Annual Financial Report

STRIDE Academy
Charter School No. 4142

St. Cloud, Minnesota

For the Year Ended
June 30, 2020

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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STRIDE Academy Charter School No. 4142
St. Cloud, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended June 30, 2020

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INTRODUCTORY SECTION

STRIDE ACADEMY CHARTER SCHOOL NO. 4142
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

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STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2020

BOARD OF DIRECTORS

Name	Position
Sara Fromm	President
Barika Davis	Vice President
Andy Lyman	Member
Matt Chapman	Member
Suzy McIntyre	Member
Aaron Lundblad	Member
Hannah Dornbusch	Member

ADMINISTRATION

Name	Position
Eric Williams	Executive Director
Gwen Anderson	Principal
Kelly Rimpila - BerganKDV	Business Manager

STRIDE Academy Building Company
Board of Directors

Name	Position
Monica Schraut	President
Neil Theisen	Vice President
Cory Heinen	Secretary/Treasurer

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FINANCIAL SECTION

STRIDE ACADEMY CHARTER SCHOOL NO. 4142
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Academy as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General fund and Food Service special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedure to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's financial statements. The introductory section and the individual fund financial statements, schedules and table are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2020, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
October 12, 2020

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Management's Discussion and Analysis

As management of the STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota, we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2020.

Financial Highlights

- The liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources of the Academy at the close of the most recent fiscal year by $5,789,622 (*net position*).

- The Academy's total net position decreased by $319,153. This was a result of an increase in expenses in elementary and secondary regular instruction.

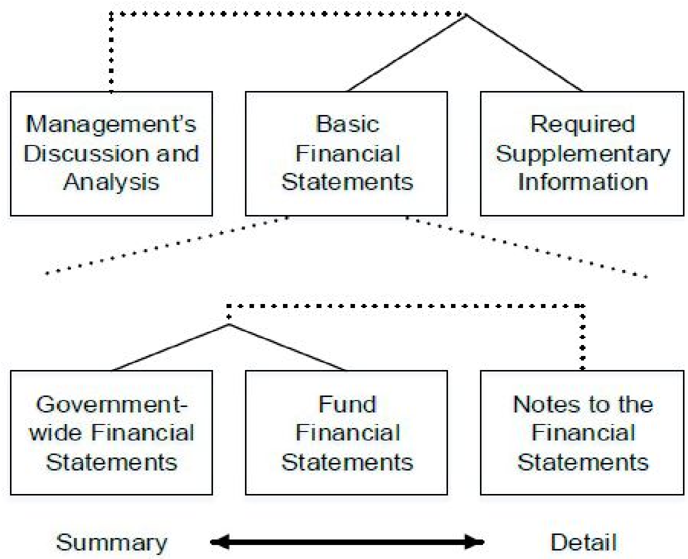
- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $2,639,143, an increase of $79,617 in comparison with the prior year. Of this total amount, $630,441 is unassigned and available for spending at the Academy's discretion, $1,971,353 is restricted for debt service, $4,145 is restricted for safe schools, and $33,204 is nonspendable for prepaid items.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $630,441 or 11.2 percent of total General fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

Organization of STRIDE Academy Charter School No. 4142's Annual Financial Report



The following chart summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements:

Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements
	Government-wide Statements	**Governmental Funds**
Scope	Entire Academy (except fiduciary funds)	The activities of the Academy that are not fiduciary, such as special education and building maintenance
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Academy's assets, deferred inflows of resources, liabilities and deferred outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The *statement of activities* presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements display functions of the Academy that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Academy include administration, district support services, elementary and secondary regular instruction, special education instruction, instructional support services, pupil support services, sites and buildings, fiscal and other fixed cost programs, food service, community service, building organization and interest and fiscal charges on long term debt.

The government-wide financial statements start on page 26 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds**.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Academy maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, STRIDE Academy Building Company special revenue fund, and the Food Service special revenue fund, all of which are considered to be major funds.

The Academy adopts an annual appropriated budget for its General fund and Food Service special revenue fund. Budgetary comparison statements and schedules have been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 35 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Academy's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 60 of this report.

Other Information. The individual fund financial schedule and table start on page 66 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $5,789,622 at the close of the most recent fiscal year.

A portion of the Academy's net position, ($3,146,613), reflects its net deficit in investment in capital assets (e.g., land, building, building improvements, leasehold improvements and equipment). The Academy uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

STRIDE Academy Charter School No. 4142's Net Position

	Governmental Activities		
	2020	2019	Increase (Decrease)
Assets			
Current and other assets	$ 2,921,346	$ 2,808,671	$ 112,675
Capital assets	13,332,979	13,776,068	(443,089)
Total Assets	16,254,325	16,584,739	(330,414)
Deferred Outflows of Resources			
Deferred pension resources	3,668,974	3,026,584	642,390
Liabilities			
Current and other liabilities	472,697	440,895	31,802
Noncurrent liabilities	18,649,593	18,835,618	(186,025)
Total Liabilities	19,122,290	19,276,513	(154,223)
Deferred Inflows of Resources			
Deferred pension resources	6,590,631	5,805,279	785,352
Net Position			
Net investment in capital assets	(3,146,613)	(2,707,592)	(439,021)
Restricted	1,785,004	1,429,090	355,914
Unrestricted	(4,428,013)	(4,191,967)	(236,046)
Total Net Position	$ (5,789,622)	$ (5,470,469)	$ (319,153)

At the end of the current fiscal year, the Academy reported deficit balances in the net investment in capital assets and unrestricted net position. Significant changes from the prior year are noted on the following page.

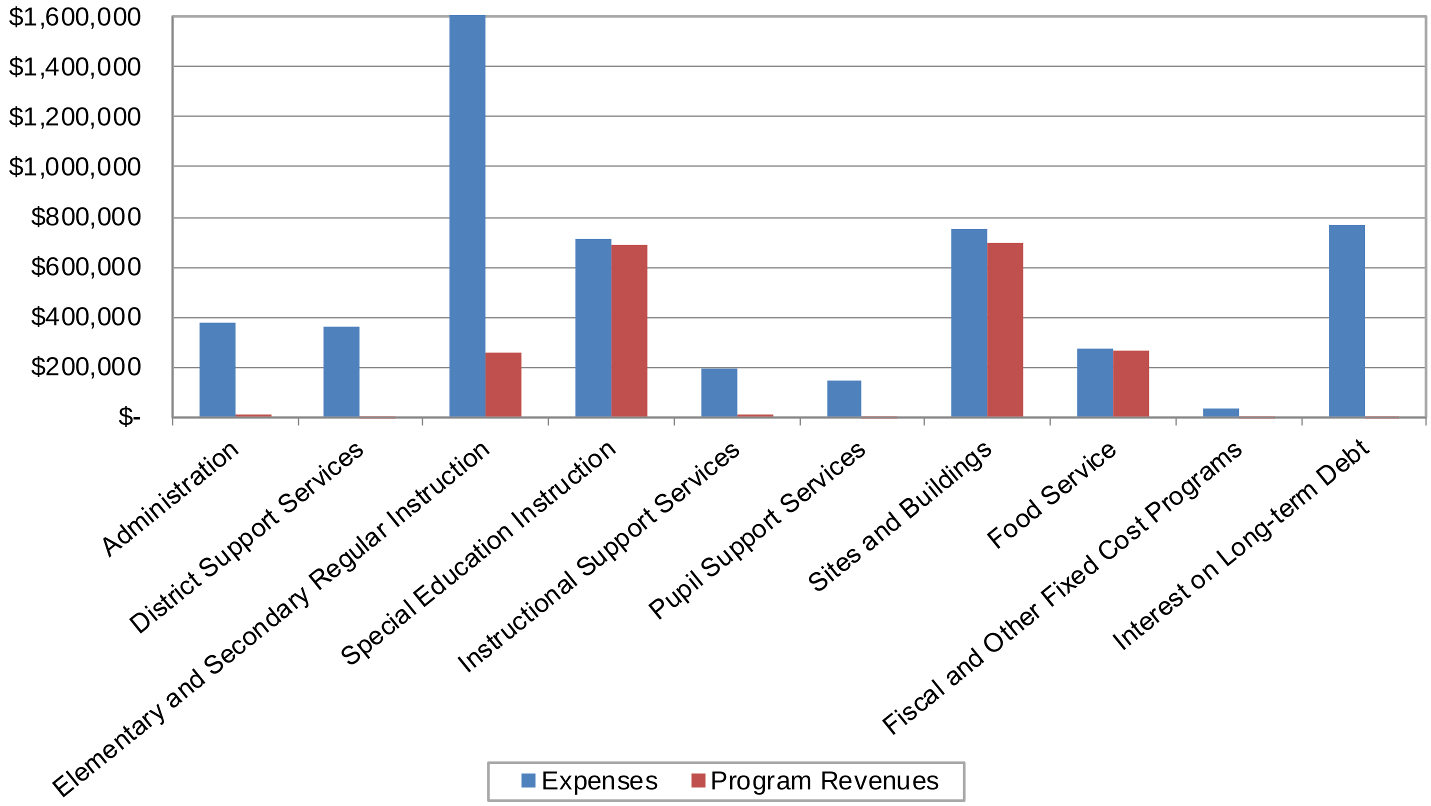
Governmental Activities. Governmental activities decreased the Academy's net position by $319,153. Key elements of this decrease are shown in the table below.

STRIDE Academy Charter School No. 4142's Changes in Net Position

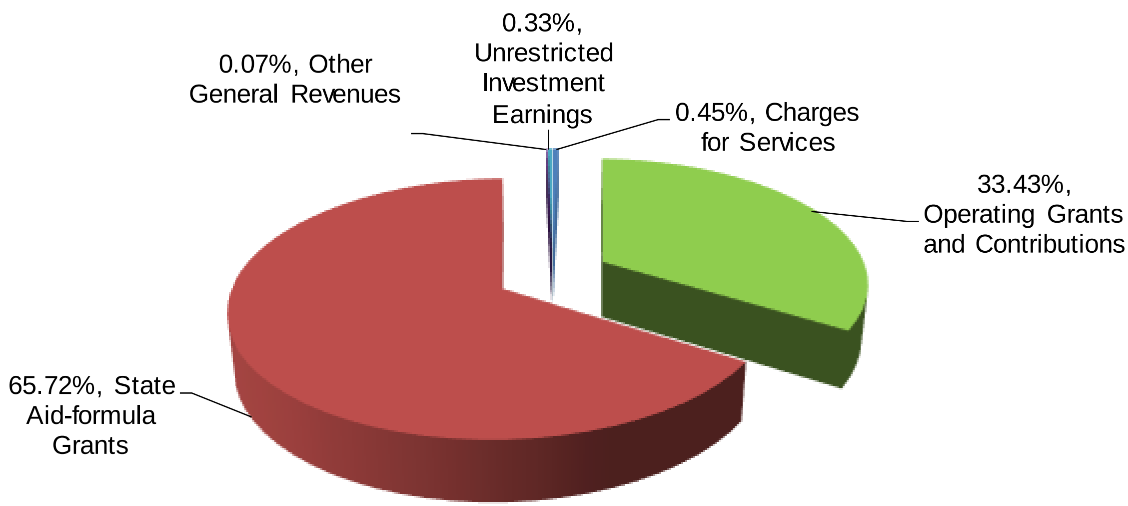
	Governmental Activities		
	2020	2019	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 24,855	$ 34,419	$ (9,564)
Operating grants and contributions	1,887,201	1,396,633	490,568
General revenues			
State aid-formula grants	3,710,002	3,243,328	466,674
Other general revenues	4,122	21,226	(17,104)
Unrestricted investment earnings	18,807	28,058	(9,251)
Total Revenues	5,644,987	4,723,664	921,323
Expenses			
Administration	380,124	249,524	130,600
District support services	361,697	353,996	7,701
Elementary and secondary regular instruction	2,330,422	968,164	1,362,258
Special education instruction	715,995	521,923	194,072
Instructional support services	194,481	99,077	95,404
Pupil support services	149,206	90,456	58,750
Sites and buildings	753,943	757,448	(3,505)
Fiscal and other fixed cost programs	31,347	28,928	2,419
Food service	275,799	302,522	(26,723)
Community service	-	16,852	(16,852)
Interest on long-term debt	771,126	770,020	1,106
Total Expenses	5,964,140	4,158,910	1,805,230
Change in Net Position	(319,153)	564,754	(883,907)
Net Position, July 1	(5,470,469)	(6,035,223)	564,754
Net Position, June 30	$ (5,789,622)	$ (5,470,469)	$ (319,153)

The primary reason for the decrease was due to an increase in spending in elementary and secondary regular instruction and special education instruction of $1,362,258 and $194,072, respectively. This increase was due to the addition of a 7th grade and additional teachers and staff to manage the additional students.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Academy's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Academy's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $2,639,143, an increase of $79,617 in comparison with the prior year. Approximately 23.9 percent ($630,441) constitutes unassigned fund balance that is available for spending at the Academy's discretion. The remainder of fund balance ($2,004,557) is not available for new spending because it is either 1) nonspendable ($33,204) or 2) restricted ($1,975,498).

The General fund is the chief operating fund of the Academy. At the end of the current year, unassigned fund balance of the General fund was $630,441, while total fund balance was $667,615. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.2 percent of total General fund expenditures, while total fund balance represents approximately 11.9 percent of that same amount.

The fund balance of the Academy's General fund decreased $271,071 during the current fiscal year. This was mainly due to an increase in spending in elementary and secondary regular instruction and special education instruction expenditures.

The Building Company Special Revenue fund has a total fund balance of $1,971,353. The increase in fund balance during the current year was $350,513, and was mainly the result of revenues from local sources exceeding debt service and other expenditures.

General Fund Budgetary Highlights

During the fiscal year the Academy revised the budget; increasing revenues by $221,381 and increasing expenditures by $416,243.

Total revenue was $66,973 under budget with the largest revenue variance from state revenue sources, which were $33,142 less than anticipated. This variance can be attributed mainly to slightly less students than anticipated.

Total expenditures were $169,100 under budget with the largest variance in elementary and secondary regular instruction expenditures, which were $68,291 less than anticipated. This variance can be attributed to a variance in budgeted salaries and supplies.

Capital Assets and Debt Administration

Capital Assets. The Academy's investment in capital assets for its governmental activities as of June 30, 2020, amounts to $13,332,979 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, leasehold improvements and equipment. The total depreciation expense for the year was $476,721. The following is a schedule of capital assets as of June 30, 2020.

STRIDE Academy Charter School No. 4142's Capital Assets
(Net of Depreciation)

	Governmental Activities		
	2020	2019	Increase (Decrease)
Land	$ 1,650,000	$ 1,650,000	$ -
Equipment	137,305	167,963	(30,658)
Buildings and Improvements	11,271,973	11,684,404	(412,431)
Leasehold Improvements	273,701	273,701	-
Total	$ 13,332,979	$ 13,776,068	$ (443,089)

Significant capital asset activity during the current year includes installing a shed and replacing sidewalks, sealcoating, and new coolers for the kitchen. Additional information on the Academy's capital assets can be found in Note 3B on page 44 of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the Academy had the following noncurrent liabilities outstanding.

STRIDE Academy Charter School No. 4142's Outstanding Debt

	Governmental Activities		
	2020	2019	Increase (Decrease)
Bonds Payable	$ 16,375,000	$ 16,375,000	$ -
Bond Premium	104,592	108,660	(4,068)
Total	$ 16,479,592	$ 16,483,660	$ (4,068)

The Academy's total noncurrent liabilities decreased $4,068. The primary reason for the decrease is the change in the outstanding debt premiums.

Additional information on the Academy's long-term debt can be found in Note 3D starting on page 45 of this report.

Factors Bearing on the Academy's Future

The Academy will strive to meet its commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

The Academy continues to work on increasing its enrollment each year.

The Academy continues to be dependent on the State of Minnesota for its revenue entitlements.

The Academy will work to navigate the COVID-19 outbreak during the FY21 school year.

Requests for Information

These financial statements are designed to provide our citizens, authorizer, customers, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact STRIDE Academy Charter School No. 4142, 3241 Oakham Lane, St. Cloud, Minnesota 56303.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash and temporary investments	$ 204,049
Cash with fiscal agent	1,986,431
Accounts receivable	3,108
Due from the Department of Education	694,554
Prepaid items	33,204
Capital assets	
Nondepreciable assets	1,650,000
Depreciable assets, net of accumulated depreciation	11,682,979
Total Assets	16,254,325
Deferred Outflows of Resources	
Deferred pension resources	3,668,974
Liabilities	
Accounts and other payables	105,287
Accrued salaries payable	176,871
Accrued interest payable	190,494
Due to other governments	45
Noncurrent liabilities	
Due within one year	668,157
Due in more than one year	15,861,075
Net pension liability	2,120,361
Total Liabilities	19,122,290
Deferred Inflows of Resources	
Deferred pension resources	6,590,631
Net Position	
Net investment in capital assets	(3,146,613)
Restricted for debt service	1,780,859
Restricted for safe schools	4,145
Unrestricted	(4,428,013)
Total Net Position	$ (5,789,622)

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Governmental Activities
Governmental Activities					
Administration	$ 380,124	$ -	$ 12,343	$ -	$ (367,781)
District support services	361,697	-	-	-	(361,697)
Elementary and secondary regular instruction	2,330,422	8,460	246,321	-	(2,075,641)
Special education instruction	715,995	-	685,184	-	(30,811)
Instructional support services	194,481	353	-	-	(194,128)
Pupil support services	149,206	-	-	-	(149,206)
Sites and buildings	753,943	15,360	679,643	-	(58,940)
Food service	275,799	682	263,710	-	(11,407)
Fiscal and other fixed cost programs	31,347	-	-	-	(31,347)
Interest on long-term debt	771,126	-	-	-	(771,126)
Total Governmental Activities	$ 5,964,140	$ 24,855	$ 1,887,201	$ -	(4,052,084)
General Revenues					
State aid-formula grants					3,710,002
Other general revenues					4,122
Unrestricted investment earnings					18,807
Total general revenues					3,732,931
Change in Net Position					(319,153)
Net Position, July 1					(5,470,469)
Net Position, June 30					$ (5,789,622)

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Balance Sheet
Governmental Funds
June 30, 2020

	General	Building Company	Food Service	Total Governmental Funds
Assets				
Cash and temporary investments	$ 195,786	$ 8,263	$ -	$ 204,049
Cash with fiscal agent	-	1,986,431	-	1,986,431
Accounts receivable	3,108	-	-	3,108
Due from the Minnesota Department of Education	683,046	-	11,508	694,554
Due from other funds	34,849	-	-	34,849
Prepaid items	33,029	-	175	33,204
Total Assets	$ 949,818	$ 1,994,694	$ 11,683	$ 2,956,195
Liabilities				
Accounts and other payables	$ 105,287	$ -	$ -	$ 105,287
Accrued salaries payable	176,871	-	-	176,871
Due to other governments	45	-	-	45
Due to other funds	-	23,341	11,508	34,849
Total Liabilities	282,203	23,341	11,508	317,052
Fund Balances				
Nonspendable prepaid items	33,029	-	175	33,204
Restricted for debt service	-	1,971,353	-	1,971,353
Restricted for safe schools	4,145	-	-	4,145
Unassigned	630,441	-	-	630,441
Total Fund Balances	667,615	1,971,353	175	2,639,143
Total Liabilities and Fund Balances	$ 949,818	$ 1,994,694	$ 11,683	$ 2,956,195

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2020

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	$ 2,639,143
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	15,443,524
Less: accumulated depreciation	(2,110,545)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Compensated absences payable	(49,640)
Bond principal payable	(16,375,000)
Premium on bonds payable	(104,592)
Pension liability	(2,120,361)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of pension resources	3,668,974
Deferred inflow of pension resources	(6,590,631)
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(190,494)
Total Net Position - Governmental Activities	$ (5,789,622)

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Building Company	Food Service	Total Governmental Funds
Revenues				
Revenue from federal sources	$ 242,916	$ -	$ 255,401	$ 498,317
Revenue from state sources	5,065,394	-	8,309	5,073,703
Revenue from local sources	42,663	1,192,600	-	1,235,263
Interest earned on investments	1,562	17,245	-	18,807
Sales and other conversion of assets	(1,528)	-	682	(846)
Total Revenues	5,351,007	1,209,845	264,392	6,825,244
Expenditures				
Current				
Administration	377,920	-	-	377,920
District support services	308,695	54,185	-	362,880
Elementary and secondary regular instruction	2,344,528	-	-	2,344,528
Special education instruction	723,404	-	-	723,404
Instructional support services	191,905	-	-	191,905
Pupil support services	150,117	-	-	150,117
Sites and buildings	1,468,610	-	-	1,468,610
Food service	-	-	275,374	275,374
Fiscal and other fixed cost programs	29,827	1,520	-	31,347
Capital outlay				
Administration	190	-	-	190
Elementary and secondary regular instruction	3,000	-	-	3,000
Instructional support services	3,586	-	-	3,586
Sites and buildings	6,270	27,177	-	33,447
Food service	-	-	2,869	2,869
Debt service				
Interest and other charges	-	776,450	-	776,450
Total Expenditures	5,608,052	859,332	278,243	6,745,627
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257,045)	350,513	(13,851)	79,617
Other Financing Sources (Uses)				
Transfers in	-	-	14,026	14,026
Transfers out	(14,026)	-	-	(14,026)
Total Other Financing Sources (Uses)	(14,026)	-	14,026	-
Net Change in Fund Balances	(271,071)	350,513	175	79,617
Fund Balances, July 1	938,686	1,620,840	-	2,559,526
Fund Balances, June 30	$ 667,615	$ 1,971,353	$ 175	$ 2,639,143

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because

Net Change in Fund Balances - Total Governmental Funds	$ 79,617
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Depreciation expense	(476,721)
Capital outlays	33,632
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.	
Amortization of bond premium	4,068
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,256
Long-term pension activity is not reported in governmental funds.	
Pension expense	16,464
Pension revenue	12,343
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	10,188
Change in Net Position of Governmental Activities	$ (319,153)

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Revenue from federal sources	$ 234,016	$ 264,244	$ 242,916	$ (21,328)
Revenue from state sources	4,907,141	5,098,536	5,065,394	(33,142)
Revenue from local sources	50,115	52,200	42,663	(9,537)
Interest earned on investments	5,327	2,000	1,562	(438)
Sales and other conversion of assets	-	1,000	(1,528)	(2,528)
Total Revenues	5,196,599	5,417,980	5,351,007	(66,973)
Expenditures				
Current				
Administration	383,258	420,185	377,920	42,265
District support services	383,073	315,644	308,695	6,949
Elementary and secondary regular instruction	2,252,796	2,412,819	2,344,528	68,291
Special education instruction	737,804	708,449	723,404	(14,955)
Instructional support services	203,095	225,340	191,905	33,435
Pupil support services	126,009	163,370	150,117	13,253
Sites and buildings	1,191,444	1,480,110	1,468,610	11,500
Fiscal and other fixed cost programs	50,130	35,000	29,827	5,173
Capital outlay				
Administration	500	500	190	310
Elementary and secondary regular instruction	-	4,000	3,000	1,000
Special education instruction	355	-	-	-
Instructional support services	4,735	4,735	3,586	1,149
Sites and buildings	27,710	7,000	6,270	730
Total Expenditures	5,360,909	5,777,152	5,608,052	169,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,310)	(359,172)	(257,045)	102,127
Other Financing Sources (Uses)				
Transfers out	(63,008)	(36,300)	(14,026)	22,274
Net Change in Fund Balances	(227,318)	(395,472)	(271,071)	124,401
Fund Balances, July 1	938,686	938,686	938,686	-
Fund Balances, June 30	$ 711,368	$ 543,214	$ 667,615	$ 124,401

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Food Service Special Revenue Funds
For the Year Ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Revenue from federal sources	$ 254,859	$ 281,000	$ 255,401	$ (25,599)
Revenue from state sources	12,714	9,500	8,309	(1,191)
Sales and other conversion of assets	232	700	682	(18)
Total Revenues	267,805	291,200	264,392	(26,808)
Expenditures				
Current				
Food service	321,817	324,500	275,374	49,126
Capital outlay				
Food service	-	3,000	2,869	131
Total Expenditures	321,817	327,500	278,243	49,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,012)	(36,300)	(13,851)	22,449
Other Financing Sources (Uses)				
Transfers in	54,012	36,300	14,026	(22,274)
Net Change in Fund Balances	-	-	175	175
Fund Balances, July 1	-	-	-	-
Fund Balances, June 30	$ -	$ -	$ 175	$ 175

The notes to the financial statements are an integral part of this statement.

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota is a charter school established April 8, 2004 in accordance with Minnesota statutes. The Academy's financial statements include all funds, departments, agencies, boards, commissions, component units, and other organizations for which the Academy is considered to be financially accountable.

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

Based on these criteria, there is one organization considered to be a component unit of the Academy. STRIDE Academy Building Company (the Building Company) is a Minnesota nonprofit organization classified by the Internal Revenue Service (IRS) as a 501(c)(3) tax-exempt organization which owns the real estate and building that is leased by the Academy for its operations. The Building Company is governed by a separate five-member board, including two ex-officio. Although it is legally separate from the Academy, the Building Company is reported as if it were part of the Academy (as a blended component unit) because (1) its sole purpose is to acquire, renovate and own an educational site which is leased to the Academy and (2) the expectation for the debt obligations of the Building Company to be repaid with the Academy's resources under the lease agreement. The building is leased to the Academy under the terms of a long-term agreement. All long-term debt related to the purchase of the building and property and all capital assets related to the school site is the responsibility of and will be under the ownership of the Building Company. The Building Company does not issue separate financial statements.

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

Extracurricular student activities, if any, are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The Academy has no student activity accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Academy.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally dedicated resources are reported as general revenues rather than as program revenues. Other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Other revenue is considered available if collected within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlement and donations. On a modified accrual basis, revenue from non-exchange transaction must also be available before it can be recognized.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Description of Funds

The various Academy funds have been established by the State of Minnesota Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

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

The *Building Company special revenue fund* accounts for all activities of the STRIDE Academy Building Company. This includes accounting for the proceeds and uses of resources borrowed to finance the purchase and renovation of the school building, the receipt of lease payments from the Academy, as well as debt service payments required under the terms of the related long-term bonds and loans.

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. The Food Service fund receives revenue from State and Federal sources as well as the receipts from the Academy's nutrition program.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Cash with fiscal agent represents dollars held by others on behalf of the building company. Interest earnings are restricted to the funds that generate them.

Note 1: Summary of Significant Accounting Policies (Continued)

The Academy may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. 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 thirteen months or less.

3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.

4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with 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.

9. Guaranteed Investment Contracts (GIC’s) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Academy’s recurring fair value measurements are valued using quoted market prices (Level 1 inputs).

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed. The Academy defines capital assets as those with an initial, individual cost of more than $1,000 (amount not rounded). Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Equipment	5 - 20
Buildings and Improvements	10 - 30
Leasehold Improvements	20 - 25

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

Teachers Retirement Association (TRA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP and TRA is as follows:

	GERP	TRA	Total Pension Expense
Total Pension Expense	$ 40,721	$ 146,455	$ 187,176

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has one type of item, which arises only under a full accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position of the government-wide statements and results from actuarial calculations.

Compensated Absences

Certain Academy employees earn paid time off (PTO) based upon the employee’s status (exempt, nonexempt, and full-time versus school year). The Academy compensates employees for unused vacation upon termination of employment. PTO is recorded as an expenditure when it is used. The General fund is typically used to liquidate governmental compensated absences.

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 statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Academy is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as inventory.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of Board of Directors, which is the Academy’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Directors modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Directors itself or by an official to which the Board of Directors delegates the authority. The Board of Directors has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Executive Director or accountant.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

Note 1: Summary of Significant Accounting Policies (Continued)

The Academy considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Academy would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Academy has formally adopted a fund balance policy. The Academy's policy is to maintain a minimum general fund unrestricted fund balance of 20 percent of the annual General fund expenditures.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the financial statements. Prior to July 1, the Board of Directors adopts an annual budget for the following fiscal year for the General fund and the Food Service special revenue fund. There has not been a budget adopted for the Building Company special revenue fund as it is not legally required. The General fund budget was amended during the current fiscal year. The revenues budget increased by $221,381, primarily related to revenues from state sources. Budgeted expenditures increased by $416,243 with the largest increase in sites and buildings, which increased by $288,666. The Food Service fund budget was amended during the current fiscal year. The revenues budget increased by $23,395 while budgeted expenditures increased by $5,683 during the year.

Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Academy's deposits and investments may not be returned or the Academy will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Directors, the Academy maintains deposits at depository banks that are members of the Federal Reserve System.

Minnesota statutes require that all Academy deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the Academy.

At year end, the Academy's carrying amount of deposits was $204,049 and the bank balance was $204,095. The bank balance was fully covered by federal depository insurance corporation.

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of June 30, 2020, the Academy had the following investments that are insured or registered, or securities held by the Academy's agent in the Academy's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Non-pooled Investments			
Brokered Money Market Accounts	NA	less than one year	$ 1,986,431

(1) Ratings are provided by various credit rating agencies where applicable to indicate association credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

The investments of the Academy are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the Academy's investments to the list on page 38 of the notes.

- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Academy does not have policies in place to address the above risks.

The Academy has the following recurring fair value measurement as of June 30, 2020: Brokered money markets of are valued using quoted market prices (Level 1 inputs).

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 1,650,000	$ -	$ -	$ 1,650,000
Capital Assets Being Depreciated				
Equipment	347,354	6,455	(36,286)	317,523
Buildings and improvements	13,103,750	27,177	-	13,130,927
Leasehold improvements	345,074	-	-	345,074
Total Capital Assets Being Depreciated	13,796,178	33,632	(36,286)	13,793,524
Less Accumulated Depreciation for				
Equipment	(179,391)	(37,113)	36,286	(180,218)
Buildings and improvements	(1,419,346)	(439,608)	-	(1,858,954)
Leasehold improvements	(71,373)	-	-	(71,373)
Total Accumulated Depreciation	(1,670,110)	(476,721)	36,286	(2,110,545)
Total Capital Assets Being Depreciated, Net	12,126,068	(443,089)	-	11,682,979
Governmental Activities Capital Assets, Net	$ 13,776,068	$ (443,089)	$ -	$ 13,332,979

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

Governmental Activities	
Administration	$ 722
Elementary and secondary regular instruction	924
Special education instruction	528
Instructional support services	2,557
Pupil support services	127
Food service	453
Sites and buildings	471,410
Total Depreciation Expense - Governmental Activities	$ 476,721

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund, Receivables, Payables and Transfers

Due to/from funds represent reclassifications of temporary cash deficits in individual fund and other short-term loans expected to be repaid within one year. The amount owing between funds represents reclassification of temporary cash deficits and short-term loans. At year end, the balances were as follows:

Receivable Fund	Payable Fund	Amount
Primary Government		
General	Building Company	$ 23,341
General	Food Service	11,508
Total		$ 34,849

The General fund transferred $14,026 to the Food Service fund. This transfer was to eliminate deficit fund balance at year end.

D. Long-term Liabilities

<u>Lease Revenue Bonds</u>

The following bonds were issued to finance the acquisition of the STRIDE Academy Building Company (Building Company) education facility, leased by the Academy. They will be repaid from future revenues received by the Academy from the State of Minnesota with respect to General Education Funding, Lease Aid, or any other funding sources, net of specified operating costs. The total pledged revenue reported by the Academy for the year ended June 30, 2020 amounted to $4,430,864, of which $1,192,600 or 26.92 percent was remitted during the current year as lease payments to the Building Company, or was due to the Building Company at the end of the current year and reported as due to other funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Charter School Lease Revenue, Series 2016A	$ 16,690,000	3.0 - 5.0 %	04/15/16	04/01/46	$ 16,375,000

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the lease revenue bonds are as follows:

Year Ending June 30,	Lease Revenue Bonds Principal	Interest	Total
2021	$ 650,000	$ 761,975	$ 1,411,975
2022	655,000	741,125	1,396,125
2023	355,000	728,094	1,083,094
2024	370,000	714,500	1,084,500
2025	380,000	700,438	1,080,438
2026 - 2030	2,160,000	3,228,781	5,388,781
2031 - 2035	2,760,000	2,619,500	5,379,500
2036 - 2040	3,515,000	1,839,125	5,354,125
2041 - 2045	4,495,000	842,375	5,337,375
2046	1,035,000	25,875	1,060,875
Total	$ 16,375,000	$ 12,201,788	$ 28,576,788

The Academy has entered into a forbearance agreement that will allow the Academy to pay the fiscal year 2019 and 2020 principal payment in future years.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	$ 16,375,000	$ -	$ -	$ 16,375,000	$ 650,000
Bond Premium	108,660	-	(4,068)	104,592	-
Governmental Activities Long-term Liabilities	$ 16,483,660	$ -	$ (4,068)	$ 16,479,592	$ 650,000

Note 3: Detailed Notes on All Funds (Continued)

E. Lease Commitments

On April 1, 2016 the Academy entered into an operating lease with the STRIDE Academy Building Company. Under the terms of the lease agreement, the lease term ends thirty years later or June 30, 2046. The net annual base rent for the term of the lease agreement is directly tied to the debt service requirements of the STRIDE Academy Building Company. In addition, the Academy is responsible for all operating costs including maintenance and utility costs. For the year ended June 30, 2020, the Academy paid $1,192,600 in rent under the terms of the previous and existing lease.

The following is a summary of future minimum lease payments:

Year Ending June 30,	Amount
2021	$ 1,192,925
2022	1,193,563
2023	1,195,672
2024	1,195,969
2025	1,193,250
2026 - 2030	5,755,797
2031 - 2035	5,725,251
2036 - 2040	5,720,564
2041 - 2045	5,453,189
2046	51,938
Total Minimum Lease Payments	$ 28,678,118

Note 4: Defined Benefit Pension Plans - Statewide

A. Teacher Retirement Association (TRA)

1. Plan Description

The Teachers 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 school, 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 Define Contribution Plan (DCR) administered by the State of Minnesota.

2. Benefits Provided

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 as described:

Tier I:	Step Rate Formula	Percentage
Basic	1st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1st ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

With these provisions:

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

2. Three percent per year early retirement reduction factors for all years under normal retirement age.

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

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year 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 or 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 also 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 provisions in effect at the time they last terminated their public service.

3. Contribution Rate

Per Minnesota statutes, chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	Ending June 30, 2018		Ending June 30, 2019		Ending June 30, 2020	
Plan	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.50%	11.00%	11.71%	11.00%	11.92%
Coordinated	7.50%	7.50%	7.50%	7.71%	7.50%	7.92%

The Academy’s contributions to TRA for the years ending June 30, 2020, 2019 and 2018 were $147,484, $110,835 and $125,374, respectively. The Academy’s contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer Contributions Reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 403,300,000
Add employer contributions not related to future contribution efforts	(688,000)
Deduct TRA's Contributions not Included in Allocation	(486,000)
Total Employer Contributions	402,126,000
Total Non-employer Contributions	35,588,000
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	$ 437,714,000

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2019
Experience study	June 10, 2015
Actuarial cost method	November 6, 2017 (economic assumptions)
Actuarial assumptions	Entry Age Normal
Investment rate of return	
Price inflation	7.50%
Wage growth rate	2.50%
Projected salary increase	2.85% before July 1, 2028 and 3.25% thereafter
Cost of living adjustment	2.85% to 8.85% before July 1, 2028 and 3.5% to 9.25% thereafter
	1% for January 2019 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	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.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The long-term expected rate of return on 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 allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.50 %	5.10 %
International Stocks	17.50	5.30
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
Unallocated Cash	2.00	-
Total	100.00 %	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2019 is 6.00 years. The “Difference Between Expected and Actual Experience”, “Changes of Assumptions” and “Changes in Proportion” use the amortization period of 6.00 years in the schedule presented. The amortization period for “Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments” is 5.00 years as required by GASB 68.

Changes in actuarial assumptions since the 2018 valuation:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

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

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

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

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 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.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

At June 30, 2020, the Academy reported a liability of $1,689,116 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy’s proportion of the net pension liability was based on the Academy’s contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The Academy’s proportionate share was 0.0265 which was a decrease of 0.0026 percent from its proportion measured as of June 30, 2018.

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

Academy's Proportionate Share of Net Pension Liability	$ 1,689,116
State's Proportionate Share of Net Pension Liability Associated with the Academy	149,248
Total	$ 1,838,364

For the year ended June 30, 2020, the Academy recognized pension expense of $135,110. It also recognized $11,345 as an increase to pension expense for the support provided by direct aid.

On June 30, 2020, the Academy had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 26,779	$ 82,167
Changes in Actuarial Assumptions	3,129,666	4,277,388
Net Difference Between Projected and Actual Earnings on Plan Investments	-	188,810
Changes in Proportion	260,458	1,735,533
Contributions to TRA Subsequent to the Measurement Date	147,484	-
Total	$ 3,564,387	$ 6,283,898

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Deferred outflows of resources totaling $147,484 related to pensions resulting from the Academy's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2021	$ (174,937)
2022	(406,909)
2023	(1,755,834)
2024	(526,194)
2025	(3,121)

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
$ 2,692,863	$ 1,689,116	$ 861,540

The Academy's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

8. Pension Plan Fiduciary Net Position

Detailed information about the plan'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, MN, 55103-4000; or by calling (651) 296-2409 or (800) 657-3669.

9. Subsequent Events and the COVID-19 Pandemic Subsequent to Year-End

The United States and global markets experienced declines in values resulting from uncertainty caused by COVID-19. The resulting declines are expected to have a negative impact on TRA's discount rate as well as the value of the Plan's investments. Any impact caused by the resulting declines have not been included in the Schedules as of June 30, 2019.

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

General Employees Retirement Plan (GERP)

All full-time and certain part-time employees of the District are covered by the General Employees Retirement Plan (GERP). GERP members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Benefits Provided

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.

GERP Benefits

GERP 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 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

3. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50 percent for Coordinated Plan members. The Academy’s contributions to the General Employees Fund for the years ended June 30, 2020, 2019 and 2018 were $47,203, $41,255 and $42,279, respectively. The Academy’s contributions were equal to the contractually required contributions for each year as set by state statute.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

4. Pension Costs

General Employee Fund Pension Costs

At June 30, 2020, the Academy reported a liability of $431,245 for its proportionate share of the General Employee Fund's net pension liability. The Academy's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million to the fund in 2019. The State of Minnesota is considered a non-employer 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 Academy totaled $13,333. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportionate share of the net pension liability was based on the Academy's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the Academy's proportion was 0.0078 percent which was a decrease of 0.0006 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Academy recognized pension expense of $39,723 for its proportionate share of General Employees Plan's pension expense. In addition, the Academy recognized an additional $998 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, 2020, the Academy reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 22,541	$ 3,434
Changes in Actuarial Assumptions	10,453	63,727
Net Difference Between Projected and Actual Earnings on Plan Investments	-	53,779
Changes in Proportion	24,390	185,793
Contributions to PERA Subsequent to the Measurement Date	47,203	-
Total	$ 104,587	$ 306,733

The $47,203 reported as deferred outflows of resources related to pensions resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$ (95,842)
2022	(135,540)
2023	(18,661)
2024	694

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2019valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employee Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

<u>General Employees Fund</u>

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, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

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 Equity	35.50 %	5.10 %
Private Markets	25.00	5.30
Fixed Income	20.00	0.75
International Equity	17.50	5.90
Cash	2.00	-
Total	100.00 %	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

6. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the 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.

7. Pension Liability Sensitivity

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

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
$ 708,943	$ 431,245	$ 201,949

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 5: Other Information

A. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Academy carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in fiscal year 2020.

B. Contingencies

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 Academy expects such amounts, if any, to be immaterial.

C. Economic Dependency

The Academy has a significant amount of revenue (74.3 percent) coming from the State of Minnesota.

D. Income Taxes

The Academy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2020, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Academy files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns for the prior three fiscal years are closed. No returns are currently under examination in any tax jurisdiction.

Note 6: Subsequent Event

On July 21, 2020 the Academy entered into a line of credit agreement with Propel Nonprofits for $100,000. The Academy has not made any draws on the $100,000 line of credit. This line of credit will expire on October 31, 2020.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Academy is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTARY INFORMATION

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

Schedule of Employer's Share of Teachers Retirement Association Net Pension Liability

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Academy (b)	Total (a+b)	Academy's Covered Payroll (c)	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	0.0265 %	$ 1,689,116	$ 149,248	$ 1,838,364	$ 1,437,549	117.5 %	78.2 %
6/30/2018	0.0291	1,826,132	171,539	1,997,671	1,671,653	109.2	78.1
6/30/2017	0.0513	10,240,411	990,629	11,231,040	2,728,205	375.4	51.6
6/30/2016	0.0450	10,733,574	1,077,005	11,810,579	2,366,747	453.5	44.9
6/30/2015	0.0421	2,604,301	319,686	2,923,987	2,137,520	121.8	76.8
6/30/2014	0.0394	1,815,524	127,805	1,943,329	1,799,712	100.9	81.1

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Teachers Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Academy's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2020	$ 147,484	$ 147,484	$ -	$ 1,862,172	7.92 %
6/30/2019	110,835	110,835	-	1,437,549	7.71
6/30/2018	125,374	125,374	-	1,671,653	7.50
6/30/2017	204,615	204,615	-	2,728,205	7.50
6/30/2016	177,506	177,506	-	2,366,747	7.50
6/30/2015	160,314	160,314	-	2,137,520	7.50
6/30/2014	125,980	125,980	-	1,799,712	7.00

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2019 - None

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information - TRA

Changes in Plan Provisions

2019 - None

2018 - The 2018 Omnibus Pension Bill contained a number of changes:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

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

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

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

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 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 - None

2016 - None

2015 - On June 30, 2015, the Duluth Teachers Retirement Fund Association was merged into TRA. This also resulted in a state-provided contribution stream of $14.377 million until the System becomes fully funded.

Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Academy (b)	Total (a+b)	Academy's Covered Payroll (c)	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	0.0078 %	$ 431,245	$ 13,333	$ 444,578	$ 550,067	78.4 %	80.2 %
6/30/2018	0.0084	465,998	15,329	481,327	540,573	86.2	79.5
6/30/2017	0.0133	849,063	10,676	859,739	856,754	99.1	75.9
6/30/2016	0.0117	949,982	12,352	962,334	791,493	120.0	68.9
6/30/2015	0.0090	466,427	-	466,427	520,547	89.6	78.2
6/30/2014	0.0093	436,867	-	436,867	485,669	90.0	78.7

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Public Employees Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Academy's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2020	$ 47,203	$ 47,203	$ -	$ 629,373	7.50 %
6/30/2019	41,255	41,255	-	550,067	7.50
6/30/2018	40,543	40,543	-	540,573	7.50
6/30/2017	64,257	64,257	-	856,754	7.50
6/30/2016	59,362	59,362	-	791,493	7.50
6/30/2015	39,041	39,041	-	520,547	7.50
6/30/2014	35,211	35,211	-	485,669	7.25

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, 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 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - 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 - None

2015 - 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 increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

INDIVIDUAL FUND SCHEDULE AND TABLE

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued on the Following Page)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Revenue from federal sources	$ 234,016	$ 264,244	$ 242,916	$ (21,328)	$ 170,434
Revenue from state sources, net	4,907,141	5,098,536	5,065,394	(33,142)	4,304,570
Other local and county revenue	50,115	52,200	42,663	(9,537)	93,561
Interest earned on investments	5,327	2,000	1,562	(438)	4,173
Sales and other conversion of assets	-	1,000	(1,528)	(2,528)	(1,002)
Total Revenues	5,196,599	5,417,980	5,351,007	(66,973)	4,571,736
Expenditures					
Current					
Administration					
Salaries	296,027	331,000	291,760	39,240	283,981
Fringe benefits	44,706	45,000	39,407	5,593	39,106
Purchased services	4,550	5,240	6,376	(1,136)	3,618
Supplies and materials	2,430	4,930	6,157	(1,227)	1,377
Other	35,545	34,015	34,220	(205)	31,095
Total administration	383,258	420,185	377,920	42,265	359,177
District support services					
Salaries	85,794	97,100	93,204	3,896	82,261
Fringe benefits	53,290	50,274	46,811	3,463	33,997
Purchased services	218,718	143,310	143,750	(440)	144,814
Supplies and materials	25,271	24,960	24,930	30	22,241
Total district support services	383,073	315,644	308,695	6,949	283,432
Elementary and secondary regular instruction					
Salaries	1,683,420	1,842,516	1,800,242	42,274	1,395,102
Fringe benefits	406,299	412,116	400,486	11,630	327,957
Purchased services	26,632	16,490	12,410	4,080	18,269
Supplies and materials	133,110	138,412	128,051	10,361	73,326
Other	3,335	3,285	3,339	(54)	1,151
Total elementary and secondary regular instruction	2,252,796	2,412,819	2,344,528	68,291	1,815,805
Special education instruction					
Salaries	444,108	489,560	507,738	(18,178)	373,448
Fringe benefits	148,664	103,911	111,944	(8,033)	91,156
Purchased services	134,077	102,883	95,141	7,742	120,427
Supplies and materials	10,907	12,095	8,581	3,514	2,022
Other	48	-	-	-	-
Total special education instruction	737,804	708,449	723,404	(14,955)	587,053

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures - Continued					
Current - continued					
Instructional support services					
Salaries	$ 123,621	$ 138,500	$ 114,085	$ 24,415	$ 102,616
Fringe benefits	33,378	32,000	26,568	5,432	21,370
Purchased services	32,788	29,790	16,743	13,047	18,374
Supplies and materials	12,858	24,600	34,059	(9,459)	7,846
Other	450	450	450	-	450
Total instructional support services	203,095	225,340	191,905	33,435	150,656
Pupil support services					
Salaries	40,616	50,950	44,518	6,432	30,797
Fringe benefits	10,519	11,950	10,587	1,363	4,514
Purchased services	73,581	99,700	93,971	5,729	65,740
Supplies and materials	1,293	770	1,041	(271)	397
Total pupil support services	126,009	163,370	150,117	13,253	101,448
Sites and buildings					
Salaries	48,070	46,100	39,395	6,705	53,943
Fringe benefits	11,686	11,510	9,105	2,405	10,663
Purchased services	1,103,488	1,404,400	1,402,051	2,349	1,077,135
Supplies and materials	28,200	18,100	18,059	41	18,602
Total sites and buildings	1,191,444	1,480,110	1,468,610	11,500	1,160,343
Fiscal and other fixed cost programs					
Fringe benefits	19,630	-	-	-	-
Purchased services	30,500	35,000	29,827	5,173	27,408
Total fiscal and other fixed cost programs	50,130	35,000	29,827	5,173	27,408
Total current	5,327,609	5,760,917	5,595,006	165,911	4,485,322
Capital outlay					
Administration	500	500	190	310	1,300
Elementary and secondary regular instruction	-	4,000	3,000	1,000	-
Special education instruction	355	-	-	-	-
Instructional support services	4,735	4,735	3,586	1,149	29
Sites and buildings	27,710	7,000	6,270	730	16,844
Total capital outlay	33,300	16,235	13,046	3,189	18,173
Total Expenditures	5,360,909	5,777,152	5,608,052	169,100	4,503,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (164,310)	$ (359,172)	$ (257,045)	$ 102,127	$ 68,241
Other Financing Uses					
Transfers out	(63,008)	(36,300)	(14,026)	22,274	(70,460)
Net Change in Fund Balances	(227,318)	(395,472)	(271,071)	124,401	(2,219)
Fund Balances, July 1	938,686	938,686	938,686	-	940,905

Fiscal Compliance Report - 6/30/2020

District: STRIDE ACADEMY (4142-7)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$5,351,007	$5,351,007	$0
Total Expenditures	$5,608,052	$5,608,051	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$33,029	$33,029	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe School Crime - Crime Levy	$4,145	$4,145	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$0	$0	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$630,441	$630,442	($1)

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$264,392	$264,393	($1)
Total Expenditures	$278,243	$278,245	($2)
Non Spendable:			
4.60 Non Spendable Fund Balance	$175	$175	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0

20 INTERNAL SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

25 OPEB REVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net			

Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$0	$0	$0
4.32 E.C.F.E	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

47 OPEB DEBT SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

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OTHER REQUIRED REPORTS

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2020

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Members of the Board of Directors
STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities and each major fund of STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 12, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the uniform financial accounting and reporting standards, and charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
October 12, 2020

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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

Members of the Board of Directors
STRIDE Academy
Charter School No. 4142
St. Cloud, 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 STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 12, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 matter that is required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
October 12, 2020

People + Process. Going Beyond the Numbers