SciTech Academy

Financial Statements and Supplemental Information

Year Ended June 30, 2023

WIPFLI

SciTech Academy

Year Ended June 30, 2023

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Introductory Section

SciTech Academy
Chartered School District No. 4161

For the Year Ended June 30, 2023

Board Members

Elective	Office
Abdirizak Warfa	Board Chair
Mohamed Mohamoud	Treasurer
Farhiya Farax	Secretary
Ubah Mohamud	Member
Ibrahim Mohamed	Member

Administration

Adbi Abdulle	Executive Director

Financial Section

WIPFLI

Independent Auditor's Report

Board of Directors
SciTech Academy
Richfield, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of SciTech Academy (the "Academy"), 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 SciTech Academy as of June 30, 2023, and respective changes in financial position and the respective budgetary comparison for the General Fund and the Food Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. 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 SciTech 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.

Prior Period Financial Statements

The financial statements of SciTech Academy as of June 30, 2022, were audited by other auditors whose report dated December 28, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SciTech 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SciTech 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 SciTech Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

GAAP requires that management's discussion and analysis; public employees retirement association pension benefit plan schedule of Academy's and nonemployer proportionate share of net pension liability and schedule of Academy's contributions; and the teacher's retirement association pension benefit plan schedule of Academy's and nonemployer proportionate share of net pension liability and schedule of Academy's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 opinions on the financial statements that collectively comprise the Academy's basic financial statements. The Comparative balance sheets by fund, the accompanying 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 the fiscal compliance table, as required by the Minnesota Department of Education, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

SciTech Academy's 2022 financial statements were previously audited by other auditors, and they expressed an unmodified opinion on those audited financial statements in their report dated December 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024 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 SciTech Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
February 1, 2024

SciTech Academy, Minnesota (the "Academy") management's discussion and analysis (MD&A) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Academy's financial activities, (3) identify changes in the Academy's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget), and (5) identify individual fund issues or concerns.

The MD&A is provided at the beginning of the report to provide an overview of the Academy's financial position at June 30, 2023 and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, required supplementary information and supplementary information.

Financial Highlights for FY2023

- The Academy’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by $14,904 (net position), which is a decrease of $404,329 from the prior year.

- The Academy’s General Fund, (primary operating fund), closed the year with a fund balance of $839,063, an increase of $104,206, compared to an increase of $84,245 anticipated in the budget.

- The Academy extended their building lease for an additional 5 years, which increased both capital assets and long-term liabilities reported in the entity-wide financial statements by $1,318,933 as of the end of the 2023 fiscal year, but had no effect on net position for the current year.

Overview of the Financial Statements

This document serves as an introduction to the Academy's basic financial statements. There are three components to the basic financial statements - government wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary and supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements
These statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to private-sector business, using the economic resources measurement focus and the accrual basis of accounting.

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

The statement of activities presents information that shows 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 result in cash flows in future fiscal years.

Overview of the Financial Statements (Continued)

These statements highlight the 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, instruction support services, food services, site and building, fiscal and other fixed cost programs, and interest and other fiscal charges. There are no business-type activities accounted for by the Academy.

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 a government's near-term financing requirements. The Academy's Governmental Funds during the reporting period use the modified accrual basis of accounting and activities are converted to the accrual basis of accounting for government-wide financial statement reporting purposes.

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 of the Academy's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The Academy maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for each major fund (the General Fund and Food Service Fund).

Also included in this section is a high level budget to actual comparison for both funds.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

This information addresses the Academy's multiyear schedules of Academy's and nonemploer proportionate share of net pension liability and the multiyear schedules of contributions for both the Public Employees Retirement Association (PERA) and the Teacher's Retirement Association (TRA). The pension schedules have been provided to present the Academy's progress in funding its obligation to provide pension benefits to Academy employees through the PERA and TRA systems.

Overview of the Financial Statements (Continued)

Supplementary Information

This information as discussed earlier in connection with the General Fund and Food Service Fund is presented immediately following the required supplementary information on pensions. Also included in this section is the single audit required reporting and the fiscal compliance table.

Government-Wide Financial Statement Analysis

As previously addressed, net position may serve the purpose over time as a useful indicator of financial position. To that end, the Academy's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $14,904 for FY2023.

The following table represents a condensed Statement of Net Position of the Academy for governmental activities as of June 30, 2023 and 2022.

Condensed Statement of Net Position
Governmental Activities

June 30,	2023	2022
Current and other assets	$ 1,344,722	$ 1,058,252
Capital assets	1,479,879	519,081
Total assets	2,824,601	1,577,333
Deferred outflows of resources	1,655,172	1,521,306
Total assets and deferred outflows of resources	4,479,773	3,098,639
Current liabilities	505,659	323,395
Long-term liabilities	3,940,013	1,421,610
Total liabilities	4,445,672	1,745,005
Deferred inflows of resources	19,197	934,401
Total liabilities and deferred inflows of resources	4,464,869	2,679,406
Net position:		
Net investment in capital assets	160,946	173,688
Unrestricted	(146,042)	245,545
Total net position	$ 14,904	$ 419,233

Government-Wide Financial Statement Analysis (Continued)

A portion of the Academy's net position is reflected in its investment in capital assets (i.e., land, buildings, equipment, infrastructure, and leases), less any related debt used to acquire those assets that are still outstanding. The Academy uses these assets to provide services. Therefore, these assets are not available for future spending. Although the Academy's investment in its capital assets are reported net of available debt, it is important to note that the resources required to repay this type of debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these types of liabilities.

The following condensed financial information was derived from the Government-Wide Statement of Activities and reflects how the Academy's net position changed during the fiscal years.

Condensed Statement of Activities
Governmental Activities

Year Ended June 30,	2023	2022
Revenues:		
Program revenues:		
Operating Grants and Contributions	$ 1,947,940	$ 2,018,175
General revenue:		
General grants and aid	3,227,147	3,143,333
Other general revenue	160,981	40,649
Total revenues	5,336,068	5,202,157
Expenses:		
Administration	266,062	247,844
District support services	554,595	574,116
Elementary and secondary regular instruction	2,142,771	1,807,369
Special education instruction	371,550	408,068
Instructional support services	112,101	2,772
Pupil support services	1,192,411	1,246,578
Food services	416,023	400,227
Sites and buildings	651,200	686,396
Fiscal and other fixed cost programs	27,461	32,089
Interest and fiscal charges	6,223	15,570
Total expenses	5,740,397	5,421,029
Change in net position	(404,329)	(218,872)
Net position beginning	419,233	638,105
Net position, ending	$ 14,904	$ 419,233

Government-Wide Financial Statement Analysis (Continued)

The Academy's revenues come from a variety of sources including 77.2% from state aid, and 19.7% from federal sources. The remaining amount is from miscellaneous sources. The continued increase from state and federal aid is primarily due to pandemic-related aid and is expected to decrease for FY24.

The Academy's expenses predominantly relate to educating students. The majority of the Academy's expenses were in categories directly related to providing classroom instruction, which includes: elementary and secondary regular instruction and special education instruction. Remaining programs support instruction or are related to leasing and maintaining the Academy's school site. The increase of $319,368, as with the revenues, is primarily due to pandemic-related additional services, including transportation, and staffing. Net position decreased by $404,329 over the previous year.

In the following table, we have presented the cost of each of the Academy's functions as well as the net cost (total cost less revenues generated by the activities) for each. Net costs help to show what functions are being covered by direct revenue and those that are covered by the net revenue of others.

For the year ended June 30, 2023

	Total Cost of Service		Net Cost of Service
Administration	$ 266,062	4.63 %	$ 266,062
District support services	554,595	9.66 %	554,595
Elementary and secondary regular instruction	2,142,771	37.33 %	1,337,172
Special education instruction	371,550	6.47 %	(83,487)
Instructional support services	112,101	1.95 %	112,101
Pupil support services	1,192,411	20.77 %	1,192,411
Food services	416,023	7.25 %	96,573
Sites and buildings	651,200	11.34 %	283,346
Fiscal and other fixed cost programs	27,461	0.48 %	27,461
Interest and fiscal charges	6,223	0.11 %	6,223
Total governmental activities	$ 5,740,397	100 %	$ 3,792,457

Financial Analysis of the Academy's Major Funds

The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year the Academy's governmental funds reported combined ending fund balances of $839,063, an increase of $104,206 in comparison with the previous fiscal year.

The general fund is the primary operating fund of the Academy. At the end of the current fiscal year, the unassigned fund balance of the general fund was $806,199. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenses. Unassigned fund balance represents 13.1% of total general fund expenses.

Budgetary Highlights

The Academy's budget is prepared according to Minnesota law and is based on accounting for certain transactions on a modified accrual basis of accounting. A budget to actual schedule is provided as part of the financial statements for the General Fund and Food Service special revenue fund. The Academy has the ability to amend that budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative funding changes, additional funding received from grants or other local sources, or staffing changes. The Academy did amend its budget for fiscal year 2023. The primary reason and changes relate to a reduction in anticipated state funding and the associated reductions in expenditures to compensate for this decrease.

Capital Assets and Debt Administration

As shown in the Notes to the Financial Statements in Note 3, the Academy had the following capital assets:

Year Ended June 30,	2023	2022	Change
Capital assets being depreciated/amortized:			
Leasehold improvements	$ 253,935	$ 253,935	$ -
Furniture and equipment	88,596	88,596	-
Right of use assets - lease	1,983,628	664,695	1,318,933
Accumulated depreciation/amortization:			
Leasehold improvements	(153,529)	(136,600)	(16,929)
Furniture and equipment	(28,056)	(19,196)	(8,860)
Right of use assets - lease	(664,695)	(332,348)	(332,347)
Totals	$ 1,479,879	$ 519,082	$ 960,797

As shown in the Notes to the Financial Statements in Note 4, the Academy had the following long-term liabilities:

Year Ended June 30,	2023	2022	Change
Lease liability:			
Building	$ 1,318,933	$ 345,393	$ 973,540

Economic Factors

FACTORS BEARING ON THE ACADEMY'S FUTURE

The Academy is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The Legislature provided for little change in the basic per pupil unit funding during recent fiscal years.

The Academy will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. It is anticipated that enrollment growth will continue at a slow rate. If state funding formulas are not sufficient to continue current instructional program scenarios, staffing or enrollment adjustments will be made to match resources to balance future budgets.

Requests for Information

This financial report provides a general over view of SciTech Academy's finances for anyone interested in this government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

SciTech Academy
100 West 66th Street
Richfield, Minnesota 55423

Basic Financial Statements

SciTech Academy

Statements of Net Position

(With partial comparative information for June 30, 2022)

June 30,	2023	2022
Assets		
Current assets		
Cash and temporary investments	$ 530,403	$ 697,126
Receivables		
Due from other governmental units	781,455	334,689
Prepaid expenses	32,864	26,437
Total current assets	1,344,722	1,058,252
Capital assets		
Capital Assets, net	160,946	186,735
Right of Use Asset, net - Leases	1,318,933	332,346
Total capital assets	1,479,879	519,081
Total assets	2,824,601	1,577,333
Deferred outflow of resources		
Pension plan deferments - PERA and TRA	1,655,172	1,521,306
Total deferred outflow of resources	1,655,172	1,521,306
Liabilities and net position		
Current liabilities		
Salaries and benefits payable	269,135	286,802
Accounts and contracts payable	236,524	36,593
Total current liabilities	505,659	323,395
Long-term liabilities		
Amounts due in one year or less		
Lease liability	206,880	345,393
Amounts due in more than one year		
Lease liability	1,112,053	-
TRA Pension liability	1,409,315	708,960
PERA Pension liability	1,211,765	367,257
Total long-term liabilities	3,940,013	1,421,610
Total liabilities	4,445,672	1,745,005
Deferred inflow of resources		
Pension plan deferments – PERA and TRA	19,197	934,401
Total deferred inflow of resources	19,197	934,401
Net position		
Net investment in capital assets	160,946	173,688
Unrestricted	(146,042)	245,545
Total net position	$ 14,904	$ 419,233

See accompanying notes to financial statements.

SciTech Academy

Statement of Activities

(With partial comparative information for the year ended June 30, 2022)

		2023		2022
		Program Revenues	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Year Ended June 30,	**Expenses**	**Operating Grants and Contributions**	**Governmental Activities**	**Governmental Activities**
Functions/Programs				
Governmental activities:				
Administration	$ 266,062	$ -	$ (266,062)	$ (247,844)
District support services	554,595	-	(554,595)	(574,116)
Elementary and secondary regular instruction	2,142,771	805,599	(1,337,172)	(1,032,565)
Special education instruction	371,550	455,037	83,487	123,499
Instructional support services	112,101	-	(112,101)	(2,772)
Pupil support services	1,192,411	-	(1,192,411)	(1,246,578)
Food services	416,023	319,450	(96,573)	(25,632)
Site and buildings	651,200	367,854	(283,346)	(349,187)
Fiscal and other fixed cost programs	27,461	-	(27,461)	(32,089)
Interest and fiscal charges	6,223	-	(6,223)	(15,570)
Total governmental activities	5,740,397	1,947,940	(3,792,457)	(3,402,854)
Total primary government	$ 5,740,397	$ 1,947,940	(3,792,457)	(3,402,854)
General revenues:				
General grants and aids			3,227,147	3,143,333
Other general revenues			160,981	40,649
Total general revenues			3,388,128	3,183,982
Change in net position			(404,329)	(218,872)
Net position, beginning of year			419,233	638,105
Net position, ending			$ 14,904	$ 419,233

SciTech Academy

Balance Sheet - Governmental Funds

(With partial comparative information as of June 30, 2022)

	2023			2022
June 30,	**General Fund**	**Food Service Fund**	**Total Governmental Funds**	**Total Governmental Funds**
Assets				
Cash and temporary investments	$ 530,083	$ 320	$ 530,403	$ 697,126
Receivables:				
Due from other governmental units	779,027	2,428	781,455	334,689
Due from other funds	2,748	-	2,748	2,748
Prepaid expenses	32,864	-	32,864	26,437
Total assets	$ 1,344,722	$ 2,748	$ 1,347,470	$ 1,061,000
Liabilities and Fund Balances				
Liabilities				
Salaries and benefits payable	$ 269,135	$ -	$ 269,135	$ 286,802
Accounts and contracts payable	236,524	-	236,524	36,593
Due to other Funds	-	2,748	2,748	2,748
Total liabilities	505,659	2,748	508,407	326,143
Fund balances				
Nonspendable for prepaid items	32,864	-	32,864	26,437
Unassigned	806,199	-	806,199	708,420
Total fund balances	839,063	-	839,063	734,857
Total liabilities and fund balances	$ 1,344,722	$ 2,748	$ 1,347,470	$ 1,061,000

See accompanying notes to financial statements.

SciTech Academy

Reconciliation of the Balance Sheet of Governmental Funds to the Statements of Net Position

June 30, 2023 (With partial comparative information as of June 30, 2022)

	2023	2022
Total fund balances - Governmental funds	$ 839,063	$ 734,857
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	2,326,159	1,007,226
Accumulated depreciation/amortization	(846,280)	(488,145)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Lease payable	(1,318,933)	(345,393)
Net pension liability - PERA	(1,211,765)	(367,257)
Net pension liability - TRA	(1,409,315)	(708,960)
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the govermental funds		
Deferred outflows of resources - PERA and TRA pension plans	1,655,172	1,521,306
Deferred inflows of resources - PERA and TRA pension plans	(19,197)	(934,401)
Total net position - Governmental activities	$ 14,904	$ 419,233

SciTech Academy

Statements of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

(With partial comparative information for the year ended June 30, 2022)

	2023			2022
Year Ended June 30,	General Fund	Food Service Fund	Total Governmental Funds	Total Governmental Funds
Revenues				
Federal sources	$ 739,261	$ 313,925	$ 1,053,186	$ 1,155,661
State sources	4,096,717	5,525	4,102,242	4,013,693
Other	160,981	-	160,981	40,649
Total revenues	4,996,959	319,450	5,316,409	5,210,003
Expenditures				
Current:				
Administration	230,841	-	230,841	237,159
District support services	496,866	-	496,866	553,682
Elementary and secondary regular instruction	1,807,682	-	1,807,682	1,702,966
Special education instruction	314,654	-	314,654	392,453
Instructional support services	109,090	-	109,090	2,772
Pupil support services	1,192,411	-	1,192,411	1,238,275
Food services	-	394,853	394,853	392,950
Sites and buildings	1,605,661	-	1,605,661	250,768
Fiscal and other fixed cost programs	27,461	-	27,461	32,089
Debt service				
Principal	345,394	-	345,394	319,302
Interest and fiscal charges	6,223	-	6,223	15,570
Total expenditures	6,136,283	394,853	6,531,136	5,137,986
Excess (deficiency) of revenues over expenditures	(1,139,324)	(75,403)	(1,214,727)	72,017
Other financing sources (uses)				
Transfer In	-	75,403	75,403	18,355
Transfer Out	(75,403)	-	(75,403)	(18,355)
Proceeds from issuance of long-term debt (lease)	1,318,933	-	1,318,933	-
Total other financing sources (uses)	1,243,530	75,403	1,318,933	-
Net change in fund balances	104,206	-	104,206	72,017
Fund balances, beginning of year	734,857	-	734,857	662,840
Fund balances, end of year	$ 839,063	$ -	$ 839,063	$ 734,857

SciTech Academy

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2023 (With partial comparative information for the year ended June 30, 2022)

	2023	2022
Net change in fund balance - governmental funds	$ 104,206	$ 72,017
Amounts reported for governmental activities in the statement of net position are different because:		
Govermental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:		
Capital outlays	1,318,933	23,200
Depreciation/amortization expense	(358,136)	(458,543)
The issuance of long-term debt (leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Principal payment on leases	345,394	319,302
New lease payable	(1,318,933)	-
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore are not reported as expenditures in govermental funds:		
Change in net pension liability - TRA	(700,355)	(13,526)
Change in net pension liability - PERA	(844,508)	391,872
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources - PERA and TRA pension plans	133,866	362,234
Deferred inflows of resources - PERA and TRA pension plans	915,204	(915,428)
Change in net position of governmental activities	$ (404,329)	$ (218,872)

See accompanying notes to financial statements.

SciTech Academy

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

	General Fund			
Year Ended June 30, 2023	**Original Budget**	**Final Budget**	**Actual**	**Variance with Final Budget**
Revenues				
Federal sources	$ 672,362	$ 660,414	$ 739,261	$ 78,847
State sources	4,390,282	4,082,203	4,096,717	14,514
Other	7,509	4,011	160,981	156,970
Total revenues	5,070,153	4,746,628	4,996,959	250,331
Expenditures				
Current				
Administration	187,802	218,815	230,841	(12,026)
District support services	564,573	600,514	496,866	103,648
Elementary and secondary regular instruction	1,759,189	1,614,719	1,807,682	(192,963)
Special education instruction	467,164	295,574	314,654	(19,080)
Instructional support services	142,047	82,834	109,090	(26,256)
Pupil support services	1,260,554	1,198,786	1,192,411	6,375
Sites and buildings	593,259	614,056	638,345	(24,289)
Fiscal and other fixed cost programs	26,961	26,961	27,461	(500)
Total expenditures	5,001,549	4,652,259	4,817,350	(165,091)
Excess (deficiency) of revenue over expenditures	68,604	94,369	179,609	85,240
Other financing sources (uses)				
Transfer Out	(12,714)	(10,124)	(75,403)	(65,279)
Total other financing sources (uses)	(12,714)	(10,124)	(75,403)	(65,279)
Net change in fund balance	$ 55,890	$ 84,245	104,206	$ 19,961
Fund balance at beginning of year			734,857	
Fund balance at end of year			$ 839,063	

See accompanying notes to financial statements.

SciTech Academy

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

	Food Service Fund			
Year Ended June 30, 2023	**Original Budget**	**Final Budget**	**Actual**	**Variance with Final Budget**
Revenues				
Federal sources	$ 419,200	$ 359,275	$ 313,925	$ (45,350)
State sources	6,000	6,000	5,525	(475)
Total revenues	425,200	365,275	319,450	(45,825)
Expenditures				
Current				
Salaries	66,176	87,520	85,180	2,340
Employee benefits	10,085	13,379	13,086	293
Purchased services	250	500	353	147
Supplies and materials	361,402	274,000	296,234	(22,234)
Total expenditures	437,913	375,399	394,853	(19,454)
Excess (deficiency) of revenue over expenditures	(12,713)	(10,124)	(75,403)	(65,279)
Other financing sources (uses)				
Transfer In	12,714	10,124	75,403	65,279
Total other financing sources (uses)	12,714	10,124	75,403	65,279
Net change in fund balance	$ 1	$ -	-	$ -
Fund balance at beginning of year			-	
Fund balance at end of year			$ -	

Note 1: Summary of Significant Accounting Policies

Reporting Entity

SciTech Academy (the Academy) is a results-oriented charter school established in accordance with Minnesota Statutes § 124D.10. The Academy is authorized by the Minnesota Guild. The Academy first served students in the 2018–2019 school year, in its first year of operations. The Academy's financial statements include all funds, departments, agencies, boards, commissions, 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 are no organizations considered to be component units of the Academy.

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's authorizer is the Minnesota Guild (the Authorizer), a nonprofit organization. Aside from its responsibilities as authorizer, the Authorizer has no authority or control over the Academy, and is not financially accountable for it. Therefore, the Academy is not considered a component unit of the Authorizer.

Basis of Presentation

As required by state law, the Academy operates as a nonprofit corporation under Minnesota Statutes § 317A. However, state law also requires that the Academy comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts, which mandates the use of a governmental fund accounting structure. The Academy's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Entity-Wide Financial Statements

The entity-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Academy. Generally, the effect of material interfund activity has been removed from the entity-wide financial statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Academy generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. When applicable, proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Description of Funds

The existence of the various Academy funds has been established by the MDE. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

The Academy reports the following major governmental funds:

General Fund – This fund is the Academy’s primary operating fund and accounts for all financial resources except those required to be accounted for in another fund.

Food Service Special Revenue Fund – This fund is used to account for the Academy's child nutrition program.

Income Taxes

The Academy is exempt from federal and state income taxes under Internal Revenue Code (IRC) § 501(c)(3). The Academy is subject to tax on income from any unrelated business.

The Academy follows recognition requirements for uncertain income tax positions as required by the Financial Accounting Standards Board Account Standards Codification 740-10. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Academy has analyzed tax positions taken for filing with the Internal Revenue Service and the state jurisdiction where it operates. The Academy believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Academy’s financial condition, results of operations, or cash flows. Accordingly, the Academy has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at year-end. The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies (Continued)

Budgeting

The Academy's Board adopts an annual budget for the General Fund and Food Service Special Revenue Fund prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. In the current year, actual expenditures exceeded budget by $165,091 in the General Fund. The additional expenditures were financed by revenues in excess of budget and other financing sources.

The budget to actual comparison is intended to assist users in a comparison of the Academy's ability to comply with their legally adopted budget. Adjustments made to conform to certain presentation standards, when they have no impact on the fund balance, are not part of the budgetting process, and therefore should not impact the budget to actual presentation. As such, the presentation of lease-related proceeds and associated expenditures have been removed from this statement, which results in a different presentation than that found on the Statement of Revenues, Expenditures and Changes in Fund Balance.

Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled balances are allocated to the respective funds on the basis of cash participation by each fund. Investments are reported at fair value; however, the Academy held no investments at June 30, 2023, or during the year then ended.

Receivables

When necessary, the Academy utilizes an allowance for uncollectible accounts to value its receivables. However, the Academy considers all of its current receivables to be collectible.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Leased capital assets are recorded based on the measurement of payments applicable to the lease term.

The Academy defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed by the Academy, no salvage value is taken into consideration for depreciation and amortization purposes. Useful lives vary, ranging from 3 to 25 years for furniture, equipment, and leasehold improvements. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until then.

The Academy reports deferred outflows and inflows of resources related to pensions in the entity-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, the net collective difference between projected and actual investment earnings on pension plan investments, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

Long-Term Obligations

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Any debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (which approximates the effective interest method). Debt is reported net of applicable premiums and discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses. In the fund financial statements, governmental fund types recognize debt proceeds as other financing sources in the year of issue, and premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Accounting

The Academy is a lessee in a noncancelable lease. If the contract provides the Academy the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Accounting (Continued)

recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Academy's incremental borrowing rate. The Academy uses the incremental borrowing rate based on the information available at the commencement date for all leases. The Academy's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset for leases is amortized on a straight-line basis over the lease term. For leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straightline basis over the lease term. For all underlying classes of assets, the Academy has elected to not recognize ROU assets and lease liabilities for short term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Academy is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Academy recognizes short-term leases with lease costs included in short-term lease expense. The Academy recognizes short-term lease cost on a straightline basis over the lease term.

Compensated Absences

Substantially all of the Academy's employees are entitled to personal leave at various rates. Employees cannot carryover and are not compensated for personal leave upon termination; therefore, no long-term liability for unused compensated absences has been recorded.

State-Wide Pension Plans

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 the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The 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 into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

Interfund Transactions and Transfers

The General Fund has a receivable of $2,748 at year-end due from the Food Service Special Revenue Fund for

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Transactions and Transfers (Continued)

cash flow purposes.

During fiscal year 2023, the General Fund transferred $75,403 to the Food Service Special Revenue Fund to finance child nutrition program expenditures in excess of revenues.

Interfund balances and transfers between governmental funds reported in the fund financial statements are eliminated in the entity-wide financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

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; natural disasters; and workers' compensation. The Academy carries commercial insurance for these risks. Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in the Academy insurance coverage in the current year.

Net Position

In the entity-wide financial statements, net position represents the residual of all other financial statement elements presented in the Statement of Net Position. Net position is displayed in three components:

- *Net investment in capital assets* - Consists of capital assets net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets, if applicable.
- *Restricted net position* - Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted net position* - Consists of the residual of amounts not classified in the other two categories with no constraints placed on their use.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Academy Board – the Academy's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Academy Board removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned fund balance: This classification reflects the amounts constrained by the Academy's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Academy Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The Board has adopted a fund balance policy regarding maintaining a minimum unassigned fund balance for the General Fund. The policy establishes a minimum unassigned General Fund balance goal of 20 percent of expenditures by the end of the school year 2023–2024.

Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Recently Adopted Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription Based Information Technology Agreements (SBITAs). The statement will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The Academy adopted this guidance for the year ended June 30, 2023. The adoption of this guidance did not affect beginning net position and, accordingly, restatement of beginning July 1, 2022, net position was not necessary.

Subsequent Events

The Academy has evaluated subsequent events through February 1, 2024, which is the date the financial statements were available to be issued. There were no subsequent-type events identified by management that required disclosure.

Note 2: Deposits

In accordance with applicable Minnesota Statutes, the Academy maintains deposits at depository banks authorized by the Board. The following is considered the most significant risk associated with deposits:

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Academy’s deposits may not be returned to it. Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "AA" or better; revenue obligations rated "A" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Academy’s policies do not further limit depository choices.

At June 30, 2023, the carrying value of the Academy's deposits was $530,403. At June 30, 2023, $286,085 of the Academy's deposits were exposed to custodial credit risk as uninsured and uncollaterialized.

Note 3: Capital Assets

The governmental activities capital asset activity for the year ended June 30, 2023, is as follows:

Governmental activities	Balance 7/1/2022	Increases	Decreases and Transfers	Balance 06/30/23
Capital assets, being depreciated:				
Leasehold Improvements	$ 253,935	$ -	$ -	$ 253,935
Furniture and equipment	88,596	-	-	88,596
Total capital assets, being depreciated	342,531	-	-	342,531
Accumulated depreciation:				
Leasehold Improvements	(136,600)	(16,929)	-	(153,529)
Furniture and equipment	(19,196)	(8,860)	-	(28,056)
Total accumulated depreciation	(155,796)	(25,789)	-	(181,585)
Total capital assets, being depreciated, net	186,735	(25,789)	-	160,946
Right of use assets:				
Building	664,695	1,318,933	-	1,983,628
Building amortization	(332,348)	(332,347)	-	(664,695)
Total right of use assets, being amortized, net	332,347	986,586	-	1,318,933
Governmental activities capital assets, net	$ 519,082	$ 960,797	$ -	$ 1,479,879

Note 3: Capital Assets (Continued)

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental activities	
Elementary and secondary regular instruction	$ (8,860)
Sites and buildings	(349,276)
Total depreciation and amortization expense - governmental activities	$ (358,136)

Note 4: Long-Term Liabilities

A. Lease Payable

The Academy is leasing building space for operations. The total amount of the underlying lease asset and the related accumulated amortization is presented in Note 3 to basic financial statements. In addition to monthly payments, the Academy is also responsible for insurance, maintenance, property taxes, and other expenses on the leased property. The lease will be repaid by the General Fund. At year-end, the Academy has the following lease payable outstanding.

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Lease payable					
Building space	8/1/2019	5.00 %	$ 1,983,628	6/30/2028	$ 1,318,933

B. Pension Liabilities

The Academy reports its proportionate share of the unfunded net pension liabilities for state-wide pension plans to which its employees belong. The Academy remits employee withholdings and employer contributions from the governmental fund paying the related salary, primarily the General Fund.

Academy employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 1,211,765	$ 763,877	$ 8,973	$ 211,815
TRA	1,409,315	891,295	10,224	283,978
Totals	$ 2,621,080	$ 1,655,172	$ 19,197	$ 495,793

Note 4: Long-Term Liabilities (Continued)

Minimum Debt Payments

Annual minimum annual principal and interest payments to maturity for the lease payable is as follows:

	Principal	Interest
2024	$ 206,880	$ 56,192
2025	244,799	50,043
2026	265,657	37,347
2027	288,604	23,543
2028	312,993	8,560
Totals	$ 1,318,933	$ 175,685

Changes in Long-Term Liabilities

Change in the Academy's long-term liabilities for the year ended June 30, 2023 are as follows:

	Balance 7/1/2022	Additions	Reductions	Balance 06/30/23	Amounts due Within One Year
Lease payable	$ 345,393	$ 1,318,934	$ (345,394)	$ 1,318,933	$ 206,880
Net pension liability - PERA	367,257	930,537	(86,029)	1,211,765	-
Net pension liability - TRA	708,960	791,569	(91,214)	1,409,315	-
Totals	$ 1,421,610	$ 3,041,040	$ (522,637)	$ 3,940,013	$ 206,880

Note 5: Defined Benefit Pension Plans - State-Wide

Plan Descriptions

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

A. Teachers Retirement Fund (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 schools, charter schools, and certain other TRA-covered educational institutions maintained by the state (except those teachers employed by St. Paul schools or Minnesota State Colleges and Universities) are required to be TRA members. Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by Minnesota State.

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.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

A. Teachers Retirement Fund (TRA) (Continued)

2. Benefits Provided (Continued)

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described:

Tier I Benefits

Step-Rate Formula	Percentage Per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

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

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

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

Or Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members is applied. 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 which 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 members terminating service are eligible for a refund of their employee contributions plus interest.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

A. Teachers Retirement Fund (TRA) (Continued)

2. Benefits Provided (Continued)

Or Tier II Benefits (Continued)

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

3. Contribution Rate

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
Coordinated Plan	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The Academy's contributions to the TRA for the plan's fiscal year ended June 30, 2023, were $94,575. The Academy's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in TRA's Annual Comprehensive Financial Report (ACFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	In Thousands
Employer contributions reported in TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$ 482,679
Employer contributions not related to future contributions efforts	(2,178)
TRA's contributions not included in allocation	(572)
Total employer contributions	479,929
Total nonemployer contributions	35,590
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$ 515,519

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.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

A. Teachers Retirement Fund (TRA) (Continued)

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 Studies	June 28, 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% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality assumptions	
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 actuary.

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.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

A. Teachers Retirement Fund (TRA) (Continued)

4. Actuarial Assumptions (Continued)

The target allocation and best estimates of geometic 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 (Geometric Mean)
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	100.00 %	

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 Investment*s is five years as required by GASB 68.

The following changes in actuarial assumptions occurred in 2022:

- None

5. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. There was no change in the discount rate since the prior measurement period. 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 schools will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

A. Teachers Retirement Fund (TRA) (Continued)

6. Net Pension Liability

At June 30, 2023, the Academy reported a liability of $1,409,315 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions to TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The Academy's proportionate share was 0.0189 percent at the end of the measurement period and 0.0162 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the 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 the net pension liability	$ 1,409,315
State's proportionate share of the net pension liability associated with the Academy	$ 104,484

For the year ended June 30, 2023, the Academy recognized pension expense of $226,182. It also recognized an additional $14,367 as an increase in pension expense for the support provided by direct aid.

At June 30, 2023, the Academy reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual economic experience	$ 18,214	$ 9,108
Changes in actuarial assumptions	207,767	1,116
Net collective difference between projected and actual investment earnings on pension plan investments	72,490	-
Changes in proportion	498,249	-
Academy's contributions to the GERF subsequent to the measurement date	94,575	-
Totals	$ 891,295	$ 10,224

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

A. Teachers Retirement Fund (TRA) (Continued)

6. Net Pension Liability (Continued)

$94,575 reported as as deferred outflows of resources related to pensions resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ 228,169
2025	224,960
2026	116,082
2027	206,080
2028	11,205

7. Pension Liability Sensitivity

The following table presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
TRA discount rate	6.00 %	7.00 %	8.00 %
Academy's proportionate share of the TRA net pension liability	$ 2,221,708	$ 1,409,315	$ 743,406

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

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at https://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.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

B. Public Employee Retirement Association (PERA)

1. Plan Description

Certain full-time and part-time employees of the Academy other than teachers participate in the General Employees Retirement Plan which is a 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 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.

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 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.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

B. Public Employee Retirement Association (PERA)

3. Contribution Rate

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature**.**

Coordinated Plan members are required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the Academy was required to contribute 7.5% for Coordinated Plan members. The Academy's contributions to the General Employees Fund for the fiscal year ended June 30, 2023 were $88,262. The Academy's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

At June 30, 2023, the Academy reported a liability of $1,211,765 for its proportionate share of the General Employees 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 nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the Academy totaled $35,416.

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 proportionate share of the net pension liability was based on the Academy's contributions received by the 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 the PERA's participating employers. For the Academy's year ended June 30, 2023, the Academy's proportionate share was 0.0153 percent at the end of the measurement period and 0.0086 percent for the beginning of the period.

Academy's proportionate share of the net pension liability	$	1,211,765
State’s proportionate share of the net pension liability associated with the Academy	$	35,416

There were no provision changes during the measurement period.

For the year ended June 30, 2023, the Academy recognized pension expense of $289,270 for its proportionate share of the General Employees Plan's pension expense. In addition, the Academy recognized an additional $5,292 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

B. Public Employee Retirement Association (PERA) (Continued)

4. Pension Costs (Continued)

At June 30, 2023, the Academy reported its proportionate share of the 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 Inflow of Resources
Difference between expected and actual economic experience	$ 10,122	$ 7,072
Changes in actuarial assumptions	157,778	1,901
Net collective difference between projected and actual investment earnings on pension plan investments	195,599	-
Changes in proportion	312,116	-
Academy's contributions to PERA subsequent to the measurement date	88,262	-
Total	$ 763,877	$ 8,973

$88,262 reported as as deferred outflows of resources related to pensions resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ 235,607
2025	220,949
2026	100,500
2027	109,586

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

B. Public Employee Retirement Association (PERA) (Continued)

5. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	
Inflation	2.25%
Salary growth rate	10.25% after one year of service decreasing to 3.0% after 29 years of service and 6.0% per year thereafter
Long-term rate of return	6.5% in the June 30, 2022 actuarial valuation and 7.0% in the June 30, 2023 actuarial valuation
Mortality rates	Pub-2010 General Employee Mortality Table adjusted to fit PERA's experience.

Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions occurred in 2022:
- There were no changes in plan provisions since the previous valuation.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

6. 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 equity	33.50 %	5.10 %
International equity	16.50 %	5.30 %
Private markets	25.00 %	5.90 %
Fixed income	25.00 %	0.75 %
Totals	100.00 %	

Note 5: Defined Benefit Pension Plans - State-Wide (Continued)

B. Public Employee Retirement Association (PERA) (Continued)

7. Discount Rate

The discount rate for the General Employee Plan used to measure the total pension liability in 2022 was 6.50% and increased to 7.00% in the June 30, 2023 actuarial valuation. 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 PERA 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 table presents the Academy's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
PERA discount rate	5.50 %	6.50 %	7.50 %
Academy's proportionate share of the PERA net pension liability	$ 1,914,046	$ 1,211,765	$ 635,786

9. Pension Plan Fiduciary Net Position

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

Note 6: Commitments and Contingencies

A. Federal and State Revenues

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 funds. 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.

B. Legal Claims

The Academy has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and typically covered by insurance carried for that purpose. Management believes the Academy will not incur any material liabilities relating to these claims.

Required Supplementary Information

SciTech Academy

Public Employees Retirement Association Pension Benefits Plan

Schedule of Academy's and Nonemployer Proportionate Share of Net Pension Liability

Academy Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	6/30/2018	- %	$ -	$ -	$ -	$ -		79.50 %
6/30/2020	6/30/2019	0.0047 %	$ 259,852	$ 8,166	$ 268,018	$ 335,412	77.47 %	80.20 %
6/30/2021	6/30/2020	0.0059 %	$ 353,731	$ 10,940	$ 364,671	$ 419,486	84.32 %	79.10 %
6/30/2022	6/30/2021	0.0086 %	$ 367,257	$ 11,136	$ 378,393	$ 615,944	59.63 %	87.00 %
6/30/2023	6/30/2022	0.0153 %	$ 1,211,765	$ 35,416	$ 1,247,181	$ 1,142,824	1.06 %	76.70 %

Public Employees Retirement Association Pension Benefits Plan

Schedule of Academy's Contributions

Academy Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2019	$ 25,156	$ 25,156	$ -	$ 335,412	7.50 %
6/30/2020	$ 31,462	$ 31,462	$ -	$ 419,486	7.50 %
6/30/2021	$ 46,197	$ 46,197	$ -	$ 615,944	7.50 %
6/30/2022	$ 85,712	$ 85,712	$ -	$ 1,142,824	7.50 %
6/30/2023	$ 88,262	$ 88,262	$ -	$ 1,176,827	7.50 %

The Academy implemented GASB Statement No. 68 in fiscal year 2019. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SciTech Academy

Teacher's Retirement Association Pension Benefits Plan

Schedule of Academy's and Nonemployer Proportionate Share of Net Pension Liability

Academy Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	6/30/2018	0.0001 %	$ 4,138	$ 539	$ 4,677	$ 3,640	113.68 %	78.07 %
6/30/2020	6/30/2019	0.0085 %	$ 541,792	$ 48,195	$ 589,987	$ 483,629	112.03 %	78.21 %
6/30/2021	6/30/2020	0.0149 %	$ 1,100,832	$ 91,975	$ 1,192,807	$ 865,401	127.20 %	75.48 %
6/30/2022	6/30/2021	0.0162 %	$ 708,960	$ 59,908	$ 768,868	$ 980,556	72.30 %	86.63 %
6/30/2023	6/30/2022	0.0189 %	$ 1,409,315	$ 104,484	$ 1,513,799	$ 1,085,077	129.88 %	76.17 %

Teacher's Retirement Association Pension Benefits Plan

Schedule of Academy's Contributions

Academy Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2019	$ 37,288	$ 37,288	$ -	$ 483,629	7.71 %
6/30/2020	$ 68,540	$ 68,540	$ -	$ 865,401	7.92 %
6/30/2021	$ 79,722	$ 79,722	$ -	$ 980,556	8.13 %
6/30/2022	$ 90,496	$ 90,496	$ -	$ 1,085,077	8.34 %
6/30/2023	$ 94,575	$ 94,575	$ -	$ 1,106,139	8.55 %

The Academy implemented GASB Statement No. 68 in fiscal year 2019. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

See Independent Auditor's Report.

Supplementary Information

SciTech Academy

Comparative Balance Sheet - General Fund

June 30,	**2023**	**2022**
Assets		
Cash and temporary investments	$ 530,083	$ 697,126
Due from other governmental units	779,027	330,048
Due from other funds	2,748	2,748
Prepaid expenses	32,864	26,437
Total assets	**$ 1,344,722**	**$ 1,056,359**
Liabilities		
Salaries and benefits payable	$ 269,135	$ 286,802
Accounts and contracts payable	236,524	34,700
Total liabilities	505,659	321,502
Fund balances		
Nonspendable for prepaid items	32,864	26,437
Unassigned	806,199	708,420
Total fund balances	839,063	734,857
Total liabilities and fund balances	**$ 1,344,722**	**$ 1,056,359**

SciTech Academy

Comparative Balance Sheet - Food Service Special Revenue Fund

June 30,	**2023**	**2022**
Assets		
Cash and temporary investments	$ 320	$ -
Due from other governmental units	2,428	4,641
Total assets	**$ 2,748**	**$ 4,641**
Liabilities		
Accounts and contracts payable	$ -	$ 1,893
Due to other Funds	2,748	2,748
Total liabilities	2,748	4,641
Fund balance		
Restricted for Food Service	-	-
Total liabilities and fund balance	**$ 2,748**	**$ 4,641**

SciTech Academy
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023	Federal AL Number	Total Federal Expenditures
U.S. Department of Treasury		
Passed through the Minnesota Department of Education		
COVID19 - Summer Programming	21.027C	$ 20,048
Total U.S. Department of Treasury		20,048
U.S. Department of Agriculture		
Passed through the Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	117,993
National School Lunch Program	10.555	195,811
Summer Food Services Program for Children	10.559	121
Total Child Nutrition Cluster		313,925
COVID-19 - Pandemic EBT Administrative Costs Grant	10.649C	628
Total U.S. Department of Agriculture		314,553
U.S. Department of Education		
Passed through the Minnesota Department of Education		
Title I Grants to Local Educational Agencies	84.010	166,865
Special Education Cluster (IDEA)		
COVID-19 - Special Education Grants to States	84.027X	16,316
English Language Acquisition State Grant	84.365	32,932
COVID-19 - ESSER III	84.425U	482,472
Total U.S. Department of Education		698,585
U.S. Department of Health and Human Services		
Passed through the Minnesota Department of Education		
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	20,000
Total U.S. Department of Health and Human Services		20,000
Total expenditures of federal awards		$ 1,053,186

See Accompanying Notes to Notes to Schedule of Expenditures of Federal Awards.

Note 1: General

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the grant activity of Academy under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the schedule presents only a selected portion of the operations of Academy, it is not intended to and does not present the financial position, changes in net position or cash flows of Academy.

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

Academy has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Sub-Recipients

Academy does not have any sub-recipients of federal funding.

SciTech Academy
Fiscal Compliance Table
For the year ended June 30, 2023

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total revenues	$ 4,996,959	$ 4,996,912	$ 47
Total expenditures	$ 6,136,283	4,817,301	1,318,982
Non spendable			
460 Non spendable fund balance	$ 32,864	32,864	-
Restricted/Reserve			
403 Staff development			-
405 Deferred maintenance			-
406 Health and safety			-
407 Capital Projects Levy			-
408 Cooperative revenue			-
411 Severance pay			-
413 Project funded by COP			-
414 Operating debt			-
416 Levy reduction			-
417 Taconite building maintenance			-
423 Certain teacher programs			-
424 Operating capital			-
426 $25 Taconite			-
427 Disabled accessibility			-
428 Learning and development			-
434 Area learning center			-
435 Contracted alt. Programs			-
436 St. approved alt. Program			-
438 Gifted & talented			-
441 Basic skills program			-
445 Career and technical Programs			-
446 First Grade Preparedness			-
449 Safe schools levy			-
450 Prekindergarten			-
451 QZAB payments			-
452 OPEB liability not in trust			-
472 Medical assistance			-
Restricted			
464 Restricted fund balance			-
Committed			
418 Committed for separation			-
461 Committed fund balance			-
Assigned			
462 Assigned fund balance			-
Unassigned			
422 Unassigned fund balance	806,199	806,200	(1)
02 FOOD SERVICE			
Total revenues	319,450	319,449	1
Total expenditures	394,853	394,853	-
Non spendable			
460 Non spendable fund balance			-
Restricted			
452 OPEB liability not in trust			-
464 Restricted fund balance			-
Unassigned			
463 Unassigned fund balance			-
04 COMMUNITY SERVICE			
Total revenues			
Total expenditures			-
Non spendable			
460 Non spendable fund balance			-
Restricted/Reserve			
426 $25 taconite			-
431 Community education			-
432 ECFE			-
444 School readiness			-
447 Adult Basic Education			-
452 OPEB liability not in trust			-
Restricted			
464 Restricted fund balance			-
Unassigned			
463 Unassigned fund balance			-

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total revenues	$	$	$ -
Total expenditures			-
Non spendable			
460 Non spendable fund balance			-
Restricted/Reserve			
407 Down payment levy			-
409 Alternative facility program			-
413 Projects funded by COP			-
Restricted			
464 Restricted fund balance			-
Unassigned			
463 Unassigned fund balance			-
07 DEBT SERVICE			
Total revenues			-
Total expenditures			-
Non spendable			
460 Non spendable fund balance			-
Restricted/Reserve			
425 Bond refundings			-
451 QZAB payments			-
Restricted			
464 Restricted fund balance			-
Unassigned			
463 Unassigned fund balance			-
08 TRUST			
Total revenues			-
Total expenditures			-
422 Net assets			-
20 INTERNAL SERVICE			
Total revenues			-
Total expenditures			-
422 Net assets			-
25 OPEB REVOCABLE TRUST FUND			
Total revenues			-
Total expenditures			-
422 Net assets			-
45 OPEB IRREVOCABLE TRUST FUND			
Total revenues			-
Total expenditures			-
422 Net assets			-
47 OPEB DEBT SERVICE FUND			
Total revenues			-
Total expenditures			-
Non spendable			
460 Non spendable fund balance			-
Restricted			
425 Bond refundings			-
464 Restricted fund balance			-
Unassigned			
463 Unassigned fund balance			-

Auditor notes on variances:

Variance in total general fund expenditures is due to the requirements of GASB 87, Leases. The District signed a new lease with a projected net present value of $1,318,933.

Other Required Reports

WIPFLI

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*

Board of Directors
SciTech Academy
Richfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of SciTech Academy, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise SciTech Academy's basic financial statements, and have issued our report thereon dated February 1, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SciTech Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
February 1, 2024

WIPFLI

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
SciTech Academy
Richfield, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited SciTech Academy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2023. SciTech Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SciTech Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SciTech 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 the major federal program. Our audit does not provide a legal determination of SciTech 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 SciTech Academy’s federal program.

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 SciTech 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 GAAS, *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 SciTech Academy's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 SciTech 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 SciTech 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 SciTech 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.

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
February 1, 2024

Independent Auditor's Report on Minnesota Legal Compliance

Board of Directors
SciTech Academy
Richfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of SciTech Academy, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise SciTech Academy's basic financial statements, and have issued our report thereon dated February 1, 2024.

Minnesota Legal Compliance

In connection with our audit, we noted that the Academy failed to comply with 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 Minnesota Statutes § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as findings 2023-001 and 2023-002. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

SciTech Academy's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on SciTech Academy's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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.

Wipfli LLP

Wipfli LLP
Wipfli LLP

Eau Claire, Wisconsin
February 1, 2024

SciTech Academy
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ 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 2 CFR 200.516(a)? ____ Yes __X__ No

Identification of major programs

CFDA Number(s)	Federal Program or Cluster
84.425U	ESSER III

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ____ Yes __X__ No

SECTION II – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS
NONE

SECTION III – AUDIT FINDINGS AND QUESTIONED COSTS IN RELATION TO FEDERAL AWARDS
NONE

SECTION IV – AUDIT FINDINGS IN RELATION TO STATE COMPLIANCE

Finding 2023-001 PROMPT PAYMENT OF LOCAL GOVERNMENT BILLS

Criteria or Specific Requirement: Minnesota Statutes § 471.425, Subd. 2.

Condition: Minnesota Statutes require charter schools to pay each vendor obligation according to the terms of each contract or within 35 days after the receipt of the goods or services or within 45 days of the invoice for the goods or services. If such obligations are not paid within the appropriate time period, the Academy must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. For several disbursements selected for testing, the Academy did not pay the obligation within the required time period, and did not pay interest on the unpaid obligation.

Context: 6 of 11 disbursements tested was not in compliance.

Effect: The invoices were not paid within the 35-day or 45-day period as required by Minnesota Statutes.

Cause: This was an oversight by Academy personnel that was further impacted by office staff turnover in the current year.

Recommendation: The Academy should develop policies and procedures to ensure that invoices are being paid within the required timeframe.

Finding 2023-002 COLLATERAL

Criteria or Specific Requirement: Minnesota Statutes § 118A.03.

Condition: Minnesota Statutes § 118A.03 requires that if academy deposits exceed federal deposit insurance coverage, excess deposits must be covered by corporate surety bonds or collateral that has a market value of at least 110 percent of such excess. This requirement was not met for the Academy's accounts at times throughout the year and at June 30, 2023.

Context: The Academy had $286,085 of uncollateralized deposits as of June 30, 2023.

Effect: Deposits exceeding $250,000 federal deposit insurance coverage may be lost in the event of a bank failure.

Cause: This was an oversight by Academy personnel.

Recommendation: We recommend that the Academy obtain corporate surety bonds or collateral that has a market value of at least 110 percent of Academy's deposits that exceed federal deposit insurance coverage.

SciTech Academy

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

The following summarizes the prior audit findings and corrective action taken:

Finding 2022-001 DISBURSEMENT DOCUMENTATION **- Implemented**

Finding 2022-002 PROMPT PAYMENT OF LOCAL GOVERNMENT BILLS **- Not Implemented**

Repeated as 2023-001

Finding 2022-003 COLLATERAL **- Not Implemented**

Repeated as 2023-002

Finding 2022-004 CLAIM IN WRITING **- Implemented**

Finding 2022-005 UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS (UFARS) AND PROPER PURPOSE **- Implemented**