St. Croix Preparatory Academy
Board Meeting Agenda
December 20, 2022

School Board Retreat Minutes November 15, 2022

Members Present: S. Mueller, R. Hajlo, D. Keyes, A. Galati, M. Stiles

Members Absent: N. Donnay, K. Denzer, A. Melendres, C. Norman

Ex-officio Members Present: J. Gutierrez, K. Gutierrez

Call to Order

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

Consent Agenda – J. Gutierrez

Board minutes from the October 29, 2022 Board Retreat and the Executive Director's Report.

- Motion to Approve: A. Galati
- Second: M. Stiles
- Approved: All

4A - Activities Report - K. Seim

1. Shared the Fall Activities Report.
    a. Explained how cooperative teams work.
    b. Our cooperative football team is composed of students from seven (7) different schools.
    c. Reviewed the highlights from the fall season.
    d. Excellent participation numbers
    e. Winter sports season has begun.
    f. Already planning for the spring season.
    g. We are currently fully staffed with coaches and advisors.
    h. Proceeding with parent/student survey for those who were involved in the fall sports teams.
    i. New sport: Boys Lacrosse Team - will begin with a JV team this year.

4B - World's Best Workforce - D. Thompson

- Motion to approve: S. Mueller
- Second: M. Stiles
- Approved: All

4C - SCPA Foundation Update - J. Gutierrez

1. We are currently in the middle of the Give to the Max campaign.
2. The Prep Gala is scheduled for Feb. 11, 2023.
3. Sarah Garceau, Development Director, is working hard on the Foundation initiatives and has had a great school presence.
4. We have currently have raised $20,000. The goal is $60,000.
    a. S. Mueller suggested tapping into alumni parents through emails.
5. SCPA Endowment Fund - K. Gutierrez and J. Gutierrez are working toward building relationships with potential donors.

4D - First Quarter Financial Review - K. Gutierrez

1. Reviewed July 1st through September 30, 2022 financials.

- Motion to approve: A. Galati
- Second: M. Stiles
- Approved: All

4E - Succession Planning - Introduction of Sample Agreement and Job Description

1. J. Gutierrez: Some sample agreements and contracts were briefly noted.
2. Continue to gather details on job descriptions for Executive Director of Finance and Operations and Executive Director.

Adjournment:

- Motion to adjourn: A. Galati 7:13 PM
- Second: M. Stiles
- Approved: All

Respectfully Submitted by A. Galati
St. Croix Preparatory Academy Board Clerk

Executive Director's Report to the Board

Date of Report: December 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, S. Garceau, K. Seim, C. Olson; and weekly administrative leadership meeting.
- Continued work with the Succession Planning Committee on the first phase of their planning.
- Continued work on board governance model resolution and Governance Committee
- Involved in escalation items related to student situations
- Performing duties of Communication, including reestablishing process for the informal branding committee and its associated approvals.
- Conducted informational meeting to build waiting list and next year's enrollment
- Current enrollment information for the 2022-2023 school year wait list and registrations for 2023-2024 are:

Grade	2022-23 Enrollment	2022-23 Waitlist	2023-24 Applications
Kindergarten	90	187	189
1st Grade	91	96	30
2nd Grade	91	87	28
3rd Grade	94	89	39
4th Grade	91	90	36
LS Total	**457**	**549 (+8)**	**322 (+81)**
5th Grade	93	87	38
6th Grade	93	74	48
7th Grade	95	62	22
8th Grade	93	38	16
MS Total	**374 (0)**	**261 (+3)**	**124 (+36)**
9th Grade	101	0	29
10th Grade	90	0	2
11th Grade	98	0	0
12th Grade	97	0	1
US Total	**386 (+1)**	**0 (-5)**	**32 (+8)**
School Total	**1,217 (+1)**	**810 (+6)**	**478 (+125)**

Comments on Enrollment

- None at this time

Professional Development: *See Attachment*

J. Gutierrez
Professional Development Plan
2022-2023

Month	Category	Title	Description/Comments
July 2022	AudioBook – 12 hours	The Iliad, translation by Robert Fagles	
	Videos – 12 hours	Erica Stevenson, Iliad Books 1-24, Moan (Modern Ancients), Inc.	
	Audiobook – 12 hours	The Odyssey, translation by Robert Fagles	
	Videos – 12 hours	Erica Stevenson, Iliad Books 1-24, Moan (Modern Ancients), Inc.	
	Book	Hostages No More, The Fight for Education Freedom and the Future of the American Child, by Betsy DeVos	
	Video Lecture – 48 minutes	The Heroic Quest, Vergil, Aeneid – Missouri State University	
	Book	Aeneid, by Virgil, books 1-7	
	Video Lectures – 15 hours	Aeneid, Books 1-7, Video lectures by Erica Stevenson, Tim McGee	
	Professional Development	Active Shooter Training – ALICE (Alert, Lockdown, Inform, Counter, Evacuate) training, Reunification Site Procedures to potentially implement	6
August 2022	Podcast – 2.5 hours	Legacy of Speed: Relax and Win – host Malcolm Gladwell	St. Jose State track team and events and context of Tommie Smith/John Carlos Mexico Olympic stand protest in 1968
	Documentary Film – 70 minutes	The Stand: How One Gesture Shook the World	Context and background of 1968 Olympic games protest
	Podcast – 30 minutes	The Daily, Inside the Adolescent Mental Health Crisis	
	Podcast – 42 minutes	The Daily, How Gorbachev Changed the World	
September	Book	The Aeneid, by Virgil	
	Videos, podcasts – 24 hours	Various Aeneid resources, Course Hero, Modern Ancients, Tim McGee	
	Book	All Quiet on the Western Front, by Erich Maria Remarque	Contrast to the glory/honor of war as depicted in The Iliad and The Aeneid. A German soldier's account of WWI – front line trench warfare
	School Law Seminar	September 30 – Rupp, Anderson, Squires, Waldspurger & Mace – topics included recent lawsuits against schools, student/staff freedom of speech issues, expulsion (and exclusion) procedures. Student searches in a digital age, data practices considerations for school administrators, discrimination claims, effective investigations.	
October	Movie – 2:35:00	All Quiet on the Western Front (1979)	
	Book	The Red Badge of Courage, by Stephen Crane	
	Book	The Revolt of the Black Athlete, by Harry Edwards	
	Conference	Minnesota Classical Education Conference • Dr. Anika Prather: *Why Classical Education is the best education for our children:*	

		• *Dr. Anika Prather: Lessons on How to Reach All Students with Classical Education from Anna Julia Cooper* • *Dr. Anika Prather: The Black Classical Tradition* • *Development of the New Virtuous Motivation Scale -* Steven Bourgeois, Ph.D & Matthew Post, Ph.D. - Ahart Solutions • Dr. Anika Prather Narrative of Hope: *How Classical Education Unified America*	
November	Documentary – 61 minutes	The Motivation Factor: Physical Education in Schools in the 1960s – the JFK challenge	
	Movie – 70 minutes	Dracula, 1931	
	Movie – 70 minutes	Frankenstein, 1931	
	School Safety – 2 hours	Incident Command Training with Scenarios	
December			

School Board Minutes December 6, 2022

Members Present: R. Hajlo, A. Galati, M. Stiles, J. Gutierrez

Members Absent:

Ex-officio Members Present:

Meeting began at 4:35 pm

Board Policy Review Discussion
Discussed the steps for future policy review. Determined that the committee will work with legal counsel to begin modifying Minnesota School Board Association policy templates to conform to St. Croix Prep's environment. We will begin with those policies requiring annual review.

The process will be similar to previous policy review and approval, namely, interaction with attorneys, discussion at Governance Committee, first reading on the consent agenda, feedback from board members after consent agenda publication, then second/final reading at the following board meeting.

Note: This means that beginning in January, a large number of policies will be on the agenda for the first reading, second reading/approval.

Discussion on Board Composition, Board Officers, and Executive Committee
Discussed the board composition and governance model and next steps. J. Gutierrez will continue to lead this.

Discussed the transition of S. Mueller (community member) and B. Hajlo (parent member) at the end of the school year and its impact on the board officers (filling V. Chair vacancy) and Executive Committee. In previous years, faculty members have not filled officer positions or been appointed to the Executive Committee. There was discussion on if this should be changed.

Board Committee Chair and Secretary

Motion to approve Angie Galati as Chair of Governance Committee: M. Stiles
Second: B. Hajlo
Approved: All

Motion to approve J. Gutierrez as Secretary of Governance Committee: M. Stiles
Second: B. Hajlo
Approved: All

The meeting ended at 5:36 pm

Submitted by J. Gutierrez, St. Croix Preparatory Academy

Student Support Services
Report to the Board

Date of Report: December 2022
Report Prepared By: Peggy Rosell

Recent Operational Items:

- Twenty-three new special education evaluations have been completed or are in process. (Lower School – 16; Middle School – 3; Upper School 4).
- Special Education IEP meetings: October – 30; November – 24; December – 21 (through 12/15/2022).
- 504 Plan meetings: October – 5; November – 2; December – 2 (through 12/15/2022).
- Weekly team meetings with division-level special education teams.
- Weekly team meetings with ELL teachers.
- Bi-weekly meetings with student support specialists.
- Bi-weekly 504 team meetings with Upper School and Middle School Principals to review 504 plans.
- Due Process paperwork evening, Thursday, November 10, 2022, 4:30-7:30 for the Special Education team.
- Participated in monthly virtual learning sessions with CoIIN (Collaborative Improvement and Innovation Network [for improving school mental health systems]).
- Completed Restrictive Procedures Plan and scheduled quarterly meetings with the Restrictive Procedures Team to review the district's use of restrictive procedures (physical holds).
- Participated in monthly MDE Special Education Directors' Forums.

Upcoming Events:

- Due Process paperwork evening, February 23, 2023, 4:30-7:30.

Goals & Challenges:

- Continue to be short-staffed – one Special Education Teacher at the Upper School and two special education paraprofessionals (K-12). Increased illness rates have complicated the staffing shortage among the team.

Middle School Principal
Report to the Board

Date of Report: December 2022
Report Prepared By: Amy Kleinboehl

Recent Operational Items:

- Completed quarter 1 and through mid-quarter for Q2.
    - Sent academic probation letters and met with families who requested a meeting.
- Attended two online character education trainings with 4 other MS staff.
    - Displayed Character Traits in each classroom.
    - Intentionally connecting with all students in the MS.
    - Teachers have been discussing moral vs performance character in PLCs.
- Hosted middle school conferences. Evaluating what other format we can use next year due to low attendance.
- Onboarded one new 6th grader.
- Working on citizenship, respect, and responsibility with picking trash up in the hallway/cafeteria.
- Assist students with navigating a lot of social and emotional situations.
- Constantly working with school counselors to support and create individual plans.
- Teachers are working through textbook selections and Canon book analysis.

Upcoming Events:

- December 21 - Floor hockey tournament, along with other fun activities for each grade level throughout the day.
- Monthly Division meetings
- Bi-weekly student support services meeting
- Bi-weekly middle school leadership meetings

Goals & Challenges:

- We still need to fill the Reading 6/Language and Logic position
- Continue to implement consistent classroom management strategies within each grade level.
    - We will be looking at some different Teach Like a Champion strategies after the break.
- Continue to intentionally embed character education traits in our daily conversations with students.

Lower School Principal
Report to the Board

Date of Report: December 2022
Report Prepared By: Joann Karetov

Recent Operational Items:

- Completed quarter 1 and through mid-quarter for Q2.
    - Sent attendance letters and spoke with families who had questions.
- Attended two online character education trainings with 4 other LS staff.
    - Included Character Traits in weekly announcements made by students.
    - LS teachers have been compiling evidence of character traits.
    - Book Club: *Dare to Lead* by Brene Brown
- Hosted lower school conferences.
- Supported Scholastic Book Fair
- Hosted EA/para meeting for LS. Discussed character, technology, dress code, Teach Like a Champion
- Assist students with navigating a lot of social, emotional, and behavior situations.
- Working with special ed teachers and school counselors to support and create individual plans.
- Teachers are working through new science curriculum.
- Attended LS play *Magic Tree House: Pirates Past Noon!*
- Attended Battle of the Books (2 third grade teams and 3 fifth grade teams are going to next round).
- Hosted monthly Lion Pride Breakfasts
- Monthly Buddies with upper school students.
- Completed first round of observations of all LS teachers (except one who returned at end of Nov.)
- Participated in Secret Santa (holiday staff party December 16).
- Quarterly Teacher Goals update meetings.
- Monthly staff birthday breakfast
- Monthly Division meetings
- Monthly Grade Level Meetings
- Weekly counselor/health office meetings
- Weekly admin meetings
- Weekly LS leadership meetings
- Weekly Child Study meetings
- December 20 – Staff Holiday potluck
- December 21 - Ugly Holiday Outfit competition for staff

Goals & Challenges:

- Continue implementing new science curriculum.
- Refresh *Teach Like a Champion* strategies after winter break.
- Continue to intentionally embed character education in conversations with students

Upper School Principal
Report to the Board

Date of Report: November - December 2022

Report Prepared By: Andrew Sachariason

Recent Operational Items:
- Jury Duty - I was out for 3.5 days - difficult to be away outside of the building.
- End of Quarter protocols - running honor roll, sending letters concerned about grades, and shoring up concerns about individual academic performance
- Meeting with exchange students
- Parent conferences - meeting teacher/parents expectations. Still wondering about doing this differently in the US in the future?
- Teacher 1-1 meetings - focus on upcoming observations and working through a variety of day to day operational challenges.
- Classroom Observations - observing teachers while they teach, meeting, and offering feedback.
- Faculty Meetings - structuring a variety of Upper School events, expectations, and processes.
- Character Education LAACS work - a returning focus on character education within the US. Working with a team of teachers on the Lower School Buddy project and other character-based conversations.

- IEP and 504 meetings - moving bi-weekly 504 meetings to 3 week rotation for review.
- Counselors - Having Nicole and Shannon available has made a tremendous impact in how we are able to work directly with kids and families.
- Student Support Team meetings - working with students experiencing challenges in the classroom.
- Prep Ambassadors and Prep Concerts - bring upper school students to concerts to welcome/greet and seat parents.
- Organizing New Student Shadow visits - shadowing current 9th graders
- Student Discipline - ongoing attention to behavior expectations and norms.
- Student council- movie night Friday, December 16.

Upcoming Events:
- Winter Break
- Lower School Buddies - December 21, 2022
- Faculty Meetings
- Return to 1-1 faculty meetings
- Ending semester 1
- Finals Week January 25-27

Goals & Challenges:

- Student Tardiness - remains a challenge.
- Normalizing a return to rigorous coursework and uptick in need for individual accountability
- Managing illnesses - both faculty and students - covering classes and maintaining appropriate pacing
- Preparing registration for next year
- Organizing a Career Day experience for students - Reaching out to community for speakers/presenters and organizing the experience for impact on kids.
- Advisory Planning - Designing Curriculum to meet grade level needs.

REPORT DATE

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

Michelle Hoffman

Michelle Hoffman, CPA
Principal

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2022

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
EXECUTIVE AUDIT SUMMARY (EAS)
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JUNE 30, 2022

EXECUTIVE AUDIT SUMMARY (EAS)
FOR
ST. CROIX PREPARATORY ACADEMY
YEAR ENDED JUNE 30, 2022

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, 2022. 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 2021-2022, the School served a net average daily membership of 1,164.94 (or 1,271.86 pupil units). For fiscal 2020-2021, the School served a net average daily membership of 1,183.02 (or 1,292.58 pupil units).

Fund Balance – Total fund balance of the School's General Fund decreased by $239,921 for fiscal year 2022 and ended at a balance of $6,144,297 at June 30, 2022. The ending fund balance at June 30, 2022 for St. Croix Preparatory Academy represents 41.85% 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 $226,213 (or 1.6%) higher than the budgeted amount while total expenditures were $599,667 (or 4.3%) higher than had been budgeted. Including other financing sources, the net result was fund balance $374,053 lower 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 2023. 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)

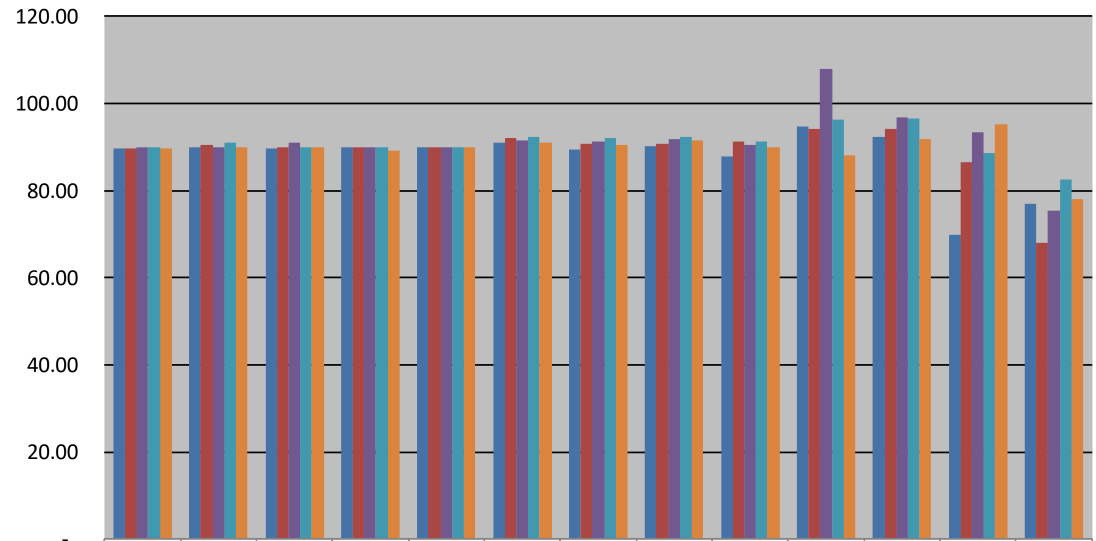
Food Service Fund – The School's food service program operated at a surplus of $133,287 for fiscal year 2022, increasing ending fund balance to $401,061 as of June 30, 2022.

Community Service Fund – The School's community service program operated at a surplus of $26,310 for fiscal year 2022, increasing ending fund balance to $100,853 as of June 30, 2022.

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.

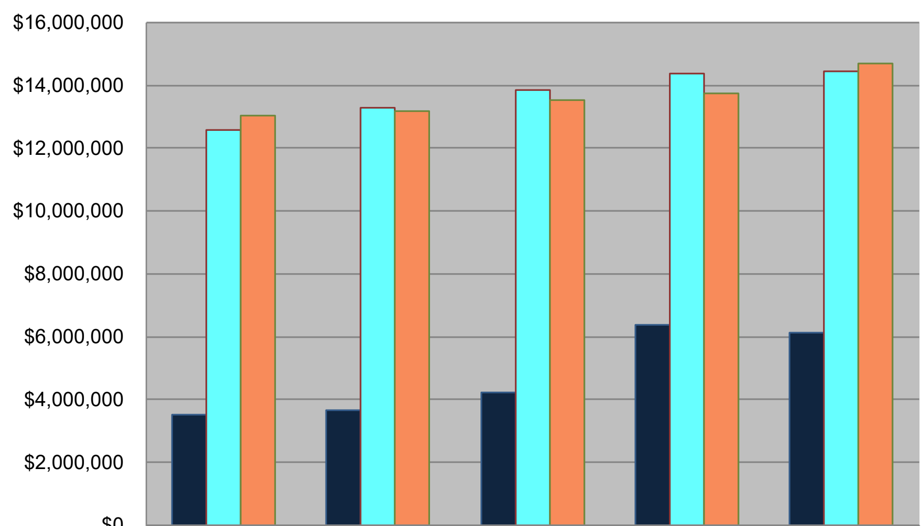
FINANCIAL TRENDS

ADM by Grade



	K & HK	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th
2017-18	89.76	89.92	89.70	89.92	89.94	91.02	89.38	90.18	87.98	94.74	92.46	69.75	76.95
2018-19	89.81	90.51	89.99	90.00	90.00	92.10	90.89	90.67	91.38	94.16	94.25	86.64	68.08
2019-20	89.88	89.97	91.16	90.00	90.00	91.50	91.42	91.87	90.42	108.00	96.93	93.33	75.53
2020-21	89.92	91.04	89.98	89.92	89.85	92.38	92.18	92.27	91.23	96.43	96.55	88.68	82.59
2021-22	89.61	89.97	90.02	89.24	90.01	90.96	90.52	91.51	89.91	88.03	91.86	95.34	77.96

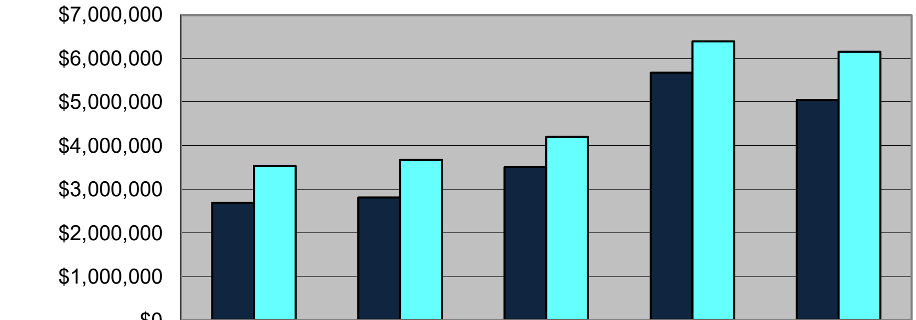
Revenue, Expenditures, and Fund Balance - General Fund



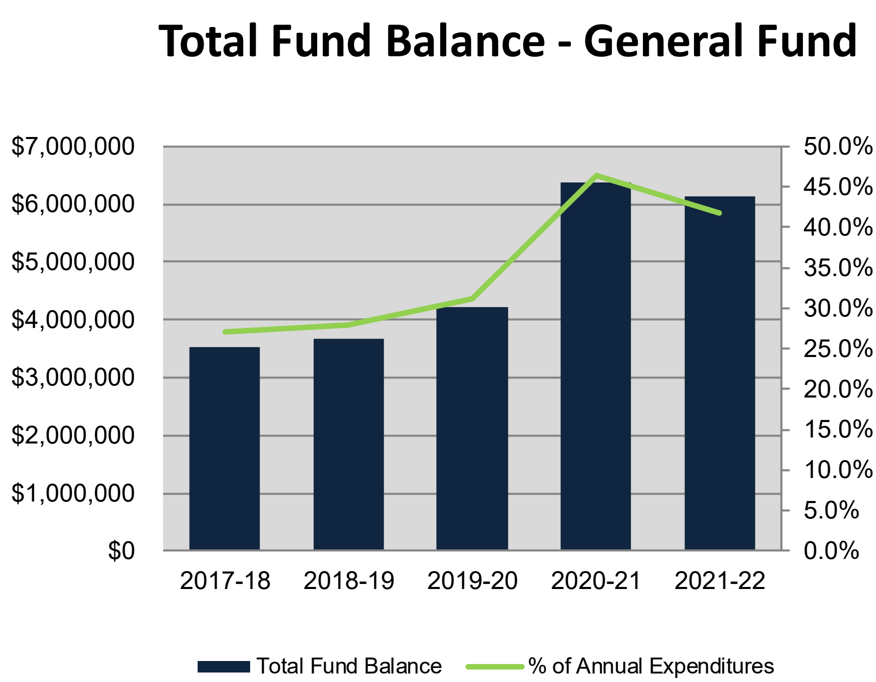
	2017-18	2018-19	2019-20	2020-21	2021-22
Total Fund Balance	$3,529,944	$3,670,187	$4,216,655	$6,384,218	$6,144,297
Revenue	$12,576,123	$13,269,151	$13,862,040	$14,393,305	$14,440,801
Expenditures	$13,026,829	$13,160,802	$13,515,959	$13,749,038	$14,682,123

FINANCIAL TRENDS (CONTINUED)

General Fund Cash and Fund Balance



	2017-18	2018-19	2019-20	2020-21	2021-22
Cash	$2,691,858	$2,823,056	$3,499,982	$5,670,504	$5,042,413
Total Fund Balance	$3,529,944	$3,670,187	$4,216,655	$6,384,218	$6,144,297



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, 2022, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement letter dated June 14, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

<u>*Accounting policies*</u>

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.

As described in Note 1, the school changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, Lease, in 2022. This resulted in the School capitalizing right-to-use assets and the corresponding lease liability for long-term lease agreements.

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.

<u>*Accounting estimates*</u>

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 2022. 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 2022 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 2022. 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.

<u>*Financial statement disclosures*</u>

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

The financial statement disclosures are neutral, consistent, and clear.

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. Management has determined that the effects of uncorrected misstatement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatement of the financial statements:

- In the General Fund, TRA pension expenditures and revenues from other state agencies in the amount of $30,783 related to the State's special fund of TRA were not recorded by the School. This had no net effect on ending fund balance.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on 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.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis-of-matter paragraph to highlight the change in accounting principle related to the adoption of new accounting principle related to the adoption of new accounting guidance for leases as follows:

> **Change in Accounting Principle**
>
> As discussed in Note 1 to the financial statements, effective July 1, 2021, the School adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Management representations

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

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.

Other audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the audit we identified the following significant risk of material misstatement that has not previously been communicated to you:
    - Risk of completeness with regards to the complexity of implementing GASB Statement No. 87 related to leases.

Required supplementary information

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.

Supplementary information in relation to the financial statements as a whole

With respect to the Uniform Financial Accounting and Reporting Standards (UFARS) compliance table (collectively, 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 REPORT DATE.

Supplementary information in relation to the financial statements as a whole (continued)

The Uniform Financial Accounting and Reporting Standards (UFARS) compliance table accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Education 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
REPORT DATE

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
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YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
SCHOOL BOARD, BUILDING COMPANY BOARD,
ADVISORY BOARD, AND ADMINISTRATION
JUNE 30, 2022

SCHOOL BOARD

NAME	TERM EXPIRES	BOARD POSITION
Bob Hajlo	August 19, 2025	Chair
Nicole Donnay	August 18, 2023	Director
Christina Norman	August 31, 2025	Director
Kristin Denzer	August 17, 2024	Director
Deb Keyes	August 31, 2025	Director
Shane Mueller	August 31, 2025	Vice Chair
Andrew Melendres	August 18, 2023	Director
Matthew Stiles	August 31, 2025	Director
Kim Pleticha	August 31. 2022	Director
Angela Galati	August 18, 2023	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	Director of Student Support Services

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 Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the School adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Croix Preparatory Academy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Croix Preparatory Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of the School's proportionate share of the net pension liabilities and schedules of School pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 (UFARS) compliance table is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Uniform Financial Accounting and Reporting Standards (UFARS) compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Report on Summarized Comparative Information

We have previously audited St. Croix Preparatory Academy's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated November 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, 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
REPORT DATE

REQUIRED SUPPLEMENTARY INFORMATION

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, 2022. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year include the following:

- General Fund revenues and other financing sources were $14,442,202 as compared to expenditures of $14,682,123. This resulted in a fund balance decrease of $241,322 for fiscal year 2022.
- Total fund balance of the General Fund decreased from $6,384,218 to $6,144,297.
- As of June 30, 2022, the Food Service Fund had a fund balance of $401,061 and the Community Service Fund had a fund balance of $100,853.
- Average number of students decreased by 18.1 from the prior year.
- Building Company revenues were $1,927,037 as compared to expenditures of $1,763,490. This resulted in a fund balance increase of $163,547 for the year and an ending fund balance in the Building Company Fund of $3,703,481 at June 30, 2022.
- Net position increased by $2,054,294 during fiscal year 2022 from a deficit of $$4,581,957 to a deficit of $2,527,663. Note that most of the deficit relates to the School's net pension liability which had a balance of $4,947,061 as of June 30, 2022. 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.

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.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position was a deficit of $2,527,663 on June 30, 2022 compared to combined net deficit of $4,581,957 at June 30, 2021 (see Table A-1).

Table A-1
The School's Net Position

	Governmental Activities as of June 30, 2022	Governmental Activities as of June 30, 2021	Percentage Change
Current and Other Assets	$ 11,286,767	$ 11,110,032	1.59 %
Capital Assets	22,900,771	23,408,265	(2.17)
Total Assets	34,187,538	34,518,297	(0.96)
Deferred Outflows of Resources	4,239,563	4,876,269	(13.06)
Current Liabilities	1,372,340	1,286,766	6.65
Net Pension Liability	4,947,061	8,173,323	(39.47)
Long-Term Liabilities	26,704,314	28,878,967	(7.53)
Total Liabilities	33,023,715	38,339,056	(13.86)
Deferred Inflows of Resources	7,931,049	5,637,467	40.68
Net Position:			
Net Investment in Capital Assets	(1,112,526)	(964,932)	15.30
Restricted	1,693,688	1,451,618	16.68
Unrestricted	(3,108,825)	(5,068,643)	(38.67)
Total Net Position	$ (2,527,663)	$ (4,581,957)	(44.83)

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.

Changes in Net Position

The School's total revenues were $16,642,540 for the year ended June 30, 2022. Unrestricted state aid accounted for 57% of total revenues for the year (see Figure A-1). Another 29% came from operating grants. 8% came from the forgiveness of the School's PPP loan. The remaining 6% 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, 2022	2021	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 728,851	$ 389,095	87.32 %
Operating Grants and Contributions	4,753,753	4,854,484	(2.08)
General Revenues			
Unrestricted State Aid	9,411,708	9,376,576	0.37
PPP Loan Forgiveness	1,413,080	-	N/A
Investment Earnings	21,588	17,724	21.80
Other	313,560	109,475	186.42
Total Revenues	16,642,540	14,747,354	12.85
Expenses			
Administration	969,456	1,092,215	(11.24)
District Support Services	1,245,313	968,278	28.61
Regular Instruction	6,030,158	6,152,551	(1.99)
Vocational Instruction	1,330	1,068	24.53
Special Education Instruction	2,506,421	2,659,360	(5.75)
Instructional Support Services	448,594	601,216	(25.39)
Pupil Support Services	266,069	259,194	2.65
Sites and Buildings	1,354,349	1,297,996	4.34
Fiscal and Other Fixed Cost Programs	43,929	34,619	26.89
Food Service	540,772	349,766	54.61
Community Service	117,299	40,088	192.60
Interest and Fiscal Charges on Long-Term Liabilities	1,064,556	1,044,094	1.96
Total Expenses	14,588,246	14,500,445	0.61
Change in Net Position	2,054,294	246,909	
Beginning Net Position	(4,581,957)	(4,828,866)	
Ending Net Position	$ (2,527,663)	$ (4,581,957)	

The total cost of all programs and services was $14,588,246. Total revenues surpassed expenses, increasing net position by $2,054,294 from last year.

- Some of the cost was paid by the users of the School's programs ($728,851).
- The federal and state governments subsidized certain programs with grants and contributions ($4,753,753).
- The unrestricted portion of the governmental activities was paid for with $9,411,708 of unrestricted state aid based on the statewide education aid formula, and the remainder with other general revenues.

Figure A-1
Sources of School's Revenues for Fiscal 2022

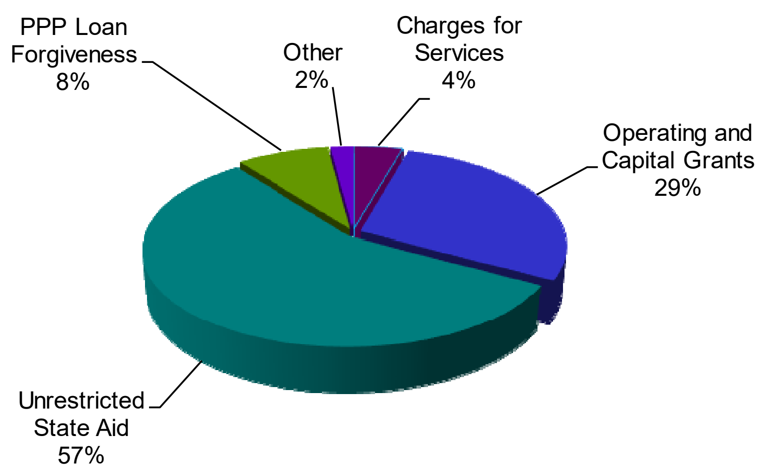
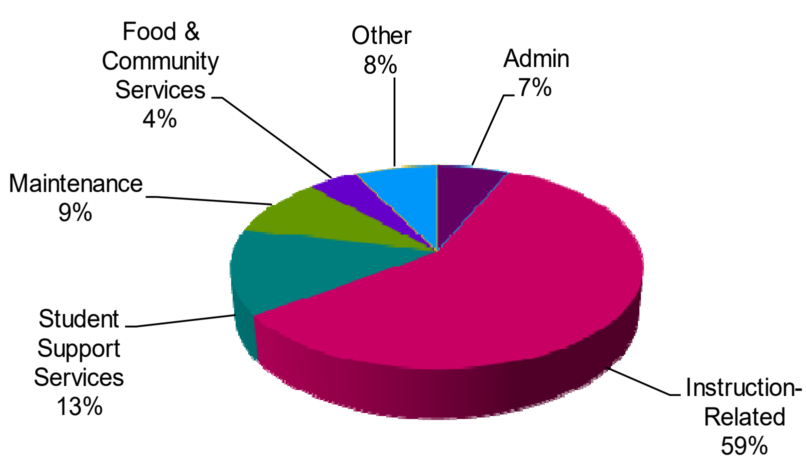


Figure A-2
School Expenses for Fiscal 2022



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.

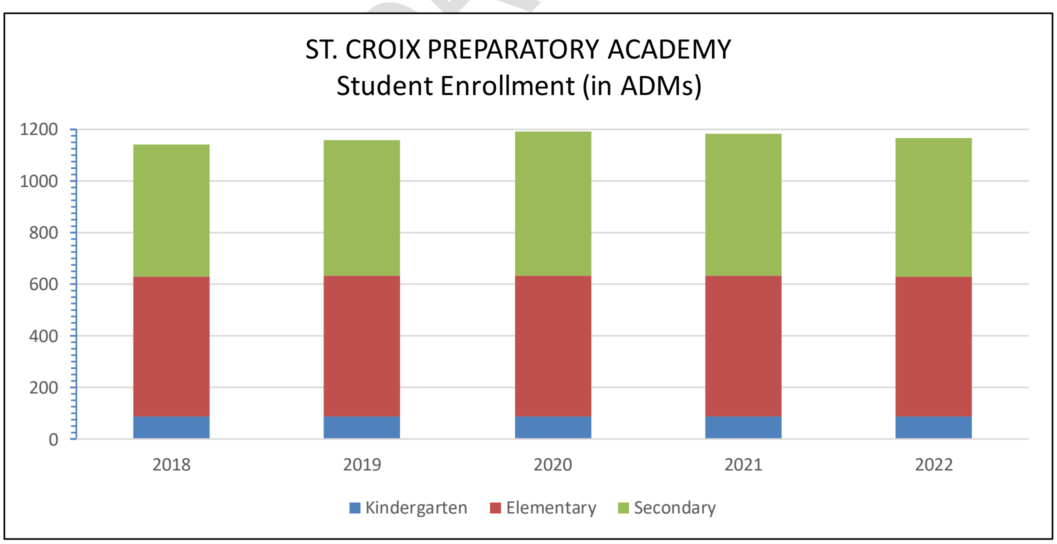
Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2022	2021	Change	2022	2021	Change
Administration	$ 969,456	$ 1,092,215	(11.24)%	$ 969,456	$ 1,092,215	(11.24)%
District Support Services	1,245,313	968,278	28.61	1,244,836	968,278	28.56
Regular Instruction	6,030,158	6,152,551	(1.99)	5,529,266	5,824,620	(5.07)
Vocational Instruction	1,330	1,068	24.53	1,330	1,068	24.53
Special Education Instruction	2,506,421	2,659,360	(5.75)	37,271	(185,414)	(120.10)
Instructional Support Services	448,594	601,216	(25.39)	429,768	597,229	(28.04)
Pupil Support Services	266,069	259,194	2.65	266,069	259,194	2.65
Sites and Buildings	1,354,349	1,297,996	4.34	729,889	625,795	16.63
Fiscal and Other Fixed Cost Programs	43,929	34,619	26.89	43,929	34,619	26.89
Food Service	540,772	349,766	54.61	(128,264)	34,559	(471.14)
Community Service	117,299	40,088	192.60	(17,908)	4,703	(480.78)
Interest and Fiscal Charges on						
Long-Term Liabilities	1,064,556	1,044,094	1.96	-	-	N/A
Total	$ 14,588,246	$ 14,500,445	0.61	$ 9,105,642	$ 9,256,866	(1.63)

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 18.08 from the prior year.

Table A-4
Average Daily Membership (ADM)



	2018	2019	2020	2021	2022
Kindergarten	89.76	89.81	89.88	89.92	89.61
Elementary	539.88	543.49	544.05	545.35	540.72
Secondary	512.06	525.18	556.08	547.75	534.61
	1,141.70	1,158.48	1,190.01	1,183.02	1,164.94

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 $10,349,692.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from kindergarten through grade 12. In 2020-2022, the School served an average of 1,164.94 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, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Local Sources:				
Earnings on Investments	$ 20,291	$ 16,978	$ 3,313	19.5 %
Other	807,549	437,972	369,577	84.4
State Sources	13,269,744	13,310,923	(41,179)	(0.3)
Federal Sources	343,217	627,432	(284,215)	(45.3)
Total General Fund Revenue	$ 14,440,801	$ 14,393,305	$ 47,496	0.3

Total General Fund revenues increased by $47,496 from the prior year.

The increase in other revenue was primarily due to increases in gifts and donations related to increased fund-raising activities: including a marathon, capital campaign, and Charting the Course. Other revenues also increase due to an increase in fees collected for participation in school activities that were previously not able to occur due to the COVID-19 pandemic. Federal revenue decreased due to significant expenditures and revenues related to the Coronavirus Relief Fund in fiscal year 2021, which was not available to be spent in fiscal year 2022.

The following schedule presents a summary of General Fund expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Salaries	$ 7,572,097	$ 7,181,003	$ 391,094	5.45 %
Employee Benefits	1,619,690	1,667,895	(48,205)	(2.9)
Purchased Services	3,868,773	3,509,458	359,315	10.2
Supplies and Materials	686,420	632,068	54,352	8.6
Capital Expenditures	725,363	616,569	108,794	17.6
Debt Service Expenditures	162,336	88,186	74,150	84.1
Other Expenditures	47,444	53,859	(6,415)	(11.9)
Total General Fund Expenditures	$ 14,682,123	$ 13,749,038	$ 933,085	6.8

Total General Fund Expenditures increased $933,085 from the previous year.

Salaries and Benefits increased by a combined net amount of $342,889 due to pay increases, benefit cost changes, and increased staffing needs.

Purchased Services and Supplies and Materials increased by a combined $413,667 mainly due to increased demand with students coming back onsite in fiscal year 2022, while they were remote in fiscal year 2021 due to COVID-19.

Capital Expenditures increased by $108,222.

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 2022. 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 1.6% of budget while expenditures were within 4.3% of the final amended budget.

OTHER MAJOR FUNDS

In the Food Service Fund, revenues exceeded expenditures by $133,287 and the fund ended with a fund balance of $401,061 as of June 30, 2022. The Food Service Fund expenditures were over budget by around 5.4%. This was primarily due to an increase in participation by students, a-la-carte and adult demand in the lunch program along with inflationary pressures. Food Service revenues were over budget by around 10.7%, with most of the budget surplus coming from federal revenues. Federal revenue sources were over budget, which was also related to COVID-19 and the free meals that occurred during all of fiscal year 2022.

In the Community Service Fund, which accounts for revenues from various extracurricular activities, revenues exceeded expenditures by $26,310 and the fund ended with a fund balance of $100,853 as of June 30, 2022.

In the Building Company Fund, revenues exceeded expenditures by $163,547, thereby resulting in an ending fund balance of $3,703,481.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2022, St. Croix Preparatory Academy had invested $32.1 million in capital assets (see Table A-7). Current year depreciation/amortization on these assets was $1,233,985.

Table A-7
The School's Capital Assets

	2022	2021	Percentage Change
Building Company			
Land	$ 2,080,000	$ 2,080,000	- %
Construction in Progress	24,555	-	N/A
Buildings and Improvements	23,963,863	23,950,463	0.1
Furniture and Equipment	28,657	28,657	-
Charter School			
Construction in Progress	477,371	-	N/A
Buildings and Leasehold Improvements	3,146,523	3,088,487	1.9
Furniture and Equipment	2,360,352	2,342,013	0.8
Less: Accumulated Depreciation/Amortization	(9,180,550)	(8,081,355)	13.6
Total District Capital Assets	$ 22,900,771	$ 23,408,265	(2.2)

Long-Term Liabilities

At year-end, Friends of St. Croix Preparatory Academy, a blended component unit of the School, had $26.35 million in charter school lease revenue bonds. The School also recorded a net pension liability in the amount of $4.95 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

	2022	2021	Percentage Change
General Obligation Bonds	$ 26,345,000	$ 26,980,000	(2.4)%
Net Bond Premium and Discount	283,068	302,139	(6.3)
Financed Purchase Payable	38,548	73,250	(47.4)
Lease Liability	37,698	110,498	(65.9)
PPP Loans Payable	-	1,413,080	(100.0)
Net Pension Liability	4,947,061	8,173,323	(39.5)
Total Long-Term Liabilities	$ 31,651,375	$ 37,052,290	(14.6)
Long-Term Liabilities:			
Due Within One Year	$ 728,201	$ 825,852	
Due in More Than One Year	30,923,174	36,226,438	
Total	$ 31,651,375	$ 37,052,290	

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. It is imperative that the School's financial management develop budgets that maintain the School's fund balance policy of 20% to 22% General Fund unassigned fund balance as a percentage of yearly general fund expenditures.

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.

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, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Investments	$ 6,316,910	$ 6,610,972
Cash with Fiscal Agent	3,112,477	3,050,955
Receivables:		
Other Governments	1,721,645	1,391,300
Other	19,976	8,629
Prepaid Items	111,472	48,176
Inventories	4,287	-
Capital Assets:		
Land and Construction in Progress	2,581,926	2,080,000
Other Capital Assets, Net of Depreciation/Amortization	20,318,845	21,328,265
Total Assets	34,187,538	34,518,297
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	3,607,599	4,214,212
Deferred Outflows - Loss on Refunding of Debt	631,964	662,057
Total Deferred Outflows of Resources	4,239,563	4,876,269
LIABILITIES		
Salaries and Benefits Payable	552,041	485,548
Accounts and Contracts Payable	314,962	276,762
Accrued Interest Payable	435,265	443,203
Unearned Revenue	70,072	81,253
Long-Term Liabilities:		
Net Pension Liability	4,947,061	8,173,323
Other Long-Term Liabilities Due Within One Year	728,201	825,852
Other Long-Term Liabilities Due in More Than One Year	25,976,113	28,053,115
Total Liabilities	33,023,715	38,339,056
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	7,931,049	5,637,467
NET POSITION		
Net Investment in Capital Assets	(1,112,526)	(964,932)
Restricted for:		
Student Activities	3,071	-
Food Service	401,061	267,774
Community Service	100,853	74,543
Building Company Debt Service	1,188,703	1,109,301
Unrestricted	(3,108,825)	(5,068,643)
Total Net Position	$ (2,527,663)	$ (4,581,957)

See accompanying Notes to Basic Financial Statements.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)

	2022				2021
		Program Revenues		Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	$ 969,456	$ -	$ -	$ (969,456)	$ (1,092,215)
District Support Services	1,245,313.00	-	477	(1,244,836)	(968,278)
Regular Instruction	6,030,158	484,128	16,764	(5,529,266)	(5,824,620)
Vocational Instruction	1,330	-	-	(1,330)	(1,068)
Special Education Instruction	2,506,421	-	2,469,150	(37,271)	185,414
Instructional Support Services	448,594	-	18,826	(429,768)	(597,229)
Pupil Support Services	266,069	-	-	(266,069)	(259,194)
Sites and Buildings	1,354,349	-	624,460	(729,889)	(625,795)
Fiscal and Other Fixed Cost Programs	43,929	-	-	(43,929)	(34,619)
Food Service	540,772	109,516	559,520	128,264	(34,559)
Community Service	117,299	135,207	-	17,908	(4,703)
Interest and Fiscal Charges on Long-Term Liabilities	1,064,556	-	1,064,556	-	-
Total School District	$ 14,588,246	$ 728,851	$ 4,753,753	(9,105,642)	(9,256,866)
	GENERAL REVENUES				
	State Aid Not Restricted to Specific Purposes			9,411,708	9,376,576
	PPP Loan Forgiveness			1,413,080	-
	Earnings on Investments			21,588	17,724
	Miscellaneous			313,560	109,475
	Total General Revenues			11,159,936	9,503,775
	CHANGE IN NET POSITION			2,054,294	246,909
	Net Position - Beginning			(4,581,957)	(4,828,866)
	NET POSITION - ENDING			$ (2,527,663)	$ (4,581,957)

See accompanying Notes to Basic Financial Statements.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Building Company	2022	2021
ASSETS						
Cash and Investments	$ 5,042,413	$ 476,987	$ 136,611	$ 660,899	$ 6,316,910	$ 6,610,972
Cash with Fiscal Agent	-	-	-	3,112,477	3,112,477	3,050,955
Receivables:						
Due from Minnesota Department of Education	1,364,643	146	-	-	1,364,789	1,249,083
Due from Federal through Minnesota Department of Education	350,102	6,754	-	-	356,856	94,035
Due from Federal Government Received Directly	-	-	-	-	-	48,182
Due from Other Funds	68,235	-	-	-	68,235	18,290
Other Receivables	14,397	-	5,579	-	19,976	8,629
Inventory	-	4,287	-	-	4,287	-
Prepaids	111,022	450	-	-	111,472	48,176
Total Assets	$ 6,950,812	$ 488,624	$ 142,190	$ 3,773,376	$ 11,355,002	$ 11,128,322
LIABILITIES AND FUND BALANCE						
Liabilities:						
Salaries Payable	$ 450,817	$ 1,400	$ 120	$ -	$ 452,337	$ 389,285
Payroll Deductions and Employer Contributions Payable	57,486	42,201	17	-	99,704	96,263
Accounts and Contracts Payable	298,212	10,104	4,986	1,660	314,962	276,762
Due to Other Funds	-	-	-	68,235	68,235	18,290
Unearned Revenue	-	33,858	36,214	-	70,072	81,253
Total Liabilities	806,515	87,563	41,337	69,895	1,005,310	861,853
Fund Balance:						
Nonspendable:						
Inventory	-	4,287	-	-	4,287	-
Prepaids	111,022	450	-	-	111,472	48,176
Restricted for:						
Food Service	-	396,324	-	-	396,324	267,774
Student Activities	3,071	-	-	-	3,071	3,060
Safe Schools Funding	-	-	-	-	-	39,649
Community Service	-	-	100,853	-	100,853	74,543
Building Company Debt Service	-	-	-	3,703,481	3,703,481	3,538,761
Assigned for:						
Development - Prep Gala	-	-	-	-	-	14,983
Development - Prep Open	-	-	-	-	-	41,200
Development - Together We Stand	-	-	-	-	-	96,306
Development - Parent Group	-	-	-	-	-	32,345
Development - All School Marathon	72,826	-	-	-	72,826	-
Development - Charting the Course	66,755	-	-	-	66,755	-
Extracurriculars	2,471	-	-	-	2,471	50,393
Fruit Fundraising	-	-	-	-	-	12,252
Educational Travel	-	-	-	-	-	1,025
Fundraising - Parent Group	45,343	-	-	-	45,343	-
Fundraising - Cabaret	600	-	-	-	600	-
Fundraising - Vending	6,978				6,978	-
Fundraising - Wishlist	946	-	-	-	946	946
Q-Comp Disbursement	12,054	-	-	-	12,054	29,439
Unassigned	5,822,231	-	-	-	5,822,231	6,015,617
Total Fund Balance	6,144,297	401,061	100,853	3,703,481	10,349,692	10,017,019
Total Liabilities and Fund Balance	$ 6,950,812	$ 488,624	$ 142,190	$ 3,773,376	$ 11,355,002	$ 10,878,872

See accompanying Notes to Basic Financial Statements.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
Total Fund Balance for Governmental Funds	$ 10,349,692	$ 10,017,019
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	2,080,000	2,080,000
Construction in Progress	501,926	-
Buildings and Improvements, Net of Accumulated Depreciation	19,215,101	20,052,497
Leased Right-to-Use Equipment, Net of Accumulated Amortization	36,894	158,023
Equipment, Net of Accumulated Depreciation	1,066,850	1,117,745
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(435,265)	(443,203)
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:		
Net Pension Liability	(4,947,061)	(8,173,323)
Deferred Inflows of Resources - Pensions	(7,931,049)	(5,637,467)
Deferred Outflows of Resources - Pensions	3,607,599	4,214,212
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:		
Bonds Payable	(26,345,000)	(26,980,000)
Unamortized Premiums	(283,068)	(302,139)
PPP Loan Payable	-	(1,413,080)
Deferred Loss on Refunding	631,964	662,057
Financed Purchase Payable	(38,548)	(73,250)
Lease Liability	(37,698)	(110,498)
Total Net Position of Governmental Activities	$ (2,527,663)	$ (4,831,407)

See accompanying Notes to Basic Financial Statements.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Building Company	2022	2021
REVENUES						
Local Sources:						
Earnings and Investments	$ 20,291	$ -	$ -	$ 1,297	$ 21,588	$ 17,724
Other	807,549	109,516	143,582	1,925,740	2,986,387	2,430,659
State Sources	13,269,744	16,794	-	-	13,286,538	13,313,572
Federal Sources	343,217	543,794	-	-	887,011	913,501
Total Revenues	14,440,801	670,104	143,582	1,927,037	17,181,524	16,675,456
EXPENDITURES						
Current:						
Administration	1,016,163	-	-	-	1,016,163	1,040,651
District Support Services	1,226,330	-	-	25,824	1,252,154	972,336
Elementary and Secondary Regular Instruction	5,148,060	-	-	-	5,148,060	4,664,834
Special Education Instruction	2,597,383	-	-	-	2,597,383	2,483,175
Instructional Support Services	368,427	-	-	-	368,427	572,045
Pupil Support Services	275,245	-	-	-	275,245	248,978
Sites and Buildings	3,120,060	-	-	1,173	3,121,233	3,051,075
Fiscal and Other Fixed Cost Programs	42,756	-	-	-	42,756	33,445
Food Service	-	520,359	-	-	520,359	335,473
Community Service	-	-	116,745	-	116,745	36,009
Capital Outlay	725,363	16,458	527	47,330	789,678	640,623
Debt Service:						
Principal	155,027	-	-	635,000	790,027	692,783
Interest and Fiscal Charges	7,309	-	-	1,054,163	1,061,472	1,082,743
Total Expenditures	14,682,123	536,817	117,272	1,763,490	17,099,702	15,854,170
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(241,322)	133,287	26,310	163,547	81,822	821,286
OTHER FINANCING SOURCES						
Sale of Equipment	1,401	-	-	-	1,401	1,726
PPP Loan Proceeds	-	-	-	-	-	1,413,080
Proceeds from Capital Leases	-	-	-	-	-	108,490
Total Other Financing Sources	1,401	-	-	-	1,401	1,523,296
NET CHANGE IN FUND BALANCE	(239,921)	133,287	26,310	163,547	83,223	2,344,582
FUND BALANCES						
Beginning of Year	6,384,218	267,774	74,543	3,539,934	10,266,469	7,921,887
End of Year	$ 6,144,297	$ 401,061	$ 100,853	$ 3,703,481	$ 10,349,692	$ 10,266,469

See accompanying Notes to Basic Financial Statements.

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, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)

	2022	2021
Net Change in Fund Balance - Total Governmental Funds	$ 83,223	$ 2,344,582
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/amortization expense. The amount by which depreciation/amortization exceeded capital outlays in the current period is:		
Capital Outlays	786,905	540,519
Gain (Loss) on Disposal of Capital Assets	(107,939)	(14,762)
Depreciation/Amortization Expense	(1,233,985)	(1,122,429)
Some capital asset additions are financed through financed purchases or lease liabilities. In governmental funds, a financed purchase or lease lability arrangement is considered a source of financing, but in the statement of net position, the financed purchase or lease liability is reported as a liability. Repayment of financed purchase or lease liability principal is an expenditure in the governmental funds, but repayment reduces the related liability in the statement of net position.		
Other Financing Sources - Financed Purchase	-	(108,490)
Principal Payments - Financed Purchase	34,702	35,240
Principal Payments - Lease Liability	120,325	51,500
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.	326,067	(710,863)
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	635,000	615,000
Change in Accrued Interest - General Obligation Bonds	7,938	22,688
Amortization of Bond Premium	19,071	37,097
PPP Loan Forgiveness	1,413,080	-
Amortization of Deferred Charges on Refunding Bonds	(30,093)	(30,093)
Total	$ 2,054,294	$ 246,909

See accompanying Notes to Basic Financial Statements.

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, 2022

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	$ 12,000	$ 20,000	$ 20,291	$ 291
Other	1,105,600	777,660	807,549	29,889
State Sources	13,230,271	13,078,724	13,269,744	191,020
Federal Sources	204,389	338,204	343,217	5,013
Total Revenues	14,552,260	14,214,588	14,440,801	226,213
EXPENDITURES				
Current:				
Administration	958,578	1,020,753	1,016,163	(4,590)
District Support Services	1,445,057	1,194,181	1,226,330	32,149
Elementary and Secondary Regular Instruction	5,089,006	5,116,842	5,148,060	31,218
Special Education Instruction	2,627,232	2,455,191	2,597,383	142,192
Instructional Support Services	451,645	434,865	368,427	(66,438)
Pupil Support Services	244,169	285,894	275,245	(10,649)
Sites and Buildings	3,150,472	3,127,730	3,120,060	(7,670)
Fiscal and Other Fixed Cost Programs	35,000	43,000	42,756	(244)
Capital Outlay	363,500	227,500	725,363	497,863
Debt Service:				
Principal	118,225	173,500	155,027	(18,473)
Interest and Fiscal Charges	7,500	3,000	7,309	4,309
Total Expenditures	14,490,384	14,082,456	14,682,123	599,667
EXCESS OF REVENUE				
OVER EXPENDITURES	61,876	132,132	(241,322)	(373,454)
OTHER FINANCING SOURCES				
Sale of Equipment	-	2,000	1,401	(599)
NET CHANGE IN FUND BALANCE	$ 61,876	$ 134,132	(239,921)	$ (374,053)
FUND BALANCE				
Beginning of Year			6,384,218	
End of Year			$ 6,144,297	

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See accompanying Notes to Basic Financial Statements.

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, 2022

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	$ 388,600	$ 186,009	$ 109,516	(76,493)
State Sources	18,433	12,333	16,794	4,461
Federal Sources	95,107	400,000	543,794	143,794
Total Revenues	502,140	598,342	670,104	71,762
EXPENDITURES				
Current:				
Food Service	477,791	487,728	520,359	32,631
Capital Outlay	20,000	20,000	16,458	(3,542)
Total Expenditures	497,791	507,728	536,817	29,089
NET CHANGE IN FUND BALANCE	$ 4,349	$ 90,614	133,287	$ 42,673
FUND BALANCE				
Beginning of Year			267,774	
End of Year			$ 401,061	

See accompanying Notes to Basic Financial Statements.

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, 2022

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Other - Primarily Tuition and Fees	$ 118,895	$ 132,000	$ 143,582	$ 11,582
EXPENDITURES				
Current:				
Community Service	91,475	109,500	116,745	7,245
Capital Outlay	16,000	-	527	527
Total Expenditures	107,475	109,500	117,272	7,772
NET CHANGE IN FUND BALANCE	$ 11,420	$ 22,500	26,310	$ 3,810
FUND BALANCE				
Beginning of Year			74,543	
End of Year			$ 100,853	

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or amortization 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.

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.

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.

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 2022. 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
Revenues			
General Fund	$ 14,552,260	$ (337,672)	$ 14,214,588
Special Revenue Funds:			
Food Service Fund	502,140	96,202	598,342
Community Service Fund	118,895	13,105	132,000
Expenditures			
General Fund	$ 14,490,384	$ (407,928)	$ 14,082,456
Special Revenue Funds:			
Food Service Fund	497,791	9,937	507,728
Community Service Fund	107,475	2,025	109,500

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.

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.

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 or amortization 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. Leases

The School determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the School's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Leases (Continued)

Lease liabilities represent the School's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the net present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

O. 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.

P. 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.

Q. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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.

S. 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/amortization, 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.

T. 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, 2021, from which the summarized information was derived.

U. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The implementation of this standard did not result in the restatement of fund balances or net position. The School implemented this standard as of July 1, 2021.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures over Budget

	Budget	Expenditures	Excess
General Fund	$ 14,082,456	$ 14,682,123	$ 599,667
Special Revenue Funds:			
Food Service Fund	$ 507,728	$ 536,817	$ 29,089
Community Service Fund	109,500	117,272	7,772

The overages were considered by School management to be the result of necessary expenditures critical to operations approved by the Board.

Interfund Receivables and Payables

As of June 30, 2022, the following related to interfund balances.

	Due from Other Fund	Due to Other Fund
General Fund	$ 68,235	$ 18,290
Building Company	-	68,235
	$ 68,235	$ 86,525

During the year, the General Fund incurred expenditures that are to be reimbursed by the Building Company. This is expected to be repaid during the next fiscal year.

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The School's carrying and bank balances of deposits at June 30, 2022 were $5,656,011 and $5,658,748, respectively. The School also had a $1,350 change fund. The Friends of St. Croix Preparatory Building Company carrying and bank balances of deposits at June 30, 2022 were $660,889 and $660,889, 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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2022, the Building Company's investment balances were as follows:

Investments Held by Trustee

Type	Total	Maturity Duration in Years Less Than 1	Rating
Federated Government Obligations			
Fund #703	$ 3,112,477	$ 3,112,477	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	$ 6,316,910
Cash and Investments Held by Trustee - Statement of Net Position	3,112,477
Total Cash and Investments	$ 9,429,387

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.

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, 2022. 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, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Building Company				
Land	$ 2,080,000	$ -	$ -	$ 2,080,000
Construction in Progress	-	24,555	-	24,555
Charter School				
Construction in Progress	-	477,371	-	477,371
Total Capital Assets, Not Being Depreciated/Amortized	2,080,000	501,926	-	2,581,926
Capital Assets, Being Depreciated/Amortized:				
Building Company				
Buildings and Improvements	23,950,463	13,400	-	23,963,863
Furniture and Equipment	28,657	-	-	28,657
Charter School				
Building and Leasehold Improvements	3,088,487	58,036	-	3,146,523
Furniture and Equipment	2,183,990 *	371,566	(353,227)	2,202,329
Leased Right-to-Use Equipment	158,023 *	-	-	158,023
Total Capital Assets, Being Depreciated/Amortized	29,409,620	443,002	(353,227)	29,499,395
Accumulated Depreciation/Amortization for:				
Building Company				
Buildings and Improvements	(6,260,271)	(702,925)	-	(6,963,196)
Furniture and Equipment	(6,599)	(1,433)	-	(8,032)
Charter School				
Building and Leasehold Improvements	(726,182)	(205,907)	-	(932,089)
Furniture and Equipment	(1,088,303) *	(202,591)	134,790	(1,156,104)
Leased Right-to-Use Equipment	- *	(121,129)	-	(121,129)
Total Accumulated Depreciation/Amortization	(8,081,355)	(1,233,985)	134,790	(9,180,550)
Total Capital Assets, Being Depreciated/Amortized, Net	21,328,265	(790,983)	(218,437)	20,318,845
Governmental Activities Capital Assets, Net	$ 23,408,265	$ (289,057)	$ (218,437)	$ 22,900,771

NOTE 4 CAPITAL ASSETS (CONTINUED)

* The beginning balance of capital assets was revised to record right-to-use assets due to the implementation of GASB Statement No. 87.

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

Administration	$ 272
District Support Services	23,156
Regular Instruction	926,690
Vocational Instruction	1,330
Special Education Instruction	1,550
Community Service	828
Instructional Support Services	153,983
Pupil Support Services	1,473
Food Service	14,649
Sites and Buildings	110,054
Total Depreciation/Amortization Expense, Governmental Activities	$ 1,233,985

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 December 2021, with a maximum borrowing limit of $500,000 and matures on December 31, 2022. Interest is variable at Prime plus 1.25% with a floor of 5.00%. The interest rate at June 30, 2022 was 5.00%. The line of credit had a balance of $-0- as of June 30, 2022. There was no borrowing activity under a line of credit during the fiscal year ended June 30, 2022.

B. Long-Term Debt

Changes in long-term debt are as follows:

	June 30, 2021	Additions	Retirements	June 30, 2022	Principal Due Within One Year
Lease Revenue Bonds Payable	$ 26,980,000	$ -	$ 635,000	$ 26,345,000	$ 655,000
Premium on Bonds Payable	302,139	-	19,071	283,068	-
SBA PPP Loan	1,413,080	-	1,413,080	-	-
Financed Purchase Payable	73,250 *	-	34,702	38,548	35,503
Lease Liability	158,023 *	-	120,325	37,698	37,698
Total	$ 28,926,492	$ -	$ 2,222,178	$ 26,704,314	$ 728,201

* The beginning balance of long-term debt was revised to record the School's lease liability due to the implementation of GASB Statement No. 87.

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.

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:

	Revenue Bonds Payable	
Year Ending June 30,	Principal	Interest
2023	$ 655,000	$ 1,034,813
2024	675,000	1,014,863
2025	695,000	992,575
2026	720,000	967,813
2027	745,000	942,175
2028-2032	4,150,000	260,613
2033-2037	5,050,000	3,345,938
2038-2042	6,140,000	2,229,937
2043-2047	7,515,000	858,287
Total	$ 26,345,000	$ 11,647,013

C. Financed Purchase Payable

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 the financed purchase payable at June 30, 2022 totaled $38,548.

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

	Financed Purchase	
Year Ending June 30,	Principal	Interest
2023	$ 35,503	$ 1,198
2024	3,045	14
Total	$ 38,548	$ 1,212

NOTE 5 DEBT (CONTINUED)

D. Leases

Effective November 13, 2017, the School entered into a long-term, non-cancelable lease agreement with Loffler Companies, Inc. for copiers. The duration of the lease is 60 months with annual payments of $5,477. The lease carries an interest rate of 5.5%.

Effective October 17, 2018, the School entered into a long-term, non-cancelable lease agreement with Apple, Inc. for MacBook's. The duration of the lease is 60 months with annual payments of $5,263. The lease carries an interest rate of 5.5%.

Effective July 10, 2019, the School entered into a long-term, non-cancelable lease agreement with Apple, Inc. for technology information. The duration of the lease is 49 months with annual payments of $48,889. The lease carries an interest rate of 5.5%.

Effective July 12, 2019, the School entered into a long-term, non-cancelable lease agreement with VAR Technology for new Apple equipment duration of the lease is 48 months with annual payments of $5,087. The lease carries an interest rate of 5.5%.

Total future minimum lease payments under lease agreements are as follows:

	Lease Liability	
Year Ending June 30,	Principal	Interest
2023	$ 37,698	$ 437

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities
Equipment	$ 158,023
Less: accumulated amortization	(121,126)
	$ 36,897

NOTE 6 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the Community School of Excellence are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (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 (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 (General Employees Plan)

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 Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by Minnesota State.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

1. General Employees Plan Benefits

PERA provides 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.

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.

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.

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.

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

C. Contributions

1. General Employees Fund 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 2022 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, 2022 were $162,101. The School’s contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year 2022 for coordinated were 7.50% for the employee and 8.34% for the employer. Basic rates were 11.00% for the employee and 12.34% for the employer. The School’s contributions to TRA for the plan’s fiscal year ended June 30, 2022 were $450,393. The School’s contributions were equal to the required contributions for each year as set by state statute.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2022, the School reported a liability of $1,161,562 for its proportionate share of the General Employee's Fund 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 $35,433, for a total net pension liability of $1,196,995 associated with the School. The net pension liability was measured as of June 30, 2021, 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 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 School's proportion was 0.0272% at the end of the measurement period and 0.0285% for the beginning of the period.

For the year ended June 30, 2022, the School recognized pension expense of $36,268 for its proportionate share of General Employee Fund's pension expense. In addition, the School recognized an additional $2,859 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the General Employees Fund.

At June 30, 2022, the School reported its proportionate share of General employees Plan'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	$ 7,136	$ 35,547
Changes in Actuarial Assumptions	709,226	25,694
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,005,962
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	60,298	59,301
District Contributions Subsequent to the		
Measurement Date	162,101	-
Total	$ 938,761	$ 1,126,504

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

A total of $162,101 reported as deferred outflows of resources related to pensions resulting from School contributions to the General Employee Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

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

Year Ending June 30,	Pension Expense Amount
2023	$ (34,923)
2024	(11,728)
2025	(28,815)
2026	(274,378)
2027	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2022, the School reported a liability of $3,785,499 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.0865% at the end of the measurement period and 0.0875% 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:

Description	Amount
School's Proportionate Share of the TRA Net Pension Liability	$ 3,785,499
State's Proportionate Share of the Net Pension Liability Associated with the School	319,280
	$ 4,104,779

For the year ended June 30, 2022, the School recognized pension expense of $247,499. The School also recognized $30,584 as reduction of pension expense for the support provided by direct aid.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2022, 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	$ 102,528	$ 107,207
Changes in Actuarial Assumptions	1,387,243	3,415,315
Net Difference Between Projected and Actual Earnings on Plan Investments	-	3,174,136
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	728,674	107,887
District Contributions Subsequent to the Measurement Date	450,393	-
Total	$ 2,668,838	$ 6,804,545

A total of $450,393 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, 2023. 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
2023	$ (2,354,349)
2024	(1,723,844)
2025	(301,910)
2026	(455,218)
2027	249,221
Thereafter	-

3. Total Pension Expense

The School's total pension expense, including direct aid from special funding, for all plans for the year ended June 30, 2022 was $256,042. The School's total net pension liability for all plans for the year ended June 30, 2022 was $4,947,061.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, 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	33.5 %	5.10 %
International Stocks	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Cash	-	-
Totals	100.0 %	

The long-term expected rate of return on TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations 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	5.90
Cash	2.0	-
Totals	100.0 %	

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7.0% for TRA. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% for PERA and 7.0% for TRA was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. 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 five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on 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. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2020 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

The following changes for PERA occurred in 2021:

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

The following changes in actuarial assumptions for TRA occurred in 2021:

- The investment return assumption was changed from 7.50% to 7.00%.

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2021 was 6.50%. The discount rate used to measure the PERA General Employees Plan liability at the prior measurement date 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 were 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 7.00%. The discount rate used to measure the total pension liability at the prior measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2021 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).

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. 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
GERF Discount Rate	5.50%	6.50%	7.50%
School's Proportionate Share of the GERF Net Pension Liability	$ 2,368,993	$ 1,161,562	$ 170,791
TRA Discount Rate	6.00%	7.00%	8.00%
School's Proportionate Share of the TRA Net Pension Liability	$ 7,646,892	$ 3,785,499	$ 618,849

I. 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.

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, 2022 required 87.7% of net lease revenues. The total principal and interest remaining to be paid on the bonds is $37,992,013. Principal and interest debt service expenditures paid for the current year and total customer net revenues were $1,689,163 and $1,925,740, 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 2022 was $1,925,740.

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Lease Commitments and Terms (Continued)

For fiscal 2022, the School qualified for state charter school lease aid in the amount of $1,689,068 based on a statutory cap of $1,314 per pupil unit. 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:

Year Ending June 30,	Scheduled Lease Payments
2023	$ 1,857,583
2024	1,857,383
2025	1,857,981
2026	1,857,854
2027	1,856,852
2028-2032	9,277,842
2033-2037	9,287,813
2038-2042	9,280,313
2043-2047	7,575,089
Total	$ 44,708,710

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 EIGHT MEASUREMENT PERIODS *

TRA Schedule of the School's Proportionate Share of the Net Pension Liability	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0865%	0.0875%	0.0794%	0.0771%	0.0753%	0.0765%	0.0772%	0.0742%
School's Proportionate Share of the Net Pension Liability	$ 3,785,499	$ 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	319,280	541,567	447,880	454,741	1,453,392	1,831,996	585,978	240,468
Total	$ 4,104,779	$ 7,006,185	$ 5,508,853	$ 5,297,932	$ 16,484,638	$ 20,079,071	$ 5,361,562	$ 3,659,550
School's Covered Payroll	$ 5,213,542	$ 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	72.61%	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	86.63%	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 EIGHT FISCAL YEARS *

TRA Schedule of School Contributions								
Last Eight Fiscal Years	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 450,393	$ 423,861	$ 398,742	$ 348,138	$ 321,912	$ 305,675	$ 299,353	$ 293,110
Contributions in Relation to the Statutorily Required Contribution	(450,393)	(423,861)	(398,742)	(348,138)	(321,912)	(305,675)	(299,353)	(293,110)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 5,400,396	$ 5,213,542	$ 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	8.34%	8.13%	7.92%	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 EIGHT MEASUREMENT PERIODS *

GERF Schedule of the School's Proportionate Share of the Net Pension Liability	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0272%	0.0285%	0.0269%	0.0263%	0.0253%	0.0235%	0.0247%	0.0283%
School's Proportionate Share of the Net Pension Liability	$ 1,161,562	$ 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	35,433	52,728	46,165	47,924	20,327	24,913	-	-
Total	$ 1,196,995	$ 1,761,433	$ 1,533,406	$ 1,506,940	$ 1,635,462	$ 1,932,997	$ 1,280,082	$ 1,329,392
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	$ 1,475,586
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.33%	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	87.00%	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 EIGHT FISCAL YEARS *

GERF Schedule of School Contributions								
Last Eight Fiscal Years	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 162,101	$ 146,833	$ 141,431	$ 142,494	$ 131,699	$ 122,068	$ 109,449	$ 106,384
Contributions in Relation to the Statutorily Required Contribution	(162,101)	(146,833)	(141,431)	(142,494)	(131,699)	(122,068)	(109,449)	(106,384)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,161,347	$ 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%	7.50%	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.

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:

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

Changes in Actuarial Assumptions

- 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.

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

2020 (Continued)

- 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.

Changes in Plan Provisions

- 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 in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased 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.

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% 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.

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

2018 (Continued)

- 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 in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

- 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 in Actuarial Assumptions

- 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 future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

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

2015

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- 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:

2021

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- 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 the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- 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.
- 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 zero percent 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.

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

2018 (Continued)

- 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 in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment 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 ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- 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.

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

2016 (Continued)

- 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015
Changes in Actuarial Assumptions

- 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%.

Changes in Plan Provisions

- 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 in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- 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, 2022

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 14,440,801	$ 14,440,800	$ 1
Total Expenditures	14,682,123	14,682,122	1
Nonspendable:			
460 Nonspendable Fund Balance	111,022	111,022	-
Restricted:			
403 Student Activities	3,071	3,071	-
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	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
464 Restricted Fund Balance	-	-	-
Committed:			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
Assigned:			
462 Assigned Fund Balance	207,973	207,973	-
Unassigned:			
422 Unassigned Fund Balance	5,822,231	5,822,231	-
02 FOOD SERVICE			
Total Revenue	670,104	670,105	(1)
Total Expenditures	536,817	536,819	(2)
Nonspendable:			
460 Nonspendable Fund Balance	4,737	4,737	-
Restricted:			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	396,324	396,323	1
Unassigned:			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	143,582	143,582	-
Total Expenditures	117,272	117,273	(1)
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
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	100,853	100,852	1
Unassigned:			
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, 2022, and the related notes to the financial statements, which collectively comprise the St. Croix Preparatory Academy's basic financial statements, and have issued our report thereon dated REPORT DATE.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

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 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, 2022, and the related notes to the financial statements, which collectively comprise the charter school's basic financial statements, and have issued our report thereon dated REPORT DATE.

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 uniform financial accounting and reporting standards, and charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools,* promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the charter school'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 compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

2023-2024 School Calendar

MN Statute

120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.

A school board's annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. The school calendar for all-day kindergarten must include at least 850 hours of instruction for the school year. The school calendar for a prekindergarten student under section 124D.151, if offered by the district, must include at least 350 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the commissioner under section 124D.126.

Overview of St. Croix Prep Schedule and Minutes Requirements of MN Statute 120A.41

	Minutes/Day	# of days	Hours/Year	MN Statute	Hour Difference	Day Difference
Upper School (9-12)	360	172	1032.0	1020	12.0	2.00
Middle School (7-8)	360	172	1032.0	1020	12.0	2.00
Middle School (5-6)	360	172	1032.0	935	97.0	16.17
Lower School (1-4)	360	166	996	935	61.0	10.17
Lower School (K)	360	166	996	850	146.0	24.33

Days Comparison with 2022-23 and 2023-24 School Year Calendars

	2022-23	2023-24
Lower School Student Days (Yellow - Orange)	166	166
Middle & Upper School Student Days (Yellow)	172	172
Returning Staff Days (Purple + Yellow)	186	186
New Staff Days (Pink + Purple + Yellow)	191	191
No School Offices Closed (Red)	20	15*
No School (Blue)	9	9
No School (Purple)	14	14
New Teacher Workshop (Pink)	5	5

*12-month staff will have 5 floating holidays allocated for FY24 for a total of 20.

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2023-2024 School Calendar

JULY 2023

M	T	W	TH	F
3 No School Offices Closed	4 No School Offices Closed	5 No School Offices Closed	6 No School Offices Closed	7 No School Offices Closed
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31				

AUGUST 2023 (T9/S4)

M	T	W	TH	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28 First Day of School	29 No School LS Only RFS Conf.	30 No School LS Only RFS Conf.	31 No School LS Only RFS Conf.	

SEPTEMBER 2023 (T19/S18)

M	T	W	TH	F
				1 No School
4 No School Offices Closed	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29 No School

OCTOBER 2023 (T20/S19)

M	T	W	TH	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19 No School	20 No School
23 No School	24	25	26	27
30	31			

NOVEMBER 2023 (T20/S18)

M	T	W	TH	F
		1	2	3 *End of Quarter
6 No School	7	8	9	10
13	14	15	16 LS, MS, US PM Conf.	17 No School LS Only LS Conf.
20	21	22 No School	23 No School Offices Closed	24 No School Offices Closed
27	28	29	30	

*End of 1st Qtr (44 Days)

DECEMBER 2023 (T16/S16)

M	T	W	TH	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25 No School Offices Closed	26 No School Offices Closed	27 No School Offices Closed	28 No School Offices Closed	29 No School Offices Closed

JANUARY 2024 (T22/S20)

M	T	W	TH	F
1 No School Offices Closed	2	3	4	5
8	9	10	11	12
15 No School	16	17	18	19 *End of Quarter
22 No School	23	24	25	26
29	30	31		

*End of 2nd Qtr (44 days)

FEBRUARY 2024 (T20/S19)

M	T	W	TH	F
			1	2 No School LS Only LS Conf.
5	6	7	8	9
12	13	14	15	16 No School
19 No School	20	21	22	23
26	27	28	29	

MARCH 2024 (T16/S15)

M	T	W	TH	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21 *End of Quarter	22 No School
25 No School	26 No School	27 No School	28 No School	29 No School

*End of 3rd Quarter (41 Days)

APRIL 2024 (T22/S22)

M	T	W	TH	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30			

MAY 2024 (T22/S21)

M	T	W	TH	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27 No School Offices Closed	28	29	30 *Last Day of School	31

*End of 4th Quarter (43 Days)

JUNE 2024 (T0/S0)

M	T	W	TH	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

11/15/22

School Day | No School Day | No School Day for LS Only | No School Day and Offices Closed

Board Approved: TBD

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2023-2024 School Calendar

191 New Staff Days | 186 Returning Staff Days | 172 MS/US Student Days | 166 LS Student Days

JULY 2023

M	T	W	TH	F
3 No School Offices Closed	4 No School Offices Closed	5 No School Offices Closed	6 No School Offices Closed	7 No School Offices Closed
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31				

AUGUST 2023 (T9/S4)

M	T	W	TH	F
	1	2	3	4
7	8	9	10	11
14 New Teacher Workshop	15 New Teacher Workshop	16 New Teacher Workshop	17 New Teacher Workshop	18 New Teacher Workshop
21 All Teacher Workshop	22 All Teacher Workshop	23 All Teacher Workshop	24 All Teacher Workshop	25 All Teacher Workshop
28 First Day of School	29 No School LS Only RFS Conf	30 No School LS Only RFS Conf	31 No School LS Only RFS Conf	

SEPTEMBER 2023 (T19/S18)

M	T	W	TH	F
				1 No School
4 No School Offices Closed	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29 PD day

OCTOBER 2023 (T20/S19)

M	T	W	TH	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19 PD day	20 No School
23 No School	24	25	26	27
30	31			

NOVEMBER 2023 (T20/S18)

M	T	W	TH	F
		1	2	3 *End of Quarter
6 Grading Day	7	8	9	10
13	14	15	16 LS, MS, US PM Conf	17 No School LS Only LS Conf
20	21	22 PD Day	23 No School Offices Closed	24 No School Offices Closed
27	28	29	30	

*End of 1st Qtr (44 Days)

DECEMBER 2023 (T16/S16)

M	T	W	TH	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25 No School Offices Closed	26 No School Offices Closed	27 No School Offices Closed	28 No School Offices Closed	29 No School Offices Closed

JANUARY 2024 (T22/S20)

M	T	W	TH	F
1 No School Offices Closed	2	3	4	5
8	9	10	11	12
15 PD Day	16	17	18	19 *End of Quarter
22 Grading Day	23	24	25	26
29	30	31		

*End of 2nd Qtr (44 days)

FEBRUARY 2024 (T20/S19)

M	T	W	TH	F
			1	2 No School LS Only LS Conf.
5	6	7	8	9
12	13	14	15	16 PD Day
19 No School	20	21	22	23
26	27	28	29	

MARCH 2024 (T16/S15)

M	T	W	TH	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21 *End of Quarter	22 Grading Day
25 No School	26 No School	27 No School	28 No School	29 No School

*End of 3rd Quarter (41 Days)

APRIL 2024 (T22/S22)

M	T	W	TH	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30			

MAY 2024 (T22/S21)

M	T	W	TH	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27 No School Offices Closed	28	29	30 *Last Day of School	31 PD/Grading Day

*End of 4th Quarter (43 Days)

JUNE 2024 (T0/S0)

M	T	W	TH	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

11/15/22

School Day | No School Day | No School Day for LS Only | No School Day/Students | No School Day and Offices Closed

St. Croix Preparatory Academy

FY23 Compensation Adjustment: Misc.

12/20/2022

I. Susan Peterson: Title Promotion (incl transition from Hourly to Salary)
- Current Title: Events and Communications Coordinator
- Proposed Title: Events and Communication Manager
- Rationale:
    i. Susan Peterson is completing the work of Communication and Events Manager (job description attached)
- Proposed Salary: $60,000 (FY23 hrly rate x 260 days x 9.2 hrs/day (based on PY hrs)
- Budget Impact: $0
- Board Action Required

II. Beth Grubisch: Transition from Hourly to Salary
- Rationale:
    i. As SCPA Senior Accountant Beth job duties are eligible for Salary
    ii. This change creates operational efficiencies
    iii. Proposed Salary: $67,000 (FY23 hrly rate x 260 days x 8 hrs/day (based on PY hrs)
- Budget Impact: $0
- Board Action Required

St. Croix Preparatory Academy

FY23 Compensation Schedule Adjustment Proposal

12/20/2022

I. Background

- Licensed Staff at the FY22 Placement level 2 thru 18 received an effective FY23 raise of 17% minimally (15% increase in each placement level plus the 2-5% placement level increase).
- Licensed Staff at the 19+ Placement Level, who have historically received a salary increase equal to the 12-month employee salary increase, received a 15%. A result of these raises is that our most experienced teachers received a smaller raise than teachers in Placement Level 2-18.

II. Options for Remedy

- This inequity and possible remedies were evaluated by EDFO, Human Resources Director, and the SCPA Compensation Committee. The following remedies were considered:

  i. Option 1: Make no changes to FY23 Compensation
     1. Cost: $0
     2. Employees *negatively* impacted: 17
     3. Pros: $0 cost
     4. Cons:
        a. Tempers the positive impact the FY23 compensation enrichment made on staff moral and satisfaction because without this proposed adjustment, the FY23 compensation enrichments are not enriching SCPA's most experienced teachers at the same level as less experienced teachers.
        b. Not approving this adjustment could increase the likelihood of departures from SCPA's 19+ level teachers.

ii. **Option 2:** Increase teachers' compensation who were at the 19+ Placement Level in FY22
   1. Cost: $14,000
   2. Employees *positively* impacted: 17
   3. Pros: Creates *equity* among teacher salary increases.
   4. Cons:
      a. Creates *inequity* between 19+ Placement Level teachers' increase and 12-mnth employees' increase.
      b. $14,000 cost.

iii. **Option 3:** Increase *both* 19+ teacher compensation and 12-month employees and EA/Paras who didn't receive at least a 17% salary increase
   1. Cost: $46,000
   2. Employees *positively* impacted: 45
   3. Pros:
      a. Creates *equity* among employee positions whose salary increases are based on a % increase versus a PayScale advancement.
      b. Achieves *a minimum* 17% FY23 pay increase *for all SCPA employees* employed at 6/30/22.
   4. Cons:
      a. $46,000 cost.

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III. Budget Impact: See Page 4- 'FY23 Budget Revision- Net Impact'
- Conclusion- Based on FY23 YTD Financials as of September 30, and updated thru November 30, the FY23 Budget is able to support all three options if the budget is tightly managed for the remainder of FY23.

IV. Proposal: Adopt Option 2

- Allocate $46,000 to fund the cost of proposed compensation adjustment.
- Approve FY23 amended compensation for the 40 SCPA employees who were employed by SCPA as of 6/30/22 and meet one of the following criteria:
    - i. Instructional Staff:
        1. Gen Ed and Sped Teacher at the 19+ placement level on Licensed Instructional Staff Salary Schedule (FY23 Comp Plan-Appendix A. (17 employees)
        2. EAs and PARA at the 10+ placement level on Non-Licensed Instructional Staff Salary Schedule (FY23 Comp Plan-Appendix E). (2 employees)
        3. EAs and PARA at Placement Level 6-8 who received a less than 17% raise. (5 employees).
    - ii. Non-Instructional Staff:
        1. Salaried 12-month employees who received less than 17% FY23 salary increase (11 employees)
        2. Hourly 12-month employees who received less than 17% FY23 hourly rate increase. (10 employees)

St. Croix Preparatory Academy

FY23 Budget Revision- Net Impact

12/20/22

line#	Description	Option 1	Option 2	Option 3
	Projected FY23 Revenue Adjustments (> or = $5K)			
1	Gen Ed Aid (Enrollment Short Fall)	($62,847)	($62,847)	($62,847)
2	Lease Aid (Enrollment Short Fall)	($11,017)	($11,017)	($11,017)
3	Interest Income (CDs/MMKT Improved Rates)	$150,000	$150,000	$150,000
4	Misc Revenue	$5,000	$5,000	$5,000
5	Fees From Patrons	$5,000	$5,000	$5,000
6	**Project Revenue Adjustments (>$5K)**	**$86,136**	**$86,136**	**$86,136**
	Projected FY23 Expense Adjustments (>$5K)			
7	Property and Liability Insurance	$5,734	$5,734	$5,734
8	Proposed FY23 Compensation Adjustment	$46,000	$14,000	$0
9	**Total Projected FY23 Expense Adjustments (>$5K)**	**$51,734**	**$19,734**	**$5,734**
10	**Net Budget Impact of FY23 Compensation Adjustment**	**$34,402**	**$66,402**	**$80,402**

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Succession Planning Committee Minutes December 1, 2022

Members Present: N. Donnay, T. Smith, C. Olson

Members Absent: S. Mueller, D. Melendres

Ex-officio Members Present: J. Gutierrez

Meeting began at 12:00 pm

Reviewed Job Descriptions and Employment Agreements
Discussed the job descriptions/employment agreements and noted the following:

- Will continue gathering information and issue data practices requests where appropriate.
- C. Olson will prepare a matrix identifying elements in the employment agreements

Reviewed Job Evaluation Status
Discussed job evaluations – information is currently being gathered to perform these for the positions reporting to the Board.

The meeting ended at 12:30 pm

Submitted by J. Gutierrez, St. Croix Preparatory Academy

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Succession Planning Committee Minutes December 8, 2022

Members Present: N. Donnay, T. Smith, C. Olson

Members Absent: S. Mueller, D. Melendres

Ex-officio Members Present: J. Gutierrez

Meeting began at 12:00 pm

Items for Next Board Meeting

Discussed the information to be included in the next board meeting:

- Sample Superintendent contract included in previous board packet
- St. Croix Prep offer letter and job renewal letter included in previous board packet
- Include sample agreements from Eagle Ridge and Nova Classical
- Include matrix identifying elements in the employment agreements
- Include the revised timeline with additional details

Revised Timeline Discussion

Discussed timeline and relevant information to be included in the timeline:

- January – performance reviews under current format. The current review process needs revision. Draft of employment agreement from legal counsel to form the framework for discussion and negotiation. Draft of job descriptions.
- February – Job descriptions and potential approval. Preliminary discussion and determination of items in the employment agreement.
- March – Begin negotiation of employment agreements to begin for the upcoming school year.
- April – Finalized employment agreements for Executive Director and Executive Director of Finance & Operations.

Miscellaneous Discussion

Discussed related information:

- Consultant to assist with succession planning. J. Gutierrez had discussion with consultant (recommended by D. Melendres) who is able to guide board in the succession discussion. He is willing to meet with the Succession Planning Committee prior to the next board meeting or with the entire board at the next board meeting.
- Positions to be hired as a part of the succession plan. Briefly discussed hiring a Dean of Students and Communications Director. Further discussion will occur with the administrative team.

The meeting ended at 1:05 pm

Submitted by J. Gutierrez, St. Croix Preparatory Academy

		Eagle Ridge	Cologne Academy	Nova Classical
Agreement Terms				
	Dates Itemized	yes	yes	yes
	Auto-Renewed Agreement	no	no	no
	Disciplinary Process Itemized	-	-	yes
	Mutual Termination Terms Itemized	-	-	yes
	Director Written Notice of Intent to Return	yes	-	-
	Renewal Discussion Process Itemized	-	-	yes
	Death/Disability Clause	-	-	yes
	Non-Operation of Employer Clause	-	-	yes
	Indemnification and Provision of Counsel	-	-	yes
Termination				
	Termination by Board Process	-	-	yes
	Board Required to Show Cause?	no	no	yes
	Paid Weeks After Termination?	-	-	-
	Pay-out on insurance?	-	-	-
	Severance?	yes	-	no
Resignation				
	Days Before Resignation Date Required	yes	-	yes
	Work to transfer duties	yes	-	-
	Liquidated Damages?	yes	-	-
	Pay out unearned salary?	no	-	no
	Pay out severance?	no	-	no
	Pay out insurance premium?	no	-	-
Position and Duties				
	At-Will	yes	yes	-
	Full Time	yes	yes	yes
	Work Hours Defined	yes	yes	yes
	Meeting/Even Attendance	yes	yes	yes
	Overtime?	no	no	-
	Duties Outlined Via Job Description	yes	yes	yes
	Board can modify job description	yes	yes	-
	Board oversees job peformance	yes	yes	yes
	Board reviews job performance	yes	yes	yes
	Authorizer Relationship Itemized	-	-	yes
	FERPA Compliance	-	-	yes
Compensation				
	Gross Salary	yes	yes	yes
	Gross Salary Detailed Year by Year	yes	-	yes
	Additional Comp Based on Certification	yes	-	-
	Schedule of Payments/Installments	yes	yes	yes

		Eagle Ridge	Cologne Academy	Nova Classical
	Prorated Pay If Terminated	yes	yes	-
	Board Adjustment Clause	-	-	yes
Connectivity Allowance				
	Allowance Per Month	yes	-	-
Insurance Benefits				
	Insurance Benefits Outline in Seperate Doc	yes	-	yes
	Group Insurance Plan	yes	yes	-
	Dental	yes	yes	-
	Life	yes	yes	-
	Long-Term Disability	yes	yes	-
	Short-Term Disability	yes	yes	-
	Death Benefit	yes	-	-
	Family Coverage Detailed?	-	yes	-
	Board May Modify (notified in writing)	-	yes	-
TRA Contributions				
	TRA Contribution Terms Detailed	yes	yes	-
Personal Days				
	Number of Days Itemized	yes	yes	yes
	Board can adjust	yes	-	-
	Director Must Notify Board if over set amount	-	yes	yes
	Board Approval if over set amount of days	-	-	yes
	Carry Over Personal Days	yes	no	yes
	Cap on Carried Over Personal Days	yes	-	yes
	Personal Days Cash Out Amounts	yes	no	yes
	Pooled Days Cashed Out on Termination	yes	no	yes
Sick Days				
	Number of Days Itemized	-	yes	-
	Certification from Doctor Required	-	yes	-
	Board can adjust	-	-	-
	Carry Over Sick Days	-	yes	-
	Cap on Carried Over Sick Days	-	yes	-
	Sick Days Over Cap Are Unpaid	-	yes	-
	Sick Days Cash Out Amounts	-	-	-
	Pooled Days Cashed Out on Termination	-	no	-
Vacation				
	Number of Days Itemized	-	yes	-
	Must Notify Board	-	yes	-
	Days Cashed Out on Termination	-	no	-
Emergency/Bereavement Leave				
	Days Itemized	yes	yes	-

		Eagle Ridge	Cologne Academy	Nova Classical
	Days Paid Out on Termination	yes	no	-
Covenant of Diligence, Good Faith and Loyalty				
	Policy/Mission Alignment	yes	yes	-
	Federal/State/Local Law Abiding	yes	yes	-
	Must promote interest of school	yes	yes	-
	Board Approval Needed for External Contracts	yes	yes	-
Choice of Law and Serverability				
	State of Governance Itemized?	yes	yes	yes
Waiver				
	Individual Clause Waiver?	yes	yes	-
Agreement				
	Written agreement is total of agreement	yes	yes	yes
	All parts of agreement are in writing	yes	yes	yes
	No expressed/implied agreements	yes	yes	yes
	Waivers/adjustments must be in writing	yes	yes	yes
Consulting Agreement				
	External Consulting Allowed?	-	-	yes
	External Consulting Days Itemized?	-	-	-
	External Consulting Services Detailed?	-	-	-
	Board Must be Notified?	-	-	yes
	Personal Time Off (PTO) Days Must be Used?	-	-	yes

EAGLE RIDGE
ACADEMY

Employment Agreement – Executive Director

This Employment Agreement ("Agreement") is entered into by and between the Board of Directors ("Board") of Eagle Ridge Academy ("Academy") and Jason Ulbrich ("Director"). The Academy and Director are hereinafter collectively referred to as "the parties."

WHEREAS, the parties desire to enter into an employment agreement governing the terms and conditions of the Director's employment with the Academy;

NOW, THEREFORE, IN CONSIDERATION OF the mutual promises and covenants contained in this Agreement, including the relinquishment of certain legal rights, the parties hereby agree as follows:

1) **Term.** This Agreement will be in effect from July 1, 2022 to June 30, 2024, unless early termination occurs pursuant to paragraph 10 or 12 of this Agreement. Absent early termination, the Director's employment will terminate effective at the close of business on June 30, 2024. This Agreement will not automatically renew.

2) **Position and Duties.** Subject to the other provisions of this Agreement, the Academy hereby agrees to employ the Director as an at-will employee in the position of "Executive Director" for the Academy, and the Director hereby accepts such employment, upon the terms and conditions set forth in this Agreement.

    a) The position of Executive Director is a full-time position with exempt status under the Fair Labor Standards Act. Regular attendance is an essential function of the job. A regular work day will be eight (8) hours in length, but the Director is expected to work the number of hours necessary to perform his/her job duties and to meet the professional expectations of the job. In light of the exempt status of the position, additional hours worked beyond a forty-hour workweek will not constitute overtime. Beyond the basic duty day, the Director is expected and may be required to attend and participate in meetings and school-sponsored events, such as curriculum nights, informational meetings, student and parent conferences, meetings called by the Board, and other similar events.

    b) Subject to the Board's oversight, the Director will direct and assign employees of the Academy in a reasonable manner and will generally be responsible for the day-to-day operations and management of the Academy. The Director will also perform the job duties and meet the professional expectations established in the job description for the position of "Executive Director." The Director also agrees to comply with all applicable federal and state laws.

    c) The Board retains the right to modify the Executive Director's written job description as they see fit; to oversee and direct the Director's performance as they see fit; and to review the Director's performance as they see fit.

3) **Compensation.** While this Agreement is in effect, the Director will earn a gross annual salary of $170,000 for the period July 1, 2022 – June 30, 2023; $175,100 for the period July 1, 2023 – June 30, 2024. An additional $3500 for successful completion of the Classical Education Teacher Certificate program will be paid each year, for a total of $173,500 for the period July 1, 2022 – June 30, 2023; and $178,600 for the period July 1, 2023 – June 30, 2024 in consideration for faithfully performing the duties of the Executive Director for the Academy. In accordance with its regular payroll schedule, the Academy will pay the Director this annual salary in twenty-four equal installments (i.e. twice a month), less applicable withholdings and deductions. If this Agreement is terminated during the middle of a pay period, the salary paid to the Director for that period will be prorated and decreased to reflect the number of days actually worked.

4) **Connectivity Allowance.** While this Agreement is in effect, the parties agree that the Academy will provide the Director with an allowance of up to $75 per month for technology needs (i.e. cell phone, Wi-Fi hot spot, etc.).

5) **Insurance Benefits.** The Director will be eligible to enroll in the Academy's group health insurance plan, dental plan, life insurance plan, short-term disability plan, and long-term disability plan. The details of the benefit plans, applicable premiums, and eligibility for coverage are fully outlined in the Employee Benefit Summary.

   a. In order to receive any insurance benefits described in the Employee Benefit Summary, the Director must pay his/her percentage of the applicable premiums for single coverage, and he/she must timely enroll in and qualify for the insurance plans selected by the Academy.

   b. The Director is solely responsible for the cost of any premiums for insurance in excess of the Board's contribution for single coverage and the percentage determined by the Board for dependent coverage.

   c. The description of insurance benefits in this Agreement is intended to be informational only. The Director agrees that no action may be brought against the Academy for any particular claim that in not covered or paid by insurance. The Academy is not insuring or guaranteeing that any particular claim will be paid or covered by insurance. The eligibility and coverage of the Director and dependents will be governed entirely by the terms of the applicable insurance policy.

   d. The Academy's contribution will be made so as to provide coverage through the month in which this Agreement terminates. If the Parties agree to extend this Agreement pursuant to paragraph 11 of this Agreement, the Academy's contribution will be made so as to provide coverage through the month in which the extended Agreement terminates.

While this Agreement is in effect, the Academy will pay the premiums for a group term life insurance policy for the Director with a death benefit in the amount of one-hundred thousand dollars ($100,000). The eligibility of the Director and his/her beneficiaries for these insurance benefits will be governed by the terms of the insurance policies selected by the Academy. The parties agree that the Academy's only obligation is to pay the premiums for the insurance policy described in this paragraph, and no claim may be brought against the Academy for any particular claim or benefit not paid by insurance. The Academy is not ensuring or guaranteeing that any particular claim or benefit will be paid or covered by insurance.

6) **TRA Contributions.** While this Agreement is in effect, the Director will be a member of the Minnesota Teacher Retirement Account ("TRA") system. The Academy and the Director will each contribute at least the minimum amounts required by TRA. The Academy's obligation to make any contribution to TRA will cease immediately in the event that the Director resigns or his/her employment is terminated for any reason. The Academy is authorized to make payroll deductions for paying the Director's TRA contributions.

7) **Paid Time Off.** The Director will not be expected to work on the following days: Labor Day; Thanksgiving Day; the day after Thanksgiving; Christmas Eve, December 24th; Christmas Day, December 25th; New Year's Eve Day; New Year's Day; Good Friday; Memorial Day and July 4th, if applicable. The Board of Directors, in its discretion, may make changes in paid holidays for all Academy staff and therefore the above referenced dates are subject to annual adjustments as approved by the Board. In addition, the Director may take up to twenty five (25) days of paid time off during each year of the term of this Agreement with the understanding that the Director will be expected to be working on student non-session days or use paid time off. The Director may carry over a maximum of twelve (12) days per school year, cumulative up to forty eight (48) days. Upon any termination of this Agreement, the Director will have a right to receive a cash value for no more than forty eight (48) days of unused paid time off days at a daily rate cap of $452/day. Included in the total forty-eight (48) days, the Director may carry over up to fifteen (15) days (unused sick days

prior to the term of this Agreement), which shall be placed in a sick bank for which the Director will have a right to receive the cash value for any unused days, subject to the following limitation: upon termination of the employment of the Employee, the Director will have a right to receive a cash value for no more than forty-eight (48) days of unused paid time off or sick bank days.

In the event that not all PTO is used during the agreement year, the Director may elect to be paid for any accrued and unused PTO days up to 10 days per benefit year. The rate of compensation for paid out PTO shall be at a daily rate cap of $452/day.

(a) Pursuant to the Family Medical Leave Act (FMLA), the Academy allows employees to use their accumulated Paid Time Off during a period of FMLA leave. If the Director takes a leave of absence for a serious health condition, the Director's accumulated Paid Time Off will be applied beginning at the time the leave commences.

(b) Any absences due to illness that are in excess of the Director's accumulated Paid Time Off days will be without pay.

8) **Emergency/Bereavement Leave.** In addition to sick leave, up to four (4) days of paid leave will be allowed during the term of this Agreement for any emergencies or deaths in the Director's immediate family. For the purposes of this Agreement, immediate family is defined as a spouse, child, parent, brother, sister, grandchild, grandparent, or in-laws. Upon termination of this Agreement, the Director will have no right to be paid for unused days of emergency/bereavement leave.

9) **Covenant of Diligence, Good Faith, and Loyalty.** The Director agrees to perform his/her job duties diligently, in good faith, to the best of his/her ability with loyalty to the Board and to the Academy.

   a) The Director may not, directly or indirectly, engage or participate in any action or conduct that conflicts in any respect with the interests of the Academy, nor may the Director engage or participate in any action or conduct that is inconsistent with the Board's policies or actions, his/her duties as the Executive Director, the basic educational mission of the Academy, or the desired image of the Academy.

   b) The Director must fully comply with all federal and state laws and with all policies and rules of the Academy. The Director must perform his/her duties in a trustworthy, ethical, legal, and diligent manner and must use his/her best efforts to promote the interests of the Academy.

   c) During the term of this Agreement, the Director must not enter into another employment contract or an independent contract with another entity, or write a grant for another entity, without the prior written approval of the Academy's Board.

   d) The Director must not and agrees to refrain from using any Academy time, property or resources or allowing Academy employees to use Academy time, property or resources:
      i) for purposes of serving on the board of an educational entity or school, or
      ii) to promote, market or assist the founding and opening of an educational entity or school. This must not restrict the Director's ability to devote non-Academy time, property and resources to such purposes.

10) **Employment Status and Termination.** The Director is an at-will employee regardless of any statements, representations, procedures, or policies that may be made or promulgated by the Academy or its agents or representatives. Accordingly, the Board may terminate this Agreement and Director's employment as it sees fit. The Board is not required to show cause for termination of this Agreement and the Director's employment. After the effective date of any termination without cause during the term of this agreement, the Director is entitled to receive three weeks of pay for each year of service to the Academy with a maximum accrual of twelve weeks; however, the Director is not entitled to receive payment of any insurance premium or any other employer-paid benefit. Non-renewal or termination with cause of this contract does not constitute any rights

to severance. Severance payments will be accordance with the Academy's regular payroll schedule, with each severance payment no greater than the Director's bi-monthly regular pay at time of severance.

11) **Notice of Intent to Continue as Executive Director.** The intent of this position is to serve the Academy as an Executive Director for a two-year term. On or before February 15 of each year, the Director must provide the Board with written notice stating whether or not he/she will request to be employed by the Academy as Director for the following school year. Should the Academy determine additional service is required beyond June 30th, the Board will provide a proposed written agreement to the Director by the end of February.

12) **Resignation.** The Director may terminate this Agreement and his/her employment with the Academy by providing the Board Chair with written notice of his/her resignation no less than thirty (30) calendar days in advance of the effective date of the resignation. In the event that such notice is given, the Director must continue to perform his/her job duties diligently, in good faith, and to the best of his/her ability until the effective date of the resignation. The Director must also act in good faith to facilitate the transfer of job duties to a new Executive Director. In the event that the Director resigns and provides less than thirty days advance written notice to the Academy, he/she will be liable to the Academy for liquidated damages in the amount of two thousand five hundred dollars ($2,500). With the Director's written authorization, the Academy may deduct this sum from the Director's final paycheck. If the Director does not give the Academy authorization to deduct this amount from his/her paycheck or in the event that his/her final paycheck is less than two thousand five hundred dollars ($2,500), the Director will be liable to the Academy for the $2,500 or the balance of that sum plus any costs, expenses, and attorney fees incurred by the Academy in recovering or collecting the outstanding sum. After the effective date of any resignation, the Director is not entitled to receive any form of unearned salary, severance, payment of any insurance premium, or any other employer-paid benefit.

13) **Choice of Law and Severability.** This Agreement must be governed by the laws of the State of Minnesota, regardless of whether any change occurs in the Executive Director's domicile or status as a resident of Minnesota. If any part of this Agreement is construed to be unenforceable or in violation of any applicable law, the remaining portions of the Agreement will remain in full force and effect.

14) **Waiver.** Waiver by either party of any term or condition of this Agreement or any breach will not constitute a waiver of any other term or condition or breach of this Agreement.

15) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the employment of the Executive Director. No party has relied upon any oral statements or promises that are not set forth in this document. The terms of this Agreement are contractual and supersede any and all prior agreements between the parties and any inconsistent provisions in any employee handbooks or policies. The Director understands and agrees that any handbooks or policies adopted by the Academy do not create an express or implied contract. No waiver or modification of any provision of this Agreement is valid unless it is in writing and signed by both parties.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the dates shown below. This Agreement will not become effective unless and until it is approved by the Board of Directors of Eagle Ridge Academy and signed by both parties.

Executive Director Mid-Year Review Summary

Complete February 2022

<u>Goal 1 – Faculty Retention:</u> By June 1, 2022, ERA will have a projected faculty retention 87% for the 2021-2022 school year.

Evidence of Satisfactory Progress to Date

<u>Goal 2 – Enrollment Recruiting and Retention</u>: By June 1, 2022, ERA will have an enrollment of 1,428. 1,428 enrollment would be an increase of 2% as compared to June 1, 2021.

Evidence of Satisfactory Progress to Date

<u>Standard Element 8.b. Interactions with Staff, Students, and Community</u>

Evidence of Satisfactory Progress to Date

General Strengths:

- Jason has made a substantial effort to listen and respond to staff and community members.
- Jason has been proactive in tackling the issue of student retention and recruitment. Currently 9th and 10th grade have the largest class sizes that ERA has ever had.

Areas for Growth:

- Continue working to be proactive and transparent with all stakeholders when explaining reasoning behind significant changes and decisions
- Work to seek out student voice

By signing below, each party acknowledges that it has read this Agreement; that it understands the terms of the Agreement; and that it intends to be legally bound by the terms of the Agreement.

Executive Director

Dated: 3/8/22 ______________________________ Executive Director

Board Officers of Eagle Ridge Academy

Dated: 3/8/22 ______________________________ Chair of the Board of Directors, Eagle Ridge Academy

Dated: 3/8/22 ______________________________ Vice Chair of the Board of Directors, Eagle Ridge Academy

Dated: 3/8/22 ______________________________ Secretary of the Board of Directors, Eagle Ridge Academy

Dated: 3/8/22 ______________________________ Treasurer of the Board of Directors, Eagle Ridge Academy

Executive Director Consulting Agreement

Eagle Ridge Academy is first and foremost an academic and learning institution, whereby enriching professional development and promoting a life-long passion for learning is inherent in our mission. To that end, the Board of Directors of Eagle Ridge Academy believes that to develop and grow is to teach and to share that knowledge. Therefore, with this in mind, the following is hereby stipulated:

The Board of Directors of Eagle Ridge Academy (the "Board") agrees to permit Mr. Jason Ulbrich (the "Executive Director"), and other leaders in the Academy (including but not limited to the Principals, the Academic Director, and the Classical Coordinator) up to ten (10) days per year to undertake consulting services. These consulting services may include but are not limited to speaking engagements, writing activities, assessments, lecturing, advising or other professional duties or obligations. These consulting services may not conflict or interfere with the professional responsibilities and duties to the Academy. The Executive Director will provide notice to the Board Chair of requests for consulting services. The Board also grants authority to the Executive Director to approve other staff members of the Academy the ability to conduct such consulting services, with written requests submitted to the Executive Director. The Executive Director and all staff and leaders of the Academy agree to comply with applicable ethics rules, laws, and Board Policy regarding the reporting of potential and actual conflicts of interest.

In addition, the Executive Director agrees to provide information regarding income from these activities to the Board Treasurer and the Human Resources Manager as necessary for financial reporting requirements. If the above consulting services take place during normal working hours, the Executive Director may keep the compensation, fees, or honorarium for such activities, provided he uses Personal Time Off (PTO); otherwise, the Executive Director shall reimburse the Academy an amount equivalent to one day's pay. Alternatively, the Executive Director may be granted unpaid administrative leave or conduct such consulting activities outside of school hours, on weekends, during personal time off, or at any other time in which he is not required to be present at the Academy and retain any honoraria paid. These stipulations apply to other leaders of the Academy in addition to the Executive Director.

Executive Director

Dated: 3/8/22

Executive Director

Board Officers of Eagle Ridge Academy

Dated: 3/8/22

Chair of the Board of Directors
Eagle Ridge Academy

Dated: 3/8/22

Vice Chair of the Board of Directors
Eagle Ridge Academy

Dated: 3/8/22

Secretary of the Board of Directors
Eagle Ridge Academy

Dated: 3/8/22

Treasurer of the Board of Directors
Eagle Ridge Academy

Know Yourself. Know The World.
NOVA CLASSICAL ACADEMY™

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (the "Agreement" or "Contract") is made by and between Brett Wedlund (the "Employee" or "Executive Director") and Nova Classical Academy (" Nova Classical"). Employee and Nova Classical may also be referred to as "Party" or "Parties". In consideration of the promises set forth in this Agreement, the Parties agree as follows:

1. Nature and Capacity of Employment and Contingencies.

Nova Classical agrees to employ Employee as the Executive Director of Nova Classical effective July 1, 2022, pursuant to the terms of this Agreement and to provide the benefits set forth herein contingent on the Employee maintaining required licensures and supporting credentials. Employee agrees to perform the functions of this position pursuant to the terms of this Agreement.

1.1 **Executive Director Duties.** The Executive Director will have charge of the administration of Nova Classical under the direction of the Board and must faithfully and with best efforts perform all duties set forth herein, in the Executive Director Job Description, and as assigned by the Board.

1.2 **Performance of Duties.** The Executive Director shall in all respects fully conform to and comply with all lawful policies, regulations, bylaws, rules, directives, instructions from the Board, and practices of Nova Classical, except as expressly waived, in writing, by the Board of Directors. The Executive Director shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances. The Executive Director shall perform the duties in a trustworthy, ethical, legal, and diligent manner, using his best efforts to promote and serve the interests and mission of Nova Classical.

1.3 **Support of Authorizer.** Employee shall also support Nova Classical's mission by partnering with and providing requested information and assistance to Nova Classical's authorizer and other relevant agencies/organizations.

2. Term of Employment.

Unless modified earlier by the mutual written consent of the Parties or terminated earlier by either Party pursuant to the terms herein, this Contract shall be in full force and effect from July 1, 2022, until June 30, 2025 (the "Term"). Unless terminated earlier, this Contract will automatically expire at the end of the Term. Upon expiration or termination, neither Party will have any further claim against the other, including for severance pay, and Nova Classical's employment of the Executive Director will automatically end unless the Parties enter into a subsequent employment agreement.

3. Compensation.

3.1 **Salary.** Nova agrees to pay to Employee an annual salary of One Hundred and Forty-Eight Thousand and no/100 Dollars ($148,000.00) from July 1, 2022, to June 30, 2023, One Hundred Fifty Thousand Nine Hundred Sixty and no/100 Dollars ($150,960.00) from July 1, 2023, to June 30, 2024, and One Hundred Fifty-Three Thousand Nine Hundred Twenty and no/100 Dollars ($153,920.00) from July 1, 2024, to June 30, 2025. These amounts are characterized as Employee's "Salary".

3.2 **Proration and Reductions**. Employee will be paid a prorated amount for any semi-monthly pay period in which Employee is not employed by Nova Classical for the entirety of the pay period. The annual salary may be modified but shall not be reduced unless twenty-five or more percent of Nova Classical's employees' pay are also being reduced as determined by the Board consistent with Nova Classical's response to financial need.

3.3 **Deductions.** Employee acknowledges that all payments made under this Agreement will be in accordance with Nova Classical's normal payroll practices and subject to deductions and withholding which Nova Classical is obligated by law or authorized by policy or the Employee to deduct.

3.4 **Employee Benefits.**

3.4.1 **Insurance Benefits.** The Employee shall receive benefits during the Term as identified in the Benefits Packet and Summary applicable to the Executive Director.

3.4.2 **Personal Time Off.** Employee shall receive twenty (20) days of Personal Time Off ("PTO") for each year of the Term of this Agreement. Employee will accrue these PTO days in full each year of the Term on July 1. Employee will minimize use of PTO while school is in session. If Employee has a personal circumstance or emergency for which the Employee seeks to take more than five (5) continuous days of PTO while school is in session, Employee will obtain written authorization from the Board Chair. The PTO days shall be available in addition to any days off Employee may receive due to holidays or other occasions on which Nova Classical's offices are officially closed according to the Board-approved school calendar.

Employee may carry over up to 10 days of unused PTO from each year of the Term into the next year of the Term. Employee will not receive payout of unused PTO if this Agreement expires, is terminated by mutual consent or if Employee's employment is terminated by Nova Classical. Except as provided in Paragraph 6.5, Employee will receive payout of unused PTO at a rate of One Hundred and Thirty and no/100 Dollars ($130.00) per day, provided Employee submits timely written notice of resignation.

4. Employment Exclusivity.

During the Term, the Employee shall devote full-time year-round employment to Nova Classical. It is expected that the Employee will complete the essential tasks identified in their job description. It is expected that to complete these tasks the employee will generally work forty (40) hours or more per week. However, the specific hours worked may vary from week to week based on the needs of Nova Classical. While the Board wants to ensure that the Employee has sufficient work/life balance, it reserves the right to direct the Employee to work hours necessary to conduct the business of Nova Classical, including, but not limited to, attendance at meetings of the Board.

While the Executive Director shall devote full time and due diligence to the affairs and the activities of Nova Classical, the Executive Director may serve as a consultant to other schools, districts, or other educational agencies, lecture, engage in writing and speaking activities, and engage in other activities ("Other Activities"), all of which must not impede the Executive Director's ability to perform the Executive Director's job duties. The Executive Director must notify the Board, in writing whenever engaging in any Other Activities. If the Executive Director engages in Other Activities which results in payment or other compensation or which requires more than two workdays, the Executive Director must receive the prior written approval of the Board.

5. Discipline, Evaluation and Termination of Employment Agreement.

The Parties agree that the Executive Director will be subject to evaluation and that this Employment Agreement may be terminated only as provided in this Section 6.

5.1 **Mutual Consent to Terminate Agreement.** The Parties may terminate this Agreement at any time pursuant to mutual written consent.

5.2 **Discipline of Executive Director.** Nothing in this Agreement shall be construed to affect or prevent Nova Classical and/or the Board, in its sole discretion, to impose discipline on the Employee for performance deficiencies, failures, mistakes or misconduct, including, but not limited to, written reprimand or unpaid suspension. Other than termination of employment as a disciplinary action, which is subject to arbitration, as described in Paragraph 6.4, the appropriate level of discipline to be imposed on the Employee will be subject to the sole discretion of the Board and will not be subject to grievance or arbitration. In addition, Nova Classical and/or the Board shall have the right to place the Executive Director on paid leave as deemed in the interests of Nova Classical.

5.3 **Performance Evaluation by Board.** The Board, in consultation with the Executive Director, shall define written annual goals and performance objectives as it determines necessary to achieve the educational mission of Nova Classical. The Board or Board designees shall review and evaluate the performance of the Executive Director at least bi-annually, which review, and evaluation shall include an assessment of the Employee's performance relative to the goals and objectives set by and with the Board for Employee's performance.

5.4 **Termination by Nova Classical.** The Executive Director's employment may be terminated during the Term only for cause as defined in Minnesota Statutes 122A.40 Subds. 9 or 13. Except for purposes of describing grounds for discharge, the provisions of Minnesota Statutes 122A.40 shall not be applicable. If the Board proposes to terminate the Executive Director during the Term for cause as described in Minnesota Statutes 122A.40, Subds. 9 or 13, it shall notify the Executive Director in writing of the proposed grounds for termination. The Executive Director shall be entitled to a hearing before an arbitrator provided the Executive Director makes such a request in writing within ten (10) calendar days after receipt of the written notice of proposed termination. In such event, the Parties shall jointly petition the Minnesota Bureau of Mediation Services (BMS) for a list of five (5) arbitrators. The arbitrator shall be selected from the list by the Parties through the normal striking process as provided by BMS Rules. The arbitrator shall conduct a hearing under normal arbitration procedure rules and issue a written decision. The decision of the arbitrator shall be final and binding upon the Parties, subject to normal judicial review of arbitration decisions as provided by law. The Executive Director may be suspended with pay pending final determination by the arbitrator. If the Executive Director fails to request a hearing as provided herein within a ten (10) calendar day period, it shall be deemed acquiescence by the Executive Director to the Board's proposed action, and the proposed action shall become final on such date as determined by the Board, and the Executive Director shall have no further claim or recourse.

5.5 **Termination by Employee.** The Executive Director may terminate this Agreement prior to expiration by providing, at minimum, ninety (90) calendar days written notice of resignation ("Notice Period"). Nova Classical reserves the right to discontinue the Executive Director's services at any time during the Notice Period, with the Executive Director's salary and benefits continuing until the end of the Notice Period. Provided Employee provides timely written notice of resignation prior to the last three (3) months of the Term, Employee will receive payout of Employee's unused PTO available at the time Employee's resignation becomes effective. If Employee provides written notice of resignation within the last three (3) months of the Term, Employee is not eligible to receive unused PTO.

6. Death and Disability.

Should Employee die or become disabled (defined as the inability to perform the essential functions of the job for a period of more than One Hundred Twenty (120) days during the Term of this Agreement), this Agreement shall immediately and automatically terminate. If applicable, Nova Classical shall pay to Employee's estate the salary earned through the last day worked by Employee.

7. Option to Renew Agreement.

There shall be no obligation on the part of either Party to renew this Agreement. This Agreement does not offer assurance of future employment with Nova Classical nor assurance of future compensation offers. The Parties expressly acknowledge and agree that they cannot renew, modify, or extend this Contract through their conduct or by any means other than a subsequent written employment agreement signed by both Parties. The Parties agree to commence discussions related to a renewal of this Agreement no later than six (6) months prior to the expiration of the Term. Any subsequent contract between the Parties is contingent on the Employee completing the terms of the existing Agreement.

8. Personnel and Education Data.

Employee is required to comply with the Minnesota Government Data Practices Act and the Family Educational Rights and Privacy Act ("FERPA").

Employee agrees that any inventions, discoveries, improvements and ideas, whether or not in writing or reduced to practice and whether or not patentable or copyrightable, made, authored or conceived by the Employee, whether by the Employee's individual efforts or in connection with the efforts of others, during the employment Term, which relates to the business of Nova Classical or which results from any work performed for Nova Classical, shall belong exclusively to Nova Classical and hereby assigns all such future rights to Nova Classical.

9. Indemnification and Provision of Counsel.

In the event that an action is brought, or a claim is made against the Employee arising out of or in connection with the Employee's role as Executive Director, and the Employee is acting within the scope of employment or official duties, Nova Classical shall defend and indemnify the Employee in accordance with and to the fullest extent permitted by law. Indemnification, as provided in this section, shall not apply in the case of malfeasance in office or willful neglect of duty or bad faith, and the obligation of Nova Classical herein shall be subject to Minn. Stat. Chap. 466.

10. Non-Operation of Employer.

If, during the Term of this Agreement, Nova Classical ceases operation for any reason, including but not limited to financial causes, revocation of authorization or licensure, changes in law, or any other reason, the mutual obligations of the Parties under this Agreement shall immediately terminate, to the extent permitted by law.

11. Miscellaneous.

11.1 **Integration.** Employee understands that this Agreement embodies the entire agreement and understanding between the Parties relating to Employee's employment with Nova Classical and supersedes all prior policies, pronouncements, agreements, and understandings relating to such subject matter. There are no other oral or written agreements. The Executive Director understands and agrees that any handbooks, manuals, and policies adopted by Nova Classical may control the performance of the duties created by this Agreement but do not create an express or implied contract between Nova Classical and the Executive Director.

11.2 **Notices.** All notices, demands, and other communications provided for in this Agreement shall be in writing (including facsimile or similar transmission) and mailed (by U.S. certified mail, return receipt requested, postage prepaid), sent, or delivered (including by way of overnight courier service), (i) if to the Employee, to Brett Wedlund at the current address as noted within Brett Wedlund's Nova Classical personnel file, and (ii) if to Nova Classical, to 1455 Victoria Way, St. Paul MN 55102 and in the case of facsimile transmission, to telecopy number 651.209.6325 in each case, to the attention to such person and/or as such other address or number as shall be designated by such Party in a written notice to the other Party. All such notices, demands, and communications, if mailed, shall be effective upon the earlier of (i) actual receipt by the addressee, (ii) the date shown on the return receipt of such mailing, or (iii) three (3) days after deposit in the mail.

11.3 **Applicable Law.** This Agreement and the rights of the Parties shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota. The venue for any action hereunder shall be in the State of Minnesota, whether or not such venue is or subsequently becomes inconvenient, and the Parties consent to the exclusive jurisdiction of the courts of the State of Minnesota and the United States District Court, District of Minnesota.

11.4 **Counterparts.** This Agreement may be executed in several counterparts and as so executed shall constitute one agreement binding on the Parties hereto.

11.5 **Modification.** This Agreement shall not be modified, revised, or amended except by a written instrument signed by the Parties.

11.6 **Headings.** The section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

11.7 **Severability.** If any provision of this Agreement is held to be invalid by operation of law the remainder of the Agreement shall not be affected thereby and shall remain in full force and effect. This Agreement shall be effective only upon signatures of the Executive Director and of the officers of the Board after authorization for such signatures by the officers is given by the Board in appropriate action in its minutes.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date noted but intend that this Agreement be effective as of the date described in Paragraph 2.

Nova Classical Academy ("Nova Classical")

____	______________
Frank Ross, Chair, Nova Classical Board of Directors	Date
____	______________
Brett Wedlund ("Employee")	Date