Data Reporting Application (SEDRA) reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of the School's proportionate share of PERA's and TRA's Net Pension Liability is based on guidance from GASB Statement No. 68 and each plan's respective allocation tables. Each plan's allocation tables allocate a portion of the plan's net pension liability based on the School's prior fiscal year contributions as a percentage of the total contributions received for the related year by the plan.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During our audit, we noted no uncorrected misstatements.

Corrected misstatements

No misstatements were detected as a result of audit procedures that would have required correction by management or were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2021.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Members of the Board of Directors
Charter School No. 4120
St. Croix Preparatory Academy

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 30, 2021.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the School Board and management of the School, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 30, 2021

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
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CHARTER SCHOOL NO. 4120
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INTRODUCTORY SECTION

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
SCHOOL BOARD, BUILDING COMPANY BOARD,
ADVISORY BOARD, AND ADMINISTRATION
JUNE 30, 2021**

SCHOOL BOARD

<u>NAME</u>	<u>TERM EXPIRES</u>	<u>BOARD POSITION</u>
Bob Hajlo	August 19, 2022	Chair
Nicole Donnay	August 18, 2023	Director
Christoph Brown	August 18, 2023	Director
Kristin Denzer	August 17, 2024	Director
Deb Keyes	August 19, 2022	Director
Shane Mueller	August 19, 2022	Vice Chair
Andrew Melendres	August 18, 2023	Director
Jake Gottschalk	August 18, 2024	Director
Jason Langsfield	August 17, 2024	Director

BUILDING COMPANY BOARD

Kristine Fisher	Director
Kelly Gutierrez	Treasurer
Dan Mehls	Chair
Bill Blotske	Secretary

ADVISORY BOARD

Jon Gutierrez	Executive Director
Kelly Gutierrez	Executive Director – Finance & Operations
Joann Karetov	Lower School Principal
Amy Kleinboehl	Middle School Principal
Andrew Sachariason	Upper School Principal
Peggy Rosell	Special Education Director

ADMINISTRATION

Jon Gutierrez	Executive Director
Kelly Gutierrez	Executive Director – Finance & Operations

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Board of Education
Charter School No. 4120
St. Croix Preparatory Academy
Stillwater, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Croix Preparatory Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise St. Croix Preparatory 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.

Auditors' 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 auditors' 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 entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Croix Preparatory Academy as of June 30, 2021, and the respective changes in financial position and respective budgetary comparison for the General Fund, Food Service Fund, and Community Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Prior Year Information

We have previously audited St. Croix Preparatory Academy's 2020 financial statements of the governmental activities and each major fund, and we expressed an unmodified opinion on those audited financial statements in our report dated October 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended **June 30, 2020**, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, TRA Schedule of the School's Proportionate Share of the Net Pension Liability, TRA Schedule of School Contributions, GERS Schedule of the School's Proportionate Share of the Net Pension Liability, and GERS Schedule of School Contributions 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Croix Preparatory Academy's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Members of the Board of Education
Charter School No. 4120
St. Croix Preparatory Academy

Other Matters (Continued)

Other Information (Continued)

The Uniform Financial Accounting and Reporting Standards Compliance Table is the responsibility of management and was derived from and relates 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 Uniform Financial Accounting and Reporting Standards Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of St. Croix Preparatory Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Croix Preparatory 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 St. Croix Preparatory Academy's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

This section of St. Croix Preparatory Academy – Charter School No. 4120's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- General Fund revenues and other financing sources were \$15,916,601 as compared to expenditures of \$13,749,038. This resulted in a fund balance increase of \$2,167,563 for fiscal year 2021.
- Total fund balance of the General Fund increased from \$4,216,655 to \$6,384,218.
- As of June 30, 2021, the Food Service Fund had a fund balance of \$267,774 and the Community Service Fund had a fund balance of \$74,543.
- Average number of students decreased by 6.9 from the prior year.
- Building Company revenues were \$1,930,574 as compared to expenditures of \$1,728,458. This resulted in a fund balance increase of \$202,116 for the year and an ending fund balance in the Building Company Fund of \$3,539,934 at June 30, 2021.
- Net position increased by \$246,909 during fiscal year 2021 from a deficit of \$4,828,866 to a deficit of \$4,581,957. Note that most of the deficit relates to the School's net pension liability which had a balance of \$8,173,323 as of June 30, 2021. This is the School's proportionate share of the net pension liabilities of the General Employee Plan of PERA and TRA.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School, reporting the School's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Government-wide Statements

The Government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the School'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 Government-wide statements report the School's *net position* and how they have changed. Net position – the difference between the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School's financial health or *position*.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's creditworthiness and the condition of school buildings and other facilities.

In the Government-wide financial statements the School's activities are shown in one category:

- *Governmental Activities* – Basic services are included here, such as regular and special education, administration. State aid finances most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's *funds* – focusing on its most significant or “major” funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by debt covenants.
- The School may establish other funds to control and manage money for a blended component unit such as the Friends of St. Croix Preparatory Academy.

The School has the following fund type:

- *Governmental Funds* – Basic services are included in governmental funds, which 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 funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, we provide additional information in separate reconciliations to explain the relationship (or differences) between them.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position was a deficit of \$4,581,957 on June 30, 2021 compared to combined net deficit of \$4,828,866 at June 30, 2020 (see Table A-1).

**Table A-1
The School's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2021	2020	
Current and Other Assets	\$ 11,110,032	\$ 8,707,164	27.60 %
Capital Assets	23,408,265	24,004,937	(2.49)
Total Assets	<u>34,518,297</u>	<u>32,712,101</u>	5.52
Deferred Outflows of Resources	4,876,269	5,946,219	(17.99)
Current Liabilities	1,286,766	1,251,168	2.85
Net Pension Liability	8,173,323	6,548,214	24.82
Long-Term Liabilities	28,878,967	28,096,234	2.79
Total Liabilities	<u>38,339,056</u>	<u>35,895,616</u>	6.81
Deferred Inflows of Resources	<u>5,637,467</u>	<u>7,591,570</u>	(25.74)
Net Position:			
Net Investment in Capital Assets	(964,932)	(619,004)	55.88
Restricted	1,451,618	814,258	78.27
Unrestricted	<u>(5,068,643)</u>	<u>(5,024,120)</u>	0.89
Total Net Position	<u>\$ (4,581,957)</u>	<u>\$ (4,828,866)</u>	(5.11)

The negative unrestricted net position occurred primarily due to the School's net pension liability. This is the School's proportionate share of the net pension liabilities of the General Employee Plan of PERA and TRA.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Changes in Net Position

The School's total revenues were \$14,747,354 for the year ended June 30, 2021. Unrestricted state aid accounted for 64% of total revenues for the year (see Figure A-1). Another 33% came from operating grants. The remaining 3% came from charges for services and other general revenues.

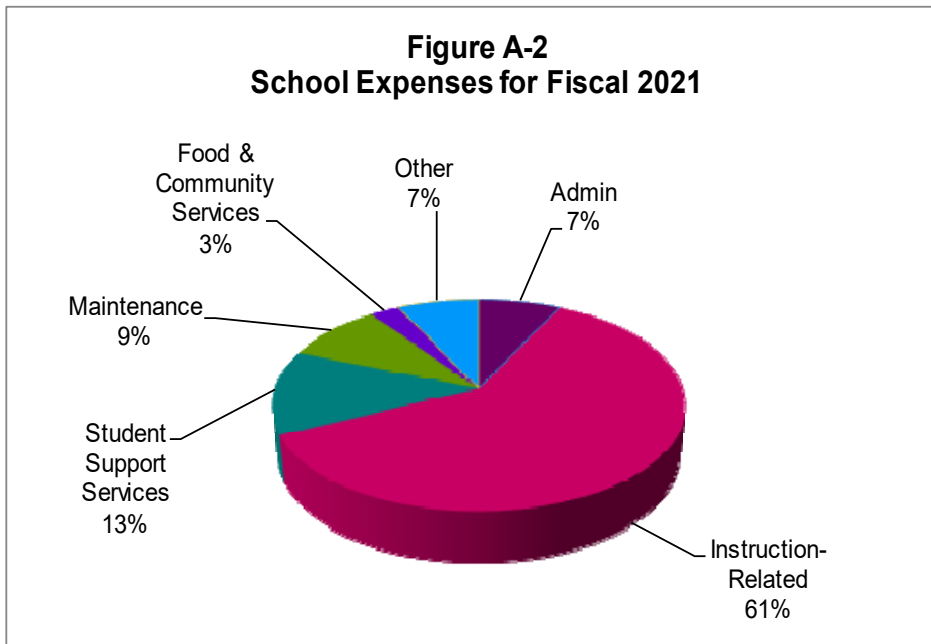
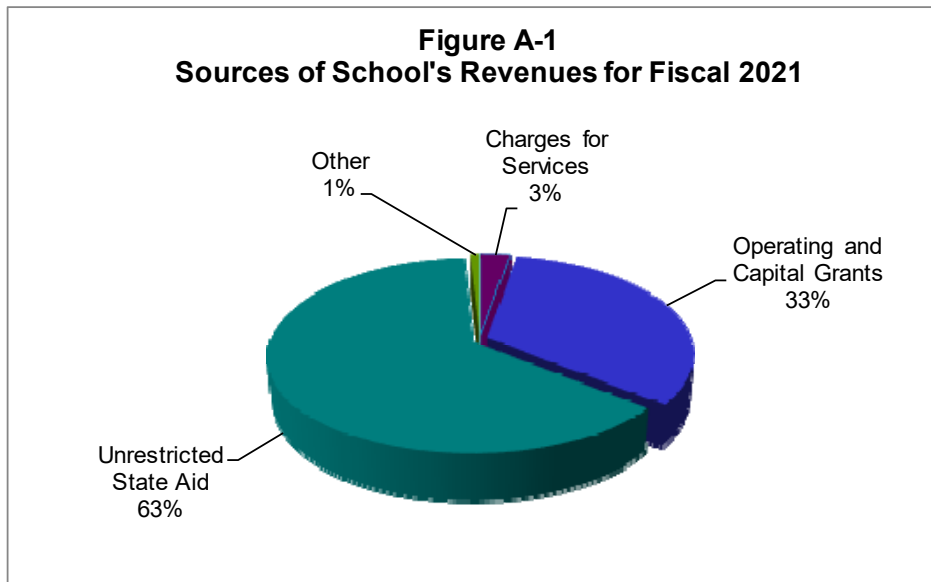
**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2021	2020	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 389,095	\$ 1,011,280	(61.52)%
Operating Grants and Contributions	4,854,484	4,041,399	20.12
<u>General Revenues</u>			
Unrestricted State Aid	9,376,576	9,216,814	1.73
Investment Earnings	17,724	26,284	(32.57)
Other	109,475	133,424	(17.95)
Total Revenues	<u>14,747,354</u>	<u>14,429,201</u>	2.20
Expenses			
Administration	1,092,215	1,082,598	0.89
District Support Services	968,278	1,143,847	(15.35)
Regular Instruction	6,152,551	6,077,288	1.24
Vocational Instruction	1,068	-	-
Special Education Instruction	2,659,360	2,703,017	(1.62)
Instructional Support Services	601,216	526,604	14.17
Pupil Support Services	259,194	204,049	27.03
Sites and Buildings	1,297,996	1,199,605	8.20
Fiscal and Other Fixed Cost Programs	34,619	34,094	1.54
Food Service	349,766	375,979	(6.97)
Community Service	40,088	114,380	(64.95)
Interest and Fiscal Charges on Long-Term Liabilities	1,044,094	1,116,589	(6.49)
Total Expenses	<u>14,500,445</u>	<u>14,578,050</u>	(0.53)
Change in Net Position	246,909	(148,849)	
Beginning Net Position	<u>(4,828,866)</u>	<u>(4,680,017)</u>	
Ending Net Position	<u>\$ (4,581,957)</u>	<u>\$ (4,828,866)</u>	

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The total cost of all programs and services was \$14,500,445. Total revenues surpassed expenses, increasing net position by \$246,909 from last year.

- Some of the cost was paid by the users of the School's programs (\$389,095).
- The federal and state governments subsidized certain programs with grants and contributions (\$4,854,484).
- The unrestricted portion of the governmental activities was paid for with \$9,376,576 of unrestricted state aid based on the statewide education aid formula, and the remainder with other general revenues.



**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

All governmental funds include only funds received for the general operation of the School. Funding for the general operation of the School is controlled by the state.

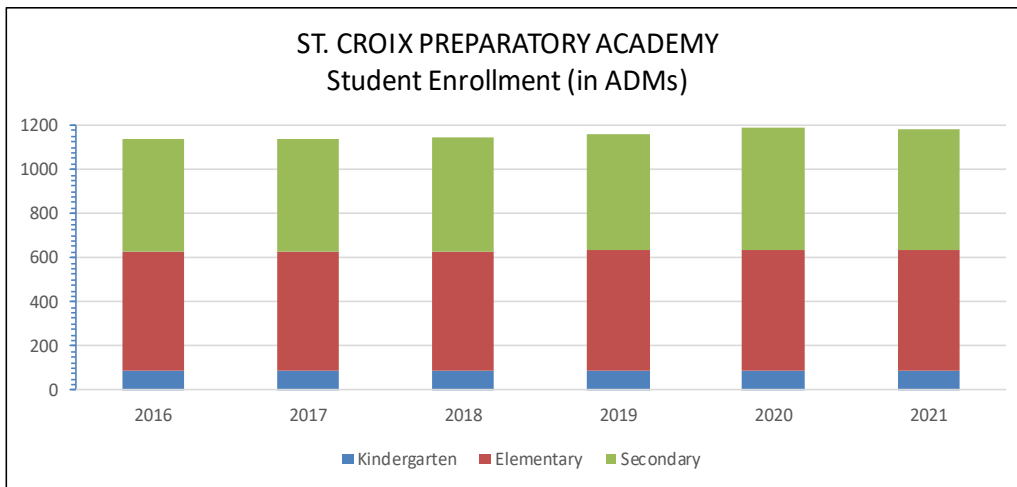
**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
Administration	\$ 1,092,215	\$ 1,082,598	0.89 %	\$ 1,092,215	\$ 1,079,198	1.21 %
District Support Services	968,278	1,143,847	(15.35)	968,278	1,143,074	(15.29)
Regular Instruction	6,152,551	6,077,288	1.24	5,824,620	5,408,741	7.69
Vocational Instruction	1,068	-	-	1,068	-	-
Special Education Instruction	2,659,360	2,703,017	(1.62)	(185,414)	532,245	(134.84)
Instructional Support Services	601,216	526,604	14.17	597,229	525,494	13.65
Pupil Support Services	259,194	204,049	27.03	259,194	203,188	27.56
Sites and Buildings	1,297,996	1,199,605	8.20	(418,299)	592,523	(170.60)
Fiscal and Other Fixed Cost Programs	34,619	34,094	1.54	34,619	34,094	1.54
Food Service	349,766	375,979	(6.97)	34,559	(8,667)	(498.74)
Community Service	40,088	114,380	(64.95)	4,703	7,729	(39.15)
Interest and Fiscal Charges on Long-Term Liabilities	1,044,094	1,116,589	(6.49)	1,044,094	7,752	13368.70
Total	\$ 14,500,445	\$ 14,578,050	(0.53)	\$ 9,256,866	\$ 9,525,371	(2.82)

ENROLLMENT

Enrollment is a critical factor in determining revenue with a high percentage of General Fund revenue being determined by enrollment. The following charts show that the average number of students decreased by 6.99 from the prior year.

**Table A-4
Average Daily Membership (ADM)**



	2017	2018	2019	2020	2021
Kindergarten	89.77	89.76	89.81	89.88	89.92
Elementary	538.86	539.88	543.49	544.05	545.35
Secondary	508.64	512.06	525.18	556.08	547.75
Total	1,137.27	1,141.70	1,158.48	1,190.01	1,183.02

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The financial performance of the School as a whole is reflected in its governmental funds. As the School completed the year, its governmental funds reported a combined fund balance of \$10,266,469.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from kindergarten through grade 12. In 2020-2021, the School served an average of 1,183.02 ADM in grades K-12.

The following schedule presents a summary of General Fund revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Local Sources:				
Earnings on Investments	\$ 16,978	\$ 26,273	\$ (9,295)	N/A
Other	437,972	729,599	(291,627)	(40.0)%
State Sources	13,310,923	12,903,195	407,728	3.2
Federal Sources	627,432	202,319	425,113	210.1
Total General Fund Revenue	<u>\$ 14,393,305</u>	<u>\$ 13,861,386</u>	<u>\$ 531,919</u>	3.8

Total General Fund revenues increased by \$531,919 from the prior year.

The increase in State Sources revenue was primarily due to an increase in special education revenues due to an increase in needs. Also, part of the increase relates to enrollment growth as well as the State's 2% increase in general education formula allowance.

The following schedule presents a summary of General Fund expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Salaries	\$ 7,181,003	\$ 7,148,075	\$ 32,928	0.46 %
Employee Benefits	1,667,895	1,666,621	1,274	0.1
Purchased Services	3,509,458	3,436,216	73,242	2.1
Supplies and Materials	632,068	725,113	(93,045)	(12.8)
Capital Expenditures	617,141	438,490	178,651	40.7
Debt Service Expenditures	87,614	58,400	29,214	50.0
Other Expenditures	53,859	43,044	10,815	25.1
Total General Fund Expenditures	<u>\$ 13,749,038</u>	<u>\$ 13,515,959</u>	<u>\$ 233,079</u>	1.7

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Total General Fund Expenditures increased \$233,079 from the previous year.

Salaries and Benefits increased by a combined amount of \$34,202 due to pay increases, benefit cost increases, and increased staffing needs.

Purchased Services and Supplies and Materials decreased by a combined \$19,803 mainly due to purchases during fiscal year 2021 that were made possible by increased fundraising efforts.

Capital Expenditures increased by \$178,651.

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the School may revise the annual operating budget in mid-year. These budget amendments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.

The School revised their budget during fiscal 2021. The amendment was approved at the May board meeting.

Both General Fund revenues and expenditures were very close to budget this year with revenues being within 3.8% of budget while expenditures were within 2.5% of the final amended budget.

OTHER MAJOR FUNDS

In the Food Service Fund, expenditures exceeded revenues by \$22,473 and the fund ended with a fund balance of \$267,774 as of June 30, 2021. The Food Service Fund was under budget by around 5%. This was primarily due to meal sales being under budget due to COVID-19 and the stay-at-home order. The meal sales were offset by federal revenue sources which were over budget, which was also related to COVID-19 and the free meals that occurred during the last few months of the year. Overall Revenue sources for the Food Service fund saw a net of -5% from actual.

In the Community Service Fund, which accounts for revenues from various extracurricular activities, expenditures exceeded revenues by \$2,624 and the fund ended with a fund balance of \$74,543 as of June 30, 2021.

In the Building Company Fund, revenues exceeded expenditures by \$202,116, thereby resulting in an ending fund balance of \$3,539,934.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2021, St. Croix Preparatory Academy had invested \$31.5 million in capital assets (see Table A-7). Current year depreciation on these assets was \$1,122,429.

**Table A-7
The School's Capital Assets**

	<u>2021</u>	<u>2020</u>	Percentage Change
Building Company			
Land	\$ 2,080,000	\$ 2,080,000	-
Buildings and Improvements	23,950,463	23,932,173	0.1
Furniture and Equipment	28,657	28,657	-
Charter School			
Buildings and Leasehold Improvements	3,088,487	2,861,668	7.9
Furniture and Equipment	2,342,013	2,112,007	10.9
Less: Accumulated Depreciation	<u>(8,081,355)</u>	<u>(7,009,568)</u>	15.3
Total District Capital Assets	<u>\$ 23,408,265</u>	<u>\$ 24,004,937</u>	(2.5)

Long-Term Liabilities

At year-end, Friends of St. Croix Preparatory Academy, a blended component unit of the School, had \$26.98 million in charter school lease revenue bonds. The School also recorded a net pension liability in the amount of \$8.17 million related to the implementation of GASB Statement No. 68, representing the school proportionate share of the unfunded liabilities for the two statewide pension plans in which it participates (TRA and PERA). More detailed information about long-term liabilities can be found in Note 5 and Note 6 to the financial statements.

**Table A-8
The School's Long-Term Liabilities**

	<u>2021</u>	<u>2020</u>	Percentage Change
General Obligation Bonds	\$ 26,980,000	\$ 27,595,000	(2.2)%
Net Bond Premium and Discount	1,715,219	339,236	405.6
Capital Leases Payable	183,748	161,998	13.4
Net Pension Liability	8,173,323	6,548,214	24.8
Total Long-Term Liabilities	<u>\$ 38,465,370</u>	<u>\$ 34,644,448</u>	11.0
Long-Term Liabilities:			
Due Within One Year	\$ 825,852	\$ 604,515	
Due in More Than One Year	36,226,438	34,039,933	
Total	<u>\$ 37,052,290</u>	<u>\$ 34,644,448</u>	

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the state of Minnesota for its revenue authority. The 2020 Legislative session ended with charter schools receiving only the previously planned 2% increase to the general education formula for FY 2021. The holdback will continue at its current level of 10%.

The School will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

Due to the COVID-19 pandemic, the Governor of Minnesota issued a stay-at-home order which occurred during the year. This caused the School to go to distance learning for part of the year.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, St Croix Preparatory Academy, 4260 Stagecoach Trail North, Stillwater, Minnesota 55082.

BASIC FINANCIAL STATEMENTS

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Governmental Activities	
	2021	2020
ASSETS		
Cash and Investments	\$ 6,610,972	\$ 4,246,719
Cash with Fiscal Agent	3,050,955	3,007,045
Receivables:		
Other Governments	1,391,300	1,379,418
Other	8,629	30,085
Prepaid Items	48,176	42,145
Inventories	-	1,752
Capital Assets:		
Land and Construction in Progress	2,080,000	2,080,000
Other Capital Assets, Net of Depreciation	21,328,265	21,924,937
Total Assets	34,518,297	32,712,101
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	4,214,212	5,254,069
Deferred Outflows - Loss on Refunding of Debt	662,057	692,150
Total Deferred Outflows of Resources	4,876,269	5,946,219
LIABILITIES		
Salaries and Benefits Payable	485,548	458,536
Accounts and Contracts Payable	276,762	277,086
Accrued Interest Payable	443,203	465,891
Due to Other Governmental Units	-	155
Unearned Revenue	81,253	49,500
Long-Term Liabilities:		
Net Pension Liability	8,173,323	6,548,214
Other Long-Term Liabilities Due Within One Year	825,852	604,515
Other Long-Term Liabilities Due in More Than One Year	28,053,115	27,491,719
Total Liabilities	38,339,056	35,895,616
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	5,637,467	7,591,570
NET POSITION		
Net Investment in Capital Assets	(964,932)	(619,004)
Restricted for:		
Food Service	267,774	290,247
Community Service	74,543	77,167
Building Company Debt Service	1,109,301	446,844
Unrestricted	(5,068,643)	(5,024,120)
Total Net Position	\$ (4,581,957)	\$ (4,828,866)

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

Functions	2021			2020	
	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 1,092,215	\$ -	\$ -	\$ (1,092,215)	\$ (1,079,198)
District Support Services	968,278.00	-	-	(968,278)	(1,143,074)
Regular Instruction	6,152,551	326,781	1,150	(5,824,620)	(5,408,741)
Vocational Instruction	1,068	-	-	(1,068)	-
Special Education Instruction	2,659,360	-	2,844,774	185,414	(532,245)
Instructional Support Services	601,216	-	3,987	(597,229)	(525,494)
Pupil Support Services	259,194	-	-	(259,194)	(203,188)
Sites and Buildings	1,297,996	-	1,716,295	418,299	(592,523)
Fiscal and Other Fixed Cost Programs	34,619	-	-	(34,619)	(34,094)
Food Service	349,766	26,929	288,278	(34,559)	8,667
Community Service	40,088	35,385	-	(4,703)	(7,729)
Interest and Fiscal Charges on Long-Term Liabilities	1,044,094	-	-	(1,044,094)	(7,752)
Total School District	<u>\$ 14,500,445</u>	<u>\$ 389,095</u>	<u>\$ 4,854,484</u>	<u>(9,256,866)</u>	<u>(9,525,371)</u>
GENERAL REVENUES					
State Aid Not Restricted to Specific Purposes				9,376,576	9,216,814
Earnings on Investments				17,724	26,284
Miscellaneous				109,475	133,424
Total General Revenues				<u>9,503,775</u>	<u>9,376,522</u>
CHANGE IN NET POSITION				246,909	(148,849)
Net Position - Beginning				<u>(4,828,866)</u>	<u>(4,680,017)</u>
NET POSITION - ENDING				<u>\$ (4,581,957)</u>	<u>\$ (4,828,866)</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Building Company	2021	2020
ASSETS						
Cash and Investments	\$ 5,670,504	\$ 321,289	\$ 113,083	\$ 506,096	\$ 6,610,972	\$ 4,246,719
Cash with Fiscal Agent	-	-	-	3,050,955	3,050,955	3,007,045
Receivables:						
Due from Minnesota Department of Education	1,249,083	-	-	-	1,249,083	1,360,660
Due from Federal through Minnesota Department of Education	94,035	-	-	-	94,035	18,758
Due from Federal Government Received Directly	48,182	-	-	-	48,182	-
Due from Other Funds	18,290	-	-	-	18,290	-
Other Receivables	8,431	-	198	-	8,629	30,085
Inventory	-	-	-	-	-	1,752
Prepays	47,003	-	-	1,173	48,176	42,145
Total Assets	<u>\$ 7,135,528</u>	<u>\$ 321,289</u>	<u>\$ 113,281</u>	<u>\$ 3,558,224</u>	<u>\$ 11,128,322</u>	<u>\$ 8,707,164</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Salaries Payable	\$ 389,285	\$ -	\$ -	\$ -	\$ 389,285	\$ 357,532
Payroll Deductions and Employer Contributions Payable	96,263	-	-	-	96,263	101,004
Accounts and Contracts Payable	265,762	10,501	499	-	276,762	277,086
Due to Other Governmental Units	-	-	-	-	-	155
Due to Other Funds	-	-	-	18,290	18,290	-
Unearned Revenue	-	43,014	38,239	-	81,253	49,500
Total Liabilities	<u>751,310</u>	<u>53,515</u>	<u>38,738</u>	<u>18,290</u>	<u>861,853</u>	<u>785,277</u>
Fund Balance:						
Nonspendable:						
Inventory	-	-	-	-	-	1,752
Prepays	47,003	-	-	1,173	48,176	42,145
Restricted for:						
Food Service	3,060	267,774	-	-	270,834	294,795
Safe Schools Funding	39,649	-	-	-	39,649	39,649
Community Service	-	-	74,543	-	74,543	76,667
Building Company Debt Service	-	-	-	3,538,761	3,538,761	3,199,213
Building Company Construction	-	-	-	-	-	137,432
Assigned for:						
Development - Prep Gala	14,983	-	-	-	14,983	14,983
Development - Prep Open	41,200	-	-	-	41,200	41,200
Development - Together We Stand	96,306	-	-	-	96,306	38,452
Development - Parent Group	32,345	-	-	-	32,345	-
Extracurriculars	50,393	-	-	-	50,393	-
Extracurriculars - Teacher of the Year	-	-	-	-	-	1,000
Fruit Fundraising	12,252	-	-	-	12,252	-
Educational Travel	1,025	-	-	-	1,025	-
Fundraising - Parent Group	-	-	-	-	-	28,068
Fundraising - Wishlist	946	-	-	-	946	946
Q-Comp Disbursement	29,439	-	-	-	29,439	39,935
Unassigned	6,015,617	-	-	-	6,015,617	3,965,650
Total Fund Balance	<u>6,384,218</u>	<u>267,774</u>	<u>74,543</u>	<u>3,539,934</u>	<u>10,266,469</u>	<u>7,921,887</u>
Total Liabilities and Fund Balance	<u>\$ 7,135,528</u>	<u>\$ 321,289</u>	<u>\$ 113,281</u>	<u>\$ 3,558,224</u>	<u>\$ 11,128,322</u>	<u>\$ 8,707,164</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
Total Fund Balance for Governmental Funds	\$ 10,266,469	\$ 7,921,887
<p>Total net position reported for governmental activities in the statement of net position is different because:</p> <p>Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:</p>		
Land	2,080,000	2,080,000
Buildings and Improvements, Net of Accumulated Depreciation	20,052,497	20,708,840
Equipment, Net of Accumulated Depreciation	1,275,768	1,216,097
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(443,203)	(465,891)
<p>The School's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:</p>		
Net Pension Liability	(8,173,323)	(6,548,214)
Deferred Inflows of Resources - Pensions	(5,637,467)	(7,591,570)
Deferred Outflows of Resources - Pensions	4,214,212	5,254,069
<p>Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:</p>		
Bonds Payable	(26,980,000)	(27,595,000)
Unamortized Premiums	(302,139)	(339,236)
Deferred Loss on Refunding	662,057	692,150
Obligations Under Capital Leases	(183,748)	(161,998)
Total Net Position of Governmental Activities	\$ (4,581,957)	\$ (4,828,866)

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Building Company	2021	2020
REVENUES						
Local Sources:						
Earnings and Investments	\$ 16,978	\$ -	\$ -	\$ 746	\$ 17,724	\$ 52,657
Other	437,972	26,929	35,930	1,929,828	2,430,659	3,023,932
State Sources	13,310,923	2,649	-	-	13,313,572	12,915,028
Federal Sources	627,432	286,069	-	-	913,501	305,693
Total Revenues	<u>14,393,305</u>	<u>315,647</u>	<u>35,930</u>	<u>1,930,574</u>	<u>16,675,456</u>	<u>16,297,310</u>
EXPENDITURES						
Current:						
Administration	1,040,651	-	-	-	1,040,651	1,014,965
District Support Services	951,254	-	-	21,082	972,336	1,106,374
Elementary and Secondary Regular Instruction	4,664,834	-	-	-	4,664,834	4,677,238
Special Education Instruction	2,483,175	-	-	-	2,483,175	2,566,513
Instructional Support Services	572,045	-	-	-	572,045	463,211
Pupil Support Services	248,978	-	-	-	248,978	184,429
Sites and Buildings	3,049,901	-	-	1,174	3,051,075	3,007,328
Fiscal and Other Fixed Cost Programs	33,445	-	-	-	33,445	34,094
Food Service	-	335,473	-	-	335,473	361,819
Community Service	-	-	36,009	-	36,009	110,170
Capital Outlay	617,141	2,647	2,545	18,290	640,623	440,711
Debt Service:						
Principal	77,783	-	-	615,000	692,783	657,535
Interest and Fiscal Charges	9,831	-	-	1,072,912	1,082,743	1,092,002
Total Expenditures	<u>13,749,038</u>	<u>338,120</u>	<u>38,554</u>	<u>1,728,458</u>	<u>15,854,170</u>	<u>15,716,389</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	644,267	(22,473)	(2,624)	202,116	821,286	580,921
OTHER FINANCING SOURCES						
Sale of Equipment	1,726	-	-	-	1,726	654
PPP Loan Proceeds	1,413,080	-	-	-	1,413,080	-
Proceeds from Capital Leases	108,490	-	-	-	108,490	200,387
Total Other Financing Sources	<u>1,523,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,523,296</u>	<u>201,041</u>
NET CHANGE IN FUND BALANCE	2,167,563	(22,473)	(2,624)	202,116	2,344,582	781,962
FUND BALANCES						
Beginning of Year	4,216,655	290,247	77,167	3,337,818	7,921,887	7,139,925
End of Year	<u>\$ 6,384,218</u>	<u>\$ 267,774</u>	<u>\$ 74,543</u>	<u>\$ 3,539,934</u>	<u>\$ 10,266,469</u>	<u>\$ 7,921,887</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021	2020
Net Change in Fund Balance - Total Governmental Funds	\$ 2,344,582	\$ 781,962
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period is:		
Capital Outlays	540,519	432,938
Gain (Loss) on Disposal of Capital Assets	(14,762)	1,228
Depreciation Expense	(1,122,429)	(1,093,256)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Other Financing Sources - Capital Lease	(108,490)	(200,388)
Principal Payments - Capital Leases	86,740	57,535
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	(710,863)	(704,281)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of lease revenue bonds and related items is as follows:		
Proceeds from PPP Loan	(1,413,080)	-
Repayment of Bond Principal	615,000	600,000
Change in Accrued Interest - General Obligation Bonds	22,688	(7,500)
Amortization of Bond Premium	37,097	13,006
Amortization of Deferred Charges on Refunding Bonds	(30,093)	(30,093)
Total	\$ 246,909	\$ (148,849)

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 15,000	\$ 16,978	\$ 1,978
Other	1,135,850	359,077	437,972	78,895
State Sources	13,245,270	12,893,446	13,310,923	417,477
Federal Sources	192,600	604,508	627,432	22,924
Total Revenues	<u>14,573,720</u>	<u>13,872,031</u>	<u>14,393,305</u>	<u>521,274</u>
EXPENDITURES				
Current:				
Administration	1,024,955	1,029,830	1,040,651	10,821
District Support Services	1,550,013	1,036,845	951,254	(85,591)
Elementary and Secondary Regular Instruction	5,061,979	4,865,334	4,664,834	(200,500)
Special Education Instruction	2,589,537	2,419,829	2,483,175	63,346
Instructional Support Services	445,860	615,437	572,045	(43,392)
Pupil Support Services	184,514	220,914	248,978	28,064
Sites and Buildings	3,160,928	3,139,992	3,049,901	(90,091)
Fiscal and Other Fixed Cost Programs	33,000	33,000	33,445	445
Capital Outlay	380,600	652,394	617,141	(35,253)
Debt Service:				
Principal	97,239	79,600	77,783	(1,817)
Interest and Fiscal Charges	1,000	10,000	9,831	(169)
Total Expenditures	<u>14,529,625</u>	<u>14,103,175</u>	<u>13,749,038</u>	<u>(354,137)</u>
EXCESS OF REVENUE OVER EXPENDITURES	44,095	(231,144)	644,267	875,411
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	1,726	1,726
Proceeds from PPP Loan	-	1,413,080	1,413,080	-
Proceeds from Capital Leases	-	108,490	108,490	-
Total Other Financing Sources	<u>-</u>	<u>1,521,570</u>	<u>1,523,296</u>	<u>1,726</u>
NET CHANGE IN FUND BALANCE	<u>\$ 44,095</u>	<u>\$ 1,290,426</u>	2,167,563	<u>\$ 877,137</u>
FUND BALANCE				
Beginning of Year			4,216,655	
End of Year			<u>\$ 6,384,218</u>	

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ -	\$ -	-
Other - Primarily Meal Sales	388,600	17,000	26,929	9,929
State Sources	18,433	10,000	2,649	(7,351)
Federal Sources	94,293	272,178	286,069	13,891
Total Revenues	501,326	299,178	315,647	16,469
EXPENDITURES				
Current:				
Food Service	469,594	327,258	335,473	8,215
Capital Outlay	30,000	3,000	2,647	(353)
Total Expenditures	499,594	330,258	338,120	7,862
NET CHANGE IN FUND BALANCE	\$ 1,732	\$ (31,080)	(22,473)	\$ 8,607
FUND BALANCE				
Beginning of Year			290,247	
End of Year			\$ 267,774	

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Other - Primarily Tuition and Fees	\$ 138,895	\$ 27,000	\$ 35,930	\$ 8,930
EXPENDITURES				
Current:				
Community Service	109,125	30,455	36,009	5,554
Capital Outlay	16,750	2,545	2,545	-
Total Expenditures	<u>125,875</u>	<u>33,000</u>	<u>38,554</u>	<u>5,554</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,020</u>	<u>\$ (6,000)</u>	(2,624)	<u>\$ 3,376</u>
FUND BALANCE				
Beginning of Year			<u>77,167</u>	
End of Year			<u>\$ 74,543</u>	

NOTES TO BASIC FINANCIAL STATEMENTS

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Charter School No. 4120, also known as St. Croix Preparatory Academy (the School), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

St. Croix Preparatory Academy is a nonprofit corporation that was formed, and began operating, on August 6, 2003, in accordance with Minnesota Statutes. The School is authorized by Friends of Education and operates under an authorizer agreement extending through June 30, 2025. The governing body consists of a board of directors composed of a Chairperson and such other officers as the board of directors shall determine from time to time.

The School's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School 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 include 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 that is considered to be a component unit of the School. Friends of St. Croix Preparatory Academy (the Building Company) is a Minnesota nonprofit corporation holding IRS classification as a 501(c)(3) tax-exempt organization. The Building Company is governed by a separate board appointed by the board of the School. Although it is legally separate from the School, the Building Company is reported as if it were part of the School (as a blended component unit) because its sole purpose is to own an educational site which is leased to the School. No separate financial statements of the Building Company are issued.

Aside from its sponsorship, Friends of Education has no authority, control, power, or administrative responsibilities over St. Croix Preparatory Academy. Therefore, the School is not considered a component unit of Friends of Education.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Continued)

Extracurricular student activities 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, school boards can elect to either control or not control extracurricular activities. The School Board has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the School's financial statements as part of the General Fund.

C. Basic Financial Statement Presentation

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the School.

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 items not properly included among program revenues are reported instead as general revenues.

The School applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the Government-wide financial statements.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue are recorded as revenues when received because they are generally not measurable until then. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt is recognized on their due dates.

Description of Funds

As required by state statute, the School operates as a nonprofit corporation under Minnesota Statutes §317A. However, state law also requires that the School comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations of the School, as well as the capital related activities such as maintenance of facilities and equipment purchases.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Primary sources of revenue in the Food Service Fund are from meal sales and state and federal aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for various extracurricular activities. Primary sources of revenue in the Community Service Fund are from user fees.

Building Company Special Revenue Fund

This Special Revenue Fund accounts for all activities of the Friends of St. Croix Preparatory Building Company; that is the proceeds and uses of resources received to own an educational site for the School. Primary sources of revenue in the Building Company are from rent received and investment earnings.

E. Income Taxes

The School is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable sections of the Minnesota income tax statutes.

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Prior to June 30th, the School Board adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. A budget for the Friends of St. Croix Preparatory Building Company was not adopted for fiscal year 2021. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Executive Director submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line-item levels.

Budgeted amounts include a mid-year budget amendment that changed revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 14,573,720	\$ (701,689)	\$ 13,872,031
Special Revenue Funds:			
Food Service Fund	501,326	(202,148)	299,178
Community Service Fund	138,895	(111,895)	27,000
<u>Expenditures</u>			
General Fund	\$ 14,529,625	\$ (426,450)	\$ 14,103,175
Special Revenue Funds:			
Food Service Fund	499,594	(169,336)	330,258
Community Service Fund	125,875	(92,875)	33,000

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota schools which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

I. Accounts Receivable

Accounts receivable represents amounts due from individuals, firms, and corporations for goods and services furnished by the School. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has one item that qualifies for reporting in this category related to pensions. The School also has one item that qualifies for reporting in this category related to deferred amounts from the refunding of bonds.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category related to pensions.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The School maintains a threshold level of \$500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Government-wide financial statement but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 20 years for equipment and 20 to 40 years for buildings and building improvements. Capital assets not being depreciated include land and construction in progress.

The School does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

M. Long-Term Obligations

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Premiums and discounts are amortized over the life of the bonds using the effective interest method.

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

N. Pensions

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 Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and 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.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Unpaid Sick and Personal Leave

Unpaid sick and personal leave has not been accrued in any funds as these benefits do not vest to employees.

P. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education chose to delegate to the school director and chief operating officer the authority to assign fund balances for specific purposes. Unassigned fund balances are considered the remaining amounts.

Although the School Board has not adopted a spending prioritization policy for restricted fund balance, the School applies restricted resources first when an expenditure is incurred for purpose for which both restricted and unrestricted fund balance is available. The default spending priority per GASB Statement No. 54 for unrestricted fund balance is when an expenditure is incurred for purposes for which committed, assigned and unassigned amounts are available, committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Q. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers compensation and natural disasters. The School purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded insurance coverage in the past three fiscal years.

R. Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures over Budget

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 330,258	\$ 338,120	\$ 7,862
Community Service Fund	33,000	38,554	5,554

Interfund Receivables and Payables

As of June 30, 2021, no amount was owed related to interfund balances.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The School maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the School maintains deposits at financial institutions which are authorized by the School's Board.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110.0% of the deposits not covered by 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.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The School's carrying and bank balances of deposits at June 30, 2021 were \$6,108,342 and \$6,103,876, respectively. The School also had a \$1,000 change fund. The Friends of St. Croix Preparatory Building Company carrying and bank balances of deposits at June 30, 2021 were \$506,096 and \$506,096, respectively. In accordance with Minnesota Statutes, all balances were entirely covered by federal depository insurance or by surety bonds and collateral.

B. Investments

The School may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2021, the Building Company's investment balances were as follows:

Investments Held by Trustee

<u>Type</u>	<u>Total</u>	Maturity Duration in Years	<u>Rating</u>
		Less Than 1	
Federated Government Obligations Fund #703	\$ 3,050,955	\$ 3,050,955	Aaa-mf

These investments are held by an escrow agent in accordance with escrow agreements established with the sale of the Lease Revenue Bonds Series 2016.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School and the Building Company do not have formal investment policies.

Concentration of Credit Risk – The School and the Building Company place no limits on the amount that the School and Building Company may invest in any one issuer.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 6,610,972
Cash and Investments Held by Trustee - Statement of Net Position	3,050,955
Total Cash and Investments	<u>\$ 9,661,927</u>

C. Fair Value Measurements

The School uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The School follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the School has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The School did not hold any investments measured at fair value as of June 30, 2021. The money market fund investments held by the Building Company's escrow agent are valued at cost.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Building Company					
Land	\$ 2,080,000	\$ -	\$ -	\$ -	\$ 2,080,000
Capital Assets, Being Depreciated:					
Building Company					
Buildings and Improvements	23,932,173	18,290	-	-	23,950,463
Furniture and Equipment	28,657	-	-	-	28,657
Charter School					
Building and Leasehold Improvements	2,861,668	226,819	-	-	3,088,487
Furniture and Equipment	2,112,007	295,410	(65,404)	-	2,342,013
Total Capital Assets, Being Depreciated	<u>28,934,505</u>	<u>540,519</u>	<u>(65,404)</u>	<u>-</u>	<u>29,409,620</u>
Accumulated Depreciation for:					
Building Company					
Buildings and Improvements	(5,558,457)	(701,814)	-	-	(6,260,271)
Furniture and Equipment	(5,166)	(1,433)	-	-	(6,599)
Charter School					
Building and Leasehold Improvements	(526,544)	(199,638)	-	-	(726,182)
Furniture and Equipment	(919,401)	(219,544)	50,642	-	(1,088,303)
Total Accumulated Depreciation	<u>(7,009,568)</u>	<u>(1,122,429)</u>	<u>50,642</u>	<u>-</u>	<u>(8,081,355)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,924,937</u>	<u>(581,910)</u>	<u>(14,762)</u>	<u>-</u>	<u>21,328,265</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,004,937</u>	<u>\$ (581,910)</u>	<u>\$ (14,762)</u>	<u>\$ -</u>	<u>\$ 23,408,265</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the School as follows:

Administration	\$ 272
District Support Services	23,627
Regular Instruction	908,406
Vocational Instruction	1,068
Special Education Instruction	2,186
Community Service	506
Instructional Support Services	68,458
Pupil Support Services	1,404
Food Service	14,293
Sites and Buildings	102,209
Total Depreciation Expense, Governmental Activities	<u>\$ 1,122,429</u>

NOTE 5 DEBT

A. Short-Term Debt

The School has a line of credit agreement with First State Bank and Trust for operating capital. The line of credit agreement was renewed in June 2021, with a maximum borrowing limit of \$1,600,000 and matures on June 23, 2022. Interest is variable at Prime plus 1.25% with a floor of 6.750%. The interest rate at June 30, 2021 was 6.750%. The line of credit had a balance of \$-0- as of June 30, 2021. There was no borrowing activity under a line of credit during the fiscal year ended June 30, 2021.

B. Long-Term Debt

Changes in long-term debt are as follows:

	June 30, 2020	Additions	Retirements	June 30, 2021	Principal Due Within One Year
Lease Revenue Bonds Payable	\$ 27,595,000	\$ -	\$ 615,000	\$ 26,980,000	\$ 635,000
Premium on Bonds Payable	339,236	-	37,097	302,139	-
SBA PPP Loan	-	1,413,080	-	1,413,080	101,239
Capital Leases Payable	161,998	108,490	86,740	183,748	89,613
Total	<u>\$ 28,096,234</u>	<u>\$ 1,521,570</u>	<u>\$ 738,837</u>	<u>\$ 28,878,967</u>	<u>\$ 825,852</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 DEBT (CONTINUED)

B. Long-Term Debt (Continued)

During fiscal 2013, the Friends of St. Croix Preparatory Academy obtained a \$5,000,000 construction loan from lease revenue bond proceeds sold by Bayview Township, Minnesota to finance the site acquisition, construction, and equipping of an approximately 23,000 square-foot expansion of the existing kindergarten through grade twelve building owned by the Friends of St. Croix Preparatory Academy and leased to St. Croix Preparatory Academy. Bayview Township issued \$5,000,000 of nontaxable lease revenue bonds (Series 2012). The bond proceeds were placed in an escrow account controlled by Wells Fargo Bank under the terms of a trust agreement between the Bayview Township and Wells Fargo Bank for the benefit of the Friends of St. Croix Preparatory Academy. The resulting loan was payable in semiannual installments of interest only beginning February 1, 2013 through February 1, 2039 and principal and interest beginning August 1, 2039 through August 1, 2042. The note was based on annual interest rate of 5.75% and was secured by a mortgage agreement covering the related land, school building, and building contents as well as the assignment of all lease revenue. These bonds were refunded by the 2016 lease revenue bonds on August 31, 2016.

During fiscal 2017, the Friends of St. Croix Preparatory Academy obtained a \$29,320,000 construction loan from lease revenue bond proceeds sold by Bayview Township, Minnesota to: (i) refund the Township's Lease Revenue Bonds 2008A, (ii) refund the Township's Lease Revenue Bonds Series 2012, (iii) finance the construction of athletic fields and other recreational facilities, which may include an approximately 7,000 square-foot building and tennis courts, all located on approximately 25 acres of the existing site (the "Athletics Facility" and, with the Original Facility and the Expansion Facility, the "Facility"); (iv) fund a debt service reserve fund; and (v) pay the costs of issuing the Bonds. The bond proceeds were placed in an escrow account controlled by UMB Bank under the terms of a trust agreement between the Bayview Township and UMB Bank for the benefit of the Friends of St. Croix Preparatory Academy. The resulting loan is payable in semiannual installments beginning February 1, 2017 through August 1, 2046. The note is based on annual interest rates of between 1.70% and 4.25% and is secured by a mortgage agreement covering the related land, school building, and building contents as well as the assignment of all lease revenue. The portion of the 2016 lease revenue bonds that currently refunded the 2008A and 2012 lease revenue bonds on August 31, 2016 and resulted in cash basis debt service savings of \$1,202,962 and a net present value savings of \$3,011,474.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 DEBT (CONTINUED)

B. Long-Term Debt (Continued)

Following are maturities of long-term debt for the School and the Building Company for each of the next five years and thereafter ended June 30:

<u>Year Ending June 30,</u>	<u>Revenue Bonds Payable</u>		<u>Direct Borrowing: PPP Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 635,000	\$ 1,054,163	\$ 101,239	\$ 17,618
2023	655,000	1,034,813	345,030	11,540
2024	675,000	1,014,863	347,497	8,074
2025	695,000	992,575	351,998	4,573
2026-2030	3,860,000	4,565,725	267,316	1,111
2031-2035	4,665,000	3,734,438	-	-
2036-2040	5,680,000	2,702,538	-	-
2041-2045	6,920,000	1,431,638	-	-
2046-2047	3,195,000	170,425	-	-
Total	<u>\$ 26,980,000</u>	<u>\$ 16,701,175</u>	<u>\$ 1,413,080</u>	<u>\$ 42,916</u>

C. Capital Leases Payable

Effective October 17, 2018, the School entered into a long-term lease agreement with Apple, Inc. for MacBook's. The duration of the lease is 60 months with annual payments of \$5,263.

Effective July 10, 2019, the School entered into a long-term lease agreement with Apple, Inc. for technology information. The duration of the lease is 49 months with annual payments of \$48,889.

Effective July 12, 2019, the School entered into a long-term lease agreement with VAR Technology for new Apple equipment duration of the lease is 48 months with annual payments of \$5,087.

Effective July 16, 2020, the school entered into a long-term lease agreement with Regents Capital Corporation for new Apple equipment, the duration of the lease is 36 months with annual payments of \$37,947.

The balance of capital leases payable at June 30, 2021 totaled \$86,740.

The following is a schedule of future lease payments related to the computer lease agreement:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 89,613	\$ 8,487
2023	94,135	3,966
Total	<u>\$ 183,748</u>	<u>\$ 12,453</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the School are required by State Law to belong to a pension plan administered by TRA or PERA, all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The School participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

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

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. 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. TRA is a separate statutory entity and administered by a Board of Trustees. The Board 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 schools or University of Minnesota System).

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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

General Employees Plan 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 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 members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits

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 Statute 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 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 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

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) 3.0% 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).

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. 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 calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the School was required to contribute 7.50% for Coordinated Plan members. The School's contributions to the General Employees Fund for the year ended June 30, 2021 were \$146,833. The School's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year 2021 were:

	2021	
	Employee	Employer
Basic	11.0%	12.13%
Coordinated	7.50%	8.13%

The School's contributions to TRA for the plan's fiscal year ended June 30, 2021 were \$423,861. The School's contributions were equal to the required contributions for each year as set by state statute.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2021, the School reported a liability of \$1,708,705 for its proportionate share of the General Employees Fund's net pension liability. The School'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 state of Minnesota's proportionate share of the net pension liability associated with the School totaled \$52,728 for a total liability associated with the School of \$1,761,433. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The School's proportionate share of the net pension liability was based on the School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The Schools proportion was .0285% at the end of the measurement period and .0269% for the beginning of the period.

For the year ended June 30, 2021, the School recognized pension expense of \$146,035 for its proportionate share of GERF's pension expense. It also recognized \$4,589 as pension expense for the support provided by direct aid.

At June 30, 2021, the School reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 15,579	\$ 6,465
Changes in Actuarial Assumptions	-	63,348
Net Difference Between Projected and Actual		
Earnings on Plan Investments	29,519	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	111,216	-
District Contributions Subsequent to the Measurement Date	146,833	-
Total	<u>\$ 303,147</u>	<u>\$ 69,813</u>

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

A total of \$146,833 reported as deferred outflows of resources related to pensions resulting from School contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2022	\$ (45,970)
2023	33,219
2024	57,969
2025	41,283
2026	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2021, the School reported a liability of \$6,464,618 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of **June 30, 2020**, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, city of Minneapolis, and Minneapolis School District. The School's proportionate share was .0875% at the end of the measurement period and .0794% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the School 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 School were as follows:

<u>Description</u>	<u>Amount</u>
School's Proportionate Share of the TRA Net Pension Liability	\$ 6,464,618
State's Proportionate Share of the Net Pension Liability Associated with the School	541,567

For the year ended June 30, 2021, the School recognized pension expense of \$1,148,377. The School also recognized \$49,628 as pension expense for the support provided by direct aid.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2021, the School reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 129,642	\$ 97,967
Changes in Actuarial Assumptions		
Net Difference Between Projected and Actual Earnings on Plan Investments	2,319,510	5,426,899
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	100,086 937,966	- 42,788
District Contributions Subsequent to the Measurement Date	423,861	-
Total	<u>\$ 3,911,065</u>	<u>\$ 5,567,654</u>

A total of \$423,861 reported as deferred outflows of resources related to pensions resulting from School contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 315,142
2023	(1,757,804)
2024	(1,120,263)
2025	318,571
2026	163,904
Thereafter	-

3. Total Pension Expense

Total pension expense for the School for fiscal year ended June 30, 2021 for both TRA and GERP was \$1,348,629.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the **June 30, 2020**, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

GERF and TRA Assumptions

Assumptions	GERF	TRA
Inflation	2.50% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	2.85% before July 1, 2028 and 3.25% 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 were based on Pub-2010 General Employee Mortality table for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates.

Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes for PERA occurred in 2020:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The following changes for TRA occurred in 2020:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses MP-2015 scale.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA and 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	35.5 %	5.10 %
International Stocks	17.5	5.30
Fixed Income	20.0	0.75
Private Markets	25.0	5.80
Cash	2.0	-
Totals	<u>100.0 %</u>	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2020 was 7.50%. 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 positions of the General Employees Fund 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.

The discount rate used to measure the TRA pension liability was 7.50%. This is an increase from the discount rate at the prior measurement date of 5.12%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2020 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 (SEIR).

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

The following presents the School'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 School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.50%	7.50%	8.50%
School's Proportionate Share of the GERF Net Pension Liability	\$ 2,738,462	\$ 1,708,705	\$ 859,239
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
School's Proportionate Share of the TRA Net Pension Liability	\$ 9,897,261	\$ 6,464,618	\$ 2,581,370

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-4000; or by calling (651) 296-2409 or 1-800-657-3669.

NOTE 7 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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 fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. State Revenues Pledged

The School has pledged all funds, monies, grants, or other distributions received by the School from the state of Minnesota with respect to general student funding, state building lease aid payments, state distributions of Federal Title I funds, or any other funding sources, net of operating expenses of the School required under state or federal laws to provide required educational program expenditures, to repay the \$29.3 million 2016 lease revenue bonds issued by the Building Company in August of 2016. Proceeds from the bonds provided financing to (i) refund the Township's Lease Revenue Bonds Series 2008A, the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 90,000 square foot kindergarten through grade 12 education facility, located on an approximately 59 acre site at 4260 Stagecoach Trail North in the Township (the "Original Facility"), (ii) refund the Township's Lease Revenue Bonds Series 2012, the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 23,000 square foot addition to the Original Facility (the "Expansion Facility"), (iii) finance the construction of athletic fields and other recreational facilities, which may include an approximately 7,000 square-foot building and tennis courts, all located on approximately 25 acres of the existing site; (iv) fund a debt service reserve fund; and (v) pay the costs of issuing the Bonds. The bonds are payable solely from lease revenues paid by the School to the Building Company revenues and are payable through August 1, 2046. Annual principal and interest payments on the bonds during the year ended June 30, 2021 required 88.7% of net lease revenues. The total principal and interest remaining to be paid on the bonds is \$43,681,175. Principal and interest debt service expenditures paid for the current year and total customer net revenues were \$1,687,912 and \$1,929,828, respectively.

C. Lease Commitments and Terms

Effective with the purchase and construction of the educational site by the Friends of St. Croix Preparatory Academy, the School leased the site from the Friends of St. Croix Preparatory Academy (a blended component unit). Under the terms of the lease agreement, the lease term is for the period beginning September 1, 2009 and ending June 30, 2039. The end of the term of this lease was extended to June 30, 2043 with the first amendment to the lease which was signed on August 15, 2012. The lease agreement was revised effective August 31, 2016 when the 2016 lease revenue bonds were issued. The revised lease extended the term through June 30, 2047.

The net annual base rent for the term of the lease agreement is tied closely to the debt service requirements of the Friends of St. Croix Preparatory Academy, including amounts held in escrow as part of the respective loan agreements. In addition, the School is responsible for all interior and exterior repair and maintenance costs as well as all utility costs. The total amount of rent paid by the School to Friends of St. Croix Preparatory Academy under the terms of the lease agreement for fiscal 2021 was \$1,929,828.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Lease Commitments and Terms (Continued)

For fiscal 2021, the School qualified for state charter school lease aid in the amount of \$1,716,294 based on a statutory cap of 90% of the MDE-approved amount paid. This entitlement is subject to proration by the Minnesota Department of Education to the extent the overall funding that has been provided is insufficient to meet all amounts owed to Minnesota charter schools.

Below is the schedule of future base rents payable in accordance with the lease agreements summarized above:

<u>Year Ending June 30.</u>	<u>Scheduled Lease Payments</u>
2022	\$ 1,857,183
2023	1,857,583
2024	1,857,383
2025	1,857,981
2026-2030	9,282,506
2031-2035	9,283,980
2036-2040	9,282,246
2041-2045	9,285,763
2046-2047	2,001,268
Total	<u>\$ 46,565,893</u>

The School's ability to make payments under such lease agreements is dependent on its revenues which are in turn, largely dependent on sufficient enrollments being served at the School and on sufficient state aids per student being authorized and received from the state of Minnesota. The School believes that its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due.

REQUIRED SUPPLEMENTARY INFORMATION

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
TRA SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SEVEN MEASUREMENT PERIODS ***

**TRA Schedule of the School's Proportionate Share of the
Net Pension Liability**

	Measurement Date June 30,						
	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0875%	0.0794%	0.0771%	0.0753%	0.0765%	0.0772%	0.0742%
School's Proportionate Share of the Net Pension Liability	\$ 6,464,618	\$ 5,060,973	\$ 4,843,191	\$ 15,031,246	\$ 18,247,075	\$ 4,775,584	\$ 3,419,082
State's Proportionate Share of the Net Pension Liability Associated with School	541,567	447,880	454,741	1,453,392	1,831,996	585,978	240,468
Total	<u>\$ 7,006,185</u>	<u>\$ 5,508,853</u>	<u>\$ 5,297,932</u>	<u>\$ 16,484,638</u>	<u>\$ 20,079,071</u>	<u>\$ 5,361,562</u>	<u>\$ 3,659,550</u>
School's Covered Payroll	\$ 4,506,291	\$ 4,515,409	\$ 4,292,160	\$ 4,075,667	\$ 3,991,373	\$ 3,908,133	\$ 3,673,814
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.46%	112.08%	112.84%	368.80%	457.16%	122.20%	93.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

*The School implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
TRA SCHEDULE OF SCHOOL CONTRIBUTIONS
LAST SEVEN FISCAL YEARS ***

**TRA Schedule of School Contributions
Last Six Fiscal Years**

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 423,861	\$ 398,742	\$ 348,138	\$ 321,912	\$ 305,675	\$ 299,353	\$ 293,110
Contributions in Relation to the Statutorily Required Contribution	(423,861)	(398,742)	(348,138)	(321,912)	(305,675)	(299,353)	(293,110)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 5,086,427	\$ 4,506,291	\$ 4,515,409	\$ 4,292,160	\$ 4,075,667	\$ 3,991,373	\$ 3,908,133
Contributions as a Percentage of Covered Payroll	7.92%	12.13%	7.71%	7.50%	7.50%	7.50%	7.50%

*The School implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
GERF SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SEVEN MEASUREMENT PERIODS ***

**GERF Schedule of the School's Proportionate Share of the
Net Pension Liability**

	Measurement Date June 30,						
	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0285%	0.0269%	0.0263%	0.0253%	0.0235%	0.0247%	0.0283%
School's Proportionate Share of the Net Pension Liability	\$ 1,708,705	\$ 1,487,241	\$ 1,459,016	\$ 1,615,135	\$ 1,908,084	\$ 1,280,082	\$ 1,329,392
State's Proportionate Share of the Net Pension Liability Associated with School	52,728	46,165	47,924	20,327	24,913	-	-
Total	<u>\$ 1,761,433</u>	<u>\$ 1,533,406</u>	<u>\$ 1,506,940</u>	<u>\$ 1,635,462</u>	<u>\$ 1,932,997</u>	<u>\$ 1,280,082</u>	<u>\$ 1,329,392</u>
School's Covered Payroll	\$ 1,885,747	\$ 1,899,920	\$ 1,755,987	\$ 1,627,573	\$ 1,459,320	\$ 1,442,495	\$ 1,475,586
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	90.61%	78.28%	83.09%	99.24%	130.75%	88.74%	90.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	79.50%	79.50%	75.90%	68.90%	78.20%	78.70%

*The School implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
GERF SCHEDULE OF SCHOOL CONTRIBUTIONS
LAST SEVEN FISCAL YEARS ***

**GERF Schedule of School Contributions
Last Six Fiscal Years**

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 146,833	\$ 141,431	\$ 142,494	\$ 131,699	\$ 122,068	\$ 109,449	\$ 106,384
Contributions in Relation to the Statutorily Required Contribution	(146,833)	(141,431)	(142,494)	(131,699)	(122,068)	(109,449)	(106,384)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 1,957,773	\$ 1,885,747	\$ 1,899,920	\$ 1,755,987	\$ 1,627,573	\$ 1,459,320	\$ 1,442,495
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

*The School implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund
2020 Changes

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2018 Changes

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.
- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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.

2017 Changes

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.
- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.
- There have been no changes since the prior valuation.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2015 Changes

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.
- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

A. Coordinated Plan

2020 Changes

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.
- There have been no changes since the prior valuation.

2019 Changes

- There have been no changes since the prior valuation.
- There have been no changes since the prior valuation.

2018 Changes

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.
- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2018 Changes

- 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 2.5% if the funded ratio was at least 90% 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 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next five years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- There have been no changes since the prior valuation.

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2016 Changes

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

2015 Changes

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.
- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014 Changes

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.
- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

SUPPLEMENTARY INFORMATION

**ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2021**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 14,393,305	\$ 14,393,304	\$ 1
Total Expenditures	13,749,038	13,749,038	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	47,003	47,003	-
<i>Restricted:</i>			
403 Student Activities	3,060	3,060	-
402 Scholarships	-	-	-
403 Staff Development	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
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 Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Levy	39,649	39,649	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	278,889	278,889	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	6,015,617	6,015,617	-
02 FOOD SERVICE			
Total Revenue	315,647	315,647	-
Total Expenditures	338,120	338,120	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	267,774	267,774	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	35,930	35,929	1
Total Expenditures	38,554	38,553	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	-	-	-
432 E.C.F.E.	-	-	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	-	-	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	74,543	74,543	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

OTHER REQUIRED REPORTS

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

Board of Education
Charter School No. 4120
St. Croix Preparatory Academy
Stillwater, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Croix Preparatory Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise St. Croix Preparatory Academy's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Croix Preparatory 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 St. Croix Preparatory Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Croix Preparatory 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Croix Preparatory 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 St. Croix Preparatory 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 St. Croix Preparatory Academy’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 30, 2021

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Charter School No. 4120
St. Croix Preparatory Academy
Stillwater, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Croix Preparatory Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 30, 2021.

The *Minnesota Legal Compliance Audit Guide for Charter Schools* promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, identifies two main categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards and charter schools. Our study included the listed categories.

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools* and the results of that testing, and not to provide an opinion on the effectiveness of the Schools compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 30, 2021

Board Election Update (2021-2022 school year)

The following is a summary of the board election update:

- The Board Election will be held on **May 17, 2022**.
- The Board Nomination Form will be included in the Parent Update on **February 11, 2022**.
- The Board Nomination Form has been updated for the 21-22 school year. Candidates must submit a Board Nomination Form by **April 7, 2022**.
- The candidates' names will be published in the Parent Update on **April 15, 2022**.
- Candidates will complete Voter's Guide questions by **April 21, 2022**.
- The Executive Committee will request a meeting with all candidates to review expectations, responsibilities, etc.
- The Voter's Guide will be distributed the last week of April. The Voter's Guide will be included in the Parent Update on **April 29, 2022**.
- A Voter's Forum will only be held if the number of candidates warrants it.
- All of the above dates will make St. Croix Prep in compliance with state statute and its bylaws.

"Board elections must be held during the school year but may not be conducted on days when the school is closed." (Minn. Stat. 124E.07 Subd. 2). "At least sixty (60) days prior to the Corporation's School Board election, the Board of Directors, or its committee, will solicit nominations from teachers, parents/legal guardians, and community members, for all of the Director positions that will be filled at the next election." (SCPA Bylaws – Article IV, Section 4). "A charter school must notify eligible voters of the school board election dates at least 30 days before the election." (Minn. Stat. 124E.07 Subd. 5).

Seats up for re-election in 2022:

Parent seats: Bob Hajlo (3 year term), Kim Pleticha (2 year term)

Community member: Shane Mueller (3 year term)

Teacher seat: Deb Keyes (3 year term)

st.croixprep

Face Covering Policy

**Our priority is to keep
students in school
and learning.**



COVID HISTORICAL COMPARISONS

	Sept 2021	Nov 2021	Jan 2022	Comments
MASKS - K-8	Required	Required	Required	
MASKS - 9-12	Strongly Recommended	Strongly Recommended	Strongly Recommended	
VACCINES - Faculty	Yes	Yes	Yes	Breakthrough Cases
VACCINES - 9-12	Yes	Yes	Yes	Breakthrough Cases
VACCINES - K-8	No	Starting	Yes	Breakthrough Cases
DELTA - Present	Yes	Yes	Yes	
DELTA - Cases	Minimal	Spiking	Declining	
OMICRON - Present	No	1st US Case	Spiking	
OMICRON - Cases	None	1+	Large number	
End K-8 Masks	60 day after vaccine	25-Jan	25-Jan	
Contact Tracing	Easy	Difficult	Impossible	Lack Time/Resources/



CLOSE CONTACT TRACING PROCESS

STAFF NEEDED	1 CASE
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			<i>Masked Division</i>	<i>Unmasked Division</i>
POSITIVE CASE	Identification	Nurse	5 minutes	5 minutes
	Quarantine Communication	Nurse	5 minutes	5 minutes
CLOSE CONTACT	Identification	Nurse	0 minutes	15 minutes
		Office Manager	0 minutes	75 minutes
		7 Teachers	0 minutes	35 minutes
	Quarantine/Communication Transition	Nurse	0 minutes	10 minutes
	Communication via School Messenger	Executive Director	0 minutes	10 minutes
EXPOSURE	Identification/Communication Transition	Nurse	0 minutes	5 minutes
	Communication via School Messenger	Executive Director	0 minutes	10 minutes
FOLLOWUP	Vaccination Status	Nurse	0 minutes	5 minutes
	Mask Status	Nurse	0 minutes	5 minutes
	Monitor Return of Above Students	Nurse	5 minutes	5 minutes
	Update Synergy (SIS)	Nurse	5 minutes	5 minutes
	MDH Compliance Report (10 min)	Nurse	10 minutes	10 minutes

TOTAL TIME

30 minutes

200 Minutes



STUDENT ABSENCES

		Jan 10	Jan 11	Jan 12	Jan 13	Jan 14
LS	Number	55	52	53	64	71
	Percentage	12%	12%	12%	14%	16%
MS	Number	46	55	62	74	83
	Percentage	13%	15%	17%	20%	22%
US	Number	59	68	52	83	94
	Percentage	16%	19%	14%	23%	29%



STAFF ABSENCES

	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14
Teachers	16	12	11	12	16
Educational Assistants	6	4	4	3	3
Paraprofessionals	8	7	5	6	6
Other	4	1	0	0	2
% Of Teachers	19%	14%	13%	14%	19%
% of Staff	21%	15%	13%	13%	17%
TOTAL	34	24	20	21	27