



Annual Financial Report

Woodbury Leadership Academy Charter School No. 4228

Woodbury, Minnesota

For the year ended June 30, 2021



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Charter School No. 4228
Woodbury, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION
WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2021

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Mandi Folks	Chair
Jolene Skordahl	Treasurer
Natalie Sjoberg	Secretary
Ryan Patrick	Member
Shannon Kelly	Member
Jason Livingston	Member
Shelbi Pool	Member

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Dr. Kathleen Mortensen	Executive Director
Brenda Kes	BerganKDV - Contract Finance Manager

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FINANCIAL SECTION
WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Woodbury Leadership Academy, Charter School No. 4228
Woodbury, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Woodbury Leadership Academy, Charter School No. 4228, (the Charter School), Woodbury, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Charter School as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General fund for the period then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Shares of the Net Pension Liability and the Schedules of Employer's Contributions on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited 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.

Other Information

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

The table is the responsibility of management and was derived from and relate 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 table is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of the Charter School'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 is solely to report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
December 22, 2021



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Management's Discussion and Analysis

As management of the Woodbury Leadership Academy (the Charter School), Minneapolis, Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the period ended June 30, 2021.

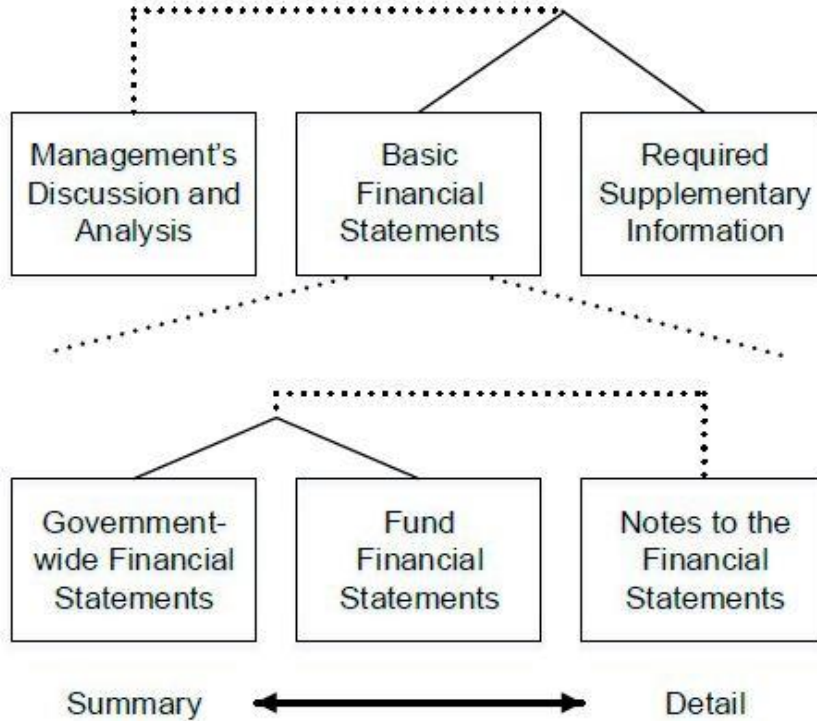
Financial Highlights

- The fund balance of the General fund increased \$968,751 from the prior year for an ending fund balance of \$1,840,705 at June 30, 2021. At the end of the current fiscal year, the fund balance percentage for the General fund was 33.9% of total General fund expenditures.
- The fund balance of the Community Service Fund was \$91,489 at June 30, 2021.
- The average enrollment during 2020 - 2021 was 564 students which was an increase of approximately 87 students over the prior year.
- The Charter School had a positive net position of \$1,821,390 at the close of fiscal year 2021 which was an increase of \$2,117,123 from the prior year. This is primarily due to the donation of land recorded as a capital contribution.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Charter School's basic financial statements. The Charter School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The following chart shows how the various parts of this annual report are arranged and related to one another:



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

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements Governmental Funds
	Scope	Entire Charter School (except fiduciary funds)
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/out flow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

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

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

The government-wide financial statements display functions of the Charter School that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Charter School include administration, district support services, elementary and secondary regular instruction, special education instruction, community education and services, instructional support services, pupil support services, sites and buildings, and fiscal and other fixed cost programs.

The government-wide financial statements can be found starting on page 24 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, 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.

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

The Charter School maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Building Company fund and the Community Service fund, which is considered nonmajor.

The Charter School adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's share of net pension liabilities for defined benefit plans and schedules of contributions. Required supplementary information can be found starting on page 60 of this report.

Other Information. The table can be found starting on page 68 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, assets and deferred outflows were *more* than liabilities and deferred inflows by at the close of the 2021 fiscal year.

A portion of the Charter School's net position, \$2,332,411, reflects its net investment in capital assets (e.g., land, buildings and equipment). The Charter School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Woodbury Leadership Academy's Summary of Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Assets			
Current and other assets	\$ 13,773,798	\$ 1,214,824	\$ 12,558,974
Capital assets, net of depreciation	14,908,688	342,749	14,565,939
Total Assets	<u>28,682,486</u>	<u>1,557,573</u>	<u>27,124,913</u>
Deferred Outflows of Resources	<u>1,443,704</u>	<u>1,478,358</u>	<u>(34,654)</u>
Liabilities			
Noncurrent liabilities outstanding	26,559,545	1,459,789	25,099,756
Current and other liabilities	652,136	251,381	400,755
Total Liabilities	<u>27,211,681</u>	<u>1,711,170</u>	<u>25,500,511</u>
Deferred Inflows of Resources	<u>1,093,119</u>	<u>1,620,494</u>	<u>(527,375)</u>
Net Position			
Net investment in capital assets	2,332,411	342,749	1,989,662
Restricted	95,261	95,261	-
Unrestricted	<u>(606,282)</u>	<u>(733,743)</u>	<u>127,461</u>
Total Net Position	<u>\$ 1,821,390</u>	<u>\$ (295,733)</u>	<u>\$ 2,117,123</u>

At the end of the current fiscal year, the Charter School reported a positive balance in the unrestricted net position. The Charter School's net position increased by \$2,117,123 primarily as a result of a land donation recorded as a capital contribution.

Key elements of this increase are shown in the table on the following page.

Woodbury Leadership Academy's Changes in Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 9,124	\$ 29,101	\$ (19,977)
Operating grants and contributions	1,583,629	1,264,397	319,232
Capital grants and contributions	2,950,000	-	2,950,000
General revenues			
State aid-formula grants	4,288,221	3,543,874	744,347
Other general revenues	46,381	11,842	34,539
Unrestricted investment earnings	519	4,668	(4,149)
Total Revenues	8,877,874	4,853,882	4,023,992
Expenses			
Administration	199,213	191,556	7,657
Charter School support services	322,767	387,585	(64,818)
Elementary and secondary regular instruction	2,428,642	1,924,714	503,928
Special education instruction	691,939	668,320	23,619
Community education and services	1,779	3,392	(1,613)
Instructional support services	393,955	252,717	141,238
Pupil support services	390,813	407,809	(16,996)
Sites and buildings	1,546,179	990,552	555,627
Fiscal and other fixed cost programs	17,992	15,120	2,872
Interest and fiscal charges on debt	767,472	-	767,472
Total Expenses	6,760,751	4,841,765	1,918,986
Change in Net Position	2,117,123	12,117	2,105,006
Net Position, July 1	(295,733)	(307,850)	12,117
Net Position, June 30	\$ 1,821,390	\$ (295,733)	\$ 2,117,123

Revenues increased from prior year by \$4,023,992. The increase is primarily due to an increase in state-aid formula grants from increased students and lease aid and an increase in capital contributions. The capital contribution was from land donated to the school for the school expansion project.

Expenditures increased by \$1,918,986. This increase from prior year is attributable to increase in students.

Financial Analysis of the Charter School's Funds

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

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

As of the end of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$13,196,583. Approximately 13.8 percent of this total amount, \$1,823,407, constitutes unassigned fund balance. The remainder of fund balance is not available for new spending because it is nonspendable for prepaid items (\$13,526) or restricted (\$11,359,650).

The General fund is the primary operating fund of the Charter School. At the end of the current year, the fund balance of the General fund was \$1,840,705. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 33.9 percent of fund expenditures. The fund balance of the Charter School's General fund increased \$968,751 during the current fiscal year.

At the end of the current fiscal year, the Charter School's Community Service special revenue fund reported an ending fund balance of \$91,489. There was no Community Service fund activity during 2021.

The Charter School's Building Company special revenue fund reported an ending fund balance of \$11,264,389. The fund was created in 2021 and accounts for the issuance of the 2021A and 2021B Revenue Bonds. Construction costs were paid by the fund in 2021 and the ending fund balance represents unspent bond proceeds.

General Fund Budgetary Highlights

The Charter School amended their budget during the year. The original General fund budget called for an increase in fund balance of \$116,902. The final budget called for an increase in fund balance of \$896,417. There was an actual increase to the fund balance of \$968,751.

Total revenues were \$175,456 less than what was budgeted for. The biggest revenue variance was revenue from state sources (\$180,011).

Total expenditures were \$247,790 less than budget. This variance is mostly attributed to the special education category, which had a positive budget variance of \$124,205.

Capital Assets

The Charter School's investment in capital assets for its governmental activities as of June 30, 2021 amounts to (net of accumulated depreciation). This investment in capital assets includes equipment and leasehold improvements. Total depreciation for the year was \$63,102.

	Governmental Activities		
	2021	2020	Increase (Decrease)
Land	\$ 4,331,500	\$ -	\$ 4,331,500
Construction in Progress	180,194	-	180,194
Leasehold Improvements	212,151	186,384	25,767
Buildings	10,037,644	-	10,037,644
Equipment	147,199	156,365	(9,166)
Total	\$ 14,908,688	\$ 342,749	\$ 10,234,439

Additional information on the Charter School's capital assets can be found in Note 3B on page 42 of this report.

Noncurrent Liabilities

The Charter School's noncurrent liabilities consisted of loans payable and bonds payable. Balances of the loans and bonds as of June 30, 2021 and 2020 are shown below.

	Governmental Activities		
	2021	2020	Increase (Decrease)
Loan Payable	\$ 493,588	\$ -	\$ 493,588
Revenue Bonds Payable	21,995,000	-	21,995,000
Bond Premium	1,845,666	-	1,845,666
Total	<u>\$ 24,334,254</u>	<u>\$ -</u>	<u>\$ 24,334,254</u>

Additional information of the Charter School's noncurrent liabilities can be found in Note 3E on page 44 of this report.

Economic Factors and Next Year's Budgets and Rates

- The School is dependent enrollment growth as well as the state of Minnesota for its revenue authority. The 2021 Legislative session ended with schools receiving a 2.45% increase to the general education formula for FY 2022 and 2% increase to general education formula for FY 2023. The holdback will continue at its current level of 10%.
- The Charter School's Building Company was created in 2021 and financed the acquisition of the existing Schoolhouse Building and the Schoolhouse addition with proceeds from their Series 2021 Revenue Bond issuance. The construction project of the Schoolhouse addition started in FY 2021 - 22 and will be ready to use in FY 2022 - 23. The schoolhouse addition will allow them to expand their enrollment and school programs in the future.
- The School will strive to maintain a commitment to academic excellence and educational opportunity for all students within a framework of financial fiduciary responsibility.

These factors were considered in preparing the Charter School's budget for the 2022 fiscal year and beyond.

Requests for Information

This financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dr. Kathleen Mortensen, Director, Woodbury Leadership Academy, Charter School No. 4228, 8089 Globe Drive, Woodbury, MN 55129.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,682,003
Cash held with escrow	11,427,456
Deposits receivable	1,017
Due from Minnesota Department of Education	631,158
Due from Federal government	18,638
Prepaid items	13,526
Capital assets	
Nondepreciable assets	4,511,694
Depreciable assets, net of accumulated depreciation	10,396,994
Total Assets	28,682,486
 Deferred Outflow of Resources	
Deferred pension resources	1,443,704
 Liabilities	
Accounts and other payables	297,603
Accrued salaries payable	279,612
Accrued interest payable	74,921
Noncurrent liabilities	
Due in more than one year	
Loans payable	493,588
Bonds payable, net	23,840,666
Net pension liability	2,225,291
Total Liabilities	27,211,681
 Deferred Inflow of Resources	
Deferred inflows of resources	1,093,119
 Net Position	
Net Investment in capital assets	2,332,411
Restricted	
Safe schools	3,772
Community service	91,489
Unrestricted	(606,282)
Total Net Position	\$ 1,821,390

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
Governmental Activities					Governmental Activities
Administration	\$ 199,213	\$ 9,124	\$ -	\$ -	\$ (190,089)
Charter school support services	322,767	-	-	-	(322,767)
Elementary and secondary regular instruction	2,428,642	-	202,734	-	(2,225,908)
Special education instruction	691,939	-	627,168	-	(64,771)
Community education and services	1,779	-	-	-	(1,779)
Instructional support services	393,955	-	-	-	(393,955)
Pupil support services	390,813	-	-	-	(390,813)
Sites and buildings	1,546,179	-	753,727	2,950,000	2,157,548
Fiscal and other fixed cost programs	17,992	-	-	-	(17,992)
Interest and fiscal charges on debt	767,472	-	-	-	(767,472)
Total Governmental Activities	\$ 6,760,751	\$ 9,124	\$ 1,583,629	\$ 2,950,000	(2,217,998)
General Revenues					
State aid formula grants					4,288,221
Other general revenues					46,381
Unrestricted investment earnings					519
Total General Revenues					4,335,121
Change in Net Position					2,117,123
Net Position, July 1					(295,733)
Net Position, June 30					<u>\$ 1,821,390</u>

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

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FUND FINANCIAL STATEMENTS

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Balance Sheet
Governmental Funds
June 30, 2021

	General	Building Company	Nonmajor Community Service	Total Funds
Assets				
Cash and temporary investments	\$ 1,590,514	\$ -	\$ 91,489	\$ 1,682,003
Cash held with escrow	-	11,427,456	-	11,427,456
Deposits receivable	1,017	-	-	1,017
Due from other funds	20,741	-	-	20,741
Due from the Minnesota Department of Education	631,158	-	-	631,158
Due from the Federal government	18,638	-	-	18,638
Prepaid items	13,526	-	-	13,526
	<u>\$ 2,275,594</u>	<u>\$ 11,427,456</u>	<u>\$ 91,489</u>	<u>\$ 13,794,539</u>
Total Assets				
Liabilities				
Accounts and other payables	\$ 155,277	\$ 142,326	\$ -	\$ 297,603
Accrued salaries payable	279,612	-	-	279,612
Due to other funds	-	20,741	-	20,741
	<u>434,889</u>	<u>163,067</u>	<u>-</u>	<u>597,956</u>
Total Liabilities				
Fund Balances				
Nonspendable prepaid items	13,526	-	-	13,526
Restricted for				
Safe schools	3,772	-	-	3,772
Community service	-	-	91,489	91,489
Building Company	-	11,264,389	-	11,264,389
Unassigned	1,823,407	-	-	1,823,407
	<u>1,840,705</u>	<u>11,264,389</u>	<u>91,489</u>	<u>13,196,583</u>
Total Fund Balances				
	<u>\$ 2,275,594</u>	<u>\$ 11,427,456</u>	<u>\$ 91,489</u>	<u>\$ 13,794,539</u>
Total Liabilities and Fund Balances				

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2021

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

Total Fund Balances - Governmental Funds	\$ 13,196,583
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	15,097,228
Less accumulated depreciation	(188,540)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year end consist of	
Bonds payable	(21,995,000)
Bonds premium	(1,845,666)
Loans payable	(493,588)
Net pension liability	(2,225,291)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	1,443,704
Deferred inflows of pension resources	(1,093,119)
Governmental funds do not report a liability for accrued interest until due and payable.	(74,921)
Total Net Position - Governmental Activities	\$ 1,821,390

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Building Company	Nonmajor Community Service	Total Funds
Revenues				
Other local and county revenue	\$ 56,764	\$ -	\$ -	\$ 56,764
Interest earned on investments	507	12	-	519
Revenue from state sources	5,572,105	-	-	5,572,105
Revenue from federal sources	282,938	-	-	282,938
Total Revenues	<u>5,912,314</u>	<u>12</u>	<u>-</u>	<u>5,912,326</u>
Expenditures				
Current				
Administration	174,905	-	-	174,905
Charter school support services	321,563	-	-	321,563
Elementary and secondary regular instruction	2,190,520	-	-	2,190,520
Special education instruction	665,706	-	-	665,706
Instructional support services	354,647	-	-	354,647
Pupil support services	390,303	-	-	390,303
Sites and buildings	1,195,595	-	-	1,195,595
Fiscal and other fixed cost programs	17,992	-	-	17,992
Capital outlay				
Elementary and secondary regular instruction	15,150	-	-	15,150
Special education instruction	1,454	-	-	1,454
Instructional support services	43,448	-	-	43,448
Sites and buildings	65,868	11,883,738	-	11,949,606
Debt service				
Bond issuance costs	-	696,833	-	696,833
Total Expenditures	<u>5,437,151</u>	<u>12,580,571</u>	<u>-</u>	<u>18,017,722</u>
Other Financing Sources				
Loans issued	493,588	-	-	493,588
Bonds issued	-	21,995,000	-	21,995,000
Bond premium	-	1,849,948	-	1,849,948
Total Other Financing Sources	<u>493,588</u>	<u>23,844,948</u>	<u>-</u>	<u>24,338,536</u>
Net Change in Fund Balance	968,751	11,264,389	-	12,233,140
Fund Balance, July 1	<u>871,954</u>	<u>-</u>	<u>91,489</u>	<u>963,443</u>
Fund Balance, June 30	<u>\$ 1,840,705</u>	<u>\$ 11,264,389</u>	<u>\$ 91,489</u>	<u>\$ 13,196,583</u>

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2021

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

Net Change in Fund Balances - Governmental Funds	\$ 12,233,140
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	11,679,041
Depreciation expense	(63,102)
Donation of capital assets	2,950,000
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>	
Bonds issued	(21,995,000)
Premium on bonds issued	(1,849,948)
Loans issued	(493,588)
Amortization of bond premium	4,282
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(74,921)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(288,329)
Pension revenue	15,548
	15,548
Change in Net Position - Governmental Activities	\$ 2,117,123

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Other local and county revenue	\$ 49,000	\$ 59,553	\$ 56,764	\$ (2,789)
Interest earned on investments	7,000	3,500	507	(2,993)
Revenue from state sources	5,364,453	5,752,116	5,572,105	(180,011)
Revenue from federal sources	93,300	272,601	282,938	10,337
Total Revenues	<u>5,513,753</u>	<u>6,087,770</u>	<u>5,912,314</u>	<u>(175,456)</u>
Expenditures				
Current				
Administration	173,877	170,674	174,905	(4,231)
Charter school support services	331,183	314,644	321,563	(6,919)
Elementary and secondary regular instruction	2,290,467	2,294,020	2,190,520	103,500
Special education instruction	587,558	789,911	665,706	124,205
Instructional support services	282,533	313,568	354,647	(41,079)
Pupil support services	384,762	396,685	390,303	6,382
Sites and buildings	1,167,275	1,241,671	1,195,595	46,076
Fiscal and other fixed cost programs	17,600	18,400	17,992	408
Capital outlay				
Elementary and secondary regular instruction	-	-	15,150	(15,150)
Special education instruction	1,596	1,596	1,454	142
Instructional support services	50,000	50,000	43,448	6,552
Sites and buildings	110,000	93,772	65,868	27,904
Total Expenditures	<u>5,396,851</u>	<u>5,684,941</u>	<u>5,437,151</u>	<u>247,790</u>
Excess of Revenues Over Expenditures	116,902	402,829	475,163	72,334
Other Financing Sources				
Loans issued	-	493,588	493,588	-
Net Change in Fund Balances	116,902	896,417	968,751	72,334
Fund Balances, July 1	<u>871,954</u>	<u>871,954</u>	<u>871,954</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 988,856</u>	<u>\$ 1,768,371</u>	<u>\$ 1,840,705</u>	<u>\$ 72,334</u>

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Woodbury Leadership Academy, Charter School No. 4228, (the Charter School), Woodbury, Minnesota is a nonprofit that was incorporated on November 12, 2013 as a non-profit corporation under section 501(c)3 of the Internal Revenue Code of 1954, for the purpose of providing educational services to individuals within the area. The Charter School is authorized by Volunteers of America - Minnesota. The permanent governing body consists of a nine member Board of Directors.

The Charter School's financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the Charter School is considered to be financially accountable.

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

The Friends of WLA (the Building Company) is a Minnesota non-profit corporation holding IRS classification as a 501(c)(3) tax exempt organization which owns the real estate and building that is leased by the Charter School for its operations. The Building Company is governed by a separate board. Although it is legally separate from the School, the Building Company is reported as if it were part of the Charter School (as a blended component unit) because its sole purpose is to acquire, construct and own an educational site which is leased to the School. No separate financial statements of the Building Company are issued. The building is leased to the Charter School under the terms of a long-term agreement. All long-term debt related to the purchase of the building and property and all capital assets related to the school site are the responsibility of and are under the ownership of the Building Company.

Aside from its authorization, Volunteers of America - Minnesota has no authority, control, power, or administrative responsibilities over the Charter School. Therefore, the Charter School is not considered a component unit of Volunteers of America.

The Charter School has no student activity funds.

B. Government-wide and Fund Financial Statements

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

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. Amounts reported as *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State aid formula grants and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlement and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Charter School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transaction must also be available before it can be recognized.

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

Description of Funds

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

Major Governmental Funds

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

The *Building Company fund* is used to account for construction and debt activity related to the school building.

Nonmajor Governmental Funds

The *Community Service special revenue fund* is used to account for the Charter School's after school program.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Charter School does not have and investments or a formal investment policy.

The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Charter School's recurring fair value measurements are listed in detail on page 41 and are valued using quoted market prices (Level 1 inputs).

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Due from Federal Government, Minnesota Department of Education and Other Governments

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

Prepaid Items

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

Capital Assets

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Equipment of the Charter School is depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 10 years for equipment and 40 years for buildings and improvements.

Deferred Outflows of Resources

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

Teachers Retirement Association (TRA)

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

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

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP) and TRA is as follows:

	GERP	TRA	Total Pension Expense
Pension Expense	\$ 35,273	\$ 438,212	\$ 473,485

Deferred Inflows of Resources

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items and deposits receivable.

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

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

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

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

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

The Charter School has formally adopted a fund balance policy for the General fund. The Charter School's policy is to budget towards maintaining an unrestricted fund balance at fiscal year-end of 20 percent of total General fund expenditures.

Net Position

In the government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, and liabilities. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and related debt.
- b. Restricted net position - Consist of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "investment in capital assets."

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are prepared for Charter School funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the General fund. The General fund budget was amended during the current fiscal year, increasing revenues and expenditures by \$574,017 and \$288,090, respectively.

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

1. Prior to July 1, the budget is prepared by the Director to be adopted by the Board of Directors.
2. Budgets for the General fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
3. Budgeted amounts are as originally adopted, or as amended.
4. Budget appropriations lapse at year end.
5. The legal level of control is the fund level.
6. The Charter School does not use encumbrance accounting.

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds

A. Deposits and investments

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

Minnesota statutes require that all Charter School deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the Charter School's carrying amount of deposits was \$1,682,003 and the bank balance was \$1,684,740. A portion of the bank balance (\$250,000) was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the Charter School's name.

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of June 30, 2021, the Charter School had the following investments that are insured or registered, or securities held by the Charter School's agent in the Charter School's name:

Type of Investments	Credit Quality/ Ratings (1)	Segmented time Distribution (2)	Carrying Amount	Fair Value Level 1
Pooled Investments at Fair Value				
Government Obligation Fund	AAA	Less than 6 months	<u>\$ 11,427,456</u>	<u>\$ 11,427,456</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

The investments of the Charter School are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the Charter School's investments to the list on page 35 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

A reconciliation of cash and temporary investments as shown on the financial statements for the Charter School follows:

Carrying Amount of Deposits	\$ 1,682,003
Investments	<u>11,427,456</u>
Total	<u>\$ 13,109,459</u>
Government-wide Statements	
Cash and temporary investments	\$ 1,682,003
Cash held with escrow	<u>11,427,456</u>
Total	<u>\$ 13,109,459</u>

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	\$ -	\$ 4,331,500	\$ -	\$ 4,331,500
Construction in progress	-	180,194	-	180,194
Total Capital Assets not Being Depreciated	-	4,511,694	-	4,511,694
Capital Assets, Being Depreciated				
Leasehold Improvements	198,578	39,979	-	238,557
Buildings	-	10,059,138	-	10,059,138
Equipment	269,609	18,230	-	287,839
Total Capital Assets Being Depreciated	468,187	10,117,347	-	10,585,534
Less Accumulated Depreciation for				
Leasehold Improvements	(12,194)	(14,212)	-	(26,406)
Buildings	-	(21,494)	-	(21,494)
Equipment	(113,244)	(27,396)	-	(140,640)
Total Accumulated Depreciation	(125,438)	(63,102)	-	(188,540)
Governmental Activities				
Capital Assets, Net	\$ 342,749	\$ 10,054,245	\$ -	\$ 10,396,994

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

Governmental Activities		
Charter School Support Services		\$ 631
Elementary and Secondary Regular Instruction		14,653
Special Education		146
Community Education and Services		1,779
Instructional Support Services		2,364
Pupil Support Services		510
Sites and Buildings		43,019
Total Depreciation Expense - Governmental Activities		\$ 63,102

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Receivables and Payables

Due to/from funds represent reclassifications of temporary cash deficits in individual fund and other short term loans expected to be repaid within one year. As of June 30, 2021, the Building Company fund owed the General fund \$20,741.

D. Operating Lease

The Charter School entered into an agreement with the MSB Holdings - Woodbury LLC to lease space at 8089 Globe Drive, Woodbury, Minnesota 55125 on June 1st, 2018. The lease was amended on February 12, 2020 and ended June 30, 2021. The Charter School paid rent including taxes of \$866,158 under the agreement during the year ended June 30, 2021.

The Charter School entered into an agreement with Friends of WLA, to lease space at 8089 Globe Drive, Woodbury, Minnesota 55125 on May 1st, 2021. The lease term is for 35 years and payments will begin July 1, 2021.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ 1,038,526
2023	1,164,150
2024	1,253,725
2025	1,314,600
2026	1,342,600
2027 - 2031	6,713,000
2032 - 2036	6,713,000
2037 - 2041	6,713,000
2042 - 2046	6,713,000
2047 - 2051	6,713,000
2052 - 2056	<u>6,713,000</u>
 Total Minimum Lease Payments	 <u>\$ 46,391,601</u>

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Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Liabilities

Loans Payable

The Charter School issued a paycheck protection program loan to provide funds for payroll costs. The loan is a direct obligation and pledge the full faith and credit of the Charter School. Loans currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Paycheck Protection Program Loan	\$ 493,588	1.00%	3/26/2021	3/26/2026	<u>\$ 493,588</u>

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

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2022	\$ -	\$ 4,936	\$ 4,936
2023	-	4,936	4,936
2024	-	4,949	4,949
2025	-	4,936	4,936
2026	493,588	4,936	498,524
Total	<u>\$ 493,588</u>	<u>\$ 24,693</u>	<u>\$ 518,281</u>

Bonds Payable

The Charter School issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the Charter School. General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Charter School Lease Revenue Bonds, Series 2021A	\$ 21,665,000	4.00%	5/26/2021	7/1/2056	\$ 21,665,000
Charter School Lease Revenue Bonds, Series 2021B	330,000	3.50%	5/26/2021	7/1/2024	<u>330,000</u>
Total					<u>\$ 21,665,000</u>

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Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending June 30,	Bonds Payable		
	Principal	Interest	Total
2022	\$ -	\$ 524,451	\$ 524,451
2023	-	878,150	878,150
2024	155,000	875,438	1,030,438
2025	250,000	868,163	1,118,163
2026	320,000	857,200	1,177,200
2027 - 2031	1,945,000	4,065,500	6,010,500
2032 - 2036	2,360,000	3,636,400	5,996,400
2037 - 2041	2,870,000	3,115,000	5,985,000
2042 - 2046	3,495,000	2,480,500	5,975,500
2047 - 2051	4,255,000	1,708,100	5,963,100
2052 - 2056	5,180,000	767,400	5,947,400
2057	1,165,000	23,300	1,188,300
Total	\$ 21,995,000	\$ 19,799,601	\$ 41,794,601

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Loans Payable	\$ -	\$ 493,588	\$ -	\$ 493,588	\$ -
Bonds Payable					
Revenue bonds	-	21,995,000	-	21,995,000	-
Bond premium	-	1,849,948	(4,282)	1,845,666	-
Total bonds payable	-	23,844,948	(4,282)	23,840,666	-
Governmental Activity Long-term Liabilities	<u>\$ -</u>	<u>\$ 24,338,536</u>	<u>\$ (4,282)</u>	<u>\$ 24,334,254</u>	<u>\$ -</u>

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Note 4: Defined Benefit Pension Plans - Statewide

Substantially all employees of the Charter School are required by state law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

A. Teacher Retirement Association (TRA)

1. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota statutes*, chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active member, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members. State university, community college, and technical college educators first employed by (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by the State of Minnesota.

2. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

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

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

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

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
2. Three percent per year early retirement reduction factors for all years under normal retirement age.
3. Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after **June 30, 1989** receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is also eligible for a refund of their employee contributions plus interest.

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

3. Contribution Rate

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

Plan	Ending June 30, 2019		Ending June 30, 2020		Ending June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	11.92%	11.00%	12.13%
Coordinated	7.50%	7.71%	7.50%	7.92%	7.50%	8.13%

The Charter School's contributions to TRA for the years ending June 30, 2021, 2020 and 2019 were \$158,434, \$115,506 and \$85,540, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

The following is a reconciliation of employer contributions in TRA's Comprehensive Annual Financial Report "Statement of Changes in Fiduciary Net Position" to the employer contributions used in schedule of employer and non-employer pension allocations.

Employer Contributions Reported in TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	\$ 425,223,000
Add Employer Contributions not Related to Future Contribution Efforts	(56,000)
Deduct TRA's Contributions not Included in Allocation	<u>(508,000)</u>
Total Employer Contributions	424,659,000
Total Non-employer Contributions	<u>35587000</u>
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	<u>\$ 460,246,000</u>

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

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation Date	July 1, 2020
Experience Study	June 5, 2015
	November 6, 2017 (economic assumptions)

Actuarial Cost Method	Entry Age Normal
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Actuarial Assumptions

Investment Rate of Return	7.50%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% thereafter
Cost of Living Adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually

Mortality Assumption

Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6.00 years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions" and "Changes in Proportion" use the amortization period of 6.00 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5.00 years as required by GASB 68.

Changes in actuarial assumptions since the 2019 valuation:

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

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

6. Net Pension Liability

On June 30, 2021, the Charter School reported a liability of \$1,913,527 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The Charter School's proportionate share was 0.0259 at the end of the measurement period which was an increase of 0.0056 percent from its proportion measured as of June 30, 2019.

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

Charter School's Proportionate Share of Net Pension Liability	\$ 1,913,527
State's Proportionate Share of Net Pension Liability Associated with the Charter School	423,507

For the year ended June 30, 2021, the Charter School recognized pension expense of \$423,507. It also recognized \$14,705 as an increase to pension expense for the support provided by direct aid.

On June 30, 2021, the Charter School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Projected and Actual Earnings on Plan Investments	\$ 39,811	\$ 20,800
Changes in Actuarial Assumptions	441,253	968,148
Net Difference Between Projected and Actual Earnings on Plan Investments	84,404	-
Changes in Proportion	541,118	91,570
Contributions to TRA Subsequent to the Measurement Date	158,434	-
 Total	 \$ 1,265,020	 \$ 1,080,518

Deferred outflows of resources totaling \$158,434 related to pensions resulting from the Charter School's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2022	\$ 166,734
2023	(224,912)
2024	(38,822)
2025	115,105
2026	7,963

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

7. Pension Liability Sensitivity

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

Charter School's Proportionate Share of NPL		
1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 2,929,589	\$ 1,913,527	\$ 1,076,342

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

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling (651) 296-2409 or (800) 657-3669.

B. Public Employees' Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the Charter School, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

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

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for average salary for Coordinated Plan members for each year 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. Beginning in 2019, the postretirement increase will be 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the Charter School was required to contribute 7.50 percent for Coordinated Plan members. The Charter School's contributions to the General Employees Fund for June 30, 2021, 2020 and 2019 were \$26,722, \$27,931 and \$16,123, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by state statute.

4. Pension Costs

General Employee Fund Pensions Costs

At June 30, 2021, the Charter School reported a liability of \$311,764 for its proportionate share of the General Employee Fund's net pension liability. The Charter School's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Charter School totaled \$9,685. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportionate share was 0.0052 percent which was an increase of 0.0022 percent from its proportion measured as of June 30, 2019.

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

Charter School's Proportionate Share of Net Pension Liability	\$ 311,764
State's Proportionate Share of Net Pension Liability Associated with the Charter School	9,685

For the year ended June 30, 2021, the Charter School recognized pension expense of \$34,430 for its proportionate share of General Employees Plan's pension expense. In addition, the Charter School recognized an additional \$843 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2021, the Charter School 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 Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,620	\$ 1,181
Changes in Actuarial Assumptions	-	8,201
Net Difference Between Projected and Actual Earnings on Plan Investments	19,976	-
Changes in Proportion	130,366	3,219
Contributions to PERA Subsequent to the Measurement Date	26,722	-
Total	\$ 178,684	\$ 12,601

The \$26,722 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 40,662
2023	51,309
2024	39,853
2025	7,537

5. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

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

6. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the Charter School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School'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:

	Charter School's Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 499,649	\$ 311,764	\$ 156,773

8. Pension Plan Fiduciary Net Position

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

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Note 5: Other Information

A. Risk Management

The Charter School is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Charter School carries commercial insurance. Settled claims have not exceeded this commercial coverage in fiscal year 2021.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The Charter School's management is not aware of any incurred but not reported claims.

B. Commitments and Contingencies

Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the Charter School expects such amounts, if any, to be immaterial.

C. Economic Dependency

The Charter School has a significant amount of revenue (94 percent) coming from the State of Minnesota.

D. Income Taxes

The Charter School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Charter School qualify as a charitable tax deduction by the contributor.

The Organization has evaluated and determined that there are no uncertain tax positions as of June 30, 2021. The Association's tax returns are subject to possible examination by the taxing authorities.

Note 6: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the Charter School cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the Charter School's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability	Charter School's Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0259 %	\$ 1,913,527	\$ 160,528	\$ 2,074,055	\$ 1,458,409	131.2 %	75.5 %
06/30/19	0.0203	1,293,926	114,527	1,408,453	1,109,468	116.6	78.2
06/30/18	0.0139	873,050	81,994	955,044	845,241	103.3	78.1
06/30/17	0.0158	3,153,967	304,403	3,458,370	878,111	359.2	51.6
06/30/16	0.0150	3,577,858	359,002	3,936,860	769,450	465.0	44.9
06/30/15	0.0106	655,715	80,428	736,143	575,853	113.9	76.8

The above schedules are intended to show 10-year trends. Additional years will be reported as they become available.

Schedule of Employer's TRA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/21	\$ 158,434	\$ 158,434	\$ -	\$ 1,948,758	8.1 %
06/30/20	115,506	115,506	-	1,458,409	7.9
06/30/19	92,834	92,834	-	1,109,468	7.7
06/30/18	63,393	63,393	-	845,241	7.5
06/30/17	65,858	65,858	-	878,111	7.5
06/30/16	57,709	57,709	-	769,450	7.5
06/30/15	43,189	43,189	-	575,853	7.5

The above schedules are intended to show 10-year trends. Additional years will be reported as they become available.

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

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

2019 - No changes noted.

2018 - The investment return assumption was changed from 5.12% to 7.50%. The price inflation assumption was lowered from 3.00% to 2.50%. The payroll growth assumption was lowered from 3.50% to 3.00%. The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter. The total salary increase assumption was adjusted by the wage inflation change. The amortization date for the funding of the Unfunded Actuarial Accrued Liability (UAAL) was reset to June 30, 2048 (30 years). A mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

2017 - The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045. Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%

2016 - The assumed investment return was changed from 8.0 percent to 4.66 percent using the Single Equivalent Interest Rate calculation. The single discount rate was changed from 8.0 percent to 4.66 percent. The assumed future salary increases, payroll growth and inflation were changed by a 0.25 percent decrease for price inflation, a 0.50 percent increase for wage inflation and a 2.50 percent decrease in maximum salary increases based on years of service. Mortality assumptions were updated using the RP-2014 tables.

2015 - The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information – TRA (Continued)

Changes in Plan Provisions

2020 - No changes noted.

2019 - No changes noted.

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

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

2017 - No changes noted.

2016 - No changes noted.

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

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability	Charter School's Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0052 %	\$ 311,764	\$ 9,685	\$ 321,449	\$ 372,413	83.7 %	79.0 %
06/30/19	0.0030	165,863	5,166	171,029	214,968	77.2	80.2
06/30/18	0.0021	116,499	3,700	120,199	138,951	83.8	79.5
06/30/17	0.0023	146,830	1,830	148,660	146,863	100.0	75.9
06/30/16	0.0035	284,183	3,768	287,951	219,547	129.4	68.9
06/30/15	0.0026	134,745	-	134,745	153,533	87.8	78.2

The above schedules are intended to show 10-year trends. Additional years will be reported as they become available.

Schedule of Employer's Share of PERA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/21	\$ 26,722	\$ 26,722	\$ -	\$ 356,293	7.5 %
06/30/20	27,931	27,931	-	372,413	7.5
06/30/19	16,152	16,152	-	214,968	7.5
06/30/18	10,421	10,421	-	138,951	7.5
06/30/17	11,015	11,015	-	146,863	7.5
06/30/16	16,466	16,466	-	219,547	7.5
06/30/15	11,515	11,515	-	153,533	7.5

The above schedules are intended to show 10-year trends. Additional years will be reported as they become available.

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

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

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

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

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

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

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

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

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

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

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - No changes noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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TABLE

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Fiscal Compliance Report - 6/30/2021
District: WOODBURY LEADERSHIP ACAD (4228-7)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$5,912,314	\$5,912,316	(\$2)	Total Revenue	\$0	\$0	\$0
Total Expenditures	\$5,437,151	\$5,437,154	(\$3)	Total Expenditures	\$0	\$0	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$13,526	\$13,526	\$0	4.60 Non Spendable Fund Balance	\$0	\$0	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	\$0	\$0	4.07 Capital Projects Levy	\$0	\$0	\$0
4.02 Scholarships	\$0	\$0	\$0	4.13 Project Funded by COP	\$0	\$0	\$0
4.03 Staff Development	\$0	\$0	\$0	4.67 LTFM	\$0	\$0	\$0
4.07 Capital Projects Levy	\$0	\$0	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	\$0	\$0	4.64 Restricted Fund Balance	\$0	\$0	\$0
4.13 Project Funded by COP	\$0	\$0	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	\$0	\$0	4.63 Unassigned Fund Balance	\$0	\$0	\$0
4.16 Levy Reduction	\$0	\$0	\$0	07 DEBT SERVICE			
4.17 Taconite Building Maint	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.24 Operating Capital	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.26 \$25 Taconite	\$0	\$0	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	\$0	\$0	4.60 Non Spendable Fund Balance	\$0	\$0	\$0
4.28 Learning & Development	\$0	\$0	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	\$0	\$0	4.25 Bond Refundings	\$0	\$0	\$0
4.35 Contracted Alt. Programs	\$0	\$0	\$0	4.33 Maximum Effort Loan Aid	\$0	\$0	\$0
4.36 State Approved Alt. Program	\$0	\$0	\$0	4.51 QZAB Payments	\$0	\$0	\$0
4.38 Gifted & Talented	\$0	\$0	\$0	4.67 LTFM	\$0	\$0	\$0
4.40 Teacher Development and Evaluation	\$0	\$0	\$0	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$0	\$0	\$0	4.64 Restricted Fund Balance	\$0	\$0	\$0
4.48 Achievement and Integration	\$0	\$0	\$0	<i>Unassigned:</i>			
4.49 Safe School Crime - Crime Levy	\$3,772	\$3,772	\$0	4.63 Unassigned Fund Balance	\$0	\$0	\$0
4.51 QZAB Payments	\$0	\$0	\$0	08 TRUST			
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.59 Basic Skills Extended Time	\$0	\$0	\$0	<i>Restricted / Reserved:</i>			
4.67 LTFM	\$0	\$0	\$0	4.01 Student Activities	\$0	\$0	\$0
4.72 Medical Assistance	\$0	\$0	\$0	4.02 Scholarships	\$0	\$0	\$0
4.73 PPP Loan	\$0	\$0	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
4.74 EIDL Loan	\$0	\$0	\$0	18 CUSTODIAL			
<i>Restricted:</i>				Total Revenue	\$0	\$0	\$0
4.64 Restricted Fund Balance	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.75 Title VII Impact Aid	\$0	\$0	\$0	<i>Restricted / Reserved:</i>			
4.76 Payments in Lieu of Taxes	\$0	\$0	\$0	4.01 Student Activities	\$0	\$0	\$0
<i>Committed:</i>				4.02 Scholarships	\$0	\$0	\$0
4.18 Committed for Separation	\$0	\$0	\$0	4.48 Achievement and Integration	\$0	\$0	\$0
4.61 Committed Fund Balance	\$0	\$0	\$0	4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Assigned:</i>				20 INTERNAL SERVICE			
4.62 Assigned Fund Balance	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
<i>Unassigned:</i>				Total Expenditures	\$0	\$0	\$0
4.22 Unassigned Fund Balance	\$1,823,407	\$1,823,406	\$1	4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
02 FOOD SERVICES				25 OPEB REVOCABLE TRUST			
Total Revenue	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	\$0	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
<i>Restricted / Reserved:</i>				45 OPEB IRREVOCABLE TRUST			
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.74 EIDL Loan	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
<i>Restricted:</i>				<i>Non Spendable:</i>			
4.64 Restricted Fund Balance	\$0	\$0	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
<i>Unassigned:</i>				04 COMMUNITY SERVICE			
4.63 Unassigned Fund Balance	\$0	\$0	\$0	Total Revenue			

47 OPEB DEBT SERVICE

Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$0	<u>\$0</u>	<u>\$0</u>
4.32 E.C.F.E	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$0	<u>\$0</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$91,489	<u>\$91,489</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

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OTHER REQUIRED REPORTS
WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Members of the Board of Directors
Woodbury Leadership Academy, Charter School No. 4228
Woodbury, 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, each major fund and the aggregate remaining fund information of the Woodbury Leadership Academy, Charter School No. 4228 (the Charter School), Woodbury, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 22, 2021.

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

This report is intended solely for the information and use of those charged with governance and management of the Woodbury Leadership Academy and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
December 22, 2021

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

Members of the Board of Directors
Woodbury Leadership Academy, Charter School No. 4228
Woodbury, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, each major fund and the aggregate remaining fund information of the Woodbury Leadership Academy, Charter School No. 4228 (the Charter School), Woodbury, Minnesota, as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School'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 the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
December 22, 2021

