St. Croix Preparatory Academy
Board Meeting Agenda
December 19, 2023

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ANNUAL BOARD CALENDAR
2023-2024

July	Responsible	Notes/Status
No Meeting		

August	Responsible	Notes/Status
Status of School Opening	J. Gutierrez	September
Seat New Board Members	B. Hajlo	Completed
Family Handbook Approval	J. Gutierrez	Completed
Emergency Operations Plan Approval	J. Gutierrez	Completed
Q Comp Plan Approval	D. Thompson	Completed

September	Responsible	Notes/Status
Status of School Opening	Principals	Completed
Review of MCA Test Scores	J. Gutierrez	Completed
Development Update	S. Garceau	
Q Comp Site Goals	D. Thompson	Completed
Financial Statement Review – Unaudited	K. Gutierrez	October

October	Responsible	Notes/Status
File Charter Assurances with Friends	J. Gutierrez	September
Board Retreat	N. Donnay	Completed
MDE Assurance of Compliance	J. Gutierrez	Completed

November	Responsible	Notes/Status
Financial Statement Review	K. Gutierrez	Completed
Development Update	K. Gutierrez	

Annual Report Approval – 2022-2023	J. Gutierrez	Completed
World's Best Workforce Approval	J. Gutierrez	Completed
Activities – Fall Overview, Winter Plan	K. Seim	Completed

December	Responsible	Notes/Status
Audit Acceptance	**K. Gutierrez**	

January	Responsible	Notes/Status
Board Election Timeframe Discussion		

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

March	Responsible	Notes/Status
Approve Open Enrollment Period for Next Year		
Approve Board Calendar for Next Year ● Meetings ● Election ● Retreat		
Financial Statement Review		

April	Responsible	Notes/Status
Annual Budget Introduction		
Compensation Plan Introduction		

May	Responsible	Notes/Status
Q Comp Report Presentation/Approval	D. Thompson	
Financial Statement Review	K. Gutierrez	

Compensation Plan Approval	T. Smith	
Board Election Update	N. Donnay	
Approve Annual Budget	K. Gutierrez	
Approve Employee Handbook	T. Smith	
Introduction of Family Handbook	J. Gutierrez	
MSHSL Membership Resolution	J. Gutierrez	
Conflict of Interest Form Disclosure	K. Gutierrez	

June	Responsible	Notes/Status
Public Hearing on Fees - 2024	K. Gutierrez	
New Board Member Training	N. Donnay	
Read Well by Third Grade Approval	J. Karetov	
Approval of Family Handbook	J. Gutierrez	
Annual Finance Designations for Next Year ● Identified Official with Authority ● Official Newspaper ● Designation of Depository ● Account Signatories ● Collateralize Funds in Excess of FDIC Insurance ● Delegation of Authority to Make Electronic Funds Transfers		

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School Board Minutes November 14, 2023

Members Present: N. Donnay, R. Hajlo, D. Keyes, A. Galati, R. Thorson, J. Johnson, M. Stiles, K. Denzer

Members Absent: T. Gulbransen

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

1 Call to Order

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

2. Open Forum

- Mary Webb
  - Questions about our reading programs
  - Dyslexia; Literacy

3. Board Calendar 2023-2024 - J. Gutierrez

Link: **Board Calendar 2023-2024**

4. Consent Agenda

A. Board Minutes -
  a. September 19, 2023
  b. October 7, 2023
B. Executive Director report
  a. J. Gutierrez - enrollment solid; always looking for more highschool; next year's kindergarten application numbers looking good
  b. J. Gutierrez doing more traffic duty
  c. Communication - 20th Year Communication marketing work
C. Governance Committee - No report

- Motion to Approve: M. Stiles
- Second: K. Denzer
- Approved: All

5 - Agenda

A. Annual Report and World's Best Workforce - J. Gutierrez
  a. Link: https://drive.google.com/file/d/19QRfubqSEuVOZ8FI29WdJzMzQoF6Sxak/view?usp=sharing

- Motion to Approve: K. Denzer

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- Second: M. Stiles
- Approved:

B. Activities Report: Fall Summary and Winter Plan - K. Seim
    a. Link: https://drive.google.com/file/d/19Swm__AMx0VVwbuW8cwpwoQaBGix5jDz/view?usp=sharing

C. Financial Statement Review: K. Gutierrez
    a. Link: https://drive.google.com/file/d/19Wr2cbpcdalNjw0U7o88nTnq6fbA5Kar/view?usp=sharing
    b. Discussion: Questions asked about ongoing finances for school counselors because grant money is done after this year.
        i. K. Gutierrez indicated that the principals have been asked to submit suggestions for ways to continue funding for school counselors. Indicated they are brainstorming ideas.
        ii. Board members expressed concern that these positions are important and need to continue as part of our community.

D. Communication Stipend Recommendation for Executive Director
    a. Link: https://drive.google.com/file/d/19cFBGxE_E02qRNFqS61iCXdG0CoUcyOd/view?usp=sharing
    b. Board members discussed and sought to understand the request. Discussed the wording of the request and suggested it did not capture the duties and responsibilities performed.

B. Hajlo: Motion to strike 5D from the agenda and put forth a motion to pay J. Gutierrez 1000/month going back to July 2023 for doing the work of the Development Director until the position is defined going forward and a replacement is found.

- Motion to Approve: See above.
- Second: D. Keyes
- Approved: All

E. Succession Planning Retreat - October 7, 2023
    a. Minutes: https://drive.google.com/file/d/19nb3ZD5tPcRRniD_UZJcfZ4rpA6VfwI2/view?usp=sharing
    b. Brief discussion about the Search Committee – outside firm or internal committee?
    c. J. Gutierrez meeting with S. Morell on Nov. 16. He will report back at the next board meeting.

F. Dress Code Revision

a. Link: https://drive.google.com/file/d/19v61yFp0dM1VtUt8TeZzPriwcBANKVxd/view?usp=sharing

- Motion to Approve: R. Thorson
- Second: D. Keyes
- Approved: All

Adjournment: - 8:57 PM

- Motion to adjourn: A. Galati
- 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 2023
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, K. Seim, C. Olson; and weekly administrative leadership meeting.
- Substantial work on a student escalation issue; coordination with legal counsel.
- Communication on 20th Year. Substantial work on continued planning, communication schedule, and drafting first communication pieces. Working on campaign framework.
- Succession Planning Committee work subsequent to prepare for Rebar Leadership at the December board meeting.
- Traffic nearly every day since resources are lacking; completed work in early December.
- Continued professional development through reading, podcasts, etc.
- Projected enrollment information for the 2023-2024 school year, associated wait lists, and applications received for the 2024-2025 school year are:

Grade	2023-24 Enrollment	2023-24 Waitlist	2024-2025 Applications
Kindergarten	91	189	183
1st Grade	91	102	47
2nd Grade	90	62	46
3rd Grade	91	106	37
4th Grade	91	92	49
LS Total	**454**	**551 (+13)**	**362 (+112)**
5th Grade	93	90	33
6th Grade	94	105	59
7th Grade	95	64	35
8th Grade	93	58	18
MS Total	**375**	**317 (+10)**	**145 (+47)**
9th Grade	101	0	46
10th Grade	97	0	5
11th Grade	90	0	4
12th Grade	88	0	
US Total	**376 (-9)**	**0**	**55 (+17)**
School Total	**1,205 (-9)**	**868 (+23)**	**562 (+176)**

Comments on Enrollment

- Shared Time students
  - 5th grade – 1
  - 6th grade – 1
  - 7th grade – 2
  - 8th grade - 3
  - 9th grade – 3
  - 10th grade - 3
- PSEO Grade 11 – 7 Part-time; 1 Full time
- PSEO Grade 12 – 5 Part-time; 6 Part time

Professional Development: *See Attachment*

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J. Gutierrez
Professional Development Plan
2023-2024

Month	Category	Title	Description/Comments
July 2023	Book/Play	Agamemnon, by Aeschylus	
	Book/Play	The Libation Bearers, by Aeschylus	
	Book/Play	The Furies (Eumenides), by Aeschylus	
	Videos/Lectures	6 hours of lectures/videos on the Orestia (Agamemnon, The Libation Bearers, and The Furies	
	Book/Play	Oedipus Rex, by Sophocles	
	Book/Play	Oedipus at Colonus, by Sophocles	
	Book/Play	Antigone, by Sophocles	
	Videos/Lectures	6 hours of lectures/videos on the Theban plays (Oedipus Rex, Oedipus at Colonus, and Antigone	
	Book	The Five Dysfunctions of a Team, by Patrick Lencioni	10
	Book	Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant, by W. Chan Kim and Renee Mauborgne	
	Book	Prometheus Bound, by Aeschylus	
	Videos/Lectures	3 hours of lectures/videos on Prometheus Bound	
	Movie	Oedipus Rex – 2 hours	
	Book	The Organized Mind, by Daniel Levitin	
August 2023	Book	Poetics, by Aristotle	
	Videos/Lectures	3 hours of lectures/videos on Poetics, by Artistotle	
	Podcast – 1 hour	Trojan War Podcast – The Apple of Discord, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – The Torch, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – The Birth of Achilles, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – The Judgement of Paris, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – Sparta, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – Helen of Sparta, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – The Mad King, by Jeffrey Wright	
	Podcast - -1 hour	Trojan War Podcast – Finding Achilles, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – Iphigenia, by Jeffrey Wright	
	Podcast – 80 minutes	Trojan War Podcast – Beachhead, by Jeffrey Wright	
	Podcast – 1 hour	Trojan War Podcast – Achilles Dishonored	
	Podcast – 1 hour	Trojan War Podcast – Paris: Prince of Troy	
	Podcast - -70 minutes	Trojan War Podcast – Terrible and Glorious War	
	Book	Iliad, by Homer, Books 1-5	
	Podcast – 70 minutes	Trojan War Podcast – Deadly Destiny	
September	Podcast – 65 minutes	Trojan War Podcast – The Wrath of Achilles	

	Podcast – 70 minutes	Trojan War Podcast -- Priam	
	Book	Iliad, by Homer, Books 1-10	
	Podcast – 75 minutes	Trojan War Podcast – Achilles Heel	
	Podcast – 75 minutes	Trojan War Podcast – Odysseus Ascendant	
	Podcast – 80 minutes	Trojan War Podcast – The Trojan Horse	
	Podcast – 80 minutes	Trojan War Podcast – The Sack of Troy	
	Podcast – 90 minutes	Odyssey Podcast - Penelope	
	Podcast – 85 minutes	Odyssey Podcast - Cyclops	
	Podcast – 75 minutes	Odyssey Podcast – Aeolus and Lastrygonians	
	Podcast – 80 minutes	Odyssey Podcast - Circe	
	Podcast – 70 minutes	Odyssey Podcast – Odysseus in the Underworld	
	Podcast – 120 minutes	Odyssey Podcast – Sirens, Scylla, Charybdis and some Cows	
	Seminar – 6 hours	School Law Seminar – Rupp, Anderson, Squires and Mace	
	Podcast – 80 minutes	Odyssey Podcast - Calypso	
	Podcast – 100 minutes	Odyssey Podcast -- Telemachus	
	Podcast – 90 minutes	Odyssey Podcast – Telemachus, Menelaus, and Helen of Troy	
October	Netflix Series 7 hours	Troy: Fall of a City	
	Play	Iphigenia at Aulis, by Euripides	
	Play	Ajax, by Sophocles	
	Podcast – 90 minutes	Odyssey Podcast – Nausicaa	
	Podcast – 100 minutes	Odyssey Podcast – Demodocus and the Phaecians	
	Podcast – 150 minutes	Odyssey Podcast -- Homecoming	
	Podcast – 150 minutes	Odyssey Podcast – Recognition and Revenge	
	Podcast – 90 minutes	Odyssey Podcast -- Reunion	
	Poem & Analysis	Ulysses, by Alfred Lord Tennyson	11
	Lectures – 75 minutes	Video lectures on Ajax, by Sophocles	
	Greek Drama – Play	Hecuba, by Euripides	
	Podcast – 50 minutes	Ancient Greece Declassified – Odyssey	
	Movie	O Brother, Where Art Thou? – based on the epic poem Odyssey	
	Book	A Man of Two Faces, by Viet Thanh Nguyen	
November	Book	Iliad, Books 11-24, by Homer	
	Book	The Trojan War, A New History, by Barry Strauss	
	Short Story + Videos	The Black Cat, by Edgar Allan Poe	
	Short Story + Videos	The Fall of the House of Usher, by Edgar Allan Poe	
	Short Story + Videos	The Masque of Red Death, by Edgar Allan Poe	
	Poem + Videos	The Raven, by Edgar Allan Poe	
	Short Story + Videos	The Gold Bug, by Edgar Allan Poe	
	Poem + Videos	Lenore, by Edgar Allan Poe	
	Short Story + Videos	The Cask of Amontillado, by Edgar Allan Poe	
	Poem + Videos	Annabel Lee, by Edgar Allan Poe	
	Netflix	The Fall of the House of Usher – 8 episodes	
	Interview – 90 minutes	Elon Musk, -- social media, AI, climate change	

CliftonLarsonAllen LLP
CLAconnect.com

December 8, 2023

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

Mary Reedy

Mary Reedy, CPA
Principal

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
EXECUTIVE AUDIT SUMMARY (EAS)
TABLE OF CONTENTS
JUNE 30, 2023

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
EXECUTIVE AUDIT SUMMARY (EAS)
YEAR ENDED JUNE 30, 2023

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, 2023. 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. In addition, no "material weaknesses" or "significant deficiencies" in internal control over financial reporting were identified.

Legal Compliance Report – One compliance findings were reported with respect to Minnesota Statutes related to charter schools and UFARS accounting. 1 vendor payment tested was not paid within the 35 day requirements.

Enrollment – For fiscal 2022-2023, the School served a net average daily membership of 1,192.63 (or 1,302.64 pupil units). For fiscal 2021-2022, the School served a net average daily membership of 1,164.94 (or 1,271.86 pupil units).

Fund Balance – Total fund balance of the School's General Fund decreased by $51,962 for fiscal year 2023 and ended at a balance of $6,092,335 at June 30, 2023. The ending fund balance at June 30, 2023, for St. Croix Preparatory Academy represents 36.27% 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 $85,973 (or 0.5%) lower than the budgeted amount while total expenditures were $169,409 (or 1.0%) higher than had been budgeted. Including other financing sources, the net result was fund balance $217,452 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. 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.

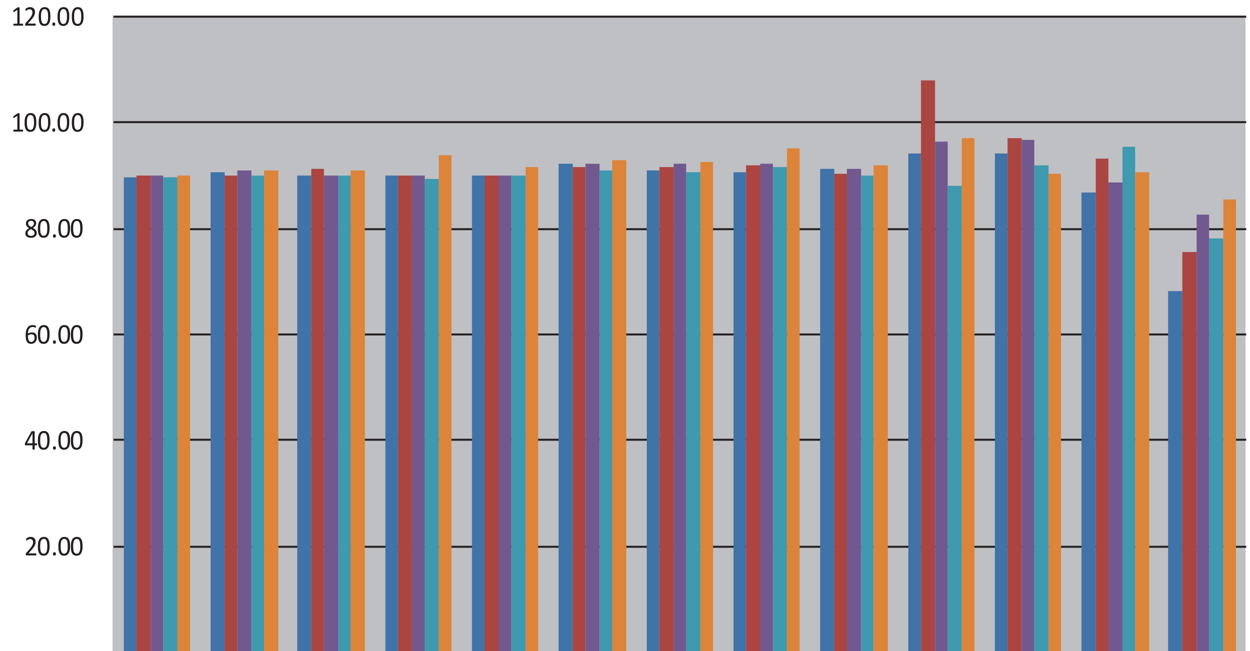
AUDIT FINDINGS AND RESULTS (CONTINUED)

Food Service Fund – The School's food service program operated at a surplus of $35,312 for fiscal year 2023, increasing ending fund balance to $436,373 as of June 30, 2023.

Community Service Fund – The School's community service program operated at a loss of $2,877 for fiscal year 2023, decreasing ending fund balance to $97,976 as of June 30, 2023.

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.

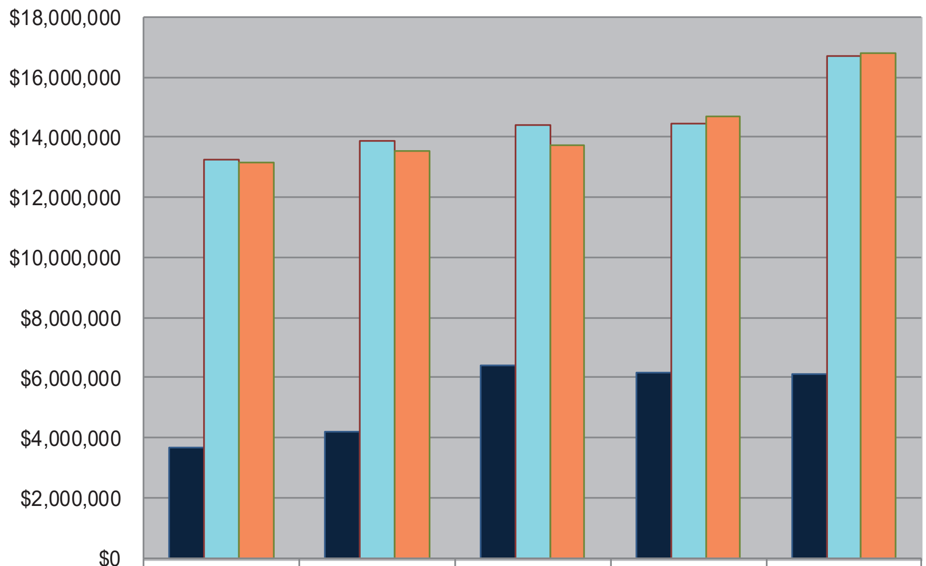
ADM by Grade



	K & HK	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th
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
2022-23	89.92	90.84	91.00	93.91	91.42	92.97	92.55	94.97	91.91	96.89	90.34	90.48	85.43

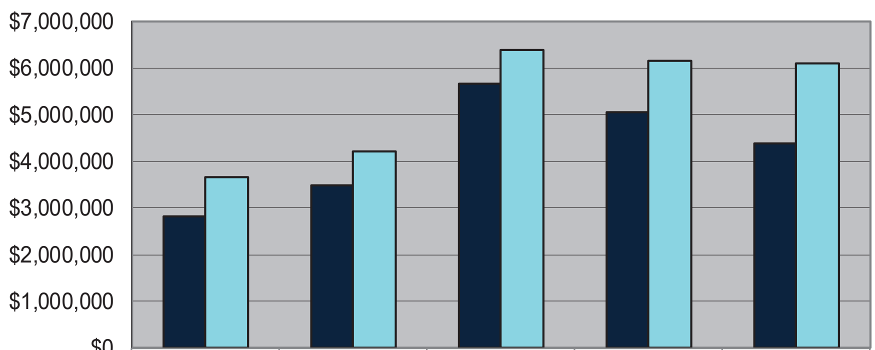
ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
FINANCIAL TRENDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Revenue, Expenditures, and Fund Balance - General Fund



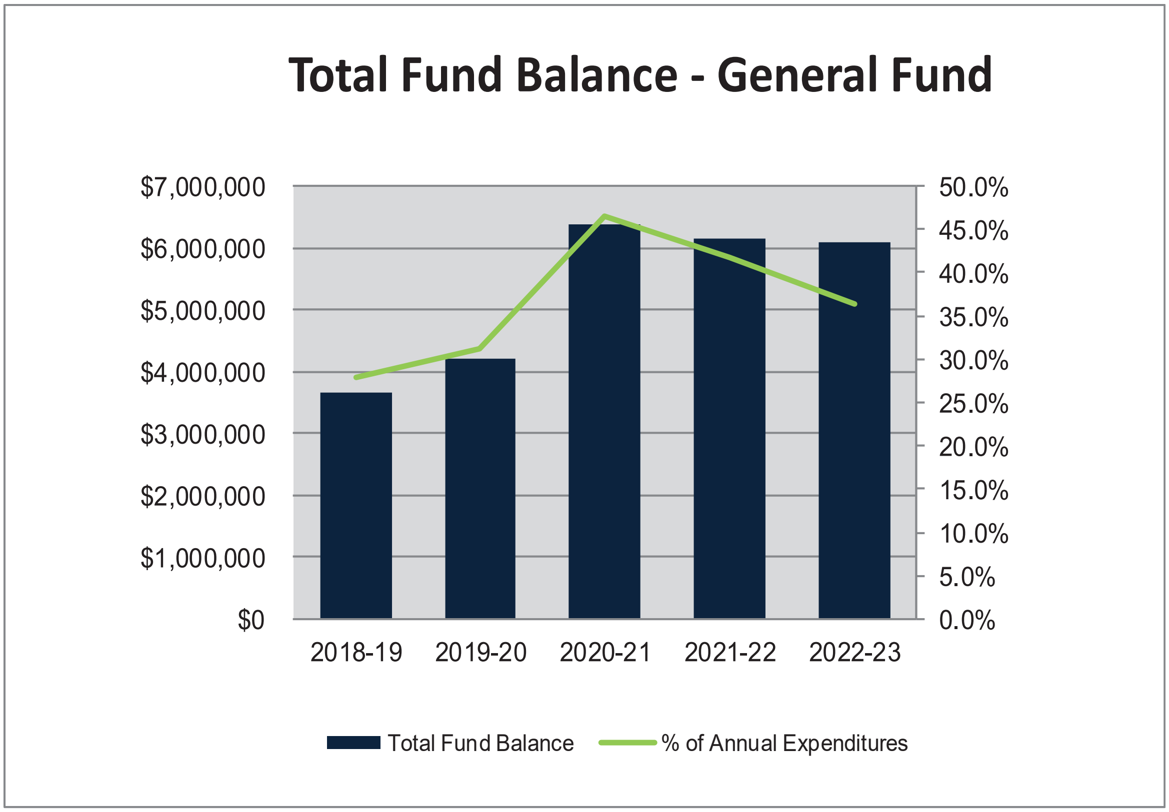
	2018-19	2019-20	2020-21	2021-22	2022-23
Total Fund Balance	$3,670,187	$4,216,655	$6,384,218	$6,144,297	$6,092,335
Revenue	$13,269,151	$13,862,040	$14,393,305	$14,440,801	$16,705,923
Expenditures	$13,160,802	$13,515,959	$13,749,038	$14,682,123	$16,795,815

General Fund Cash and Fund Balance



	2018-19	2019-20	2020-21	2021-22	2022-23
Cash	$2,823,056	$3,499,982	$5,670,504	$5,042,413	$4,397,559
Total Fund Balance	$3,670,187	$4,216,655	$6,384,218	$6,144,297	$6,092,335

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
FINANCIAL TRENDS (CONTINUED)
YEAR ENDED JUNE 30, 2023



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, 2023, and have issued our report thereon dated December 8, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated June 26, 2023. 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

Accounting policies

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

As described in Note 1, the School changed accounting policies related to subscription based information technology agreements by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription Based Information Technology Agreements (SBITA)*, effective July 1, 2022. There was no material impact on the School's net position/fund balance and changes in net position/fund balance as a result of the adoption of this accounting standard.

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

Accounting estimates

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

Accounting estimates (continued)

The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from federal through the Minnesota Department of Education
- Useful lives of depreciable capital assets
- 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 2023. 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 2023 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 2023. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also Special Education Data Reporting Application (SEDRA) reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

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

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

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

Financial statement disclosures

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

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

Significant unusual transactions

We identified no significant unusual transactions.

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 corrected all such misstatements.

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. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2023.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Audits of group financial statements

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

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 (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 December 8, 2023.

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 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.

* * *

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

This communication is intended solely for the information and use of the School 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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 8, 2023

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

INTRODUCTORY SECTION

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
SCHOOL BOARD, BUILDING COMPANY BOARD,
ADVISORY BOARD, AND ADMINISTRATION
JUNE 30, 2023

SCHOOL BOARD

NAME	TERM EXPIRES	BOARD POSITION
Bob Hajlo	August 23, 2025	Chair
Nicole Donnay	August 18, 2023	Vice Chair
Deb Keyes	August 19, 2025	Director
Angela Galati	August 18, 2023	Director
Rita Thorson	August 17, 2024	Director
Kristin Denzer	August 17, 2024	Director
Drew Melendres	August 18, 2023	Director
Matt Stiles	August 19, 2025	Director

BUILDING COMPANY BOARD

Kristine Fisher	June 30, 2023	Director
Kelly Gutierrez	June 30, 2024	Treasurer
Dan Mehls	June 30, 2024	Chair
Bill Blotske	June 30, 2023	Secretary

ADVISORY BOARD

Jon Gutierrez	Executive Director
Kelly Gutierrez	Executive Director – Finance and 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 and 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, 2023, and the related notes to the financial statements, which collectively comprise the 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, 2023, and the respective changes in financial 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.

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.

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, budgetary comparison schedules, 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 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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, 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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 8, 2023

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, 2023. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- General Fund revenues and other financing sources were $16,743,853 as compared to expenditures of $16,795,815. This resulted in a fund balance decrease of $51,962 for fiscal year 2023.

- Total fund balance of the General Fund decreased from $6,144,297 to $6,092,335.

- As of June 30, 2023, the Food Service Fund had a fund balance of $436,373 and the Community Service Fund had a fund balance of $97,976.

- Average number of students increased by 27.7 from the prior year.

- Building Company revenues were $2,035,778 as compared to expenditures of $2,062,905. This resulted in a fund balance decrease of $27,127 for the year and an ending fund balance in the Building Company Fund of $3,676,354 at June 30, 2023.

- Net position increased by $2,326,111 during fiscal year 2023 from a deficit of $2,527,663 to a deficit of $201,552. Note that most of the deficit relates to the School's net pension liability which had a balance of $9,239,724 as of June 30, 2023. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

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 $201,552 on June 30, 2023, compared to combined net deficit of $2,527,663 at June 30, 2022 (see Table A-1).

TABLE A-1
THE SCHOOL'S NET POSITION

	Governmental Activities as of June 30,		Percent
	2023	2022	Change
Current and Other Assets	$ 11,523,626	$ 11,286,767	2.10 %
Capital Assets	23,030,080	22,900,771	0.56
Total Assets	34,553,706	34,187,538	1.07
Deferred Outflows of Resources	3,950,736	4,239,563	(6.81)
Current Liabilities	1,647,915	1,372,340	20.08
Net Pension Liability	9,239,724	4,947,061	86.77
Long-Term Liabilities	26,134,607	26,704,314	(2.13)
Total Liabilities	37,022,246	33,023,715	12.11
Deferred Inflows of Resources	1,683,748	7,931,049	(78.77)
Net Position:			
Net Investment in Capital Assets	(486,809)	(1,112,526)	(56.24)
Restricted	1,768,998	1,693,688	4.45
Unrestricted	(1,483,741)	(3,108,825)	(52.27)
Total Net Position	$ (201,552)	$ (2,527,663)	(92.03)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Net Position (Continued)

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 $17,395,189 for the year ended June 30, 2023. Unrestricted state aid accounted for 56% of total revenues for the year (see Figure A-1). Another 29% came from operating grants, 7% came from charges for services, The remaining came from investment revenue, donations, and other general revenues.

TABLE A-2
CHANGE IN NET POSITION

	Governmental Activities for the Fiscal Years Ended June 30, 2023	2022	Percent Change
Revenues:			
Program Revenues:			
Charges for Services	$ 1,191,848	$ 728,851	63.52 %
Operating Grants and Contributions	5,004,403	4,753,753	5.27
General Revenues:			
Unrestricted State Aid	9,774,514	9,411,708	3.85
Paycheck Protection Program Loan Forgiveness	-	1,413,080	N/A
Investment Earnings	223,005	21,588	933.00
Other	1,201,419	313,560	283.15
Total Revenues	17,395,189	16,642,540	4.52
Expenses:			
Administration	1,007,587	969,456	3.93
District Support Services	1,628,533	1,245,313	30.77
Regular Instruction	4,664,416	6,030,158	(22.65)
Vocational Instruction	1,538	1,330	15.64
Special Education Instruction	2,770,442	2,506,421	10.53
Instructional Support Services	665,954	448,594	48.45
Pupil Support Services	284,134	266,069	6.79
Sites and Buildings	2,229,031	1,354,349	64.58
Fiscal and Other Fixed Cost Programs	49,313	43,929	12.26
Food Service	539,607	540,772	(0.22)
Community Service	180,528	117,299	53.90
Interest and Fiscal Charges on Long-Term Liabilities	1,047,995	1,064,556	(1.56)
Total Expenses	15,069,078	14,588,246	3.30
Change in Net Position	2,326,111	2,054,294	
Net Position - Beginning of Year	(2,527,663)	(4,581,957)	
Net Position - End of Year	$ (201,552)	$ (2,527,663)	

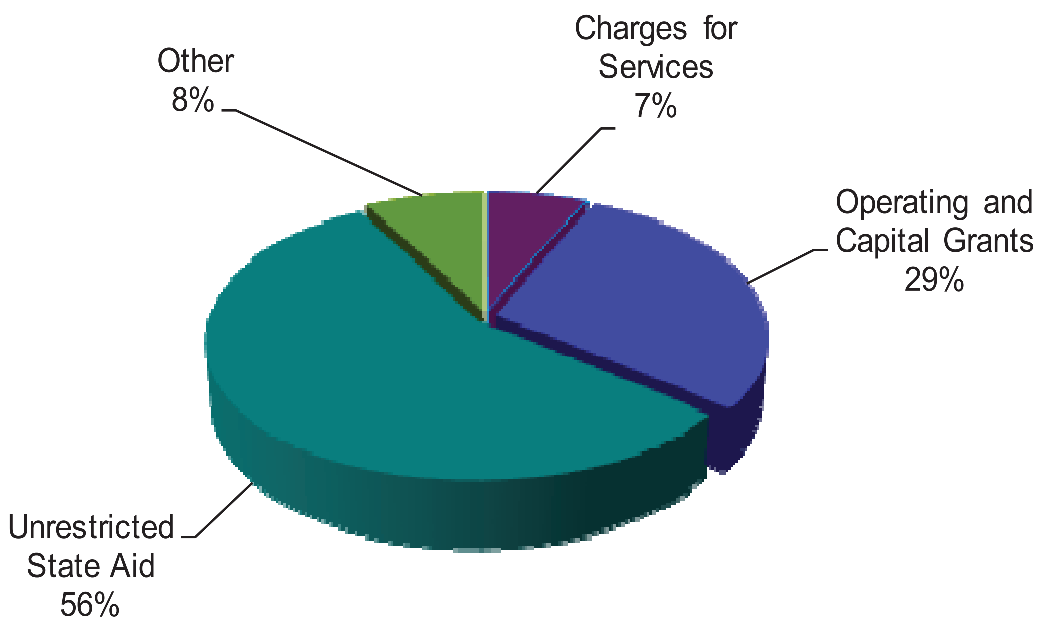
FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

The total cost of all programs and services was $15,069,078. Total revenues surpassed expenses, increasing net position by $2,326,111 from last year.

- Some of the cost was paid by the users of the School's programs ($1,191,848).
- The federal and state governments subsidized certain programs with grants and contributions ($5,004,403).
- The unrestricted portion of the governmental activities was paid for with $9,774,514 of unrestricted state aid based on the statewide education aid formula, and the remainder with other general revenues.

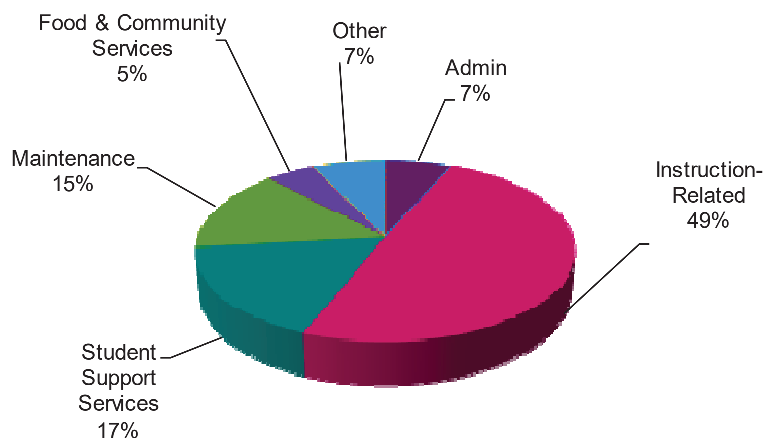
Figure A-1
Sources of School's Revenues for Fiscal 2023



FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Figure A-2
School Expenses for Fiscal 2023



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.

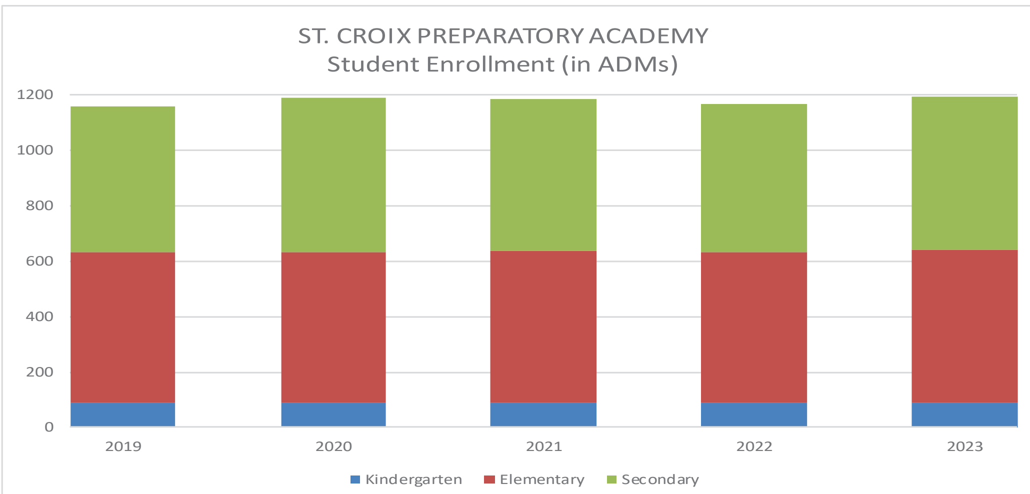
TABLE A-3
PROGRAM EXPENSES AND NET COST OF SERVICES

	Total Cost of Services 2023	Total Cost of Services 2022	Percent Change	Net Cost of Services 2023	Net Cost of Services 2022	Percent Change
Administration	$ 1,007,587	$ 969,456	3.93 %	$ 1,014,459	$ 969,456	4.64 %
District Support Services	1,628,533	1,245,313	30.77	1,625,909	1,244,836	30.61
Regular Instruction	4,664,416	6,030,158	(22.65)	3,726,644	5,529,266	(32.60)
Vocational Instruction	1,538	1,330	15.64	1,538	1,330	15.64
Special Education Instruction	2,770,442	2,506,421	10.53	(31,786)	37,271	(185.28)
Instructional Support Services	665,954	448,594	48.45	664,112	429,768	54.53
Pupil Support Services	284,134	266,069	6.79	287,878	266,069	8.20
Sites and Buildings	2,229,031	1,354,349	64.58	1,546,251	729,889	111.85
Fiscal and Other Fixed Cost Programs	49,313	43,929	12.26	49,313	43,929	12.26
Food Service	539,607	540,772	(0.22)	(20,440)	(128,264)	(84.06)
Community Service	180,528	117,299	53.90	8,949	(17,908)	(149.97)
Interest and Fiscal Charges on Long-Term Liabilities	1,047,995	1,064,556	(1.56)	-	-	N/A
Total	$ 15,069,078	$ 14,588,246	3.30	$ 8,872,827	$ 9,105,642	(2.56)

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 increased by 27.69 from the prior year.

TABLE A-4
FIVE-YEAR ENROLLMENT TREND
AVERAGE DAILY MEMBERSHIP (ADM)



	2019	2020	2021	2022	2023
Kindergarten	89.81	89.88	89.92	89.61	89.92
Elementary	543.49	544.05	545.35	540.72	552.69
Secondary	525.18	556.08	547.75	534.61	550.02
Total	1,158.48	1,190.01	1,183.02	1,164.94	1,192.63

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 $10,303,038.

General Fund

The General Fund includes the primary operations of the School in providing educational services to students from kindergarten through grade 12. In 2022-2023, the School served an average of 1,192.63 ADM in grades K-12.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS (CONTINUED)

General Fund (Continued)

The following schedule presents a summary of General Fund revenues.

TABLE A-5
GENERAL FUND REVENUES

	Year Ended June 30,		Change	
	2023	2022	Increase	Percent Change
Local Sources:				
Earnings on Investments	$ 145,671	$ 20,291	$ 125,380	617.91 %
Other	1,834,014	807,549	1,026,465	127.11
State Sources	14,179,665	13,269,744	909,921	6.86
Federal Sources	546,573	343,217	203,356	59.25
Total General Fund Revenue	$ 16,705,923	$ 14,440,801	$ 2,265,122	15.69

Total General Fund revenues increased by $2,265,122 from the prior year.

The increase in other revenue was primarily due to the employee retention credit revenues received in the amount of $843,872 as well as increases in fees and admission revenues due to increased participation across almost all sports and increases in many fundraising programs to support overall school activities. Revenues also increased due to an increase in state aid related to the 2% general education aid formula increase, increases in enrollment, and increased need in certain state programs.

The following schedule presents a summary of General Fund expenditures.

TABLE A-6
GENERAL FUND EXPENDITURES

	Year Ended June 30,		Change	
	2023	2022	Increase	Percent Change
Salaries	$ 8,625,102	$ 7,572,097	$ 1,053,005	13.91 %
Employee Benefits	1,864,863	1,619,690	245,173	15.14
Purchased Services	4,223,607	3,868,773	354,834	9.17
Supplies and Materials	859,509	686,420	173,089	25.22
Capital Expenditures	981,482	725,363	256,119	35.31
Debt Service Expenditures	159,377	162,336	(2,959)	(1.82)
Other Expenditures	81,875	47,444	34,431	72.57
Total General Fund Expenditures	$ 16,795,815	$ 14,682,123	$ 2,113,692	14.40

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS (CONTINUED)

General Fund (Continued)

Total General Fund Expenditures increased $2,113,692 from the previous year.

Salaries and Benefits increased by a combined net amount of $1,298,178 due to pay increases, benefit cost changes, and increased staffing needs.

Purchased Services and Supplies and Materials increased by a combined $511,257 mainly due to an increase in outsourcing services.

Capital Expenditures increased by $256,119 due to increased capital activity includes projector and Wi-Fi projects, a trail project, expenditures related to athletic facilities and bleachers, and a special education remodel project.

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 2023. 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 0.5% of budget while expenditures were within 1.0% of the final amended budget.

Other Major Funds

In the Food Service Fund, revenues exceeded expenditures by $35,312 and the fund ended with a fund balance of $436,373 as of June 30, 2023. The Food Service Fund expenditures were over budget by around 2.3%. 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 3.6%, with most of the budget surplus coming from federal revenues.

In the Community Service Fund, which accounts for revenues from various extracurricular activities, expenditures exceeded revenues by $2,877 and the fund ended with a fund balance of $97,976 as of June 30, 2023.

In the Building Company Fund, expenditures exceeded revenues by $27,127, thereby resulting in an ending fund balance of $3,676,354.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2023, St. Croix Preparatory Academy had invested $33.4 million in capital assets (see Table A-7). Current year depreciation/amortization on these assets was $1,253,463.

TABLE A-7
THE SCHOOL'S CAPITAL ASSETS

	2023	2022	Percent Change
Building Company:			
Land	$ 2,080,000	$ 2,080,000	- %
Construction in Progress	-	24,555	(100.00)
Buildings and Improvements	24,244,278	23,963,863	1.20
Furniture and Equipment	28,657	28,657	-
Charter School:			
Construction in Progress	35,445	477,371	(92.57)
Buildings and Leasehold Improvements	4,112,738	3,146,523	30.71
Furniture and Equipment	2,541,184	2,202,329	15.39
Leased Right-to-Use Equipment	401,301	158,023	153.95
Less: Accumulated Depreciation/Amortization	(10,413,523)	(9,180,550)	13.43
Total District Capital Assets	$ 23,030,080	$ 22,900,771	0.56

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-Term Liabilities

At year-end, Friends of St. Croix Preparatory Academy, a blended component unit of the School, had \$25.69 million in charter school lease revenue bonds. The School also recorded a net pension liability in the amount of \$9.24 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

	2023	2022	Percent Change
General Obligation Bonds	$ 25,690,000	$ 26,345,000	(2.5)%
Net Bond Premium and Discount	264,347	283,068	(6.6)
Financed Purchase Payable	3,045	38,548	(92.1)
Lease Liability	177,215	37,698	370.1
Net Pension Liability	9,239,724	4,947,061	86.8
Total Long-Term Liabilities	$ 35,374,331	$ 31,651,375	11.8
Long-Term Liabilities:			
Due Within One Year	$ 735,152	$ 728,201	
Due in More than One Year	34,639,179	30,923,174	
Total	$ 35,374,331	$ 31,651,375	

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, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 5,662,557
Cash with Fiscal Agent	3,215,484
Receivables:	
Other Governments	2,415,324
Other	77,788
Prepaid Items	144,473
Inventories	8,000
Capital Assets:	
Land and Construction in Progress	2,115,445
Other Capital Assets, Net of Depreciation/Amortization	20,914,635
Total Assets	34,553,706
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	3,348,865
Deferred Outflows - Loss on Refunding of Debt	601,871
Total Deferred Outflows of Resources	3,950,736
LIABILITIES	
Salaries and Benefits Payable	629,176
Accounts and Contracts Payable	545,040
Accrued Interest Payable	427,327
Unearned Revenue	46,372
Long-Term Liabilities:	
Net Pension Liability	9,239,724
Other Long-Term Liabilities Due Within One Year	735,152
Other Long-Term Liabilities Due in More than One Year	25,399,455
Total Liabilities	37,022,246
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	1,683,748
NET POSITION	
Net Investment in Capital Assets	(486,809)
Restricted for:	
Student Activities	1,469
Food Service	436,373
Community Service	97,976
Building Company Debt Service	1,233,180
Unrestricted	(1,483,741)
Total Net Position	$ (201,552)

See accompanying Notes to Basic Financial Statements.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and Change in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES				
Administration	$ 1,007,587	$ -	$ (6,872)	$ (1,014,459)
District Support Services	1,628,533	-	2,624	(1,625,909)
Regular Instruction	4,664,416	675,600	262,172	(3,726,644)
Vocational Instruction	1,538	-	-	(1,538)
Special Education Instruction	2,770,442	-	2,802,228	31,786
Instructional Support Services	665,954	-	1,842	(664,112)
Pupil Support Services	284,134	-	(3,744)	(287,878)
Sites and Buildings	2,229,031	-	682,780	(1,546,251)
Fiscal and Other Fixed Cost Programs	49,313	-	-	(49,313)
Food Service	539,607	344,298	215,749	20,440
Community Service	180,528	171,950	(371)	(8,949)
Interest and Fiscal Charges on Long-Term Liabilities	1,047,995	-	1,047,995	-
Total School District	$ 15,069,078	$ 1,191,848	$ 5,004,403	(8,872,827)
GENERAL REVENUES				
State Aid Not Restricted to Specific Purposes				9,774,514
Earnings on Investments				223,005
Miscellaneous				1,201,419
Total General Revenues				11,198,938
CHANGE IN NET POSITION				2,326,111
Net Position - Beginning of Year				(2,527,663)
NET POSITION - END OF YEAR				$ (201,552)

See accompanying Notes to Basic Financial Statements.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds				Total
	General	Food Service	Community Service	Building Company	Governmental Funds
ASSETS					
Cash and Investments	$ 4,397,559	$ 453,014	$ 125,332	$ 686,652	$ 5,662,557
Cash with Fiscal Agent	-	-	-	3,215,484	3,215,484
Receivables:					
Due from Minnesota Department of Education	1,875,995	616	-	-	1,876,611
Due from Federal through Minnesota Department of Education	530,410	4,191	-	-	534,601
Due from Other Governmental Units	4,112	-	-	-	4,112
Due from Other Funds	226,955	-	-	-	226,955
Other Receivables	77,588	150	50	-	77,788
Inventory	-	8,000	-	-	8,000
Prepaids	139,731	3,569	-	1,173	144,473
Total Assets	$ 7,252,350	$ 469,540	$ 125,382	$ 3,903,309	$ 11,750,581
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Salaries Payable	$ 509,076	$ -	$ -	$ -	$ 509,076
Payroll Deductions and Employer Contributions Payable	120,100	-	2	-	120,102
Accounts and Contracts Payable	530,839	4,460	9,739	-	545,038
Due to Other Funds	-	-	-	226,955	226,955
Unearned Revenue	-	28,707	17,665	-	46,372
Total Liabilities	1,160,015	33,167	27,406	226,955	1,447,543
FUND BALANCE					
Nonspendable:					
Inventory	-	8,000	-	-	8,000
Prepaids	139,731	3,569	-	1,173	144,473
Restricted for:					
Food Service	-	424,804	-	-	424,804
Student Activities	1,469	-	-	-	1,469
Community Service	-	-	97,976	-	97,976
Building Company Debt Service	-	-	-	3,675,181	3,675,181
Assigned for:					
Development - General	15,378	-	-	-	15,378
Extracurriculars	115,956	-	-	-	115,956
Fruit Fundraising	9,040	-	-	-	9,040
Educational Travel	6,450	-	-	-	6,450
Fundraising - Wishlist	437	-	-	-	437
Unassigned	5,803,874	-	-	-	5,803,874
Total Fund Balance	6,092,335	436,373	97,976	3,676,354	10,303,038
Total Liabilities and Fund Balance	$ 7,252,350	$ 469,540	$ 125,382	$ 3,903,309	$ 11,750,581

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, 2023

Total Fund Balance for Governmental Funds	$ 10,303,038
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
Construction in Progress	35,445
Buildings and Improvements, Net of Accumulated Depreciation	19,516,341
Leased Right-to-Use Equipment, Net of Accumulated Amortization	177,612
Equipment, Net of Accumulated Depreciation	1,220,682
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(427,327)
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	(9,239,724)
Deferred Inflows of Resources - Pensions	(1,683,748)
Deferred Outflows of Resources - Pensions	3,348,865
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	(25,690,000)
Unamortized Premiums	(264,347)
Deferred Loss on Refunding	601,871
Financed Purchase Payable	(3,045)
Lease Liability	(177,215)
Net Position of Governmental Activities	$ (201,552)

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, 2023

	Major Funds				Total
	General	Food Service	Community Service	Building Company	Governmental Funds
REVENUES					
Local Sources:					
Earnings and Investments	$ 145,671	$ -	$ -	$ 77,334	$ 223,005
Other	1,834,014	344,470	181,817	1,958,444	4,318,745
State Sources	14,179,665	18,733	80	-	14,198,478
Federal Sources	546,573	196,844	-	-	743,417
Total Revenues	16,705,923	560,047	181,897	2,035,778	19,483,645
EXPENDITURES					
Current:					
Administration	1,096,844	-	-	-	1,096,844
District Support Services	1,525,416	-	-	22,562	1,547,978
Elementary and Secondary Regular Instruction	5,771,065	-	-	-	5,771,065
Special Education Instruction	3,184,683	-	-	-	3,184,683
Instructional Support Services	490,382	-	-	-	490,382
Pupil Support Services	334,717	-	-	-	334,717
Sites and Buildings	3,203,709	-	-	2,121	3,205,830
Fiscal and Other Fixed Cost Programs	48,140	-	-	-	48,140
Food Service	-	522,777	-	-	522,777
Community Service	-	-	184,774	-	184,774
Capital Outlay	981,482	1,958	-	348,409	1,331,849
Debt Service:					
Principal	149,629	-	-	655,000	804,629
Interest and Fiscal Charges	9,748	-	-	1,034,813	1,044,561
Total Expenditures	16,795,815	524,735	184,774	2,062,905	19,568,229
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(89,892)	35,312	(2,877)	(27,127)	(84,584)
OTHER FINANCING SOURCES					
Sale of Equipment	162	-	-	-	162
Insurance Recovery	37,768	-	-	-	37,768
Total Other Financing Sources	37,930	-	-	-	37,930
NET CHANGE IN FUND BALANCE	(51,962)	35,312	(2,877)	(27,127)	(46,654)
Fund Balance - Beginning of Year	6,144,297	401,061	100,853	3,703,481	10,349,692
FUND BALANCE - END OF YEAR	$ 6,092,335	$ 436,373	$ 97,976	$ 3,676,354	$ 10,303,038

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 THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance - Total Governmental Funds	$ (46,654)
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	1,131,405
Right-to-Use Asset Lease Modification	252,563
Loss on Disposal of Capital Assets	(1,196)
Depreciation/Amortization Expense	(1,253,463)
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.	
Principal Payments - Financed Purchase	35,503
Principal Payments - Lease Liability	114,126
Lease Modifications - Lease Liability	(253,643)
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.	1,695,904
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:	
Repayment of Bond Principal	655,000
Change in Accrued Interest - General Obligation Bonds	7,938
Amortization of Bond Premium	18,721
Amortization of Deferred Charges on Refunding Bonds	(30,093)
Change in Net Position of Governmental Activities	$ 2,326,111

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.

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:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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.

3. 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.

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

<u>Major Governmental Funds</u>

<u>General Fund</u>
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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

3. Description of Funds (Continued)

Major Governmental Funds (Continued)

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.

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 2023. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgeting (Continued)

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	$ 15,680,391	$ 1,111,505	$ 16,791,896
Special Revenue Funds:			
Food Service Fund	505,906	33,794	539,700
Community Service Fund	115,425	74,575	190,000
Expenditures:			
General Fund	16,651,466	(25,060)	16,626,406
Special Revenue Funds:			
Food Service Fund	630,554	(117,975)	512,579
Community Service Fund	111,025	78,975	190,000

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

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. Cash with fiscal agent balances are retained in separate bank accounts in accordance with the Building Company's bond covenants, but follow similar statutory guidelines for investing.

I. Accounts Receivable

Accounts receivable represents amounts due from individuals, firms, corporations, and the state of Minnesota for goods and services furnished by the School or state and federal funding. The amounts due from the state of Minnesota relate to nonexchange grants that are funded based on attendance and expenditures. 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 assets 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 two items that qualify for reporting in this category, which are deferred outflows related to pensions and 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 assets 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 $2,500 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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Useful lives vary from 3 to 5 years for SBITA assets.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations (Continued)

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.

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. Subscription-Based Information Technology Arrangements (SBITAs)

The School determines if an arrangement is a SBITA at inception. SBITAs are included in Right-to-Use assets and subscription payable in the statements of net position.

SBITA subscriptions payable represent the School's obligation to make SBITA payments arising from the arrangement. SBITA subscriptions payable are recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA vendor incentives. Interest expense is recognized ratably over the contract term.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.

Q. 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.

R. 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.

S. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Risk Management (Continued)

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.

T. 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.

U. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The School adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. Beginning fund balance/net position was not restated due to the implementation of GASB 96. The implementation of this standard did not result in the School reporting a SBITA asset and a subscription payable

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

	Budget	Expenditures	Excess
General Fund	$ 16,626,406	$ 16,795,815	$ 169,409
Special Revenue Funds:			
Food Service Fund	512,579	524,735	12,156

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

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)

Interfund Receivables and Payables

As of June 30, 2023, the following related to interfund balances.

	Due from Other Fund	Due to Other Fund
General Fund	$ 226,955	$ -
Building Company	-	226,955
Total	$ 226,955	$ 226,955

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.

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The School's carrying and bank balances of deposits at June 30, 2023, were $4,975,905 and $4,979,444, 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, 2023, were $3,903,213 and $3,215,484, 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, and
- 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, 2023, 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	$ 3,215,484	$ 3,215,484	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	$ 5,662,557
Cash and Investments Held by Trustee - Statement of Net Position	3,215,484
Total Cash and Investments	$ 8,878,041

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

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.

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, 2023. The money market fund investments held by the Building Company's escrow agent are valued at amortized cost.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Modifications	Ending Balance
Governmental Activities:					
Capital Assets, Not being Depreciated/Amortized:					
Building Company:					
Land	$ 2,080,000	$ -	$ -	$ -	$ 2,080,000
Construction in Progress	24,555	31,145	(55,700)	-	-
Charter School:					
Construction in Progress	477,371	313,295	(755,221)	-	35,445
Total Capital Assets, Not being Depreciated/ Amortized	2,581,926	344,440	(810,921)	-	2,115,445
Capital Assets, being Depreciated/ Amortized:					
Building Company:					
Buildings and Improvements	23,963,863	280,415	-	-	24,244,278
Furniture and Equipment	28,657	-	-	-	28,657
Charter School:					
Building and Leasehold Improvements	3,146,523	966,215	-	-	4,112,738
Furniture and Equipment	2,202,329	351,256	(12,401)	-	2,541,184
Leased Right-to-Use Equipment	158,023	-	-	243,278 *	401,301
Total Capital Assets, being Depreciated/Amortized	29,499,395	1,597,886	(12,401)	243,278	31,328,158
Accumulated Depreciation/ Amortization for:					
Building Company:					
Buildings and Improvements	(6,963,196)	(717,072)	-	-	(7,680,268)
Furniture and Equipment	(8,032)	(1,433)	-	-	(9,465)
Charter School:					
Building and Leasehold Improvements	(932,089)	(228,318)	-	-	(1,160,407)
Furniture and Equipment	(1,156,104)	(194,795)	11,205	-	(1,339,694)
Leased Right-to-Use Equipment	(121,129)	(111,845)	-	9,285 *	(223,689)
Total Accumulated Depreciation/Amortization	(9,180,550)	(1,253,463)	11,205	9,285	(10,413,523)
Total Capital Assets, being Depreciated/Amortized, Net	20,318,845	344,423	(1,196)	252,563	20,914,635
Governmental Activities Capital Assets, Net	$ 22,900,771	$ 688,863	$ (812,117)	$ 252,563	$ 23,030,080

*There was a remeasurement for four of the right-to-use leased assets under GASB Statement No. 87.

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Administration	$ 272
District Support Services	30,162
Regular Instruction	202,728
Vocational Instruction	1,538
Special Education Instruction	1,101
Community Service	836
Instructional Support Services	152,671
Pupil Support Services	118
Food Service	14,872
Sites and Buildings	849,165
Total Depreciation/Amortization Expense, Governmental Activities	$ 1,253,463

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 2022, with a maximum borrowing limit of $500,000 and matures on December 31, 2023. Interest is variable at Prime plus 1.25% with a floor of 5.00%. The interest rate at June 30, 2023, was 9.25%. The line of credit had a balance of $-0- as of June 30, 2023. There was no borrowing activity under a line of credit during the fiscal year ended June 30, 2023.

B. Long-Term Debt

Changes in long-term debt are as follows:

	Balance - June 30, 2022	Additions	Retirements	Remeasurements	Balance - June 30, 2023	Principal Due Within One Year
Lease Revenue Bonds Payable	$ 26,345,000	$ -	$ 655,000	$ -	$ 25,690,000	$ 675,000
Premium on Bonds Payable	283,068	-	18,721	-	264,347	-
Financed Purchase Payable	38,548	-	35,503	-	3,045	3,045
Lease Liability	37,698	-	114,126	253,643 *	177,215	57,107
Total	$ 26,704,314	$ -	$ 823,350	$ 253,643	$ 26,134,607	$ 735,152

*There was a remeasurement for four of the right-to-use leased assets and related lease liability under 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.

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 ending June 30:

	Revenue Bonds Payable	
Year Ending June 30,	Principal	Interest
2024	$ 675,000	$ 1,014,863
2025	695,000	992,575
2026	720,000	967,813
2027	745,000	942,175
2028	770,000	915,663
2029-2033	4,310,000	4,093,338
2034-2038	5,255,000	3,139,838
2039-2043	6,385,000	1,977,713
2044-2047	6,135,000	568,225
Total	$ 25,690,000	$ 14,612,203

C. Financed Purchase Payable

Effective July 16, 2020, the school entered into a long-term agreement with Regents Capital Corporation for new Apple equipment, the duration of the finance agreement is 36 months with annual payments of $37,947. The agreement included an interest rate of 5.50%.

The balance of the financed purchase payable at June 30, 2023, totaled $3,045.

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

	Financed Purchase	
Year Ending June 30,	Principal	Interest
2024	$ 3,045	$ 14

D. Leases

Effective November 13, 2017, the School entered into a long-term, noncancelable lease agreement with Loffler Companies, Inc. for copiers. The duration of the lease is 60 months with annual payments of $65,724. The lease carries an interest rate of 5.5%. This lease was remeasured to a duration of an additional 60 months from 7/1/21 with annual payments of $62,172. The lease now carries an interest rate of 3.35%.

NOTE 5 DEBT (CONTINUED)

D. Leases (Continued)

Effective October 17, 2018, the School entered into a long-term, noncancelable 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, noncancelable lease agreement with Apple, Inc. for new Apple equipment. The duration of the lease is 48 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, noncancelable lease agreement with VAR Technology for technology information duration of the lease is 49 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:

Year Ending June 30,	Principal	Interest
2024	$ 57,107	$ 5,065
2025	59,050	3,122
2026	61,058	1,113
Total Minimum Lease Payments	$ 177,215	$ 9,300

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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

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.

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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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.

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.

<u>Tier 1 Benefits</u>

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

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier 1 Benefits (Continued)
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.

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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 2023 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, 2023 were $184,212. 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 8.55% for the employer. Basic rates were 11.00% for the employee and 12.55% for the employer. The School's contributions to TRA for the plan's fiscal year ended June 30, 2023 were $520,286. The School's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the School reported a liability of $2,257,209 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 $66,320, for a total net pension liability of $2,190,889 associated with the School. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The School's proportion was 0.0285% at the end of the measurement period and 0.0272% for the beginning of the period.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended June 30, 2023, the School recognized pension expense of $330,335 for its proportionate share of General Employee Fund's pension expense. In addition, the School recognized an additional $9,910 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, 2023, 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	$ 18,854	$ 24,112
Changes in Actuarial Assumptions	510,848	9,180
Net Difference Between Projected and Actual Earnings on Plan Investments	39,152	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	79,695	39,535
District Contributions Subsequent to the Measurement Date	184,212	-
Total	$ 832,761	$ 72,827

A total of $184,212 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, 2024.

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
2024	$ 221,069
2025	204,383
2026	(53,861)
2027	204,131

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2023, the School reported a liability of $6,982,515 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, 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 0.0872% at the end of the measurement period and 0.0865% 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	$ 6,982,515
State's Proportionate Share of the Net Pension Liability Associated with the School	1,040,634
Total	$ 8,023,149

For the year ended June 30, 2023, the School recognized a reduction in the pension expense of $1,322,050. The School also recognized $146,822 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, 2023, 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	$ 102,135	$ 61,349
Changes in Actuarial Assumptions	1,118,580	1,477,640
Net Difference Between Projected and Actual Earnings on Plan Investments	195,058	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	580,045	71,932
District Contributions Subsequent to the Measurement Date	520,286	-
Total	$ 2,516,104	$ 1,610,921

A total of $520,286 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, 2024. 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
2024	$ (1,084,022)
2025	349,698
2026	195,458
2027	906,705
2028	17,058

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, 2023 was ($1,128,627). The School's total net pension liability for all plans for the year ended June 30, 2023 was $9,239,724.

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	33.50 %	5.10 %
International Stocks	16.50	5.30
Fixed Income	25.00	5.90
Private Markets	25.00	0.75
Total	100.00 %	

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	33.50 %	5.10 %
International Stocks	16.50	5.30
Fixed Income	25.00	5.90
Private Markets	25.00	0.75
Total	100.00 %	

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, 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% 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% 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 3.00% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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 5 years and female rates set back 7 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 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

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 in actuarial assumptions and plan provisions for PERA occurred in 2022:

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

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

The following changes in actuarial assumptions and plan provisions for TRA occurred in 2022:

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2022 was 6.50%. 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 position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.00%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2022 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
General Employees Plan Discount Rate	5.50 %	6.50 %	7.50 %
School's Proportionate Share of the General Employees' Plan Net Pension Liability	$ 3,565,380	$ 2,257,209	$ 1,184,307
TRA Discount Rate	6.00 %	7.00 %	8.00 %
School's Proportionate Share of the TRA Net Pension Liability	$ 11,007,554	$ 6,982,515	$ 3,683,237

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, 2023 required 87.7% of net lease revenues. The total principal and interest remaining to be paid on the bonds is $40,302,203. Principal and interest debt service expenditures paid for the current year and total customer net revenues were $1,689,813 and $1,958,444, 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 2023 was $1,958,444.

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Lease Commitments and Terms (Continued)

For fiscal 2023, the School qualified for state charter school lease aid in the amount of $1,721,301 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
2024	$ 1,857,383
2025	1,857,981
2026	1,857,854
2027	1,856,852
2028	1,854,975
2029-2033	9,280,046
2034-2038	9,287,880
2039-2043	9,281,317
2044-2047	5,716,839
Total	$ 42,851,127

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
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	$ 22,500	$ 110,000	$ 145,671	$ 35,671
Other	948,900	1,779,109	1,834,014	54,905
State Sources	13,947,191	14,261,648	14,179,665	(81,983)
Federal Sources	761,800	641,139	546,573	(94,566)
Total Revenues	15,680,391	16,791,896	16,705,923	(85,973)
EXPENDITURES				
Current:				
Administration	997,421	1,007,702	1,096,844	89,142
District Support Services	1,337,679	1,424,072	1,525,416	101,344
Elementary and Secondary Regular Instruction	5,891,321	5,549,785	5,771,065	221,280
Special Education Instruction	2,963,118	3,254,735	3,184,683	(70,052)
Instructional Support Services	649,989	647,833	490,382	(157,451)
Pupil Support Services	242,547	368,659	334,717	(33,942)
Sites and Buildings	3,145,825	3,169,135	3,203,709	34,574
Fiscal and Other Fixed Cost Programs	41,600	47,334	48,140	806
Capital Outlay	1,204,300	975,335	981,482	6,147
Debt Service:				
Principal	176,666	181,316	149,629	(31,687)
Interest and Fiscal Charges	1,000	500	9,748	9,248
Total Expenditures	16,651,466	16,626,406	16,795,815	169,409
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(971,075)	165,490	(89,892)	(255,382)
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	162	162
Insurance Recovery	-	-	37,768	37,768
Total Other Financing Sources	-	-	37,930	37,930
NET CHANGE IN FUND BALANCE	$ (971,075)	$ 165,490	(51,962)	$ (217,452)
Fund Balance - Beginning of Year			6,144,297	
FUND BALANCE - END OF YEAR			$ 6,092,335	

See accompanying Notes to Required Supplementary Information.

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, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	$ 388,939	$ 341,000	$ 344,470	$ 3,470
State Sources	19,754	26,004	18,733	(7,271)
Federal Sources	97,213	172,696	196,844	24,148
Total Revenues	505,906	539,700	560,047	20,347
EXPENDITURES				
Current:				
Food Service	610,554	509,579	522,777	13,198
Capital Outlay	20,000	3,000	1,958	(1,042)
Total Expenditures	630,554	512,579	524,735	12,156
NET CHANGE IN FUND BALANCE	$ (124,648)	$ 27,121	35,312	$ 8,191
Fund Balance - Beginning of Year			401,061	
FUND BALANCE - END OF YEAR			$ 436,373	

See accompanying Notes to Required Supplementary Information.

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, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Other - Primarily Tuition and Fees	$ 115,425	$ 190,000	$ 181,817	$ (8,183)
State Sources	-	-	80	80
Total Revenues	115,425	190,000	181,897	(8,103)
EXPENDITURES				
Current:				
Community Service	101,025	185,000	184,774	(226)
Capital Outlay	10,000	5,000	-	(5,000)
Total Expenditures	111,025	190,000	184,774	(5,226)
NET CHANGE IN FUND BALANCE	$ 4,400	$ -	(2,877)	$ (2,877)
Fund Balance - Beginning of Year			100,853	
FUND BALANCE - END OF YEAR			$ 97,976	

See accompanying Notes to 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 NINE MEASUREMENT PERIODS*

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0872 %	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	$ 6,982,515	$ 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	1,040,634	319,280	541,567	447,880	454,741	1,453,392	1,831,996	585,978	240,468
Total	$ 8,023,149	$ 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	$ 5,400,396	$ 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	129.30 %	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	76.17 %	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.

See accompanying Notes to Required Supplementary Information.

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

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 520,286	$ 450,393	$ 423,861	$ 398,742	$ 348,138	$ 321,912	$ 305,675	$ 299,353	$ 293,110
Contributions in Relation to the Statutorily Required Contribution	(520,286)	(450,393)	(423,861)	(398,742)	(348,138)	(321,912)	(305,675)	(299,353)	(293,110)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 6,238,441	$ 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	8.55 %	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.

See accompanying Notes to Required Supplementary Information.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
GENERAL EMPLOYEES PLAN SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE MEASUREMENT PERIODS*

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0285 %	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	$ 2,257,209	$ 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	66,320	35,433	52,728	46,165	47,924	20,327	24,913	-	-
Total	$ 2,323,529	$ 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	$ 2,161,347	$ 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	104.44 %	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	76.67 %	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.

See accompanying Notes to Required Supplementary Information.

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
GENERAL EMPLOYEES PLAN SCHEDULE OF SCHOOL CONTRIBUTIONS
LAST NINE FISCAL YEARS*

	Fiscal Year Ended June 30,								
	2022	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 184,212	$ 162,101	$ 146,833	$ 141,431	$ 142,494	$ 131,699	$ 122,068	$ 109,449	$ 106,384
Contributions in Relation to the Statutorily Required Contribution	(184,212)	(162,101)	(146,833)	(141,431)	(142,494)	(131,699)	(122,068)	(109,449)	(106,384)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,456,160	$ 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 %	7.50 %	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.

See accompanying Notes to Required Supplementary Information.

NOTE 1 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:

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

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

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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

- The assumed spouse age difference was changed from two years older for females to one year older.

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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.
- 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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017 (Continued)

Changes in Actuarial Assumption (Continued)

- 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 Plan Provisions

- There have been no changes since the prior valuation.

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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015 (Continued)

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:

2022

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions (Continued)

- 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.

- 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 10 years followed by 3.25% thereafter.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.
- The postretirement mortality assumption was changed to the RP-2014 while 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.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures over Budget

	Budget	Expenditures	Excess
General Fund	$ 16,626,406	$ 16,795,815	$ 169,409
Special Revenue Funds:			
Food Service Fund	512,579	524,735	12,156

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

SUPPLEMENTARY INFORMATION

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2023

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 16,705,923	$ 16,705,922	$ 1
Total Expenditures	16,795,815	16,795,816	(1)
Nonspendable:			
460 Nonspendable Fund Balance	139,731	139,731	-
Restricted:			
403 Student Activities	1,469	1,469	-
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	147,261	147,261	-
Unassigned:			
422 Unassigned Fund Balance	5,803,874	5,803,872	2
02 FOOD SERVICE			
Total Revenue	560,047	560,046	1
Total Expenditures	524,735	524,731	4
Nonspendable:			
460 Nonspendable Fund Balance	11,569	11,569	-
Restricted:			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	424,804	424,805	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	181,897	181,898	(1)
Total Expenditures	184,774	184,773	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	97,976	97,976	-
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, 2023, 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 December 8, 2023.

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 8, 2023

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, 2023, 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 December 8, 2023.

In connection with our audit, we noted that St. Croix Preparatory Academy failed to comply with the provisions of the charter schools section 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 described in the schedule of findings and responses as item 2023-001. Also, 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 uniform financial accounting and reporting standards section of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we 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.

Government Auditing Standards requires the auditors to perform limited procedures on the St. Croix Preparatory Academy's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and responses. The School's response was not subjected to any other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 8, 2023

ST. CROIX PREPARATORY ACADEMY
CHARTER SCHOOL NO. 4120
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

FINDINGS AND RESPONSES – MINNESOTA LEGAL COMPLIANCE

Finding 2023-001 – Prompt Payment of Local Government Bills

Condition: There was one payment to a vendor noted that was not paid within 35 days of the date of receipt.

Criteria or specific requirement: Minnesota Statute §471.425 requires the school to pay each vendor obligation according to the terms of the contract or within 35 days of the date of the receipt.

Effect: The School was not in compliance with the statute.

Cause: The invoice was not processed and paid within 35 days.

Repeat Finding: This is not a repeat finding.

Views of Responsible Officials and Planned Corrective Action:

Explanation of Disagreement with Audit Finding:
There is no disagreement with the audit finding.

Action Planned in Response to Finding:
During fiscal year 2024, the School will implement policies and procedures to ensure that all payments to vendors are timely.

Officials Responsible for Ensuring CAP:
The School's Director will be responsible for implementing the CAP.

Planned Completion Date for CAP:
There School will implement the recommended changes immediately.

Plan to Monitor Completion of CAP:
The Board will be monitoring this corrective action plan.

INDEPENDENT
NETWORK MEMBER

CliftonLarsonAllen LLP
CLAconnect.com

Management
St. Croix Preparatory Academy
Saint Paul, Minnesota

In planning and performing our audit of the financial statements of St. Croix Preparatory Academy as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. This letter does not affect our report on the financial statements dated December 8, 2023.

- During our testing, it was noted that an employee had the ability to approve their own P-card purchases. We recommend that the school implements account access controls and restrictions surrounding P-card approvals and transactions.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 8, 2023

STILLWATER AREA PUBLIC SCHOOLS

Proposed 2024-2025 Calendar

Aug 6-8	New Teachers Workshop
Aug 12	Teacher Workshop/Grading
Aug 13-15	Professional Development Day
Aug 16	Teacher Workshop/Grading
Aug 19	**First day of school Gr 6 & 9**
Aug 19-21	Ready Set Go conferences K-5
Aug 20	**First day of school Gr 7-8 & 10-12**
Aug 22	**First day of school Gr K-5**
Aug 30	Teacher Non-Duty Day
Sept 2	Holiday (no school)
Sept 30	Professional Development Day (no school)
Oct 16	End of quarter 1
Oct 17-18	MEA - Teacher Non-Duty Day (no school)
Oct 21	Teacher Workshop/Grading (no school)
Nov 27	Professional Development Day (no school)
Nov 28	Holiday (no school)
Nov 29	Teacher Non-Duty Day (no school)
Dec 20	End of quarter 2/semester 1
Dec 23-24	Teacher Non-Duty Day (no school)
Dec 25	Holiday (no school)
Dec 26-31	Teacher Non-Duty Day (no school)
Jan 1	Holiday (no school)
Jan 2	Teacher Workshop/Grading (no school)
Jan 3	Professional Development Day (no school)
Jan 20	Professional Development Day (no school)
Feb 17	Professional Development Day (no school)
Mar 7	End of quarter 3
Mar 10-14	Teacher Non-Duty Day (no school)
Mar 17	Teacher Workshop/Grading (no school)
April 18	Professional Development Day (no school)
May 23	Last day of school/End of semester 2
May 26	Holiday (no school)
May 27	Teacher Workshop/Grading (no school)
May 31	Graduation

August 2024

M	T	W	Th	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

September 2024

M	T	W	Th	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30				

October 2024

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	29	30	31	

November 2024

M	T	W	Th	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

December 2024

M	T	W	Th	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20*
23	24	25	26	27
30	31			

January 2025

M	T	W	Th	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	31

February 2025

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

March 2025

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
31				

April 2025

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	29	30		

May 2025

M	T	W	Th	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23*
26	27	28	29	30

June 2025

M	T	W	Th	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30				

New Teachers Workshop (3)

Professional Development Day (9)

Holiday Days (5)

Teacher Workshop/ Grading (6)

No School/Teacher Non-Duty day

* End of Quarter/ Semester

Quarter 1 = 40	Quarter 2 = 41	Semester 1 = 81	Quarter 3 = 43	Quarter 4 = 48	Semester 2 = 91
Student Contact Days = 172		Teacher Contract Days = 192		New Teacher Contract Days = 195	

11/06/2023

Board Approved: TBD

st.croixprep

2024-2025 School Calendar

191 New Staff Days 186 Returning Staff Days 172 MS/US Student Days 165 LS Student Days

JULY 2024

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

AUGUST 2024 (T14/S9)

M	T	W	TH	F
			1	2
5 New Teacher Workshop	6 New Teacher Workshop	7 New Teacher Workshop	8 New Teacher Workshop	9 New Teacher Workshop
12 All Teacher Workshop	13 All Teacher Workshop	14 All Teacher Workshop	15 All Teacher Workshop	16 All Teacher Workshop
19 First Day of School	20 No School LS Only PFS Conf.	21 No School LS Only PFS Conf.	22 No School LS Only PFS Conf.	23 No School LS Only PFS Conf.
26	27	28	29	30 No School Offices Closed

SEPTEMBER 2024 (T20/S19)

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

OCTOBER 2024 (T21/S20)

M	T	W	TH	F
	1	2	3	4
7	8	9	10	11
14	15	16 *End of Quarter	17 PD/Grading Day Offices Closed	18 No School Offices Closed
21 No School Offices Closed	22	23	24	25
28	29	30	31	

*End of 1st Qtr (40 Days)

NOVEMBER 2024 (T19/S18)

M	T	W	TH	F
				1
4	5	6	7 LS, MS, US PM Conf.	8 No School LS Only LS Conf.
11	12	13	14	15
18	19	20	21	22
25	26	27 PD Day Offices Closed	28 No School Offices Closed	30 No School Offices Closed

DECEMBER 2024 (T15/S15)

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

*End of 2nd Qtr (41 days)

JANUARY 2025 (T21/S19)

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

FEBRUARY 2025 (T20/S19)

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

MARCH 2025 (T16/S15)

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

*End of 3rd Quarter (43 Days)

APRIL 2025 (T22/S21)

M	T	W	TH	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18 No School Offices Closed
21	22	23	24	25
28	29	30		

MAY 2025 (T18/S17)

M	T	W	TH	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23 *Last Day of School
26 No School Offices Closed	27 PD/Grading Day Offices Closed	28	29	30

*End of 4th Quarter (48 Days)

JUNE 2025 (T0/S0)

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

11/29/2023

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

	FY25 2024/25	FY24 2023/24	differences
Red	18	21	-3
Yellow	172	172	0
Blue	9	9	0
Purple - grading	4	4	0
Purple - PD	10	10	0
Orange	7	6	1
Pink	5	5	0
	225	**227**	**-2**
Returning Staff	**186**	**186**	
New Staff	**191**	**191**	

	Teacher
July	0
Aug	14
Sept	20
Oct	21
Nov	19
Dec	15
Jan	21
Feb	20
Mar	16
Apr	22
May	18
Jun	0
	186

Questions:

1. 2 less holidays for 12 month staff - propose 2 floating holidays. FY24 had 5 floating holidays.
***FY24 gained 1 extra holiday with the late addition of Juneteenth**
2. Conference dates - move anything around?
3. Cannot schedule anything for 11/5 evening - Election Day
4. Switch any PD (purple)/No School (blue) days?

Day Counts	
Student	Stillwater
0	0
9	9
19	19
20	20
18	18
15	15
19	19
19	19
15	15
21	21
17	17
0	0
172	**172**

Succession Planning Committee Minutes December 13, 2023

Members Present: J. Gutierrez, C. Olson, Rita Thorson, K. Gutierrez, N. Donnay, T. Smith

Members Absent:

Ex-officio Members Present:

Guests:

Meeting began at 11:00 am

Retreat Summary:. Discussed the impressions of the retreat and discussion points for the board meeting. These included positive engagement, curiosity about the process, and the healthy tension of the discussion.

Next Steps – for discussion at the December board meeting.

- Timeline Update. Recommend moving interview timeframe from July 2025 to February/March timeframe to correspond to typical school timeframes. Agreed to provide more granular detail (e.g. posting of the position, interview schedule, recommendation by committee, board approval of the recommendation, board negotiation, etc.)
- Internal and External Candidates. Discussed whether internal candidates were evaluated on different timeline than external candidates. Recommend evaluating internal and external candidates together, in the same process.
- Search Firm vs. Internal Process. Discussed the comparisons. They include:

Internal Process	Search Firm
Transformational opportunity	Transactional process
Less professional contacts	More professional contacts
Less cost, but internal labor and time	More cost - 20% to 30% of salary
Quicker process	More timely process

Discussed performing RFI to seek out search firm to evaluate this option and add integrity to the process by giving it due consideration. This requires time (e.g. draft RFI, determine recipients, conference calls to answer questions, receive responses, develop rubric for evaluation, perform evaluation, and make a recommendation to the board.)

- Board Effectiveness Evaluation. Discussed Rebar Leadership performing this in the January/February timeframe with facilitation of discussion in March. This would include summary of board duties, discussing allocation of board work currently done by administrative staff, how to build sustainability in the midst of three year board terms, board transition, etc. Documentation of current board duties (e.g. details of meeting planning, board elections, board training prior to seating, etc.) is being compiled.
- Future discussion on proactive change management, survey to parents, etc.

The meeting ended at 12:45 pm

st.croixprep

Submitted by J. Gutierrez, St. Croix Preparatory Academy