



Annual Financial Report

STRIDE Academy, Charter School No. 4142

St. Cloud, Minnesota

For the year ended June 30, 2022



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Charter School No. 4142
St. Cloud, Minnesota
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INTRODUCTORY SECTION

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

FOR THE YEAR ENDED
JUNE 30, 2022

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STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2022

BOARD OF DIRECTORS

Name	Position
Sara Fromm	Chair
Andy Lyman	Vice-Chair
Suzy McIntyre	Secretary
Joe Pundsack	Treasurer
Ahmed Ahmed	Member
Aaron Lundblad	Member
Hassan Yussuf	Member

ADMINISTRATION

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

**STRIDE Academy Building Company
Board of Directors**

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

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FINANCIAL SECTION

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

FOR THE YEAR ENDED
JUNE 30, 2022

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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 (the Academy), St. Cloud, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Academy as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

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 17, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions on page 62 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying individual fund schedule, table and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule, table, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, 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
Minneapolis, Minnesota
November 22, 2022



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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, 2022.

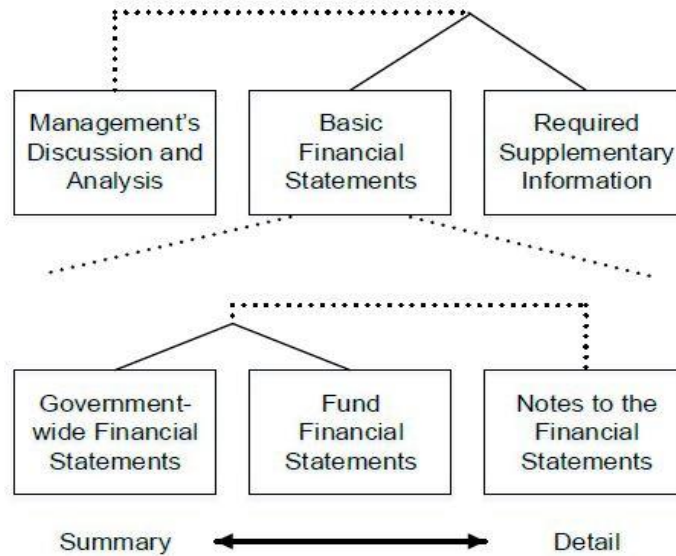
Financial Highlights

- 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 \$4,230,414 (*net position*).
- The Academy's total net position increased by \$1,298,567. This mainly due the loan forgiveness in the amount of \$693,752 as well as increased operating grants received.
- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of \$3,608,858, an increase of \$682,413 in comparison with the prior year. Of this total amount, \$1,859,253 is unassigned and available for spending at the Academy's discretion, \$1,739,881 is restricted for debt service, safe schools and food service, and \$9,724 is nonspendable for prepaid items.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,859,253 or 27.1 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

	Government-wide 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	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> 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 30 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 37 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 62 of this report.

Other Information. The individual fund financial schedule and table start on page 71 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 \$4,230,414 at the close of the most recent fiscal year.

A portion of the Academy's net position, (\$2,685,514) 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		
	2022	2021	Increase (Decrease)
Assets			
Current and other assets	\$ 4,055,381	\$ 3,330,726	\$ 724,655
Capital assets	12,483,942	12,912,700	(428,758)
Total Assets	<u>16,539,323</u>	<u>16,243,426</u>	<u>295,897</u>
 Deferred Outflows of Resources			
Deferred pension resources	<u>1,669,910</u>	<u>2,451,759</u>	<u>(781,849)</u>
 Liabilities			
Current and other liabilities	630,210	591,156	39,054
Noncurrent liabilities	17,458,478	19,273,903	(1,815,425)
Total Liabilities	<u>18,088,688</u>	<u>19,865,059</u>	<u>(1,776,371)</u>
 Deferred Inflows of Resources			
Deferred pension resources	<u>4,350,959</u>	<u>4,359,107</u>	<u>(8,148)</u>
 Net Position			
Net investment in capital assets	(2,682,514)	(2,597,824)	(84,690)
Restricted	1,556,194	1,415,769	140,425
Unrestricted	<u>(3,104,094)</u>	<u>(4,346,926)</u>	<u>1,242,832</u>
 Total Net Position	<u>\$ (4,230,414)</u>	<u>\$ (5,528,981)</u>	<u>\$ 1,298,567</u>

At the end of the current fiscal year, the Academy reported deficit balances in the net investment in capital assets and unrestricted net position. The deficit can mainly be attributed to the net pension liability for the Academy's PERA and TRA pension plans.

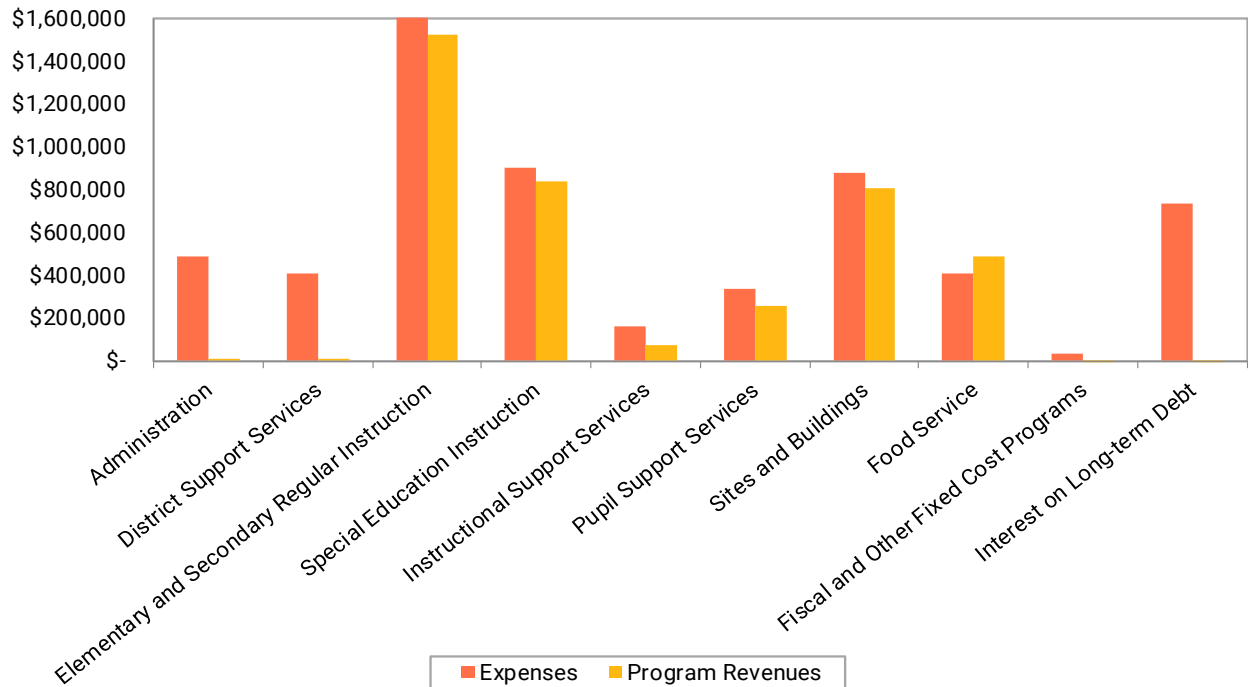
Governmental Activities. Governmental activities increased the Academy's net position by \$1,298,567. Key elements of this increase are shown in the table below.

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

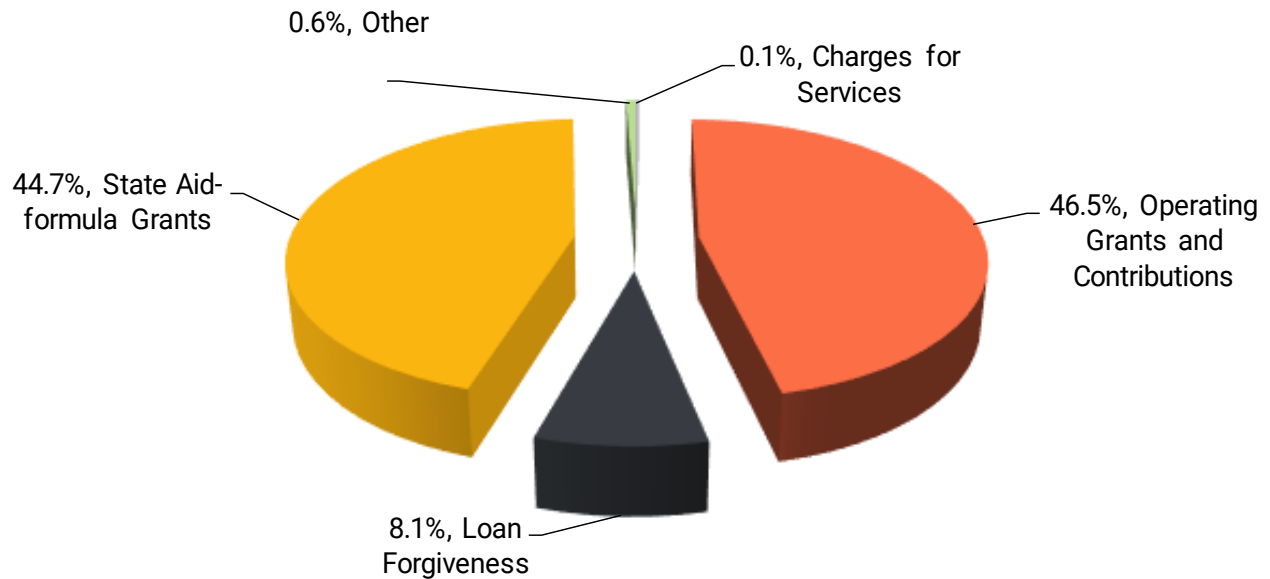
	Governmental Activities		
	2022	2021	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 8,242	\$ 11,707	\$ (3,465)
Operating grants and contributions	3,993,703	3,811,773	181,930
General revenues			
State aid-formula grants	3,846,969	3,267,187	579,782
Other general revenues	54,229	7,758	46,471
Loan forgiveness	693,752	-	693,752
Unrestricted investment earnings	628	544	84
Total Revenues	<u>8,597,523</u>	<u>7,098,969</u>	<u>1,498,554</u>
Expenses			
Administration	484,884	443,954	40,930
District support services	409,658	409,259	399
Elementary and secondary regular instruction	2,939,295	2,802,169	137,126
Special education instruction	903,045	927,108	(24,063)
Instructional support services	163,429	272,465	(109,036)
Pupil support services	333,211	117,874	215,337
Sites and buildings	879,285	752,821	126,464
Fiscal and other fixed cost programs	34,065	30,732	3,333
Food service	411,840	312,298	99,542
Interest on long-term debt	740,244	769,648	(29,404)
Total Expenses	<u>7,298,956</u>	<u>6,838,328</u>	<u>460,628</u>
Change in Net Position	1,298,567	260,641	1,037,926
Net Position, July 1	<u>(5,528,981)</u>	<u>(5,789,622)</u>	<u>260,641</u>
Net Position, June 30	<u>\$ (4,230,414)</u>	<u>\$ (5,528,981)</u>	<u>\$ 1,298,567</u>

The primary reason for the increase was due to an increase in state-aid formula grants of \$579,782 and loan forgiveness in the amount of \$693,752.

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 Fund. 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 \$3,608,858, an increase of \$682,413 in comparison with the prior year. Approximately 38.6 percent (\$1,859,253) constitutes unassigned fund balance that is available for spending at the Academy's discretion. The remainder of fund balance (\$1,749,605) is not available for new spending because it is either 1) nonspendable (\$9,724) or 2) restricted (\$1,739,881).

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 \$1,859,253, while total fund balance was \$1,873,122. 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 27.1 percent of total General fund expenditures, while total fund balance represents approximately 27.3 percent of that same amount. The fund balance of the Academy's General fund increased \$545,351 during the current fiscal year. This was mainly due to positive budget variances for expenses in a majority of the school programs.

The Building Company Special Revenue fund has a total fund balance of \$1,657,806. The fund balance increased \$59,307 during the current year which can mainly be attributed to revenue from local sources exceeding current year debt service expenditures.

The Food Service Special Revenue fund had a total fund balance of \$77,930. The fund balance increased \$77,755 during the year and no transfer from the general fund was required.

General Fund Budgetary Highlights

During the fiscal year the Academy revised the budget, increasing revenues by \$532,974 and increasing expenditures by \$347,543.

Total revenue was \$308,788 under budget with the largest revenue variance from federal revenue sources, which were \$266,582 less than anticipated. This variance can be attributed mainly to the transfer of budgeted grant spending to future fiscal years. Total expenditures were \$540,388 under budget with the largest variance in instructional support capital expenditures, which were \$265,184 less than anticipated. This variance can be attributed delay of capital related purchases to future fiscal years.

Capital Assets and Debt Administration

Capital Assets. The Academy's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$12,483,942 (net of accumulated depreciation/amortization). This net investment in capital assets includes land, buildings and improvements, leasehold improvements and equipment. The total depreciation expense for the year was \$475,233. The following is a schedule of capital assets as of June 30, 2022.

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

	Governmental Activities		
	2022	2021	Increase (Decrease)
Land	\$ 1,670,000	\$ 1,650,000	\$ 20,000
Equipment	101,204	114,961	(13,757)
Buildings and Improvements	10,420,880	10,862,140	(441,260)
Leasehold Improvements	291,858	285,599	6,259
Total	<u>\$ 12,483,942</u>	<u>\$ 12,912,700</u>	<u>\$ (428,758)</u>

Significant capital asset activity during the current year includes installing gutters and security cameras. Additional information on the Academy's capital assets can be found in Note 3B on page 46 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		
	2022	2021	Increase (Decrease)
Bonds Payable	\$ 15,070,000	\$ 15,410,000	\$ (340,000)
Bond Premium	96,456	100,524	(4,068)
Loan Payable	-	693,752	(693,752)
Total	<u>\$ 15,166,456</u>	<u>\$ 15,510,524</u>	<u>\$ (1,037,820)</u>

The Academy's total noncurrent liabilities decreased \$1,037,820. The primary reason for the decrease was the regularly scheduled principal payments and forgiveness of the outstanding loans payable.

Additional information on the Academy's long-term debt can be found in Note 3D starting on page 47 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.

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 NO. 4142
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,009,595
Cash with fiscal agent	1,701,924
Accounts receivable	15,878
Due from other governments	339
Due from the Department of Education	790,958
Due from the Federal government	526,963
Prepaid items	9,724
Capital assets	
Nondepreciable assets	1,670,000
Depreciable assets, net of accumulated depreciation	10,813,942
Total Assets	<u>16,539,323</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>1,669,910</u>
Liabilities	
Accounts and other payables	174,654
Accrued salaries payable	266,260
Accrued interest payable	183,687
Unearned revenue	5,609
Noncurrent liabilities	
Due within one year	
Long-term liabilities	375,901
Due in more than one year	
Long-term liabilities	14,847,697
Net pension liability	2,234,880
Total Liabilities	<u>18,088,688</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>4,350,959</u>
Net Position	
Net investment in capital assets	(2,682,514)
Restricted for	
Debt service	1,474,119
Food service	77,930
Safe schools	4,145
Unrestricted	<u>(3,104,094)</u>
Total Net Position	<u>\$ (4,230,414)</u>

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, 2022

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 484,884	\$ -	\$ 2,734	\$ -	\$ (482,150)
District support services	409,658	-	2,270	-	(407,388)
Elementary and secondary regular instruction	2,939,295	6,469	1,521,347	-	(1,411,479)
Special education instruction	903,045	-	840,660	-	(62,385)
Instructional support services	163,429	345	71,528	-	(91,556)
Pupil support services	333,211	-	258,367	-	(74,844)
Sites and buildings	879,285	25	809,112	-	(70,148)
Food service	411,840	1,403	487,685	-	77,248
Fiscal and other fixed cost programs	34,065	-	-	-	(34,065)
Interest on long-term debt	740,244	-	-	-	(740,244)
Total Governmental Activities	<u>\$ 7,298,956</u>	<u>\$ 8,242</u>	<u>\$ 3,993,703</u>	<u>\$ -</u>	<u>(3,297,011)</u>
General Revenues					
State aid-formula grants					3,846,969
Loan forgiveness					693,752
Other general revenues					54,229
Unrestricted investment earnings					628
Total General Revenues					<u>4,595,578</u>
Change in Net Position					1,298,567
Net Position, July 1					<u>(5,528,981)</u>
Net Position, June 30					<u>\$ (4,230,414)</u>

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

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FUND FINANCIAL STATEMENTS

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

FOR THE YEAR ENDED
JUNE 30, 2022

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Balance Sheet
Governmental Funds
June 30, 2022

	General	Building Company	Food Service	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 975,614	\$ 33,981	\$ -	\$ 1,009,595
Cash with fiscal agent	-	1,701,924	-	1,701,924
Accounts receivable	2,691	2,800	10,387	15,878
Due from other governments	339	-	-	339
Due from the Minnesota Department of Education	788,581	-	2,377	790,958
Due from Federal government	414,484	-	112,479	526,963
Due from other funds	118,886	-	-	118,886
Prepaid items	9,724	-	-	9,724
Total Assets	\$ 2,310,319	\$ 1,738,705	\$ 125,243	\$ 4,174,267
Liabilities				
Accounts and other payables	\$ 170,937	\$ 2,825	\$ 892	\$ 174,654
Accrued salaries payable	266,260	-	-	266,260
Due to other funds	-	78,074	40,812	118,886
Unearned revenue	-	-	5,609	5,609
Total Liabilities	437,197	80,899	47,313	565,409
Fund Balances				
Nonspendable prepaid items	9,724	-	-	9,724
Restricted for				
Debt service	-	1,657,806	-	1,657,806
Safe schools	4,145	-	-	4,145
Food service	-	-	77,930	77,930
Unassigned	1,859,253	-	-	1,859,253
Total Fund Balances	1,873,122	1,657,806	77,930	3,608,858
Total Liabilities and Fund Balances	\$ 2,310,319	\$ 1,738,705	\$ 125,243	\$ 4,174,267

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, 2022

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

Total Fund Balances - Governmental Funds	\$ 3,608,858
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	15,544,771
Less: accumulated depreciation	(3,060,829)
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	(57,142)
Bond principal payable	(15,070,000)
Premium on bonds payable	(96,456)
Net pension liability	(2,234,880)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of pension resources	1,669,910
Deferred inflow of pension resources	(4,350,959)
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	<u>(183,687)</u>
Total Net Position - Governmental Activities	<u><u>\$ (4,230,414)</u></u>

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, 2022

	General	Building Company	Food Service	Total Governmental Funds
Revenues				
Revenue from federal sources	\$ 851,674	\$ -	\$ 477,819	\$ 1,329,493
Revenue from state sources	6,495,818	-	9,866	6,505,684
Revenue from local sources	65,134	1,193,563	-	1,258,697
Interest earned on investments	344	284	-	628
Sales and other conversion of assets	(1,305)	-	1,403	98
Total Revenues	<u>7,411,665</u>	<u>1,193,847</u>	<u>489,088</u>	<u>9,094,600</u>
Expenditures				
Current				
Administration	472,426	-	-	472,426
District support services	395,557	25,520	-	421,077
Elementary and secondary regular instruction	2,902,809	-	-	2,902,809
Special education instruction	920,870	-	-	920,870
Instructional support services	154,946	-	-	154,946
Pupil support services	354,663	-	-	354,663
Sites and buildings	1,601,218	-	-	1,601,218
Food service	-	-	411,333	411,333
Fiscal and other fixed cost programs	32,545	1,520	-	34,065
Capital outlay				
Instructional support services	4,657	-	-	4,657
Sites and buildings	26,623	20,000	-	46,623
Debt service				
Principal	-	340,000	-	340,000
Interest and other charges	-	747,500	-	747,500
Total Expenditures	<u>6,866,314</u>	<u>1,134,540</u>	<u>411,333</u>	<u>8,412,187</u>
Net Change in Fund Balances	545,351	59,307	77,755	682,413
Fund Balances, July 1	<u>1,327,771</u>	<u>1,598,499</u>	<u>175</u>	<u>2,926,445</u>
Fund Balances, June 30	<u>\$ 1,873,122</u>	<u>\$ 1,657,806</u>	<u>\$ 77,930</u>	<u>\$ 3,608,858</u>

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, 2022

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

Net Change in Fund Balances - Total Governmental Funds	\$ 682,413
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	(475,233)
Capital outlays	46,475
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.	
Principal repayments	340,000
Loan forgiveness	693,752
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.	3,188
Long-term pension activity is not reported in governmental funds.	
Pension expense	(1,302)
Pension revenue	2,734
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	<u>2,472</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,298,567</u></u>

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 822,992	\$ 1,067,105	\$ 851,674	\$ (215,431)
Revenue from state sources	6,336,987	6,320,632	6,495,818	175,186
Revenue from local sources	26,000	331,716	65,134	(266,582)
Interest earned on investments	1,500	1,000	344	(656)
Sales and other conversion of assets	-	-	(1,305)	(1,305)
Total Revenues	<u>7,187,479</u>	<u>7,720,453</u>	<u>7,411,665</u>	<u>(308,788)</u>
Expenditures				
Current				
Administration	482,128	447,845	472,426	(24,581)
District support services	401,379	386,022	395,557	(9,535)
Elementary and secondary				
regular instruction	3,009,048	2,975,698	2,902,809	72,889
Special education instruction	1,098,502	1,037,333	920,870	116,463
Instructional support services	236,129	202,322	154,946	47,376
Pupil support services	216,901	412,508	354,663	57,845
Sites and buildings	1,507,141	1,579,546	1,601,218	(21,672)
Fiscal and other fixed cost programs	30,910	34,160	32,545	1,615
Capital outlay				
Instructional support services	4,124	269,841	4,657	265,184
Sites and buildings	72,897	61,427	26,623	34,804
Total Expenditures	<u>7,059,159</u>	<u>7,406,702</u>	<u>6,866,314</u>	<u>540,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,320	313,751	545,351	231,600
Other Financing Sources (Uses)				
Transfers out	<u>(16,493)</u>	<u>(6,390)</u>	<u>-</u>	<u>6,390</u>
Net Change in Fund Balances	111,827	307,361	545,351	237,990
Fund Balances, July 1	<u>1,327,771</u>	<u>1,327,771</u>	<u>1,327,771</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,439,598</u>	<u>\$ 1,635,132</u>	<u>\$ 1,873,122</u>	<u>\$ 237,990</u>

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
Food Service Special Revenue Funds
For the Year Ended June 30, 2022

	Food Service			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Revenue from federal sources	\$ 337,151	\$ 345,787	\$ 477,819	\$ 132,032
Revenue from state sources	6,148	6,457	9,866	3,409
Sales and other conversion of assets	842	2,000	1,403	(597)
Total Revenues	<u>344,141</u>	<u>354,244</u>	<u>489,088</u>	<u>134,844</u>
Expenditures				
Current				
Food service	<u>360,634</u>	<u>360,634</u>	<u>411,333</u>	<u>(50,699)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,493)	(6,390)	77,755	84,145
Other Financing Sources (Uses)				
Transfers in	<u>16,493</u>	<u>6,390</u>	<u>-</u>	<u>(6,390)</u>
Net Change in Fund Balances	-	-	77,755	77,755
Fund Balances, July 1	<u>175</u>	<u>175</u>	<u>175</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ 77,930</u>	<u>\$ 77,755</u>

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

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STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

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 Pillsbury United Communities.

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.

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*.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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).

Due from the Department of Education and Federal Government

Due from the Department of Education and Federal Government include amounts billed for services provided before year end as well as amounts for expenditures that have been incurred before year end that will be reimbursed with state and federal funding. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded.

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.

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:

<u>Assets</u>	<u>Useful Lives in Years</u>
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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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 General Employee Plan (GERP) and TRA is as follows:

	<u>GERP</u>	<u>TRA</u>	<u>Total Pension Expense</u>
Total Pension Expense	\$ (27,534)	\$ 305,219	\$ 277,685

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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

A. 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 \$532,974 and budgeted expenditures increased by \$347,543. The Food Service fund budget was amended during the current fiscal year. The revenues budget increased by \$10,103 while budgeted expenditures remained the same.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2022 expenditures exceeded appropriations in the following fund:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
Food Service	\$ 360,634	\$ 411,333	\$ 50,699

The excess of expenditures were funded with actual revenues in excess of budget.

STRIDE Academy
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St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

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 \$1,009,595 and the bank balance was \$1,010,543. The bank balance was fully covered by federal depository insurance corporation.

STRIDE Academy
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Notes to the Financial Statements
June 30, 2022

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of June 30, 2022, 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	<u>\$ 1,701,924</u>

(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 39 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, 2022: Brokered money markets of are valued using quoted market prices (Level 1 inputs).

STRIDE Academy
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Notes to the Financial Statements
June 30, 2022

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,650,000	\$ 20,000	\$ -	\$ 1,670,000
Capital Assets Being Depreciated				
Equipment	309,710	-	-	309,710
Buildings and improvements	13,162,515	-	-	13,162,515
Leasehold improvements	376,071	26,475	-	402,546
Total Capital Assets				
Being Depreciated	13,848,296	26,475	-	13,874,771
Less Accumulated Depreciation for				
Equipment	(194,749)	(13,757)	-	(208,506)
Buildings and improvements	(2,300,375)	(441,260)	-	(2,741,635)
Leasehold improvements	(90,472)	(20,216)	-	(110,688)
Total Accumulated Depreciation	(2,585,596)	(475,233)	-	(3,060,829)
Total Capital Assets				
Being Depreciated, Net	11,262,700	(448,758)	-	10,813,942
Governmental Activities				
Capital Assets, Net	<u>\$ 12,912,700</u>	<u>\$ (428,758)</u>	<u>\$ -</u>	<u>\$ 12,483,942</u>

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

Governmental Activities	
Administration	\$ 65
Elementary and secondary regular instruction	925
Special education instruction	527
Instructional support services	1,594
Pupil support services	127
Food service	518
Sites and buildings	471,477
Total Depreciation Expense - Governmental Activities	<u>\$ 475,233</u>

STRIDE Academy
Charter School No. 4142
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Notes to the Financial Statements
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Note 3: Detailed Notes on All Funds (Continued)

C. Interfund, Receivables, Payables and Transfers

Interfund Balances

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	\$ 78,074
General	Food Service	40,812
Total		<u>\$ 118,886</u>

D. Long-term Liabilities

Lease Revenue Bonds

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, 2022 amounted to \$4,700,456, of which \$1,193,563 or 25.39 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	<u>\$ 15,070,000</u>

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

Year Ending June 30,	Lease Revenue Bonds		
	Principal	Interest	Total
2023	\$ 355,000	\$ 734,750	\$ 1,089,750
2024	370,000	721,438	1,091,438
2025	380,000	707,563	1,087,563
2026	395,000	693,313	1,088,313
2027	410,000	678,500	1,088,500
2028 - 2032	2,380,000	3,064,000	5,444,000
2033 - 2037	3,040,000	2,405,750	5,445,750
2038 - 2042	3,880,000	1,566,500	5,446,500
2043 - 2047	<u>3,860,000</u>	<u>494,250</u>	<u>4,354,250</u>
Total	<u>\$ 15,070,000</u>	<u>\$ 11,066,064</u>	<u>\$ 26,136,064</u>

STRIDE Academy
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Notes to the Financial Statements
June 30, 2022

Note 3: Detailed Notes on All Funds (Continued)

Loans Payable

To preserve financial flexibility, the Charter School entered into a promissory note agreement with the Choice Financial Group in the amount of \$693,752 pursuant to the Paycheck Protection Program (PPP) loan created by the Coronavirus AID, Relief and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The Charter School used all of the PPP proceeds towards qualifying expenses and pursued forgiveness of the loan amount during the fiscal year. The SBA approved 100% forgiveness in September of 2021.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 15,410,000	\$ -	\$ (340,000)	\$ 15,070,000	\$ 355,000
Bond Premium	100,524	-	(4,068)	96,456	-
Loans Payable	693,752	-	(693,752)	-	-
Compensated Absences	59,614	46,857	(49,329)	57,142	20,901
Governmental Activities Long-term Liabilities	<u>\$ 16,263,890</u>	<u>\$ 46,857</u>	<u>\$ (1,087,149)</u>	<u>\$ 15,223,598</u>	<u>\$ 375,901</u>

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, 2022, the Academy paid \$1,193,563 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
2023	\$ 1,195,672
2024	1,195,969
2025	1,193,250
2026	1,181,359
2027	1,143,875
2028 - 2032	5,721,751
2033 - 2037	5,722,751
2038 - 2042	5,724,252
2043 - 2047	<u>2,288,063</u>
Total Minimum Lease Payments	<u>\$ 25,366,942</u>

STRIDE Academy
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Notes to the Financial Statements
June 30, 2022

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. State university, community college, and technical college educators first employed by (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	First ten years if service years are prior to July 1, 2006	1.2 percent per year
	First 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

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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 of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans, that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is 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:

Plan	Ending June 30, 2022		Ending June 30, 2021		Ending June 30, 2020	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	7.92%	7.50%	8.13%	7.50%	8.34%

The Academy's contributions to TRA for the years ending June 30, 2022, 2021 and 2020 were \$224,431, \$203,780 and \$147,484, respectively. The Academy's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 Annual Comprehensive Financial Report "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 Annual Comprehensive Financial Report	
Statement of Changes in Fiduciary Net Position	\$ 448,829,000
Add employer contributions not related to future contribution efforts	379,000
Deduct TRA's Contributions not Included in Allocation	(538,000)
Total Employer Contributions	448,670,000
Total Non-employer Contributions	37,840,000
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	<u>\$ 486,510,000</u>

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, 2021 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, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (dempgraphic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.5% to 9.25% thereafter
Cost of living adjustment	1% for January 2020 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 seven 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.

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2021 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 2020 valuation:

- The investment return assumption was changed from 7.5 percent to 7.00 percent

5. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

6. Net Pension Liability

At June 30, 2022, the Academy reported a liability of \$1,824,917 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 0.0417 which was an increase of 0.0081 percent from its proportion measured as of June 30, 2020.

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	\$ 1,824,917
State's Proportionate Share of Net Pension Liability Associated with the Academy	<u>153,854</u>
Total	<u><u>\$ 1,978,771</u></u>

For the year ended June 30, 2022, the Academy recognized pension expense of \$303,496. It also recognized \$1,723 as an increase to pension expense for the support provided by direct aid.

On June 30, 2022, the Academy had deferred resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 46,049	\$ 54,925
Changes in Actuarial Assumptions	792,564	1,754,244
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,554,283
Changes in Proportion	271,534	600,284
Contributions to TRA Subsequent to the Measurement Date	<u>224,431</u>	<u>-</u>
Total	<u><u>\$ 1,334,578</u></u>	<u><u>\$ 3,963,736</u></u>

STRIDE Academy
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Notes to the Financial Statements
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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Deferred outflows of resources totaling \$224,431 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, 2023. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2023	\$ (1,832,923)
2024	(603,283)
2025	(80,220)
2026	(217,095)
2027	(227,425)
Thereafter	107,357

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
\$ 3,686,421	\$ 1,824,917	\$ 298,335

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.

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.

General Employees Retirement Plan

All full-time and certain part-time employees of the Academy are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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

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.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 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. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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 2021 and the Academy 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, 2022, 2021 and 2020 were \$51,952, \$51,739 and \$47,203 respectively. The Academy's contributions were equal to the contractually required contributions for each year as set by state statute.

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

4. Pension Costs

General Employee Fund Pension Costs

At June 30, 2022, the Academy reported a liability of \$409,963 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. 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 \$12,528. The net pension liability was measured as of

June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The Academy's proportion was 0.0096 percent which was an increase of 0.0008 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Academy recognized negative pension expense of \$28,545 for its proportionate share of General Employees Plan's pension expense. In addition, the Academy recognized an additional \$1,011 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2022, the Academy reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,046	\$ 12,426
Changes in Actuarial Assumptions	250,316	8,012
Net Difference Between Projected and Actual Earnings on Plan Investments	-	357,454
Changes in Proportion	31,018	9,331
Contributions to PERA Subsequent to the Measurement Date	51,952	-
Total	<u>\$ 335,332</u>	<u>\$ 387,223</u>

The \$51,952 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ (11,006)
2024	8,352
2025	(4,353)
2026	(96,836)

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

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

5. Actuarial Assumptions

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

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. were adopted by the Board and became effective with the July 1, 2021 actuarial valuation

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	33.50 %	5.10 %
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	25.00	0.75
International Stocks	16.50	5.30
Total	<u>100.00 %</u>	

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

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

6. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.50 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 (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
\$ 836,115	\$ 409,963	\$ 298,335

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

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2022

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 2022.

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 (71.5 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, 2022, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED
JUNE 30, 2022

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2022

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
6/30/2021	0.0417 %	\$ 1,824,917	\$ 153,854	\$ 1,978,771	\$ 2,506,519	72.8 %	86.6 %
6/30/2020	0.0336	2,482,413	207,943	2,690,356	1,862,178	133.3	75.5
6/30/2019	0.0265	1,689,116	153,854	1,842,970	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)
6/30/2022	\$ 224,431	\$ 224,431	\$ -	\$ 2,691,019	8.34 %
6/30/2021	203,780	203,780	-	2,506,519	8.13
6/30/2020	147,484	147,484	-	1,862,178	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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2022

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2021 - The investment return assumption was changed from 7.50 percent to 7.00 percent

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 - No changes noted.

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 cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

2014 - The cost of living adjustment was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2034.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2022

Notes to the Required Supplementary Information - TRA (Continued)

Changes in Plan Provisions

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

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

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5 percent if the funded ratio was at least 90 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes noted.

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 plan becomes fully funded.

2014 - The increase in the post-retirement benefit adjustment (COLA) will be made once the plan is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2022

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
6/30/2020	0.0096 %	\$ 409,963	\$ 12,528	\$ 422,491	\$ 689,858	59.4 %	87.0 %
6/30/2020	0.0088	527,600	16,321	543,921	629,369	83.8	79.0
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)
6/30/2021	\$ 51,952	\$ 51,952	\$ -	\$ 692,693	7.50 %
6/30/2021	51,739	51,739	-	689,858	7.50
6/30/2020	47,203	47,203	-	629,369	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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2022

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2021- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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

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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2022

Notes to the Required Supplementary Information - PERA (Continued)

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - 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 - No changes noted.

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.

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INDIVIDUAL FUND SCHEDULE AND TABLE
STRIDE ACADEMY CHARTER SCHOOL NO. 4142
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

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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 Pages)
 For the Year Ended June 30, 2022
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Revenue from federal sources	\$ 822,992	\$ 1,067,105	\$ 851,674	\$ (215,431)	\$ 754,085
Revenue from state sources, net	6,336,987	6,320,632	6,495,818	175,186	5,981,969
Other local and county revenue	26,000	331,716	65,134	(266,582)	47,656
Interest earned on investments	1,500	1,000	344	(656)	337
Sales and other conversion of assets	-	-	(1,305)	(1,305)	(574)
Total Revenues	7,187,479	7,720,453	7,411,665	(308,788)	6,783,473
Expenditures					
Current					
Administration					
Salaries	359,316	332,090	352,668	(20,578)	343,050
Fringe benefits	80,505	72,428	76,146	(3,718)	70,653
Purchased services	2,727	2,972	2,378	594	2,312
Supplies and materials	2,480	3,255	4,663	(1,408)	3,526
Other	37,100	37,100	36,571	529	35,696
Total administration	482,128	447,845	472,426	(24,581)	455,237
District support services					
Salaries	132,659	117,596	126,466	(8,870)	118,496
Fringe benefits	80,472	58,162	70,893	(12,731)	67,353
Purchased services	157,498	176,434	164,864	11,570	162,305
Supplies and materials	30,329	33,409	33,173	236	32,502
Capital expenditures	-	-	174	(174)	-
Other	421	421	(13)	434	-
Total district support services	401,379	386,022	395,557	(9,535)	380,656
Elementary and secondary regular instruction					
Salaries	2,238,759	2,194,284	2,200,752	(6,468)	2,073,799
Fringe benefits	562,572	549,798	555,820	(6,022)	474,793
Purchased services	66,816	80,203	46,828	33,375	29,448
Supplies and materials	139,267	149,779	98,196	51,583	245,602
Other	1,634	1,634	1,213	421	540
Total elementary and secondary regular instruction	3,009,048	2,975,698	2,902,809	72,889	2,824,182
Special education instruction					
Salaries	750,410	725,300	616,410	108,890	661,699
Fringe benefits	187,725	169,671	137,461	32,210	140,394
Purchased services	142,921	126,593	155,814	(29,221)	155,579
Supplies and materials	16,976	15,379	10,020	5,359	6,677
Other	470	390	1,165	(775)	-
Total special education instruction	1,098,502	1,037,333	920,870	116,463	964,349

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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ 58,287	\$ 51,769	\$ 49,845	\$ 1,924	\$ 79,924
Fringe benefits	11,686	9,029	10,239	(1,210)	24,503
Purchased services	78,533	65,383	36,845	28,538	29,103
Supplies and materials	87,623	76,141	58,017	18,124	134,096
Total instructional support services	236,129	202,322	154,946	47,376	267,626
Pupil support services					
Salaries	84,604	229,520	185,775	43,745	58,483
Fringe benefits	17,219	40,241	37,907	2,334	12,739
Purchased services	114,333	101,590	94,128	7,462	48,430
Supplies and materials	745	41,157	36,853	4,304	1,731
Total pupil support services	216,901	412,508	354,663	57,845	121,383
Sites and buildings					
Salaries	350	-	285	(285)	642
Fringe benefits	56	-	46	(46)	1,122
Purchased services	1,476,092	1,549,366	1,573,382	(24,016)	1,697,713
Supplies and materials	30,643	30,180	27,505	2,675	20,386
Total sites and buildings	1,507,141	1,579,546	1,601,218	(21,672)	1,719,863
Fiscal and other fixed cost programs					
Purchased services	30,910	34,160	32,545	1,615	29,213
Total current	6,982,138	7,075,434	6,835,034	240,400	6,762,509
Capital outlay					
Elementary and secondary regular instruction	-	-	-	-	6,642
Instructional support services	4,124	269,841	4,657	265,184	-
Sites and buildings	72,897	61,427	26,623	34,804	30,997
Total capital outlay	77,021	331,268	31,280	299,988	37,639
Total Expenditures	7,059,159	7,406,702	6,866,314	540,388	6,800,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,320	313,751	545,351	231,600	(16,675)

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, 2022
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Other Financing Sources (Uses)					
Transfers out	\$ (16,493)	\$ (6,390)	\$ -	\$ 6,390	\$ (16,921)
Loan issued	-	-	-	-	693,752
Total Other Financing Sources (Uses)	(16,493)	(6,390)	-	6,390	676,831
Net Change in Fund Balances	111,827	307,361	545,351	237,990	660,156
Fund Balances, July 1	1,327,771	1,327,771	1,327,771	-	667,615
Fund Balances, June 30	<u>\$ 1,439,598</u>	<u>\$ 1,635,132</u>	<u>\$ 1,873,122</u>	<u>\$ 237,990</u>	<u>\$ 1,327,771</u>

**Fiscal Compliance Report - 6/30/2022
District: STRIDE ACADEMY (4142-7)**

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$7,411,665	<u>\$7,411,654</u>	\$11	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$6,866,314	<u>\$6,866,303</u>	\$11	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Non Spendable:				Non Spendable:			
4.60 Non Spendable Fund Balance	\$9,724	<u>\$9,724</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
Restricted / Reserved:				Restricted / Reserved:			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>	4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>	4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>	Restricted:			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>	Unassigned:			
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>				
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>	07 DEBT SERVICE			
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>	Non Spendable:			
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>	Restricted / Reserved:			
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>	4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>	Restricted:			
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe School Crime - Crime Levy	\$4,145	<u>\$4,145</u>	<u>\$0</u>	Unassigned:			
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>				
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>	08 TRUST			
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>	Restricted / Reserved:			
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
Restricted:				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>	18 CUSTODIAL			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Committed:				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>	Restricted / Reserved:			
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
Assigned:				4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
Unassigned:				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance	\$1,859,253	<u>\$1,859,254</u>	(\$1)				
02 FOOD SERVICES				20 INTERNAL SERVICE			
Total Revenue	\$489,088	<u>\$489,089</u>	(\$1)	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$411,333	<u>\$411,334</u>	(\$1)	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Non Spendable:				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				
Restricted / Reserved:				25 OPEB REVOCABLE TRUST			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Restricted:				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$77,930	<u>\$77,929</u>	\$1				
Unassigned:				45 OPEB IRREVOCABLE TRUST			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
04 COMMUNITY SERVICE				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>				
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>	47 OPEB DEBT SERVICE			
Non Spendable:				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Restricted / Reserved:				Non Spendable:			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
				Restricted:			

4.31 Community Education	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.32 E.C.F.E	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.44 School Readiness	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>				
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>				
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>				
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>				
<i>Restricted:</i>							
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				
<i>Unassigned:</i>							
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				

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OTHER REQUIRED REPORTS

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

FOR THE YEAR ENDED
JUNE 30, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 22, 2022.

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
Minneapolis, Minnesota
November 22, 2022

**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, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 22, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. We consider the deficiencies described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-001 to be a significant deficiency.

Report on 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*.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the finding identified in our audit and described in the accompanying Schedule of Findings, Responses and Questioned Costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
Minneapolis, Minnesota
November 22, 2022



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FEDERAL AWARD PROGRAMS
STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2022. The Academy's major programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under these standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our audit report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
November 22, 2022



STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Administering Department	Grant Name	Federal Domestic Assistance Number	Federal Program Clusters	Subtotals	Federal Expenditures
U.S. Department of Education					
MN Department of Education	Title I Grants to Local Educational Agencies	84.010			\$ 140,269
MN Department of Education	Rural Education	84.358			39,348
MN Department of Education	English Language Acquisition State Grants	84.365			7,060
MN Department of Education	Supporting Effective Instruction State Grants	84.367			7,760
MN Department of Education	COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act (ESSER II)	84.425U		199,673	
MN Department of Education	COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act (ARP ESSER)	84.425D		317,484	
	Total COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act				<u>517,157</u>
MN Department of Education	Special Education (IDEA, Part B)	84.027	<u>103,528</u>		
	Total Special Education (IDEA) Cluster				<u>103,528</u>
Total U.S. Department of Education					<u>815,122</u>
U.S. Department of Agriculture					
MN Department of Education	School Breakfast Program	10.553	97,965		
MN Department of Education	USDA EMOP	10.555C	24,278		
MN Department of Education	National School Lunch Program	10.555	<u>355,576</u>		
	Total Child Nutrition Cluster				<u>477,819</u>
Total U.S. Department of Agriculture					<u>477,819</u>
U.S. Department of Treasury					
MN Department of Education	COVID-19 - Coronavirus Relief Fund - Direct	93.323	35,647		
MN Department of Education	State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	<u>905</u>		
Total U.S. Department of Treasury					<u>36,552</u>
Total					<u><u>\$ 1,329,493</u></u>

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of STRIDE Academy Charter School No. 4142 (the Academy), St. Cloud, Minnesota. The Academy's reporting entity is defined in Note 1A to the Academy's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended June 30, 2022, the Academy did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Schedule of Findings, Responses and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 516(a) of Uniform Guidance?	No

Identification of Major Programs/Projects

	<u>CFDA No.</u>
Department of Education - Coronavirus Aid, Relief, and Economic Security Act	
Coronavirus Relief Funds - Education Stabilization Fund	
Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act (ESSER II)	84.425D
Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act (ARP ESSER)	84.425U
Department of Education - Special Education	
Special Education (IDEA, Part B)	84.027
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There were no findings related to the audit of the financial statements reported in the 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*.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended June 30, 2022

<u>Finding</u>	<u>Description</u>
2022-001	Authorized Bank Signatories
<i>Condition:</i>	During our audit, we requested confirmations of authorized bank signatories from each bank where the Academy holds deposits. We discovered that the former Academy officials are still listed as a signor at the Academy's banks.
<i>Criteria:</i>	Internal controls should be in place to ensure that former employees and Board members do not have access to Academy bank accounts.
<i>Cause:</i>	Former contract accountant and board members were not removed as bank signors.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors or misappropriation of assets of the Academy.
<i>Recommendation:</i>	We recommend that the Academy remove former employees and Board members upon termination and confirm signors at each bank regularly to ensure that only current employees and Board members have authorization as signatories.
<i>Management Response:</i>	The Academy agrees with finding and has removed former officials as signors at each bank. The Academy will continue to monitor signors as staff and Board member changes occur.

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TO live, TO love, TO learn, TO LEAVE A legacy!

CORRECTIVE ACTION PLAN

The following is our response to the finding in the audit as of June 30, 2022.

FINDING 2022-001 - Authorized Bank Signatories

During our audit, we requested confirmations of authorized bank signatories from each bank where the Academy holds deposits. We discovered that the former Academy officials are still listed as a signor at the Academy's banks.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

2. Action Planned in Response to Finding:

Management is aware of the issue and will implement the recommended procedures.

3. Official Responsible for Ensuring CAP:

Erik Skanson, Executive Director, will be the responsible official.

4. Planned Completion Date for CAP:

Policies and procedures will be reviewed in the current fiscal year to ensure all signatories are updated.

5. Plan to Monitor Completion of CAP:

Erik Skanson, Executive Director, will be responsible for ensuring all bank signatories are updated on a yearly basis

Sincerely,

A handwritten signature in dark ink, appearing to read "Erik Skanson", is written over a horizontal line.

Erik Skanson
Executive Director
Stride Academy