



Annual Financial Report

STRIDE Academy, Charter School No. 4142

St. Cloud, Minnesota

For the year ended June 30, 2023



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

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

FOR THE YEAR ENDED
JUNE 30, 2023

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STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2023

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Sara Fromm	Chair
Andy Lyman	Vice-Chair
Tina Barak	Member
Kayla Silverberg	Member
Aaron Lundblad	Member
Hassan Shuriye	Member

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Eric Skanson	Executive Director
Kelly Rimpila - BerganKDV	Business Manager

**STRIDE Academy Building Company
Board of Directors**

<u>Name</u>	<u>Position</u>
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, 2023

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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, 2023, 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, 2023, 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.

Management's Responsibility for the Financial Statements

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

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 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, starting on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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 December 6, 2023 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
December 6, 2023



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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, 2023.

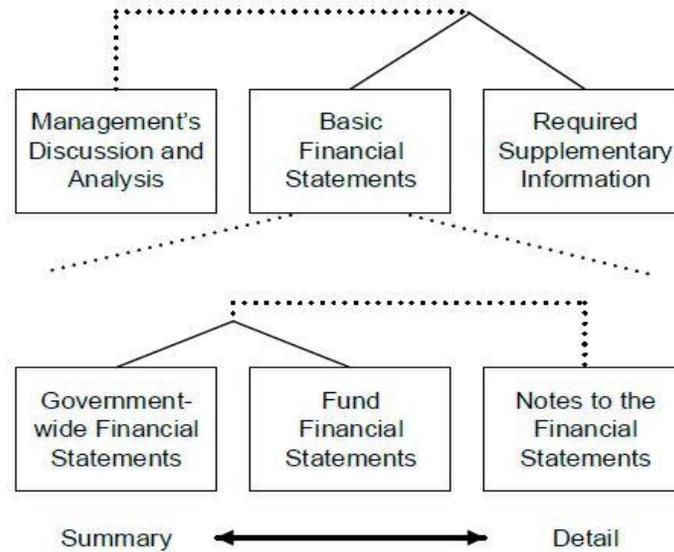
Financial Highlights

- 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 as shown in the summary of net position on the following pages.
- The Academy's total net position increased as shown in the summary of changes in net position on the following pages. This was primarily a result of the school purchasing land and other assets during the year.
- As of the close of the current fiscal year, the Academy governmental fund balances are shown in the Financial Analysis of the Academy's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was primarily related to budgeted revenues in excess of budgeted expenditures in the General Fund and loan proceeds in excess of project expenses during the year.
- At the end of the current fiscal year, unassigned fund balance for the General fund, as shown in the financial analysis of the Academy funds section, increased from the prior year.
- The Academy long-term liabilities increased during the current year mainly due to the issuance of loans.

Overview of the Financial Statements

This discussion and analysis are 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 28 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 32 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 39 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 64 of this report.

Other Information. The individual fund financial schedule and table start on page 73 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 as shown in the summary of net position below at the close of the most recent fiscal year.

STRIDE Academy Charter School No. 4142's Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Assets			
Current and other assets	\$ 4,939,930	\$ 4,055,381	\$ 884,549
Capital assets	13,554,624	12,483,942	1,070,682
Total Assets	<u>18,494,554</u>	<u>16,539,323</u>	<u>1,955,231</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>1,370,034</u>	<u>1,669,910</u>	<u>(299,876)</u>
Liabilities			
Current and other liabilities	854,957	630,210	224,747
Noncurrent liabilities	<u>20,551,322</u>	<u>17,458,478</u>	<u>3,092,844</u>
Total Liabilities	<u>21,406,279</u>	<u>18,088,688</u>	<u>3,317,591</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>562,353</u>	<u>4,350,959</u>	<u>(3,788,606)</u>
Net Position			
Net investment in capital assets	(146,236)	(2,682,514)	2,536,278
Restricted	1,798,201	1,556,194	242,007
Unrestricted	<u>(3,756,009)</u>	<u>(3,104,094)</u>	<u>(651,915)</u>
Total Net Position	<u>\$ (2,104,044)</u>	<u>\$ (4,230,414)</u>	<u>\$ 2,126,370</u>

A portion of the Academy's net position reflects its net investment in capital assets. The Academy uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Similarly, the Academy has assets restricted for future uses, mainly due to the building company and food service. Unrestricted net position carries a balance as shown below. At the end of the current fiscal year, the Academy reported deficit balances in the net investment in capital assets and unrestricted net position, and a positive balance in the restricted category.

Governmental Activities. Governmental activities increased the academy’s net position as shown below in the summary of changes in net position. Key elements of this decrease are shown in the table below.

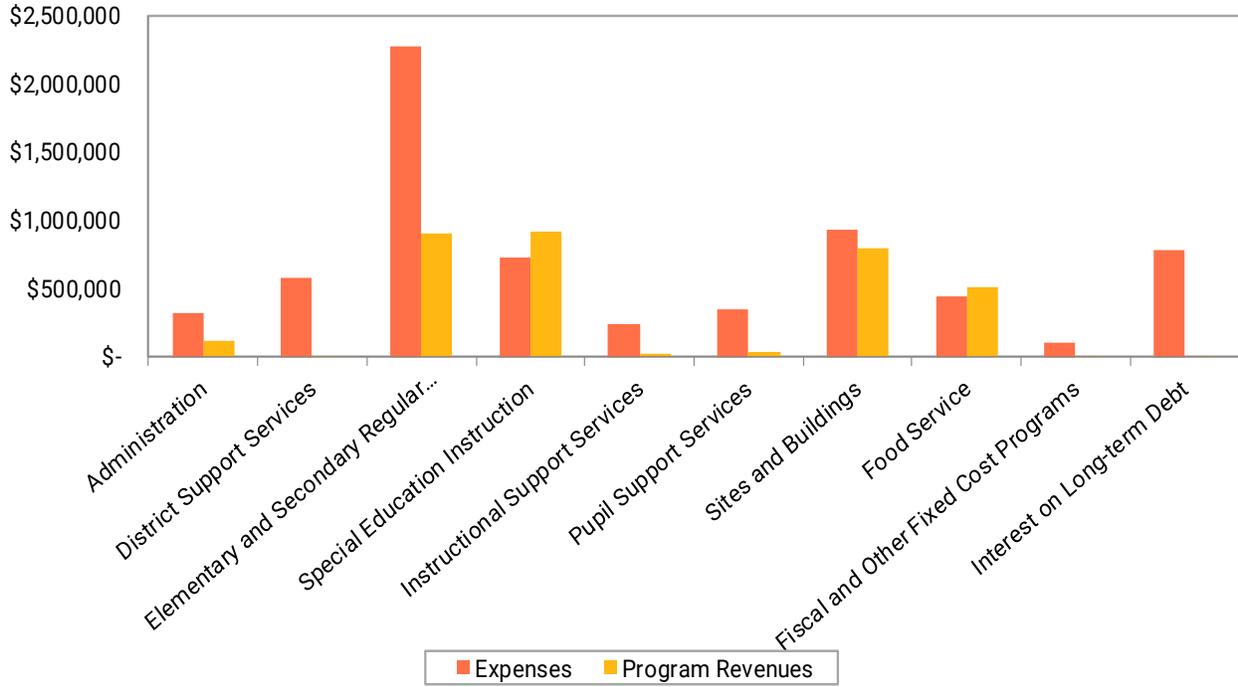
STRIDE Academy Charter School No. 4142’s Changes in Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 6,376	\$ 8,242	\$ (1,866)
Operating grants and contributions	3,320,839	3,993,703	(672,864)
General revenues			
State aid-formula grants	5,511,503	3,846,969	1,664,534
Other general revenues	6,728	54,229	(47,501)
Loan forgiveness	-	693,752	(693,752)
Unrestricted investment earnings	64,339	628	63,711
Total Revenues	<u>8,909,785</u>	<u>8,597,523</u>	<u>312,262</u>
Expenses			
Administration	317,430	484,884	(167,454)
District support services	575,947	409,658	166,289
Elementary and secondary regular instruction	2,275,935	2,939,295	(663,360)
Special education instruction	735,443	903,045	(167,602)
Instructional support services	243,234	163,429	79,805
Pupil support services	356,706	333,211	23,495
Sites and buildings	938,292	879,285	59,007
Fiscal and other fixed cost programs	102,054	34,065	67,989
Food service	452,550	411,840	40,710
Interest on long-term debt	785,824	740,244	45,580
Total Expenses	<u>6,783,415</u>	<u>7,298,956</u>	<u>(515,541)</u>
Change in Net Position	2,126,370	1,298,567	827,803
Net Position, July 1	<u>(4,230,414)</u>	<u>(5,528,981)</u>	1,298,567
Net Position, June 30	<u>\$ (2,104,044)</u>	<u>\$ (4,230,414)</u>	<u>\$ 2,126,370</u>

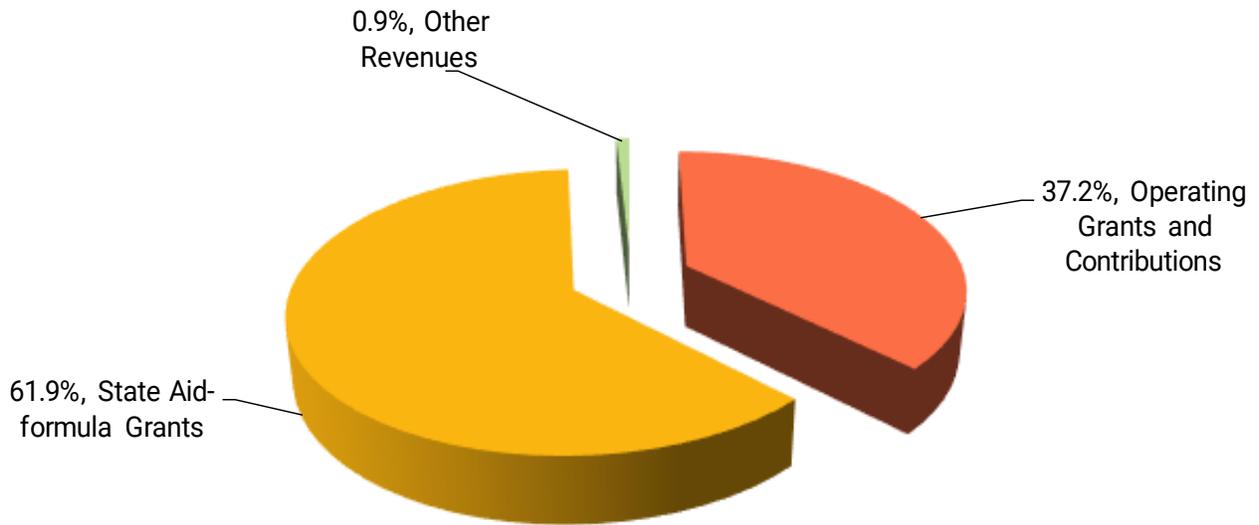
At the end of the current fiscal year the Academy experienced an increase in revenues and a decrease in expenses.

- The increase in revenues is mainly due to an increase in state-aid formula grants due to more students than the prior year. This was offset by a decrease in loan forgiveness as noted above.
- The decrease in expenses was mainly due to the elementary and secondary regular instruction which decreased \$663,360 in relation to pension liability adjustments.

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

	General	Building Company	Food Service	Total	Prior Year Total	Increase/Decrease
Fund Balances						
Nonspendable	\$ 68,460	\$ -	\$ 40	\$ 68,500	\$ 9,724	\$ 58,776
Restricted	-	1,856,533	132,726	1,989,259	1,739,881	249,378
Unassigned	2,218,312	-	-	2,218,312	1,859,253	359,059
Total Fund Balances	\$ 2,286,772	\$ 1,856,533	\$ 132,766	\$ 4,276,071	\$ 3,608,858	\$ 667,213

As of the end of the current fiscal year, the Academy's governmental funds reported combined ending fund balances as shown above. Additional information on the Academy's fund balances can be found in Note 1 starting on page 44 of this report.

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 as shown above. 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.

The Building Company Special Revenue fund has a total fund balance of as shown above. The fund balance increased in the current year. The Building Company issued loans of \$1,476,736 and had capital related expenses of \$1,376,782. The ending fund balance is restricted for future capital and debt service.

The Food Service Special Revenue fund had a total fund balance as shown above. The fund balance increased during the year and no transfer from the general fund was required.

The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase / (Decrease)
General Fund Balances			
Nonspendable	\$ 68,460	\$ 9,724	\$ 58,736
Restricted	-	4,145	(4,145)
Unassigned	2,218,312	1,859,253	359,059
Totals	\$ 2,286,772	\$ 1,873,122	\$ 413,650
General fund expenditures	\$ 7,895,692	\$ 6,866,314	
Unassigned as a percent of expenditures	28.1%	27.1%	
Total fund balance as a percent of expenditures	29.0%	27.3%	

General Fund Budgetary Highlights

During the fiscal year the Academy revised the budget, increasing revenues by \$603,607 and increasing expenditures by \$636,138. Total revenue was \$86,222 under budget with the largest revenue variance from revenue from state sources, which were \$154,353 less than anticipated. Total expenditures were \$62,896 under budget with the largest variance in elementary and secondary regular instruction capital of \$61,283. This variance can be attributed delay of capital related purchases to future fiscal years.

Food Service Fund Budgetary Highlights

During the fiscal year the Academy revised the budget, increasing revenues by \$137,951 and increasing expenditures by \$114,099. Total revenue was \$7,399 over budget and total expenditures were \$39,437 under budget. The variances can be attributed to more meals and students served than anticipated and costs of food increasing less than predicted.

Capital Assets and Debt Administration

Capital Assets. The Academy's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$13,554,624 (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 \$499,797. The following is a schedule of capital assets as of June 30, 2023.

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

	Governmental Activities		
	2023	2022	Increase (Decrease)
Land	\$ 2,903,479	\$ 1,670,000	\$ 1,233,479
Construction in progress	97,328	\$ -	97,328
Equipment	254,825	101,204	153,621
Buildings and Improvements	10,023,297	10,420,880	(397,583)
Leasehold Improvements	275,695	291,858	(16,163)
Total	<u>\$ 13,554,624</u>	<u>\$ 12,483,942</u>	<u>\$ 1,070,682</u>

Significant capital asset activity during the current year includes acquisition of land. Additional information on the Academy's capital assets can be found in Note 3B on page 48 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		
	2023	2022	Increase (Decrease)
Bonds Payable	\$ 14,715,000	\$ 15,070,000	\$ (355,000)
Bond Premium	92,388	96,456	(4,068)
Loan Payable	1,467,974	-	1,467,974
Total	<u>\$ 16,275,362</u>	<u>\$ 15,166,456</u>	<u>\$ 1,108,906</u>

The Academy's total noncurrent liabilities increased \$1,108,906. The primary reason for the increase was the issuance of loans. Additional information on the Academy's long-term debt can be found in Note 3D starting on page 49 of this report.

Factors Bearing on the Academy's Future

The Academy is dependent on the State of Minnesota for its revenue authority. Schools are receiving a 4% and 2% increase to the general education formula for FY 2024 and FY 2025 respectively, and the holdback will continue at its current level of 10%.

The Academy anticipates enrollment of 595 during the 2023-2024 school year.

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

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS
STRIDE ACADEMY CHARTER SCHOOL NO. 4142
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,759,288
Cash with fiscal agent	1,803,275
Accounts receivable	13,424
Due from the Department of Education	614,719
Due from the Federal government	680,724
Prepaid items	68,500
Capital assets	
Nondepreciable assets	3,000,807
Depreciable assets, net of accumulated depreciation	10,553,817
Total Assets	18,494,554
 Deferred Outflows of Resources	
Deferred pension resources	1,370,034
 Liabilities	
Accounts and other payables	260,871
Accrued salaries payable	402,988
Accrued interest payable	191,098
Noncurrent liabilities	
Due within one year	
Long-term liabilities	429,460
Due in more than one year	
Long-term liabilities	15,909,969
Net pension liability	4,211,893
Total Liabilities	21,406,279
 Deferred Inflows of Resources	
Deferred pension resources	562,353
 Net Position	
Net investment in capital assets	(146,236)
Restricted for	
Debt service	1,665,435
Food service	132,766
Unrestricted	(3,756,009)
Total Net Position	\$ (2,104,044)

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, 2023

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	\$ 317,430	\$ -	\$ 121,323	\$ -	\$ (196,107)
District support services	575,947	-	-	-	(575,947)
Elementary and secondary regular instruction	2,275,935	5,493	898,404	-	(1,372,038)
Special education instruction	735,443	-	923,209	-	187,766
Instructional support services	243,234	337	27,305	-	(215,592)
Pupil support services	356,706	-	45,295	-	(311,411)
Sites and buildings	938,292	-	796,700	-	(141,592)
Food service	452,550	546	508,603	-	56,599
Fiscal and other fixed cost programs	102,054	-	-	-	(102,054)
Interest on long-term debt	785,824	-	-	-	(785,824)
Total Governmental Activities	<u>\$ 6,783,415</u>	<u>\$ 6,376</u>	<u>\$ 3,320,839</u>	<u>\$ -</u>	<u>(3,456,200)</u>
General Revenues					
State aid-formula grants					5,511,503
Other general revenues					6,728
Unrestricted investment earnings					64,339
Total General Revenues					<u>5,582,570</u>
Change in Net Position					2,126,370
Net Position, July 1					<u>(4,230,414)</u>
Net Position, June 30					<u>\$ (2,104,044)</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, 2023

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Balance Sheet
Governmental Funds
June 30, 2023

	General	Building Company	Food Service	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 1,529,024	\$ 177,503	\$ 52,761	\$ 1,759,288
Cash with fiscal agent	-	1,803,275	-	1,803,275
Accounts receivable	-	-	13,424	13,424
Due from the Minnesota Department of Education	613,224	-	1,495	614,719
Due from Federal government	612,597	-	68,127	680,724
Due from other funds	124,245	-	-	124,245
Prepaid items	68,460	-	40	68,500
Total Assets	<u>\$ 2,947,550</u>	<u>\$ 1,980,778</u>	<u>\$ 135,847</u>	<u>\$ 5,064,175</u>
Liabilities				
Accounts and other payables	\$ 257,790	\$ -	\$ 3,081	\$ 260,871
Accrued salaries payable	402,988	-	-	402,988
Due to other funds	-	124,245	-	124,245
Total Liabilities	<u>660,778</u>	<u>124,245</u>	<u>3,081</u>	<u>788,104</u>
Fund Balances				
Nonspendable prepaid items	68,460	-	40	68,500
Restricted for				
Debt service/capital	-	1,856,533	-	1,856,533
Food service	-	-	132,726	132,726
Unassigned	2,218,312	-	-	2,218,312
Total Fund Balances	<u>2,286,772</u>	<u>1,856,533</u>	<u>132,766</u>	<u>4,276,071</u>
Total Liabilities and Fund Balances	<u>\$ 2,947,550</u>	<u>\$ 1,980,778</u>	<u>\$ 135,847</u>	<u>\$ 5,064,175</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 Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 June 30, 2023

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

Total Fund Balances - Governmental Funds	\$ 4,276,071
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	17,069,636
Less: accumulated depreciation	(3,515,012)
<p>Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Noncurrent liabilities at year-end consist of</p>	
Compensated absences payable	(64,067)
Bond principal payable	(14,715,000)
Premium on bonds payable	(92,388)
Loans payable	(1,467,974)
Net pension liability	(4,211,893)
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Deferred outflow of pension resources	1,370,034
Deferred inflow of pension resources	(562,353)
<p>Governmental funds do not report a liability for accrued interest on bonds until due and payable.</p>	
	(191,098)
Total Net Position - Governmental Activities	\$ (2,104,044)

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, 2023

	General	Building Company	Food Service	Total Governmental Funds
Revenues				
Revenue from federal sources	\$ 1,183,470	\$ -	\$ 498,489	\$ 1,681,959
Revenue from state sources	7,075,565	-	10,114	7,085,679
Revenue from local sources	38,878	1,275,672	-	1,314,550
Interest earned on investments	12,087	52,252	-	64,339
Sales and other conversion of assets	(658)	-	546	(112)
Total Revenues	<u>8,309,342</u>	<u>1,327,924</u>	<u>509,149</u>	<u>10,146,415</u>
Expenditures				
Current				
Administration	508,053	-	-	508,053
District support services	496,771	76,534	-	573,305
Elementary and secondary regular instruction	3,311,369	-	-	3,311,369
Special education instruction	863,792	-	-	863,792
Instructional support services	240,806	-	-	240,806
Pupil support services	441,105	-	-	441,105
Sites and buildings	1,724,744	698	-	1,725,442
Food service	-	-	451,854	451,854
Fiscal and other fixed cost programs	39,885	62,169	-	102,054
Capital outlay				
Administration	1,122	-	-	1,122
Administration	11,052	-	-	11,052
Elementary and secondary regular instruction	144,642	-	-	144,642
Instructional support services	17,021	-	-	17,021
Pupil support services	4,145	-	-	4,145
Sites and buildings	34,692	1,376,782	-	1,411,474
Food service	-	-	2,459	2,459
Debt service				
Principal	8,762	355,000	-	363,762
Interest and other charges	47,731	734,750	-	782,481
Total Expenditures	<u>7,895,692</u>	<u>2,605,933</u>	<u>454,313</u>	<u>10,955,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	413,650	(1,278,009)	54,836	(809,523)
Other Financing Sources (Uses)				
Loan issued	-	1,476,736	-	1,476,736
Net Change in Fund Balances	413,650	198,727	54,836	667,213
Fund Balances, July 1	<u>1,873,122</u>	<u>1,657,806</u>	<u>77,930</u>	<u>3,608,858</u>
Fund Balances, June 30	<u>\$ 2,286,772</u>	<u>\$ 1,856,533</u>	<u>\$ 132,766</u>	<u>\$ 4,276,071</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, 2023

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

Net Change in Fund Balances - Total Governmental Funds	\$ 667,213
<p>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.</p>	
Depreciation expense	(499,797)
Capital outlays	1,585,635
Book value on disposal of assets	(15,156)
<p>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.</p>	
Principal repayments	355,000
Loan repayments	8,762
Loan issued	(1,476,736)
Amortization of bond premium	4,068
<p>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.</p>	
	(7,411)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	1,472,675
Pension revenue	39,042
<p>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.</p>	
Compensated absences	(6,925)
Change in Net Position of Governmental Activities	\$ 2,126,370

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, 2023

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 836,599	\$ 1,127,646	\$ 1,183,470	\$ 55,824
Revenue from state sources	6,924,758	7,229,918	7,075,565	(154,353)
Revenue from local sources	30,500	31,000	38,878	7,878
Interest earned on investments	100	7,000	12,087	5,087
Sales and other conversion of assets	-	-	(658)	(658)
Total Revenues	<u>7,791,957</u>	<u>8,395,564</u>	<u>8,309,342</u>	<u>(86,222)</u>
Expenditures				
Current				
Administration	605,415	514,901	508,053	6,848
District support services	357,341	512,652	496,771	15,881
Elementary and secondary regular instruction	3,028,807	3,278,284	3,311,369	(33,085)
Special education instruction	900,485	906,018	863,792	42,226
Instructional support services	166,363	293,332	240,806	52,526
Pupil support services	318,217	406,676	441,105	(34,429)
Sites and buildings	1,590,326	1,752,115	1,724,744	27,371
Fiscal and other fixed cost programs	35,516	40,000	39,885	115
Capital outlay				
Administration	-	1,110	1,122	(12)
District support services	229	4,900	11,052	(6,152)
Elementary and secondary regular instruction	154,435	205,925	144,642	61,283
Instructional support services	22,605	17,700	17,021	679
Pupil support services	-	-	4,145	(4,145)
Sites and buildings	25,239	24,975	34,692	(9,717)
Debt service				
Principal	-	-	8,762	(8,762)
Interest and other charges	117,472	-	47,731	(47,731)
Total Expenditures	<u>7,322,450</u>	<u>7,958,588</u>	<u>7,895,692</u>	<u>62,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	469,507	436,976	413,650	(23,326)
Other Financing Sources (Uses)				
Transfers out	<u>(15,852)</u>	-	-	-
Net Change in Fund Balances	453,655	436,976	413,650	(23,326)
Fund Balances, July 1	<u>1,873,122</u>	<u>1,873,122</u>	<u>1,873,122</u>	-
Fund Balances, June 30	<u>\$ 2,326,777</u>	<u>\$ 2,310,098</u>	<u>\$ 2,286,772</u>	<u>\$ (23,326)</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, 2023

	Food Service			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 355,437	\$ 490,000	\$ 498,489	\$ 8,489
Revenue from state sources	6,306	11,000	10,114	(886)
Sales and other conversion of assets	2,056	750	546	(204)
Total Revenues	<u>363,799</u>	<u>501,750</u>	<u>509,149</u>	<u>7,399</u>
Expenditures				
Current				
Food service	379,651	489,750	451,854	37,896
Capital outlay				
Food service	-	4,000	2,459	1,541
Total Expenditures	<u>379,651</u>	<u>493,750</u>	<u>454,313</u>	<u>39,437</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,852)	8,000	54,836	46,836
Other Financing Sources (Uses)				
Transfers in	<u>15,852</u>	-	-	-
Net Change in Fund Balances	-	8,000	54,836	46,836
Fund Balances, July 1	<u>77,930</u>	<u>77,930</u>	<u>77,930</u>	-
Fund Balances, June 30	<u>\$ 77,930</u>	<u>\$ 85,930</u>	<u>\$ 132,766</u>	<u>\$ 46,836</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, 2023

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, 2023

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, 2023

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, 2023

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:

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

Deferred Outflows of Resources

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

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2023

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:

	GERP	TRA	Total Pension Expense
Academy's proportionate share	\$ 84,975	\$ (1,298,254)	\$ (1,213,279)
Proportionate share of State's contribution	3,202	35,840	39,042
Total Pension Expense	<u>\$ 88,177</u>	<u>\$ (1,262,414)</u>	<u>\$ (1,174,237)</u>

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
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Notes to the Financial Statements
June 30, 2023

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.

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Notes to the Financial Statements
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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

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 \$603,607 and budgeted expenditures increased by \$636,138. The Food Service fund budget was amended during the current fiscal year. The revenues budget increased by \$137,951 and budgeted expenditures increased by \$114,099.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is prepared by the Executive Director and Contract Accountant to be adopted by the School Board.
2. A budget for the General fund and Food Service fund are adopted on a basis consistent with generally accepted accounting principles.
3. Budgeted amounts are as amended (if applicable).
4. Budget appropriations lapse at year end.
5. The legal level of control is at the fund level.
6. The Academy does not use encumbrance accounting.

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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 \$1,759,288 and the bank balance was \$1,759,119. The bank balance was fully covered by federal depository insurance.

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Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of June 30, 2023, 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>\$ 1,803,275</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, 2023: Brokered money markets of are valued using quoted market prices (Level 1 inputs).

A reconciliation of cash and temporary investments for the Academy is as follows:

Carrying amount of deposits	\$ 1,759,288
Carrying amount of investments	<u>1,803,275</u>
Total	<u>\$ 3,562,563</u>
Cash and temporary investments	
Unrestricted	\$ 1,759,288
Restricted	<u>1,803,275</u>
Total	<u>\$ 3,562,563</u>

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Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,670,000	\$ 1,233,479	\$ -	\$ 2,903,479
Construction in progress	-	97,328	-	97,328
	<u>1,670,000</u>	<u>1,330,807</u>	<u>-</u>	<u>3,000,807</u>
Capital Assets Being Depreciated				
Equipment	309,710	189,272	(42,994)	455,988
Buildings and improvements	13,162,515	45,975	-	13,208,490
Leasehold improvements	402,546	19,581	(17,776)	404,351
Total Capital Assets Being Depreciated	<u>13,874,771</u>	<u>254,828</u>	<u>(60,770)</u>	<u>14,068,829</u>
Less Accumulated Depreciation for				
Equipment	(208,506)	(33,777)	41,120	(201,163)
Buildings and improvements	(2,741,635)	(443,558)	-	(3,185,193)
Leasehold improvements	(110,688)	(22,462)	4,494	(128,656)
Total Accumulated Depreciation	<u>(3,060,829)</u>	<u>(499,797)</u>	<u>45,614</u>	<u>(3,515,012)</u>
Total Capital Assets Being Depreciated, Net	<u>10,813,942</u>	<u>(244,969)</u>	<u>(15,156)</u>	<u>10,553,817</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,483,942</u>	<u>\$ 988,510</u>	<u>\$ (15,156)</u>	<u>\$ 13,554,624</u>

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

Governmental Activities		
Administration		\$ 152
District support services		1,017
Elementary and secondary regular instruction		17,331
Special education instruction		528
Instructional support services		3,575
Pupil support services		127
Food service		668
Sites and buildings		476,399
Total Depreciation Expense - Governmental Activities		<u>\$ 499,797</u>

STRIDE Academy
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Notes to the Financial Statements
June 30, 2023

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	<u>\$ 124,245</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, 2023 amounted to \$4,918,025, of which \$1,275,672 or 25.94 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>\$ 14,715,000</u>

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

Year Ending June 30,	Lease Revenue Bonds		
	Principal	Interest	Total
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	430,000	658,000	1,088,000
2029 - 2033	2,500,000	2,945,000	5,445,000
2034 - 2038	3,190,000	2,253,750	5,443,750
2039 - 2043	4,075,000	1,372,500	5,447,500
2044 - 2047	2,965,000	301,250	3,266,250
Total	<u>\$ 14,715,000</u>	<u>\$ 10,331,314</u>	<u>\$ 25,046,314</u>

STRIDE Academy
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Notes to the Financial Statements
June 30, 2023

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 \$812,500 on December 18, 2022. The Note is secured by the Mortgage on certain real and personal property owned by Borrower located in the City of St. Cloud, Stearns County, Minnesota, plus certain other security agreements and guaranties, all of even date herewith. Disbursements of the principal of this Note will be made pursuant to (i) finance a portion of the purchase price of the Premises, and (ii) pay certain closing costs in connection with the transaction contemplated by the Agreement. The Academy is required to make monthly payments of \$5,479 and the remaining unpaid principal is due on the maturity date.

The Academy also entered into a promissory note agreement with the Propel Nonprofits in the amount of \$664,236 on November 4, 2022. The payment of the Note is secured by mortgage. The Academy is required to make monthly payments of \$4,079 and the remaining unpaid principal is due on the maturity date. Information for the loans is outlined below.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Promissory Note	\$ 812,500	6.41 %	12/18/22	11/18/27	\$ 807,905
Promissory Note	664,236	5.5 %	11/04/22	11/16/27	660,069
Total					<u><u>\$ 1,467,974</u></u>

Annual debt service requirements to maturity for the loans payable are as follows:

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2024	\$ 27,426	\$ 86,094	\$ 113,520
2025	28,030	85,285	113,315
2026	29,705	84,434	114,139
2027	31,224	83,540	114,764
2028	1,351,589	13,773	1,365,362
Total	<u><u>\$ 1,467,974</u></u>	<u><u>\$ 353,126</u></u>	<u><u>\$ 1,821,100</u></u>

STRIDE Academy
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Notes to the Financial Statements
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Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 15,070,000	\$ -	\$ (355,000)	\$ 14,715,000	\$ 370,000
Bond Premium	96,456	-	(4,068)	92,388	-
Loans Payable	-	1,476,736	(8,762)	1,467,974	27,426
Compensated Absences	57,142	43,527	(36,602)	64,067	32,034
	<u>57,142</u>	<u>43,527</u>	<u>(36,602)</u>	<u>64,067</u>	<u>32,034</u>
Governmental Activities Long-term Liabilities	<u>\$ 15,223,598</u>	<u>\$ 1,520,263</u>	<u>\$ (404,432)</u>	<u>\$ 16,339,429</u>	<u>\$ 429,460</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.

The following is a summary of future minimum lease payments:

Year Ending June 30,	Amount
2024	\$ 1,195,969
2025	1,193,250
2026	1,181,359
2027	1,143,875
2028	1,143,125
2029 - 2033	5,723,751
2034 - 2038	5,720,126
2039 - 2043	5,725,315
2044 - 2047	1,144,500
	<u>1,144,500</u>
Total Minimum Lease Payments	<u>\$ 24,171,270</u>

STRIDE Academy
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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:	<u>Step Rate Formula</u>	<u>Percentage</u>
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, 2021		Ending June 30, 2022		Ending June 30, 2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%	11.00%	12.55%
Coordinated	7.50%	8.13%	7.50%	8.34%	7.50%	8.55%

The Academy's contributions to TRA for the years ending June 30, 2023, 2022 and 2021 were \$245,445, \$224,231 and \$203,780. 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 2022 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	
Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679,000
Employer contributions not related to future contribution efforts	(2,178,000)
TRA's Contributions not Included in Allocation	<u>(572,000)</u>
Total Employer Contributions	479,929,000
Total Non-employer Contributions	<u>35,590,000</u>
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	<u>\$ 515,519,000</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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Information	
Valuation date	July 1, 2022
Measurement date	June 30, 2022
Experience study	June 5, 2019 (demographic and 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 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back five 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 adjustment

*The assumptions prescribed are based on the experience study dated June 28, 2019. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with the actuary.

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Notes to the Financial Statements
June 30, 2023

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

5. Long-Term Rate of Return

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	33.50 %	5.10 %
International Equity	16.50	5.30
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
Total	<u>100.00 %</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The Difference between Expected and Actual Experience, Changes of Assumptions, and Changes in Proportion use the amortization period of six years in the schedule presented. The amortization period for Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments” is five years as required by GASB 68.

Changes in actuarial assumptions since the 2021 valuation:

- None

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

7. Net Pension Liability

On June 30, 2023, the Academy reported a liability of \$3,483,250 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 proportionate share was 0.0435 percent at the end of the measurement period and 0.0417 percent for the beginning of the year.

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	\$ 3,483,250
State's Proportionate Share of Net Pension Liability Associated with the Academy	<u>258,521</u>
 Total	 <u><u>\$ 3,741,771</u></u>

For the year ended June 30, 2023, the Academy recognized negative pension expense of \$1,298,254. It also recognized \$35,840 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, the Academy had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 42,149	\$ 25,381
Changes in Actuarial Assumptions	534,647	492,672
Net Difference Between Projected and Actual Earnings on Plan Investments	120,322	-
Changes in Proportion	181,022	32,659
Contributions to TRA Subsequent to the Measurement Date	<u>245,445</u>	<u>-</u>
 Total	 <u><u>\$ 1,123,585</u></u>	 <u><u>\$ 550,712</u></u>

The \$245,445 reported as deferred outflows of resources related to pensions resulting from the Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

2024	\$ (408,737)
2025	114,326
2026	(22,549)
2027	385,583
2028	256,768
Thereafter	2,037

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2023

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

8. 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%)
\$ 5,491,154	\$ 3,483,250	\$ 1,837,395

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.

9. 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.

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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2023

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

General Employee 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 2023 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 year ending June 30, 2023, 2022 and 2021 were \$52,993, \$51,952 and \$51,739, respectively. The Academy's contributions were equal to the required contributions for each year as set by state statute.

4. Pension Costs

General Employee Fund Costs

At June 30, 2023, the Academy reported a liability of \$728,643 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 \$21,430.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2023

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

The net pension liability was measured as of June 30, 2023, 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 0.0083 percent which was a 0.0092 percent at the end of the measurement period and .0096 percent for the beginning of the period.

Academy's Proportionate Share of Net Pension Liability	\$	728,643
State's Proportionate Share of Net Pension Liability Associated with the Academy		21,430
 Total		 \$ 750,073

For the year ended June 30, 2023, the Academy recognized pension expense of \$84,975 for its proportionate share of the General Employees Plan's pension expense. In addition, the Academy recognized \$3,202 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2023, the 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	\$ 6,087	\$ 8,062
Changes in Actuarial Assumptions	171,859	2,833
Net Difference Between Projected and Actual Earnings on Plan Investments	-	746
Changes in Proportion	15,510	-
Contributions to PERA Subsequent to the Measurement Date	52,993	-
 Total	 \$ 246,449	 \$ 11,641

The \$52,993 reported as deferred outflows of resources related to pensions resulting from the Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

2024	\$	77,937
2025		65,232
2026		(27,255)
2027		65,901

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2023

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

5. Long-Term Expected Return on Investment

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

6. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 and 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 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions used in the June 30, 2023 valuation was 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.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2023

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

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

7. Discount Rate

The discount rate used to measure the total pension liability 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.

8. 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 one percentage point lower or one percentage point higher than the current discount rate:

1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
\$ 1,150,930	\$ 728,643	\$ 382,303

9. 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, 2023

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 2023.

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 (69.8 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, 2023, 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.

REQUIRED SUPPLEMENTARY INFORMATION
STRIDE ACADEMY CHARTER SCHOOL NO. 4142
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2023

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
6/30/2022	0.0435 %	\$ 3,483,250	\$ 258,521	\$ 3,741,771	\$ 2,691,019	129.4 %	76.2 %
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)
6/30/2023	\$ 245,445	\$ 245,445	\$ -	\$ 2,870,702	8.55 %
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, 2023

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2022 – No changes noted.

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, 2023

Notes to the Required Supplementary Information - TRA (Continued)

Changes in Plan Provisions

2022 - No changes noted.

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, 2023

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)	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
6/30/2022	0.0092 %	\$ 728,643	\$ 21,430	\$ 750,073	\$ 692,693	105.2 %	76.7 %
6/30/2021	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	0.009	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)
6/30/2023	\$ 52,993	\$ 52,993	\$ -	\$ 706,572	7.50 %
6/30/2022	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, 2023

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2022 – The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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, 2023

Notes to the Required Supplementary Information - PERA (Continued)

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

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, 2023

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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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Revenue from federal sources	\$ 836,599	\$ 1,127,646	\$ 1,183,470	\$ 55,824	\$ 851,674
Revenue from state sources, net	6,924,758	7,229,918	7,075,565	(154,353)	6,495,818
Other local revenue	30,500	31,000	38,878	7,878	65,134
Interest earned on investments	100	7,000	12,087	5,087	344
Sales and other conversion of assets	-	-	(658)	(658)	(1,305)
Total Revenues	<u>7,791,957</u>	<u>8,395,564</u>	<u>8,309,342</u>	<u>(86,222)</u>	<u>7,411,665</u>
Expenditures					
Current					
Administration					
Salaries	444,187	378,500	377,134	1,366	352,668
Fringe benefits	117,057	88,951	83,109	5,842	76,146
Purchased services	1,854	2,200	1,782	418	2,378
Supplies and materials	6,790	4,750	4,302	448	4,663
Other	35,527	40,500	41,726	(1,226)	36,571
Total administration	<u>605,415</u>	<u>514,901</u>	<u>508,053</u>	<u>6,848</u>	<u>472,426</u>
District support services					
Salaries	111,161	180,877	188,890	(8,013)	126,466
Fringe benefits	40,644	63,914	57,457	6,457	70,893
Purchased services	163,927	200,261	175,818	24,443	164,864
Supplies and materials	38,211	63,550	70,155	(6,605)	33,173
Other	3,398	4,050	4,451	(401)	(13)
Total district support services	<u>357,341</u>	<u>512,652</u>	<u>496,771</u>	<u>15,881</u>	<u>395,383</u>
Elementary and secondary regular instruction					
Salaries	2,183,233	2,309,916	2,334,965	(25,049)	2,200,752
Fringe benefits	632,973	708,993	642,392	66,601	555,820
Purchased services	90,405	84,777	108,366	(23,589)	46,828
Supplies and materials	120,594	171,290	223,263	(51,973)	98,196
Other	1,602	3,308	2,383	925	1,213
Total elementary and secondary regular instruction	<u>3,028,807</u>	<u>3,278,284</u>	<u>3,311,369</u>	<u>(33,085)</u>	<u>2,902,809</u>
Special education instruction					
Salaries	594,312	572,045	552,520	19,525	616,410
Fringe benefits	158,363	148,312	144,367	3,945	137,461
Purchased services	132,987	173,607	159,337	14,270	155,814
Supplies and materials	13,866	11,704	6,264	5,440	10,020
Other	957	350	1,304	(954)	1,165
Total special education instruction	<u>900,485</u>	<u>906,018</u>	<u>863,792</u>	<u>42,226</u>	<u>920,870</u>

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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ 42,094	\$ 107,694	\$ 103,986	\$ 3,708	\$ 49,845
Fringe benefits	7,571	26,523	19,880	6,643	10,239
Purchased services	19,327	36,250	25,093	11,157	36,845
Supplies and materials	97,371	122,865	91,847	31,018	58,017
Total instructional support services	<u>166,363</u>	<u>293,332</u>	<u>240,806</u>	<u>52,526</u>	<u>154,946</u>
Pupil support services					
Salaries	168,919	263,662	267,281	(3,619)	185,775
Fringe benefits	36,953	60,290	54,416	5,874	37,907
Purchased services	111,696	61,724	98,783	(37,059)	94,128
Supplies and materials	649	21,000	20,625	375	36,853
Total pupil support services	<u>318,217</u>	<u>406,676</u>	<u>441,105</u>	<u>(34,429)</u>	<u>354,663</u>
Sites and buildings					
Salaries	-	-	466	(466)	285
Fringe benefits	-	81	76	5	46
Purchased services	1,578,340	1,713,751	1,675,582	38,169	1,573,382
Supplies and materials	11,986	38,283	48,620	(10,337)	27,505
Total sites and buildings	<u>1,590,326</u>	<u>1,752,115</u>	<u>1,724,744</u>	<u>27,371</u>	<u>1,601,218</u>
Fiscal and other fixed cost programs					
Purchased services	35,516	40,000	39,885	115	32,545
Total current	<u>7,002,470</u>	<u>7,703,978</u>	<u>7,626,525</u>	<u>77,453</u>	<u>6,834,860</u>
Capital outlay					
Administration	-	1,110	1,122	(12)	-
District support services	229	4,900	11,052	(6,152)	174
Elementary and secondary regular instruction	154,435	205,925	144,642	61,283	-
Instructional support services	22,605	17,700	17,021	679	4,657
Pupil support services	-	-	4,145	(4,145)	-
Sites and buildings	25,239	24,975	34,692	(9,717)	26,623
Total capital outlay	<u>202,508</u>	<u>254,610</u>	<u>212,674</u>	<u>41,936</u>	<u>31,454</u>
Debt service					
Principal	-	-	8,762	(8,762)	-
Interest and other charges	117,472	-	47,731	(47,731)	-
Total debt service	<u>117,472</u>	<u>-</u>	<u>56,493</u>	<u>(56,493)</u>	<u>-</u>
Total Expenditures	<u>7,322,450</u>	<u>7,958,588</u>	<u>7,895,692</u>	<u>62,896</u>	<u>6,866,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	469,507	436,976	413,650	(23,326)	545,351

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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Other Financing Sources (Uses)					
Transfers out	(15,852)	-	-	-	-
Net Change in Fund Balances	453,655	436,976	413,650	(23,326)	545,351
Fund Balances, July 1	1,873,122	1,873,122	1,873,122	-	1,327,771
Fund Balances, June 30	<u>\$ 2,326,777</u>	<u>\$ 2,310,098</u>	<u>\$ 2,286,772</u>	<u>\$ (23,326)</u>	<u>\$ 1,873,122</u>

**Fiscal Compliance Report - 6/30/2023
District: STRIDE ACADEMY (4142-7)**

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$8,309,342	<u>\$8,309,341</u>	<u>\$1</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$7,895,692	<u>\$7,895,692</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$68,460	<u>\$68,460</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
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 Funded by COP/FP	\$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>	<i>Restricted:</i>			
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 Funded by COP/FP	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
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>	<i>Non Spendable:</i>			
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>	<i>Restricted / Reserved:</i>			
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>	<i>Restricted:</i>			
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 Schools Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
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 & Retiremt 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>	<i>Restricted / Reserved:</i>			
<i>Restricted:</i>				4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>				
<i>Committed:</i>				18 CUSTODIAL			
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>				<i>Restricted / Reserved:</i>			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>				4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance	\$2,218,312	<u>\$2,218,312</u>	<u>\$0</u>	4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
02 FOOD SERVICES				20 INTERNAL SERVICE			
Total Revenue	\$509,149	<u>\$509,148</u>	<u>\$1</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$454,313	<u>\$454,312</u>	<u>\$1</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.60 Non Spendable Fund Balance	\$40	<u>\$40</u>	<u>\$0</u>				
<i>Restricted / Reserved:</i>				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>
<i>Restricted:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$132,726	<u>\$132,726</u>	<u>\$0</u>				

Unassigned:
 4.63 Unassigned Fund Balance \$0 \$0 \$0

04 COMMUNITY SERVICE

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

4.22 Unassigned Fund Balance (Net Assets) \$0 \$0 \$0

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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

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OTHER REQUIRED REPORTS

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

FOR THE YEAR ENDED
JUNE 30, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 6, 2023.

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, except as described in the Schedule of Findings, Responses and Questions Costs as item 2023-002. Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The Academy's response to the finding in our audit is described in the accompanying Schedule of Findings, Responses and Questioned Costs. The Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
December 6, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 6, 2023.

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

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 deficiency described in the accompanying Schedule of Finding, Response and Questioned Costs as item 2023-001 to be a significant deficiency.

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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* or Minnesota Statutes described in the Schedule of Findings, Responses and Questioned Costs as finding 2023-002.

Response to Findings

The Academy's response to the finding in our audit is described in the accompanying Schedule of Findings, Responses and Questioned Costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
December 6, 2023



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

FOR THE YEAR ENDED
JUNE 30, 2023

**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

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, 2023 . 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, 2023

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
December 6, 2023



STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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			\$ 217,534
MN Department of Education	Rural Education	84.358			34,226
MN Department of Education	English Language Acquisition State Grants	84.365			25,066
MN Department of Education	Supporting Effective Instruction State Grants	84.367			55,671
MN Department of Education	COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act (ESSER II)	84.425U		\$ 581,066	
MN Department of Education	COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act (ARP ESSER)	84.425D		<u>72,766</u>	
	Total COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act				653,832
MN Department of Education	Special Education (IDEA, Part B)	84.027	\$ 98,388		
MN Department of Education	Special Education (IDEA, Part B)	84.027X	24,609		
MN Department of Education	Special Education Preschool	84.173	798		
MN Department of Education	Special Education Preschool	84.173X	<u>2,562</u>		
	Total Special Education (IDEA) Cluster				<u>126,357</u>
Total U.S. Department of Education					<u>1,112,686</u>
U.S. Department of Agriculture					
MN Department of Education	School Breakfast Program	10.553	104,181		
MN Department of Education	USDA EMOP	10.555C	64,669		
MN Department of Education	Commodity Rebate Program	10.555C	34,924		
MN Department of Education	Supply Chain Assistance	10.555C	23,855		
MN Department of Education	National School Lunch Program	10.555	<u>264,622</u>		
	Total Child Nutrition Cluster				<u>492,251</u>
U.S. Department of Treasury					
MN Department of Education	COVID-19 - Coronavirus Relief Fund - Direct	93.323			19,963
MN Department of Education	State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649			<u>628</u>
Total U.S. Department of Treasury					<u>20,591</u>
Federal Communication Commission					
Direct	Emergency Connectivity Fund Program	32.009			<u>\$ 63,357</u>
Total					<u>\$ 1,688,885</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, 2023

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, 2023, 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, 2023

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

	CFDA No.
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
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There was one finding 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, 2023

<u>Finding</u>	<u>Description</u>
2023-001	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.
2023-002	Time Period for Payment
<i>Condition:</i>	During our audit procures, it came to our attention that the Academy had not made two payments within the timeframe set forth by State statutes.
<i>Criteria:</i>	Minnesota statute §471.425 requires the Academy to pay bills within 35 days from receipt. If the invoice is not paid within 35 days, interest at 1.50 percent per month is to be added to the amount due.
<i>Cause:</i>	While testing disbursements, we noted that one invoice indicated that timely payments had not been made. Specifically, the Charter had not paid the original invoice within 35 days set forth in State statute.
<i>Effect:</i>	The Academy is out of compliance with Minnesota statute.
<i>Recommendation:</i>	We recommend that the Academy continue to review current policies and procedures related to the accounts payable cycle. These policies and procedures should include payment terms that are outlined within State statutes. Implementing this recommendation will not result in any additional cost to the Academy.
<i>Management Response:</i>	The Academy staff members and the contracted accountant will work on getting invoices paid within the requirements noted above by communicating and reviewing the procedures currently in place.

CORRECTIVE ACTION PLAN

The following is our response to the finding in the audit as of June 30, 2023.

FINDING 2023-001 - 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,



Erik Skanson
Executive Director
Stride Academy

CORRECTIVE ACTION PLAN

The following is our response to findings in the audit as of June 30, 2023.

2023-002 Time Period for Payment

During our audit procures, it came to our attention that the Charter School had not made two payments within the timeframe set forth by State statutes. Minnesota statute §471.425 requires the Charter School to pay bills within 35 days from receipt. If the invoice is not paid within 35 days, interest at 1.50 percent per month is to be added to the amount due. Minnesota statute §471.425 requires the Charter School to pay bills within 35 days from receipt. If the invoice is not paid within 35 days, interest at 1.50 percent per month is to be added to the amount due.

Corrective Action Plan (CAP):

1. Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The Charter School will review current procedures surrounding payment of claims to ensure all payments are made within the timeline noted above in future fiscal years.

3. Official Responsible for Ensuring CAP:

Erik Skanson, Executive Director, is the official responsible for ensuring corrective action.

4. Planned Completion Date for CAP:

Fiscal year 2023-2024

5. Plan to Monitor Completion of CAP:

The Charter School will review current procedures surrounding payment of claims to ensure all payments are made within the timeline noted above in future fiscal years.

Sincerely,



Erik Skanson
Executive Director
Stride Academy