

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES
(ECHO) CHARTER SCHOOL
ECHO, MINNESOTA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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INTRODUCTORY SECTION

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
SCHEDULE OF SCHOOL BOARD MEMBERS AND OFFICIALS
JUNE 30, 2022**

<u>SCHOOL BOARD MEMBERS</u>		<u>TERM EXPIRES</u>
Nikki Schwartz	Chairperson	2022
Jody Isaackson	Treasurer	2023
Michell Harder	Clerk	2024
Mark Hoeper	Board Member	2022
Matt Dunphy	Board Member	2023
Eric Kester-Mabon	Board Member	2022
Dan Larsen	Board Member	2023
 <u>SCHOOL OFFICIAL</u>		
Helen Blue-Redner	Director	

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 4026
Every Child Has Opportunities (ECHO) Charter School
Echo, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's basic financial statements. The accompanying uniform financial accounting and reporting standards compliance table is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying uniform financial accounting and reporting standards compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2022, Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2021 financial statements, and our report, dated December 2, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's internal control over financial reporting and compliance.

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 5, 2022

REQUIRED SUPPLEMENTAL INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

As management of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota, we offer readers of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's financial statements this narrative overview and analysis of the financial activities of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year include the following:

- Net position in the Statement of Net Position increased \$70,917 from the prior year to (\$61,961). This increase was mainly due to favorable results in actual versus expected investment earnings offset by changes in the assumptions used by both the Teacher Retirement Association and Public Employees retirement Association relating to the calculation of the District's deferred inflows and outflows of pensions, partially offset by negative operations.
- The General Fund expenditures exceeded revenues and other financing sources by \$47,034. This change resulted in the total fund balance decreasing to \$872,138 as of June 30, 2022. After deducting accounting standards restrictions and fund balance policy assignments, the unassigned fund balance decreased from \$798,300 to \$631,586 at June 30, 2022. The District is meeting its minimum fund balance policy of four months of expenditures in the General Fund.
- The District implemented GASB Statement No. 87, *Leases*, in the current year which requires the establishment of a lease liability and related right of use asset for all leases with a term longer than 12 months. The District is required to evaluate each arrangement at inception to determine if it qualifies as a long-term lease. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning governmental activities net position has been restated from (\$132,878) to (\$136,184) (a decrease of \$3,606) as a result of implementing this Statement.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts. They are:

- Independent Auditor's Report,
- Required Supplementary Information which includes the Management's Discussion and Analysis (this section),
- Basic financial statements, notes to financial statements, and
- Other supplementary information, and other required reports and information.

The basic financial statements include two kinds of statements that present different views of the District:

- The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
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ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's average daily membership served.

In the government-wide financial statements the District's activities are shown in one category:

- **Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and food service. State and federal aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has one kind of fund:

- **Governmental funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information (reconciliation schedules) follows the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
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ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS)

NET POSITION

The District's combined net position was (\$61,961) on June 30, 2022. This was an increase of 53.4% from the previous year total of (\$132,878). A summary of the District's net position is as follows:

Net Position – Governmental Activities			Percentage
	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Change</u>
Current and Other Assets	\$ 983,846	\$ 1,004,648	
Capital and Right of Use Assets	390,976	358,713	
Total Assets	<u>1,374,822</u>	<u>1,363,361</u>	0.8%
Related to Pensions	263,864	416,044	
Total Deferred Outflows of Resources	<u>263,864</u>	<u>416,044</u>	(36.6%)
Current Liabilities	143,370	85,476	
Noncurrent Liabilities	407,874	784,605	
Total Liabilities	<u>551,244</u>	<u>870,081</u>	(36.6%)
Related to Pensions	1,149,403	1,042,202	
Total Deferred Inflows of Resources	<u>1,149,403</u>	<u>1,042,202</u>	10.3%
Net Investment in Capital			
And Right of Use Assets	351,765	358,713	
Restricted	21,023	23,881	
Unrestricted	(434,749)	(515,472)	
Total Net Position	<u>\$ (61,961)</u>	<u>\$ (132,878)</u>	53.4%

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ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS) (Cont'd)

CHANGE IN NET POSITION

The change in net position occurs as a result of revenue being greater than expenses for the year ended June 30, 2022. This increase was mainly due to favorable results in actual versus expected investment earnings offset by changes in the assumptions used by both the Teacher Retirement Association and Public Employees retirement Association relating to the calculation of the District's deferred inflows and outflows of pensions, partially offset by negative operations. A summary of the District's revenues and expenses is as follows:

Change in Net Position – Governmental Activities			
	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Percentage Change</u>
Revenues			
Program Revenues			
Charges for Services	\$ 3,098	\$ 3,697	
Operating Grants and Contributions	596,112	517,160	
Capital Grants and Contributions	-	-	
General Revenues			
Unallocated Federal and State Aid	766,063	843,813	
Other	31,179	2,091	
Total Revenues	<u>1,396,452</u>	<u>1,366,761</u>	2.2%
Expenses			
District and School Administration	44,102	60,287	
District Support Services	138,123	133,208	
Regular Instruction	361,338	322,349	
Exceptional Instruction	186,173	218,174	
Instructional Support Services	125,990	72,613	
Pupil Support Services	161,002	156,206	
Site, Buildings and Equipment	272,523	267,314	
Fiscal and Other Fixed Cost Programs	8,548	13,556	
Interest on Long-Term Lease Liabilities	3,498	-	
Loss on Sale of Assets	-	3,658	
Depreciation and Amortization -			
Unallocated	20,932	18,744	
Total Expenses	<u>1,322,229</u>	<u>1,266,109</u>	4.4%
Increase (Decrease) in Net Position	<u>74,223</u>	<u>100,652</u>	
Beginning of Year Net Position,			
As Originally Stated	(132,878)	(233,530)	
Prior Period Adjustment (GASB 87)	<u>(3,306)</u>	<u>-</u>	
Beginning Net Position, as Restated	<u>(136,184)</u>	<u>(233,530)</u>	
End of Year Net Position	<u>\$ (61,961)</u>	<u>\$ (132,878)</u>	53.4%

The District's total revenues consisted of program revenues of \$599,210, unallocated federal and state aids of \$766,063, and a small amount from various other sources. Expenses totaling \$1,322,229 consisted primarily of student instructional costs of \$547,511, student support services of \$286,992, administration costs of \$182,225, site, buildings and equipment costs of \$272,523, and minor other amounts.

The cost of all governmental activities this year was \$1,322,229.

- The users of the District's programs paid for 0.2%, or \$3,098, of the costs.
- The federal and state governments and individuals subsidized certain programs with grants and contributions. This totaled \$596,112 or 45.1% of the total costs.
- The state taxpayers also contributed to the District's funds based on the statewide education aid formula.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)
FUND BALANCE**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$874,045. This was a decrease of \$45,127 from the prior year. The decrease is mainly due to management's planned budgeted deficit partially offset by more federal revenue than expected.

REVENUES AND EXPENDITURES

Revenues and other financing sources of the District's governmental funds totaled \$1,390,686. This was an increase of 12.4% from the previous year total of \$1,218,451, primarily due to new COVID-19 funding grants and an increase in the general education aid formula. Total expenditures and other financing uses were \$1,435,813. This was an increase of 16.2% from the previous year total of \$1,235,392, primarily due to an increase in salaries and wages and benefits due to increase in pay and adding positions that had been reduced with the distance learning model in the prior year and an increase in purchased services and supplies and materials for expenditures related to COVID-19 grants. A summary of the revenues, expenditures and other financing sources (uses) reported in the governmental financial statements is as follows:

Revenues and Expenditures – Governmental Funds

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance Increase (Decrease)</u>
General Fund	\$ 1,315,207	\$ 1,382,741	\$ 20,500	\$ (47,034)
Food Service Fund	<u>54,979</u>	<u>53,072</u>	<u>-</u>	<u>1,907</u>
Totals	<u>\$ 1,370,186</u>	<u>\$ 1,435,813</u>	<u>\$ 20,500</u>	<u>\$ (45,127)</u>

GENERAL FUND

The General Fund is used by the District to record the primary operations of providing educational services to students from kindergarten through grade twelve. Pupil transportation activities, capital purchases and major maintenance projects are also included in the General Fund.

The following schedule presents a summary of General Fund revenues and other financing sources:

Revenues – General Fund

	<u>Year Ended 6/30/2022</u>	<u>Year Ended 6/30/2021</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,872	\$ 4,316	\$ (1,444)	(33.5%)
State Sources	1,070,207	1,011,829	58,378	5.8%
Federal Sources	<u>242,128</u>	<u>132,437</u>	<u>109,691</u>	<u>82.8%</u>
Total Revenues	<u>1,315,207</u>	<u>1,148,582</u>	<u>166,625</u>	<u>14.5%</u>
Other Financing Sources				
Proceeds from Sale of Assets	<u>20,500</u>	<u>1,800</u>	<u>18,700</u>	<u>1,308.9%</u>
Total Revenues and Other Financing Sources	<u>\$ 1,335,707</u>	<u>\$ 1,150,382</u>	<u>\$ 185,325</u>	<u>16.1%</u>

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ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
GENERAL FUND (Cont'd)**

The following schedule presents a summary of General Fund expenditures and other financing uses:

Expenditures – General Fund

	Year Ended <u>6/30/2022</u>	Year Ended <u>6/30/2021</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Salaries and Wages	\$ 671,577	\$ 587,441	\$ 84,136	14.3%
Employee Benefits	131,028	100,411	30,617	30.5%
Purchased Services	369,996	358,902	11,094	3.1%
Supplies and Materials	120,151	67,940	52,211	76.8%
Other Expenditures	10,463	11,366	(903)	(7.9%)
Capital Outlay	43,098	38,555	4,543	11.8%
Debt Service Expenditures	<u>36,428</u>	<u>-</u>	<u>36,428</u>	100.0%
Total Expenditures	1,382,741	1,164,615	218,126	18.7%
Other Financing Uses				
Transfer to Other Funds	<u>-</u>	<u>2,708</u>	<u>(2,708)</u>	(100.0%)
Total Expenditures and Other Financing Uses	\$ <u>1,382,741</u>	\$ <u>1,167,323</u>	\$ <u>215,418</u>	18.5%

In summary, the 2021-2022 General Fund expenditures exceeded revenues and other financing sources by \$47,034. As a result, the total fund balance decreased to \$872,138 at June 30, 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2022 the District revised its operating budget once. This revision was planned, and was necessary because when the initial budget was prepared and adopted (a budget must be in place prior to the beginning of the fiscal year on July 1) details of student enrollment numbers, salary details, staffing levels, and other significant information items were not yet known. This revision was approved in June.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by \$87,337, the actual results for the year showed a decrease of \$47,034.

- Actual revenues were \$51,225, or 4.1 percent, more than budget, due primarily to receiving more COVID-19 grant funding and federal special education aid than budgeted and budgeting lease aid based on less students than actual.
- Actual expenditures were \$10,922 or 0.8 percent, more than budget. This overall unfavorable variance was mainly due to negative variances in district support services, regular instruction, instructional support services, and site, buildings and equipment partly offset by positive variances in exceptional instruction, and pupil support. Several other less significant areas contributed to this overall unfavorable variance.

FOOD SERVICE FUND

The Food Service Fund revenues for 2021-2022 totaled \$54,979 and expenditures were \$53,072, resulting in an increase of \$1,907 to the fund balance. The June 30, 2022 Food Service Fund fund balance is \$1,907.

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ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

CAPITAL AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION

The District implemented Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87) during fiscal year 2022 which requires the District to record right of use assets and the related long-term lease liabilities.

CAPITAL AND RIGHT OF USE ASSETS

As of June 30, 2022, the District had net capital and right of use assets of \$390,976 including leasehold improvements, computer and audio-visual equipment, transportation equipment, and various other equipment for instructional, support and administrative purposes. Total depreciation and amortization expense for the year was \$73,981. Information about the District's capital and right of use assets is shown below. More detailed information about the District's capital and right of use assets is presented in Note 4 to the financial statements.

Capital and Right of Use Assets – Governmental Activities

	<u>6/30/2022</u>	<u>6/30/2021</u>	Percentage Change
Leasehold Improvements	\$ 480,514	\$ 480,514	0.0%
Equipment and Vehicles	364,929	503,494	(27.5%)
Right of Use Assets	112,684	112,684	0.0%
Less: Accumulated Depreciation And Amortization	<u>(567,151)</u>	<u>(669,144)</u>	(15.2%)
Net Capital and Right of Use Assets	<u>\$ 390,976</u>	<u>\$ 427,548</u>	(8.6%)

DEBT ADMINISTRATION

At June 30, 2022, the District had \$39,211 in long-term lease liabilities outstanding. The detail of long-term lease liabilities is presented in Note 6 to the financial statements. The District had various pension long-term liabilities as detailed in Note 8 to the financial statements.

Outstanding Debt

	<u>6/30/2022</u>	<u>6/30/2021</u>	Percentage Change
Long-Term Lease Liabilities	<u>\$ 39,211</u>	<u>\$ 72,141</u>	(45.6%)

FACTORS BEARING ON THE DISTRICT'S FUTURE

COVID-19 related funding once again played a factor in 21-22, but will be discontinued at the end of 23-24. The additional revenue from the CARES ACT offset most of the additional expenditures for personal protective equipment, transportation, and personnel.

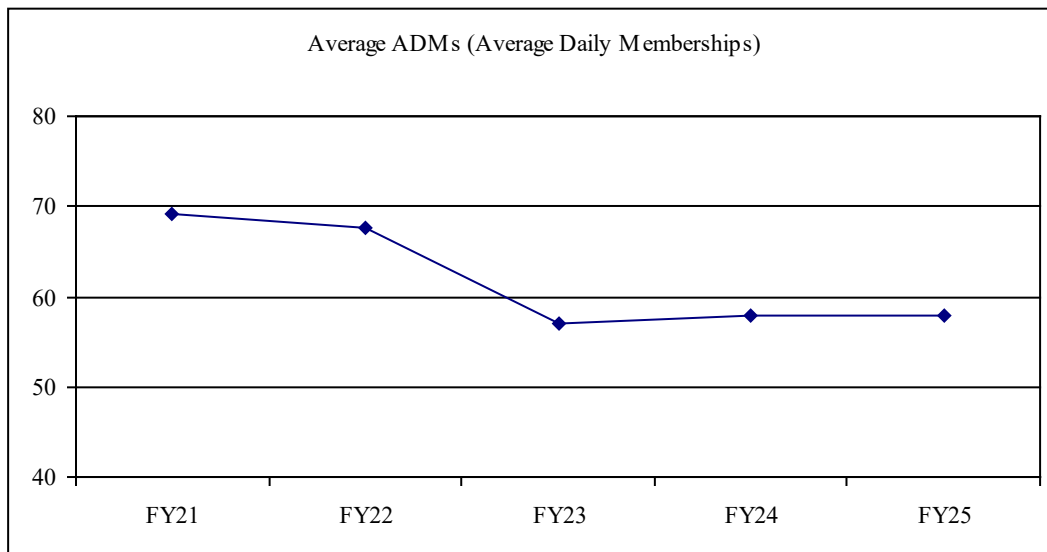
In the 2021 Legislative Session, the Legislature approved foundation formula increases of 2.45% and 2.00%, for the 2021-2022 and 2022-2023 fiscal years, respectively. Along with the increases for the previous years, this will continue to have a positive effect for school district operations and helping to achieve a balanced budget. Along with this, long-term facilities maintenance revenue that was approved in the 2015 Legislative Session began in 2016-2017, and will increase per pupil unit each year.

Year-round employee work agreements are in effect for a one-year period beginning July 1; all other work agreements are in effect for a one-year period beginning the first day of teacher in-service/orientation. Labor costs account for approximately 51% of the District's General Fund operating expenditures.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FACTORS BEARING ON THE DISTRICT'S FUTURE (Cont'd)

The District's trend for enrollment was strong in FY21 (increasing from FY20) due to additional funding received during the Pandemic, and it experienced an uptick in the number of students due to the School Board deciding to conduct online learning. During FY22, enrollment remained static, even though school was largely back in-person. During FY22, the District experienced a growth spurt of Hispanic/Latino students, whose overall population represents roughly 27% of its student enrollment. The District's plan is to locate, recruit, and retain other Hispanic families who are recent arrivals in the area. Additionally, the District continues to attract occasional students because their families wish to have their students in smaller class sizes where individualized attention is possible. If the District can attract and retain more Hispanic/Latino as well as students who have felt the effects of being disenfranchised, the District believes it will be able to sustain a population of 60 or so students. As always, increasing enrollment is a primary goal of the district. This impacts the District's funding since enrollment is what actually determines most of a school's funding components. Hence, if there was an increase in enrollment the District could anticipate an increase in revenues even if there were no increases to the formulas. Increasing enrollment is a primary goal of the District.



Growing student enrollment in the next academic year will continue to occupy the District's highest priority. Portions of a teacher-school board-community long-term strategic planning group will make recommendations on the identity of the school in years to come. New vision and mission statements will guide how the District operates in the future.

The District received a \$1 million donation from an alumnus of the school in November 2019. This donation was unrestricted in purpose and is being used to support operations of the District as it works toward gaining students. The District is closely monitoring expenditures and is looking for new funding opportunities in order to continue to provide quality education to the community.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide District citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If one has questions about this report or needs additional financial information, contact the Business Office, Independent School District 4026, Every Child Has Opportunities (ECHO) Charter School, 101 Rocket Ave, PO Box 158, Echo, MN 56237, visit the District website at www.echo.charter.k12.mn.us or call (507) 925-4143.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2022
(with Partial Comparative Information as of June 30, 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Current Assets:		
Cash and Investments	\$ 792,033	\$ 801,521
Accounts Receivable	155	4,162
Due From State of Minnesota	107,700	168,514
Due From Federal Government	76,854	23,235
Due From Other Minnesota School Districts	563	2,781
Inventory	3,483	1,949
Prepaid Expenses	3,058	2,486
Total Current Assets	<u>983,846</u>	<u>1,004,648</u>
Noncurrent Assets:		
Capital and Right of Use Assets:		
Other Capital and Right of Use Assets, Net of Depreciation and Amortization	<u>390,976</u>	<u>358,713</u>
TOTAL ASSETS	<u>1,374,822</u>	<u>1,363,361</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	<u>263,864</u>	<u>416,044</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,638,686</u>	<u>\$ 1,779,405</u>
LIABILITIES		
Current Liabilities:		
Salaries Payable	\$ 44,380	\$ 44,007
Accounts Payable	37,754	19,276
Payroll Liabilities	21,415	21,887
Due to Other Governmental Units	-	220
Unearned Revenue	6,252	86
Current Portion of Long-Term Liabilities	33,569	-
Total Current Liabilities	<u>143,370</u>	<u>85,476</u>
Noncurrent Liabilities:		
Net Pension Liability	402,232	784,605
Noncurrent Portion of Long-Term Liabilities	5,642	-
Total Noncurrent Liabilities	<u>407,874</u>	<u>784,605</u>
TOTAL LIABILITIES	<u>551,244</u>	<u>870,081</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>1,149,403</u>	<u>1,042,202</u>
NET POSITION		
Net Investment in Capital and Right of Use Assets	351,765	358,713
Restricted For:		
Food Service	3,955	2,421
Other Activities	17,068	21,460
Unrestricted	<u>(434,749)</u>	<u>(515,472)</u>
TOTAL NET POSITION	<u>(61,961)</u>	<u>(132,878)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,638,686</u>	<u>\$ 1,779,405</u>

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(with Partial Comparative Information for the Year Ended June 30, 2021)

Functions/Programs	2022				2021	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions			Capital Grants and Contributions
Governmental Activities:						
District and School Administration	\$ 44,102				\$ (44,102)	\$ (60,287)
District Support Services	138,123				(138,123)	(133,208)
Regular Instruction	361,338	\$ (335)	\$ 220,000		(141,673)	(193,772)
Exceptional Instruction	186,173	-	199,098		12,925	(4,487)
Instructional Support Services	125,990	-	27,113		(98,877)	(63,057)
Pupil Support Services	161,002	3,433	48,767		(108,802)	(90,502)
Site, Buildings and Equipment	272,523	-	101,134		(171,389)	(163,981)
Fiscal and Other Fixed Cost Programs	8,548	-	-		(8,548)	(13,556)
Interest on Long-Term Lease Liabilities	3,498	-	-		(3,498)	-
Loss on Sale of Assets	-	-	-		-	(3,658)
Depreciation and Amortization - Unallocated**	20,932	-	-		(20,932)	(18,744)
Total Governmental Activities	1,322,229	3,098	596,112	\$ -	(723,019)	(745,252)
** This line excludes direct depreciation and amortization expenses of the various programs						
	General Revenues:					

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
(with Partial Comparative Information as of June 30, 2021)

	Major Funds		Total Governmental Funds	
	General	Food Service	2022	2021
ASSETS				
Cash and Investments	\$ 790,281	\$ 1,752	\$ 792,033	\$ 804,482
Accounts Receivable	-	155	155	4,162
Due From State of Minnesota	107,685	15	107,700	168,514
Due From Federal Government	73,066	3,788	76,854	23,235
Due From Other Minnesota School Districts	563	-	563	2,781
Inventory	-	3,483	3,483	1,949
Prepaid Expenditures	2,586	472	3,058	2,486
TOTAL ASSETS	\$ 974,181	\$ 9,665	\$ 983,846	\$ 1,007,609
LIABILITIES				
Checks Written in Excess of Bank Balance	\$ -	\$ -	\$ -	\$ 2,961
Salaries Payable	42,931	1,449	44,380	44,007
Accounts Payable	37,697	57	37,754	19,276
Payroll Liabilities	21,415	-	21,415	21,887
Due to Other Governmental Units	-	-	-	220
Unearned Revenue	-	6,252	6,252	86
TOTAL LIABILITIES	102,043	7,758	109,801	88,437
FUND BALANCES				
Nonspendable Fund Balances	2,586	3,955	6,541	4,435
Restricted Fund Balances	17,068	-	17,068	21,460
Assigned Fund Balances	220,898	-	220,898	97,398
Unassigned Fund Balances	631,586	(2,048)	629,538	795,879
TOTAL FUND BALANCES	872,138	1,907	874,045	919,172
TOTAL LIABILITIES AND FUND BALANCES	\$ 974,181	\$ 9,665	\$ 983,846	\$ 1,007,609

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022
(with Partial Comparative Information as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Total Fund Balances for Governmental Funds	\$ 874,045	\$ 919,172
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right of use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:		
Other Capital and Right of Use Assets, Net of \$567,151 of Accumulated Depreciation and Amortization	390,976	358,713
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	263,864	416,044
Deferred Inflows of Resources Related to Pensions	(1,149,403)	(1,042,202)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Right of Use Lease Liabilities	(39,211)	-
Pension Benefits Payable	<u>(402,232)</u>	<u>(784,605)</u>
Total Net Position of Governmental Activities	\$ <u>(61,961)</u>	\$ <u>(132,878)</u>

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(with Partial Comparative Information for the Year Ended June 30, 2021)

	Major Funds		Total Governmental Funds	
	General	Food Service	2022	2021
REVENUES				
Other Local and County Revenues	\$ 3,643	\$ 2,780	\$ 6,423	\$ 2,866
Revenue From State Sources	1,070,207	1,861	1,072,068	1,011,919
Revenue From Federal Sources	242,128	46,905	289,033	195,336
Sales and Other Conversion of Assets	(771)	3,433	2,662	3,697
TOTAL REVENUES	1,315,207	54,979	1,370,186	1,213,818
EXPENDITURES				
Current:				
District and School Administration	55,220	-	55,220	58,565
District Support Services	133,461	-	133,461	129,884
Regular Instruction	441,032	-	441,032	312,365
Exceptional Instruction	199,544	-	199,544	209,439
Instructional Support Services	124,241	-	124,241	67,416
Pupil Support Services	79,825	53,072	132,897	150,296
Site, Buildings and Equipment	261,344	-	261,344	252,608
Fiscal and Other Fixed Cost Programs	8,548	-	8,548	13,556
Capital Outlay:	43,098	-	43,098	38,555
Debt Service:				
Principal	32,930	-	32,930	-
Interest	3,498	-	3,498	-
TOTAL EXPENDITURES	1,382,741	53,072	1,435,813	1,232,684
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,534)	1,907	(65,627)	(18,866)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Equipment	20,500	-	20,500	1,925
TOTAL OTHER FINANCING SOURCES (USES)	20,500	-	20,500	1,925
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(47,034)	1,907	(45,127)	(16,941)
FUND BALANCE BEGINNING OF YEAR	919,172	-	919,172	936,113
FUND BALANCE END OF YEAR	\$ 872,138	\$ 1,907	\$ 874,045	\$ 919,172

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(with Partial Comparative Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Total Net Change in Fund Balances - Governmental Funds	\$ (45,127)	\$ (16,941)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets and right of use assets financed with long-term lease liabilities are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeds capital outlay in the period.		
Capital Outlays	38,915	27,363
Depreciation and Amortization Expense	(73,981)	(36,572)
Proceeds from the sale/trade of capital assets are reported in governmental funds as other financing sources without regard to any cost basis adjustment. However, for governmental activities those proceeds are adjusted for any remaining cost basis of the assets that were disposed.		
	(1,506)	(5,583)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current period these amounts consist of:		
Repayment of Right of Use Lease	32,930	-
Forgiveness of loans recognized as long-term liabilities on the Statement of Net Position in prior periods is shown as revenue on the Statement of Activities in the period the liability is legally released.		
Paycheck Protection Program Loan Forgiveness	-	148,505
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
State Aid Related to Pension Expense	272	4,438
Pension Expense	122,720	(20,558)
Change in Net Position of Governmental Activities	\$ <u>74,223</u>	\$ <u>100,652</u>

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

B. FINANCIAL REPORTING ENTITY

Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of school board members elected by parents and District staff to serve staggered terms.

U.S. Generally Accepted Accounting Principles (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. All student activities funds are reflected in these financial statements.

C. BASIC FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational, or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position are available. Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of each function. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. BASIC FINANCIAL STATEMENT PRESENTATION (Cont'd)

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

Fiduciary funds are used to account for assets held by the District in a fiduciary capacity. No assets of the District were determined to be of this nature, so no fiduciary funds are presented.

Proprietary funds are used to report business-type activities carried on by a school district. No activities of the District were determined to be of this nature, so no proprietary funds are present in the financial statements.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. 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 when 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. Under this basis of accounting transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, and other miscellaneous revenue (except investment earnings) are generally recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on lease liabilities are recognized on their due dates.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, and equipment purchases.

Food Service Fund – The Food Service Fund is used to account for food service revenues and expenditures.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Cont'd)

Description of Funds (Cont'd)

GASB Statement No. 34 specifies that the accounts and activities of each of the District's most significant governmental funds (termed "major funds") be reported in separate columns on the fund financial statements. Other non-major funds can be reported in total. Although only the General Fund is a major fund by definition, the District has elected to report all funds as major funds and therefore presents all funds in separate columns on the fund financial statements – an option permitted by GASB Statement No. 34.

E. BUDGETING

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Each June, the School Board adopts an annual budget for the following fiscal year for the General Fund and Food Service Fund. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data, the School Board Treasurer submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

F. CASH AND INVESTMENTS

Cash and investments include amounts invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. Investments are reported at fair value.

Cash and investments at June 30, 2022 are comprised of demand deposit accounts and negotiable certificates of deposit.

The District has formal policies in place as of June 30, 2022 to address custodial credit risk for deposits. The District does not have formal policies in place to address credit risk, concentration of credit risk, custodial credit risk, and interest rate risk for investments since the District does not have any applicable investments.

G. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts receivable from individuals and others for goods and services furnished by the District. Amounts due from the State of Minnesota and from other governmental units for general education aids and reimbursements under various specific programs are reported at the estimated amounts to be received based on available information at the date of this report. In some instances adjustments and proration by these agencies, which are dependent upon the amount of funds available for distribution, may result in differing amounts actually being received. Any such differences will be absorbed into operations of the subsequent period. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. INVENTORIES

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. PREPAYMENTS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 15 years for equipment.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property which is being leased from Echo Community Corporation.

K. LEASES

The District accounts for leases under GASB Statement No. 87, *Leases*. This requires the establishment of a lease liability and related right of use asset for all leases with a term longer than 12 months. The District evaluates each arrangement at inception to determine if it qualifies as a long-term lease.

The District capitalizes right of use assets at the present value of the lease payments over the lease term at the commencement date. Right of use assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Right of use assets are amortized using the straight-line method over the term of the lease.

The District records long-term leases at the present value of the lease payments over the lease term at the commencement date. Lease payments may include fixed and variable payment amounts. The District determines the relevant lease term by evaluating whether renewal and termination options are reasonably certain to be exercised. If it is not explicitly stated in the agreement, the District uses a discount rate based on the value of the asset or their incremental borrowing rate to calculate the present value of the lease payments.

Payments on leases with a term of less than 12 months are recorded as expenditures at the time of payment.

L. DEFINED BENEFIT PENSION PLANS

The District recognized total pension expense (revenue) of \$(67,949) for the following statewide pension plans in which it participates.

Teachers Retirement Association

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. 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.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. DEFINED BENEFIT PENSION PLANS (Cont'd)

Teachers Retirement Association (Cont'd)

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

Public Employees Retirement Association

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.

M. VACATION AND SICK PAY

Employees of the District earn sick leave at various rates to a maximum accumulation of 60 days. Vacation leave is earned by 12-month employees at various rates. Unused vacation pay does not accumulate. The expenditures for sick leave and vacation pay are recognized during the periods that payment is actually made and accumulated leaves are forfeited by the employee upon termination of employment.

N. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

O. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the Statement of Net Position 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Q. FUND BALANCE

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

Nonspendable – consists of amounts that cannot be spent because it is not in spendable form, such as prepaid and inventory items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. FUND BALANCE (Cont'd)

Committed – consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board itself or by an official to which the School Board delegates the authority. Pursuant to School Board resolution, the Finance Committee is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned as determined by the School Board.

The District has formally adopted a fund balance policy for the General Fund. The District's policy is to maintain a minimum of four months operating expenditures in the General Fund.

R. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net position invested in capital and right of use assets consists of capital and right of use assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt or lease liabilities used to build, acquire, or finance the capital and right of use assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position items that do not meet the definition of "net investment in capital and right of use assets" or "restricted" are reported as unrestricted.

S. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

T. RECLASSIFICATIONS

Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation. The total amount of the District's prior year fund balance did not change due to the reclassifications.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

For the year ended June 30, 2022, the District did not have any negative fund balances.

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3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, which are members of the Federal Reserve System.

Minnesota Statutes require that all District deposits be secured by a bank guaranty bond or 110% of collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk: For deposits, is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

B. INVESTMENTS

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments were not exposed to interest rate risk at June 30, 2022.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investments were not exposed to credit risk at June 30, 2022.

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. The District has no formal investment policy that places limits on the amount the District may invest in any one issuer.

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments were not exposed to custodial credit risk at June 30, 2022.

The following table presents the District's cash and investment balances at June 30, 2022:

<u>Cash/Investment Type</u>	<u>Credit Rating</u>	<u>Average Maturities</u>	<u>Percentage of Total</u>	
Cash and Investments:				
Certificates of Deposit	N/A	9 months	0.5%	\$ 3,769
Savings	N/A	N/A	94.7%	750,410
Checking Accounts	N/A	N/A	4.8%	37,854
Total Cash and Investments			100.0%	<u>\$ 792,033</u>

Cash and Investments are presented in the June 30, 2022 basic financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments **\$ 792,033**

B. FAIR VALUE MEASUREMENT

The District's cash and investments consist of checking accounts, a certificate of deposit, a savings account, and petty cash, none of which are subject to fair value measurement under GASB Statement No. 72.

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4. CAPITAL AND RIGHT OF USE ASSETS

Capital and right of use asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Being Depreciated				
Leasehold Improvements	\$ 480,514			\$ 480,514
Equipment and Transportation Vehicles	<u>503,494</u>	<u>\$ 38,915</u>	<u>\$ 177,480</u>	<u>364,929</u>
Total Capital Assets, Being Depreciated	<u>984,008</u>	<u>38,915</u>	<u>177,480</u>	<u>845,443</u>
Right of Use Assets, Being Amortized				
Leased Transportation	77,924	-	-	77,924
Leased Office Equipment	<u>34,760</u>	-	-	<u>34,760</u>
Total Right of Use Assets, Being Amortized	<u>112,684</u>	-	-	<u>112,684</u>
Accumulated Depreciation for:				
Leasehold Improvements	233,882	21,400	-	255,282
Equipment and Transportation Vehicles	391,413	19,655	175,974	235,094
Accumulated Amortization for:				
Leased Transportation Vehicles	25,975	25,974	-	51,949
Leased Office Equipment	<u>17,874</u>	<u>6,952</u>	-	<u>24,826</u>
Total Accumulated Depreciation and Amortization	<u>669,144</u>	<u>73,981</u>	<u>175,974</u>	<u>567,151</u>
Total Capital and Right of Use Assets, Being Depreciated and Amortized, Net	<u>427,548</u>			<u>390,976</u>
Governmental Activities Capital and Right of Use Assets, Net	<u>\$ 427,548</u>			<u>\$ 390,976</u>

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities	
District Support Services	\$ 8,165
Regular Instruction	4,521
Exceptional Instruction	3,414
Instructional Support Services	2,227
Pupil Support Services	31,620
Site, Buildings and Equipment	3,102
Unallocated	<u>20,932</u>
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 73,981</u>

5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions* requires Districts that provide other post employment benefits to recognize their total OPEB liability, OPEB expense, and related deferred inflows and outflows of resources on the District's government-wide financial statements. Since the District does not offer health insurance to its employees, this Standard is not applicable to the District, and no liability is recorded.

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6. LONG-TERM LIABILITIES

A. DESCRIPTION OF LONG-TERM DEBT

Long-term debt is comprised of the following as of June 30, 2022:

Issue	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Long-Term Lease Liabilities				
Right of Use Leases				
Copier	9.99%	\$ 14,891	09/10/2022	\$ 1,239
Copier	7.09%	\$ 19,869	09/19/2024	\$ 9,812
Van	5.50%	\$ 17,596	05/30/2023	\$ 6,359
Buses	5.50%	\$ 60,328	05/30/2023	\$ 21,801
Total Outstanding Long-Term Debt				<u>\$ 39,211</u>

Long-Term Lease Liabilities (Right of Use Lease)

Copiers

The District entered into a five year lease agreement in October of 2017 with Marco for the use of a Konica copy machine. The lease requires monthly principal and interest payments of \$316 throughout the term of the lease. The lease liability is measured at a discount rate of 9.99%, as estimated by the District based on the various terms in the lease agreement. The total cost of the right of use asset for this lease agreement was determined to be \$14,891. Total accumulated amortization of this right of use asset was \$13,898 at June 30, 2022. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2021-2022 was \$315.

The District entered into a five year lease agreement in October of 2019 with Marco for the use of a Konica copy machine. The lease requires monthly principal and interest payments of \$394 throughout the term of the lease. The lease liability is measured at a discount rate of 7.09%, as estimated by the District based on the various terms in the lease agreement. The total cost of the right of use asset for this lease agreement was determined to be \$19,869. Total accumulated amortization of this right of use asset was \$10,928 at June 30, 2022. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2021-2022 was \$846.

Transportation Vehicles

The District entered into a three year lease agreement in September of 2020 with Bennett & Bennett Transportation for the use of a van. The lease requires nine monthly principal and interest payments each year ranging from \$700 to \$728 throughout the term of the lease. The lease liability is measured at a discount rate of 5.50%, as estimated by the District based on its incremental borrowing rate. The total cost of the right of use asset for this lease agreement was determined to be \$17,596. Total accumulated amortization of this right of use asset was \$11,731 at June 30, 2022. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2021-2022 was \$528.

The District entered into a three year lease agreement in September of 2020 with Bennett & Bennett Transportation for the use of two buses. The lease requires nine monthly principal and interest payments each year ranging from \$2,400 to \$2,497 throughout the term of the lease. The lease liability is measured at a discount rate of 5.50%, as estimated by the District based on its incremental borrowing rate. The total cost of the right of use asset for this lease agreement was determined to be \$60,328. Total accumulated amortization of this right of use asset was \$40,218 at June 30, 2022. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2021-2022 was \$1,809.

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6. LONG-TERM LIABILITIES (Cont'd)

A. DESCRIPTION OF LONG-TERM DEBT (Cont'd)

These assets serve as collateral for the related right of use lease liability and are being amortized using a straight-line method over the life of the right of use asset.

B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments on the right of use leases as of June 30, 2022 are as follows:

Year Ending June 30	Office Equipment		Transportation Vehicles	
	Principal	Interest	Principal	Interest
2023	\$ 5,409	\$ 588	\$ 28,160	\$ 867
2024	4,474	256	-	-
2025	1,168	14	-	-
2026	-	-	-	-
2027	-	-	-	-
	<u>\$ 11,051</u>	<u>\$ 858</u>	<u>\$ 28,160</u>	<u>\$ 867</u>

C. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities				
Long-Term Lease Liabilities				
Right of Use Leases				
Copier	\$ 4,720	\$ 3,481	\$ 1,239	\$ 1,239
Copier	13,698	3,886	9,812	4,170
Van	12,131	5,772	6,359	6,359
Buses	41,592	19,791	21,801	21,801
	<u>\$ 72,141</u>	<u>\$ 32,930</u>	<u>\$ 39,211</u>	<u>\$ 33,569</u>

7. FUND BALANCE CLASSIFICATION

At June 30, 2022, a summary of the governmental fund balance classifications is as follows:

	General Fund	Food Service Fund	Total
Nonspendable:			
Prepaid Expenditures	\$ 2,586	\$ 472	\$ 3,058
Inventory	-	3,483	3,483
	<u>2,586</u>	<u>3,955</u>	<u>6,541</u>
Restricted for:			
Safe Schools	1,162	-	1,162
Student Activities	7,868	-	7,868
Scholarships	8,038	-	8,038
	<u>17,068</u>	<u>-</u>	<u>17,068</u>
Assigned for:			
Projected Budget Deficit	220,898	-	220,898
Unassigned:	<u>631,586</u>	<u>(2,048)</u>	<u>629,538</u>
Total Fund Balance:	<u>\$ 872,138</u>	<u>\$ 1,907</u>	<u>\$ 874,045</u>

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8. PENSION PLANS

Substantially all employees of the District 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. TEACHERS RETIREMENT ASSOCIATION

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 is administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined 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 benefits as described:

Tier I:	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	1 st ten years of service	2.20% per year
	All years after	2.70% per year
Coordinated	1 st ten years if service years are up to July 1, 2006	1.20% per year
	1 st ten years if service years are July 1, 2006 or after	1.40% per year
	All other years of service if service years are up to July 1, 2006	1.70% per year
	All other years of service if service years are July 1, 2006 or after	1.90% per year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.00% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

Tier II: For years of service prior to July 1, 2006, a level formula of 1.70% per year for coordinated members and 2.70% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.90% per year for Coordinated members and 2.70% 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 benefit 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 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 plan 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 ended June 30, 2020, June 30, 2021, and June 30, 2022 were:

	June 30, 2020		June 30, 2021		June 30, 2022	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.92%	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	7.92%	7.50%	8.13%	7.50%	8.34%

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	\$ 448,829,000
Employer contributions not related to future contribution efforts	379,000
TRA's contributions not included in allocation	<u>(538,000)</u>
Total employer contributions	448,670,000
Total non-employer contributions	<u>37,840,000</u>
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u>\$ 486,510,000</u>

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

3. Contribution Rate (Cont'd)

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.

The District's contributions to the TRA plan for the year ended June 30, 2022 were \$30,348. The District's contributions were equal to the required contributions set by state statute.

4. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Experience Study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.00% for January 2020 through January 2023, then increasing by 0.10% each year up to 1.50% annually

Mortality Assumptions

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

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

4. Actuarial Assumptions (Cont'd)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
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%	0.00%
Total	<u>100.00%</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2022 is six years. The *Difference Between Expected and Actual Experience, Changes of Assumptions*, and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB Statement No. 68.

The following changes in benefit and funding terms and actuarial assumptions occurred in 2021:

Changes in the benefit and funding terms since the prior measurement date:

- None

Changes in actuarial assumptions since the prior measurement date:

- The investment return assumption was changed from 7.50% to 7.00%

5. Discount Rate

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

6. Net Pension Liability

On June 30, 2022, the District reported a liability of \$210,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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. District proportionate share was 0.0048% at the end of the measurement period and 0.0064% for the beginning of the year.

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

6. Net Pension Liability (Cont'd)

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District 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 District were as follows:

District's proportionate share of net pension liability	\$ 210,062
State's proportionate share of the net pension liability associated with the District	<u>17,700</u>
Total	<u>\$ 227,762</u>

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$(75,102). This amount is inclusive of \$(198), which is recognized as pension expense (and grant revenue) for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,585	\$ 9,024
Changes in actuarial assumptions	77,052	413,389
Difference between projected and actual investment earnings	-	175,128
Changes in proportion	-	322,740
Contributions paid to TRA subsequent to the measurement date	<u>30,348</u>	<u>-</u>
Total	<u>\$ 114,985</u>	<u>\$ 920,281</u>

The \$30,348 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2023	\$ (389,286)
2024	\$ (297,374)
2025	\$ (83,474)
2026	\$ (60,640)
2027	\$ (4,870)
Thereafter	\$ -

7. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability of TRA calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

7. Pension Liability Sensitivity (Cont'd)

District proportionate share of NPL		
1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
\$424,336	\$210,062	\$34,341

The District'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, or 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

1. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan 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

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

2. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.20% for each of the first 10 years of service and 1.70% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50.00% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.00% and a maximum of 1.50%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retirement 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 retirement 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% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were \$24,423. The District's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of \$192,170 for its proportionate share of the General Employees Fund's net pension liability. The District'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 District totaled \$5,821.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District'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 District's proportionate share was 0.0045% at the end of the measurement period and 0.0052% for the beginning of the period.

District's proportionate share of net pension liability	\$ 192,170
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>5,821</u>
Total	<u>\$ 197,991</u>

For the year ended June 30, 2022, the District recognized pension expense of \$7,153 for its proportionate share of General Employees Plan's pension expense. This amount is inclusive of \$470, which is recognized 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.

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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

4. Pension Costs (Cont'd)

At June 30, 2022, the District 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 economic experience	\$ 1,575	\$ 5,987
Changes in actuarial assumptions	117,335	5,151
Difference between projected and actual investment earnings	-	164,393
Changes in proportion	5,546	53,591
Contributions paid to PERA subsequent to the measurement date	<u>24,423</u>	<u>-</u>
Total	<u>\$ 148,879</u>	<u>\$ 229,122</u>

The \$24,423 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2023	\$ (24,731)
2024	\$ (23,568)
2025	\$ (10,972)
2026	\$ (43,395)
2027	\$ -
Thereafter	\$ -

5. Long-Term Expected Return on Investment

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

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

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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50% percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposed.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.00% after 29 years of service and 6.00% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly for PERA's experience.

Actuarial assumptions for are reviewed every four years. The most recent four-year experience study was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

7. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the General Employees Fund, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

District proportionate share of General Employees Fund NPL		
1 percent decrease (5.50%)	Current (6.50%)	1 percent increase (7.50%)
\$391,929	\$192,170	\$28,256

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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

9. Pension Plan Fiduciary Net Position

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

C. CHANGES IN THE NET PENSION LIABILITY

Changes in the net pension liability related to pension plans for the fiscal year ended June 30, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Teachers Retirement Association	\$ 472,841	\$ 122,912	\$ 385,691	\$ 210,062
Public Employees Retirement Association	311,764	180,586	300,180	192,170
Total Net Pension Liability	<u>\$ 784,605</u>	<u>\$ 303,498</u>	<u>\$ 685,871</u>	<u>\$ 402,232</u>

D. FINANCIAL STATEMENT PRESENTATION

Deferred Inflows/Outflows of Resources related to pension plans are presented in the June 30, 2022 basic financial statements as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities		
TRA	\$ 114,985	\$ 920,281
PERA	148,879	229,122
Total Governmental Activities	<u>\$ 263,864</u>	<u>\$ 1,149,403</u>

9. SHORT-TERM BUILDING LEASE AGREEMENT

The District entered into an operating lease effective July 1, 2006 with the Echo Community Corporation for the building located in Echo, Minnesota. The lease is on a monthly basis and must be renewed annually. The lease agreement in effect for July 1, 2021 through June 30, 2022 requires monthly payments of \$12,500. The Echo Community Corporation is responsible for all building insurance costs, health and safety expenditures, ADA expenditures, and other facilities costs which may arise. Echo Community Corporation obtains an annual independent audit, and will furnish this information to the District upon request. Lease expenditures on this lease for the year ended June 30, 2022 were \$150,000.

10. AUTHORIZER AGREEMENT

The District entered into a contract with Innovative Quality Schools to act as its Authorizer on July 1, 2019. This contract is effective from the date of its issuance and shall remain in full force and effect for a period of three academic years through June 30, 2022, unless revoked or terminated. During fiscal year 2021, this agreement was automatically extended to June 30, 2024. In exchange for an annual fee, Innovative Quality Schools confers certain rights, privileges, and obligations of a charter school and confirms the status of a charter school to the District. The District paid Innovative Quality Schools an authorizer fee of \$7,771 for the year ended June 30, 2022.

11. CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the governmental activities has been decreased to reflect a change in accounting principle. The District implemented GASB Statement No. 87, *Leases*, in the current year which better meets the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning governmental activities net position has been restated from (\$132,878) to (\$136,184) (a decrease of \$3,606). Prior year partial comparative information does not reflect this change in accounting principle because prior years have not been recalculated under GASB Statement No. 87.

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12. GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 96, *Subscription-Based Information Technology Agreements Leases* was issued to provide guidance on the accounting and financial reporting for subscription-based information technology agreements (SBITAs) for government end users. This Statement requires the District to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. Statement No. 96 is effective for implementation for the year ended June 30, 2023.

GASB Statement No. 101, *Compensated Absences* was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement will result in a liability for compensated absences that more appropriately reflects when the District incurs an obligation. Statement No. 101 is effective for implementation for the year ended June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S
CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
JUNE 30, 2022

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)**

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/21	0.0048%	\$ 210,062	\$ 17,700	\$ 227,762	\$ 278,165	81.9%	86.63%
6/30/20	0.0064	472,841	39,418	512,259	372,169	137.6	75.48
6/30/19	0.0073	465,304	40,939	506,243	391,699	129.2	78.21
6/30/18	0.0103	649,758	60,956	710,714	559,405	127.0	78.07
6/30/17	0.0115	2,295,609	221,704	2,517,313	615,156	409.2	51.57
6/30/16	0.0118	2,814,582	282,850	3,097,432	615,646	503.1	44.88
6/30/15	0.0115	711,389	87,187	798,576	593,895	134.5	76.80
6/30/14	0.0120	552,951	38,766	591,717	525,563	112.6	81.50

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/22	\$ 30,348	\$ 30,348	\$ -	\$ 364,769	8.32%
6/30/21	22,700	22,700	-	278,165	8.16
6/30/20	29,584	29,584	-	372,169	7.95
6/30/19	30,318	30,318	-	391,699	7.74
6/30/18	41,882	41,882	-	559,405	7.50
6/30/17	46,333	46,333	-	615,156	7.50
6/30/16	46,060	46,060	-	615,646	7.50
6/30/15	44,477	44,477	-	593,895	7.50

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S
CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
(CONTINUED)
JUNE 30, 2022

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (*)
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)**

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District	District's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(a)	(b)	(a+b)	(c)	(a+b/c)	
6/30/21	0.0045%	\$ 192,170	\$ 5,821	\$ 197,991	\$ 322,354	61.4%	87.0%
6/30/20	0.0052	311,764	9,505	321,269	370,614	86.7	79.1
6/30/19	0.0060	331,727	10,333	342,060	404,579	84.5	80.2
6/30/18	0.0056	310,665	10,043	320,708	393,532	81.5	79.5
6/30/17	0.0042	268,125	3,382	271,507	270,645	100.3	75.9
6/30/16	0.0038	308,541	4,082	312,623	233,708	133.8	68.9
6/30/15	0.0041	212,483	-	212,483	239,090	88.9	78.2
6/30/14	0.0042	197,295	-	197,295	223,552	88.3	78.7

* This schedule is for employers in the General Employees Plan to present their proportionate share of the State of Minnesota's contributions to the General Employees Fund on their behalf.

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	(a)	(b)	(a-b)	(d)	(b/d)
6/30/22	\$ 24,423	\$ 24,423	\$ -	\$ 325,638	7.5%
6/30/21	24,177	24,177	-	322,354	7.5
6/30/20	26,946	26,946	-	370,614	7.3
6/30/19	30,110	30,110	-	404,579	7.5
6/30/18	29,375	29,375	-	393,532	7.5
6/30/17	20,334	20,334	-	270,645	7.5
6/30/16	17,513	17,513	-	233,708	7.5
6/30/15	17,709	17,709	-	239,090	7.4

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(with Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022 Budgeted Amounts		2022		2021
	Original	Final	Actual	Variance	Actual
REVENUES					
Other Local and County Revenues:					
Contributions	\$ -	\$ 723	\$ 1,202	\$ 479	\$ 776
Fees from Patrons	-	35	35	-	-
Earnings From Investments	700	700	772	72	880
Miscellaneous Revenues and Reimbursements	-	400	1,634	1,234	1,210
	700	1,858	3,643	1,785	2,866
Revenues From State Sources:					
Endowment Fund Apportionment	2,477	2,897	2,873	(24)	2,477
General Education Aid	623,450	756,837	761,481	4,644	687,084
Literacy Incentive Aid	1,200	1,300	1,437	137	1,309
Charter School Lease Aid	92,000	94,608	101,135	6,527	103,333
Special Education Aid	175,000	180,000	175,816	(4,184)	191,605
Alternative Teacher Compensation Aid	13,000	17,517	17,305	(212)	15,438
Long-Term Facilities Maintenance Aid	9,478	10,058	10,160	102	10,345
Other Miscellaneous State Aid	-	-	-	-	238
	916,605	1,063,217	1,070,207	6,990	1,011,829
Revenues From Federal Sources:					
Title I	16,000	22,754	22,754	-	16,766
Title II	2,270	3,464	3,464	-	2,270
Title IV	10,000	10,000	10,000	-	10,000
REAP Grant	7,973	8,845	8,811	(34)	9,556
Special Education	19,000	-	23,282	23,282	22,082
Elementary and Secondary School Emergency Relief (ESSER) Fund	157,907	130,658	148,418	17,760	17,191
Governor's Emergency Education Relief Fund	-	-	-	-	27,913
Coronavirus State and Local Fiscal Recovery Funds	-	9,459	7,097	(2,362)	20,412
Expanded Summer Learning - GEER	-	-	-	-	5,780
Emergency Connectivity Fund Program	-	12,922	18,302	5,380	-
Other Federal Revenue	-	-	-	-	467
	213,150	198,102	242,128	44,026	132,437
Sales and Other Conversion of Assets:					
Sale of Materials	-	805	(771)	(1,576)	1,450
	1,130,455	1,263,982	1,315,207	51,225	1,148,582
EXPENDITURES					
Current:					
District and School Administration:					
Salaries and Wages	48,500	38,364	38,364	-	41,428
Employee Benefits	7,755	6,135	6,135	-	7,888
Purchased Services	750	500	406	94	130
Other Expenditures	7,500	8,151	10,315	(2,164)	9,119
	64,505	53,150	55,220	(2,070)	58,565
District Support Services:					
Salaries and Wages	67,609	63,421	66,024	(2,603)	52,678
Employee Benefits	10,243	9,609	9,980	(371)	7,958
Purchased Services	43,380	52,984	56,306	(3,322)	65,849
Supplies and Materials	1,200	1,498	1,061	437	3,057
Other Expenditures	500	90	90	-	342
	122,932	127,602	133,461	(5,859)	129,884
Regular Instruction:					
Salaries and Wages	277,244	336,832	343,321	(6,489)	252,776
Employee Benefits	61,728	81,961	80,573	1,388	47,874
Purchased Services	1,000	3,859	3,847	12	1,291
Supplies and Materials	13,190	14,028	13,291	737	10,424
	353,162	436,680	441,032	(4,352)	312,365
Exceptional Instruction:					
Salaries and Wages	156,173	140,618	136,369	4,249	144,777
Employee Benefits	24,084	21,691	21,029	662	22,153
Purchased Services	41,450	41,765	41,004	761	41,982
Supplies and Materials	735	1,026	1,142	(116)	527
	222,442	205,100	199,544	5,556	209,439

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ECHO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(with Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022 Budgeted Amounts		2022		2021
	Original	Final	Actual	Variance	Actual
EXPENDITURES (Cont'd)					
Current (Cont'd):					
Instructional Support Services:					
Salaries and Wages	\$ 31,647	\$ 7,307	\$ 8,982	\$ (1,675)	\$ 23,502
Employee Benefits	4,795	1,107	1,361	(254)	3,557
Purchased Services	125	27,978	36,584	(8,606)	2,936
Supplies and Materials	30,250	78,581	77,314	1,267	37,421
	<u>66,817</u>	<u>114,973</u>	<u>124,241</u>	<u>(9,268)</u>	<u>67,416</u>
Pupil Support Services:					
Salaries and Wages	43,424	43,273	42,892	381	30,991
Employee Benefits	6,572	6,281	6,553	(272)	4,726
Purchased Services	23,950	36,540	6,779	29,761	31,906
Supplies and Materials	16,525	22,914	23,543	(629)	14,604
Other Expenditures	-	58	58	-	-
	<u>90,471</u>	<u>109,066</u>	<u>79,825</u>	<u>29,241</u>	<u>82,227</u>
Site, Buildings and Equipment:					
Salaries and Wages	37,500	34,282	35,625	(1,343)	41,289
Employee Benefits	5,686	5,194	5,397	(203)	6,255
Purchased Services	52,458	66,860	216,522	(149,662)	203,157
Supplies and Materials	2,350	3,867	3,800	67	1,907
	<u>97,994</u>	<u>110,203</u>	<u>261,344</u>	<u>(151,141)</u>	<u>252,608</u>
Fiscal and Other Fixed Cost Programs:					
District Insurance	20,000	10,060	8,548	1,512	11,651
Other Expenditures	-	-	-	-	1,905
	<u>20,000</u>	<u>10,060</u>	<u>8,548</u>	<u>1,512</u>	<u>13,556</u>
Capital Outlay:					
Instructional Support Services	2,030	-	-	-	2,029
Pupil Support Services	25,000	23,085	23,085	-	26,363
Site, Buildings and Equipment	-	19,400	20,013	(613)	10,163
	<u>27,030</u>	<u>42,485</u>	<u>43,098</u>	<u>(613)</u>	<u>38,555</u>
Debt Service:					
Principal	162,500	162,500	32,930	129,570	-
Interest	-	-	3,498	(3,498)	-
	<u>162,500</u>	<u>162,500</u>	<u>36,428</u>	<u>126,072</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,227,853</u>	<u>1,371,819</u>	<u>1,382,741</u>	<u>(10,922)</u>	<u>1,164,615</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(97,398)</u>	<u>(107,837)</u>	<u>(67,534)</u>	<u>40,303</u>	<u>(16,033)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Assets	-	20,500	20,500	-	1,800
Transfer to Other Funds	-	-	-	-	(2,708)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>20,500</u>	<u>20,500</u>	<u>-</u>	<u>(908)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(97,398)</u>	<u>(87,337)</u>	<u>(47,034)</u>	<u>40,303</u>	<u>(16,941)</u>
FUND BALANCE BEGINNING OF YEAR	<u>919,172</u>	<u>919,172</u>	<u>919,172</u>	<u>-</u>	<u>936,113</u>
FUND BALANCE END OF YEAR	<u>\$ 821,774</u>	<u>\$ 831,835</u>	<u>\$ 872,138</u>	<u>\$ 40,303</u>	<u>\$ 919,172</u>

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(with Comparative Actual Amounts for the Year Ended June 30, 2021)

	<u>2022 Actual</u>	<u>2021 Actual</u>
FUND BALANCE ANALYSIS		
NONSPENDABLE FUND BALANCE		
Prepaid Expenditures	\$ <u>2,586</u>	\$ <u>2,014</u>
RESTRICTED FUND BALANCES		
Safe Schools	1,162	1,162
Student Activities	7,868	12,461
Scholarships	<u>8,038</u>	<u>7,837</u>
TOTAL RESTRICTED FUND BALANCES	<u>17,068</u>	<u>21,460</u>
ASSIGNED FUND BALANCES		
Projected Budget Deficit	<u>220,898</u>	<u>97,398</u>
UNASSIGNED FUND BALANCE	<u>631,586</u>	<u>798,300</u>
TOTAL FUND BALANCE	<u><u>\$ 872,138</u></u>	<u><u>\$ 919,172</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022
(with Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022 Budgeted Amounts		2022	Variance	2021
	Original	Final	Actual		Actual
REVENUES					
Other Local and County Revenues:					
Miscellaneous Revenues	\$ -	\$ -	\$ 2,780	\$ 2,780	\$ -
Revenues From State Sources:					
School Lunch Aid	-	675	693	18	47
School Breakfast Program	-	-	-	-	15
Summer Food Service	-	1,168	1,168	-	28
	-	<u>1,843</u>	<u>1,861</u>	<u>18</u>	<u>90</u>
Revenues From Federal Sources:					
School Lunch Aid	-	272	272	-	92
Free/Reduced Lunch Aid	-	23,551	24,686	1,135	676
School Breakfast Program	-	13,435	14,088	653	480
Summer Food Service Program	45,000	2,285	2,285	-	60,065
USDA Commodities/Rebate	-	-	2,481	2,481	1,440
Elementary and Secondary School Emergency Relief (ESSER) Fund	-	-	3,093	3,093	-
Other Federal Revenue	-	-	-	-	146
	<u>45,000</u>	<u>39,543</u>	<u>46,905</u>	<u>7,362</u>	<u>62,899</u>
Sales And Other Conversion Of Assets:					
Sale of Lunches	<u>1,500</u>	<u>3,000</u>	<u>3,433</u>	<u>433</u>	<u>2,247</u>
TOTAL REVENUES	<u>46,500</u>	<u>44,386</u>	<u>54,979</u>	<u>10,593</u>	<u>65,236</u>
EXPENDITURES					
Current:					
Pupil Support Services:					
Salaries and Wages	26,500	20,942	22,947	(2,005)	30,593
Employee Benefits	4,015	3,173	3,552	(379)	4,635
Purchased Services	354	906	900	6	-
Supplies and Materials	32,174	24,892	22,444	2,448	31,361
USDA Commodities	-	-	2,481	(2,481)	1,440
Other Expenditures	472	708	748	(40)	40
	<u>63,515</u>	<u>50,621</u>	<u>53,072</u>	<u>(2,451)</u>	<u>68,069</u>
TOTAL EXPENDITURES	<u>63,515</u>	<u>50,621</u>	<u>53,072</u>	<u>(2,451)</u>	<u>68,069</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,015)</u>	<u>(6,235)</u>	<u>1,907</u>	<u>8,142</u>	<u>(2,833)</u>
OTHER FINANCING SOURCES					
Proceeds from Sale of Equipment	-	-	-	-	125
Transfer from General Fund	-	-	-	-	2,708
TOTAL OTHER FINANCING SOURCES ((USES))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,833</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(17,015)</u>	<u>(6,235)</u>	<u>1,907</u>	<u>8,142</u>	<u>-</u>
FUND BALANCE BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u>\$ (17,015)</u>	<u>\$ (6,235)</u>	<u>\$ 1,907</u>	<u>\$ 8,142</u>	<u>\$ -</u>
FUND BALANCE ANALYSIS					
NONSPENDABLE FUND BALANCE					
Inventory			\$ 3,483		\$ 1,949
Prepaid Expenditures			<u>472</u>		<u>472</u>
TOTAL NONSPENDABLE FUND BALANCE			<u>3,955</u>		<u>2,421</u>
UNASSIGNED FUND BALANCES			<u>(2,048)</u>		<u>(2,421)</u>
TOTAL FUND BALANCE			<u>\$ 1,907</u>		<u>\$ -</u>

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. DEFINED BENEFIT PENSION PLANS

The following changes were reflected in the valuations performed on behalf of the following defined benefit pension plans for the fiscal years (measurement date) ending June 30:

Teachers Retirement Association

2021 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 7.50% to 7.00%.

2020 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the 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 table.
- Assumed form of annuity election proportions were changed to more closely reflect experience for female retirees.

2019 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2018 Changes

Changes in Benefit and Funding Terms:

The 2018 Omnibus Pension Bill contained a number of changes.

- The COLA was reduced from 2.00% each January 1 to 1.00%, effective January 1, 2019. Beginning January 1, 2024, the COLA (Cost of Living Adjustment) will increase 0.10% each year until reaching the ultimate rate of 1.50% 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 2.50% if the funded ratio was at least 90.00% 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 0.00% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00% to 3.00%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50% to 7.50%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 8.50% 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%.

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. DEFINED BENEFIT PENSION PLANS (Cont'd)

Teachers Retirement Association (Cont'd)

2018 Changes (Cont'd)

Changes in Actuarial Assumptions (Cont'd):

- 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 finding 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 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The COLA was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50%, but remain at 2.00% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.40% to 0.00%, the vested inactive load increased from 4.00% to 7.00% and the non-vested inactive load increased from 4.00% to 9.00%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The general wage growth assumption was lowered from 3.50% to 2.85% for ten years followed by 3.25%, thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The COLA was not assumed to increase (it remained at 2.00% for all future years).
- The price inflation assumption was lowered from 3.00% to 2.75%
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.50%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the 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.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

1. DEFINED BENEFIT PENSION PLANS (Cont'd)

Teachers Retirement Association (Cont'd)

2015 Changes

Changes in Benefit and Funding Terms:

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

Changes in Actuarial Assumptions:

- The cost of living adjustment was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2037.

Public Employees Retirement Association

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

2020 Changes

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 two through five 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 100.00% Joint & Survivor option changed from 35.00% to 45.00%. The assumed number of married female new retirees electing 100.00% Joint & Survivor option changed from 15.00% to 30.00%. 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 2.00% for the period July 1, 2020 through December 31, 2023 and 0.00% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions:

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

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. DEFINED BENEFIT PENSION PLANS (Cont'd)

Public Employees Retirement Association (Cont'd)

General Employees Fund (Cont'd)

2019 Changes (Cont'd)

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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 Changes

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Change in Plan Provisions:

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

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- None

INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. DEFINED BENEFIT PENSION PLANS (Cont'd)
Public Employees Retirement Association (Cont'd)
General Employees Fund (Cont'd)

2015 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- 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; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

2. BUDGETS, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets presented for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Director submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

A. DEFICIT SPENDING

For the year ended June 30, 2022, the final approved budget projected deficit spending in the following funds:

General Fund	\$ 87,337
Food Service Fund	\$ 6,235

B. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2022, the District had expenditures exceeding the latest amended budget in the following funds:

Fund	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 1,371,819	\$ 1,382,741	\$ 10,922
Food Service Fund	\$ 50,621	\$ 53,072	\$ 2,451

Budget revisions were last approved in June of 2022. These excesses were realized since that time and are approved by the School Board upon acceptance of this report.

**OTHER SUPPLEMENTARY INFORMATION,
REQUIRED REPORTS AND SCHEDULES**

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
GENERAL FUND - HISTORICAL ANALYSIS**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES										
Other Local and County Revenues	42,356	24,834	18,806	20,026	18,897	83,215	15,287	1,006,426	2,866	3,643
Revenue From State Sources	1,683,923	1,375,435	1,238,519	1,125,334	1,250,848	1,393,848	1,125,747	986,472	1,011,829	1,070,207
Revenue From Federal Sources	83,367	57,906	129,894	135,621	162,672	174,614	134,869	92,417	132,437	242,128
Sales and Other Conversions of Assets	16,857	8,395	1,029	16,707	6,828	4,156	1,895	4,994	3,250	19,729
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	148,505	-	-
Transfers In/Prior Period Restatement	-	-	-	-	-	-	-	7,737	-	-
TOTAL REVENUES	1,826,503	1,466,570	1,388,248	1,297,688	1,439,245	1,655,833	1,277,798	2,246,551	1,150,382	1,335,707
EXPENDITURES - PROGRAMS										
District and School Admin	65,929	39,730	62,613	60,004	63,886	39,596	81,472	59,303	58,565	55,220
District Support Services	143,063	94,967	115,822	142,334	137,150	167,551	139,772	171,837	129,884	141,988
Regular Instruction	860,909	720,780	709,306	704,056	727,004	622,416	490,723	485,126	312,365	441,032
Vocational Instruction	-	-	-	664	-	-	-	-	-	-
Exceptional Instruction	216,248	184,077	163,820	152,527	156,448	325,078	226,011	228,672	209,439	199,544
Instructional Support Services	6,949	8,205	12,121	7,953	2,342	2,776	13,819	2,851	69,445	124,241
Pupil Support Services	178,764	128,367	100,629	97,568	114,255	148,704	119,218	121,066	108,590	130,811
Site, Buildings, and Equipment	409,368	345,075	343,650	330,936	330,604	340,719	295,118	278,659	262,771	281,357
Fiscal and Other Fixed Cost Programs	7,328	5,692	7,398	7,960	8,829	7,844	9,909	9,281	13,556	8,548
Transfers Out	11,000	-	2,500	-	10,656	8,492	88,085	12,771	2,708	-
TOTAL EXPENDITURES	1,899,558	1,526,893	1,517,859	1,504,002	1,551,174	1,663,176	1,464,127	1,369,566	1,167,323	1,382,741
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(73,055)	(60,323)	(129,611)	(206,314)	(111,929)	(7,343)	(186,329)	876,985	(16,941)	(47,034)
FUND BALANCE-BEGINNING	834,032	760,977	700,654	571,043	364,729	252,800	245,457	59,128	936,113	919,172
FUND BALANCE-ENDING	760,977	700,654	571,043	364,729	252,800	245,457	59,128	936,113	919,172	872,138
ADJUSTED CASH BALANCE	651,608	748,991	482,362	290,850	145,820	133,523	97,752	819,332	804,482	790,281
EXPENDITURES - OBJECTS										
Salaries and Wages	1,074,239	858,187	838,306	843,228	874,075	892,400	743,415	753,835	587,441	671,577
Employee Benefits	156,864	130,772	137,244	148,494	148,631	159,313	131,447	126,283	100,411	131,028
Purchased Services	480,725	434,079	434,173	392,840	405,243	427,902	408,050	376,410	358,902	369,996
Supplies and Materials	93,575	74,197	81,322	101,340	90,696	82,666	49,606	60,015	67,940	120,151
Capital Expenditures	58,385	11,401	16,365	15,798	3,600	74,451	23,725	23,019	38,555	43,098
Debt Service Expenditures	-	-	-	-	-	-	-	-	-	36,428
Other Expenditures/Transfers	35,770	18,257	10,449	2,302	28,929	26,444	107,884	30,004	14,074	10,463
TOTAL EXPENDITURES	1,899,558	1,526,893	1,517,859	1,504,002	1,551,174	1,663,176	1,464,127	1,369,566	1,167,323	1,382,741

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2022**

**INTERNAL CONTROL OVER FINANCIAL REPORTING
ITEM ARISING IN CURRENT YEAR**

2022-001 LACK OF ADEQUATE APPROVAL OF DISBURSEMENTS

Condition: One of 25 purchase orders was noted in the disbursements sample that was not approved by the appropriate personnel during the year.

Effect: Checks could have been disbursed for improper amounts, payees, or purpose.

Cause: This checks were paid without appropriate approval by the Director.

Criteria: In order to ensure the disbursements are approved, the finance department must verify appropriate authorization has been obtained before the disbursement is issued.

Recommendation: We recommend that the Business Manager verify all disbursements are approved by the purchaser and the Director or other designated authorizer before checks are issued.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

PREVIOUSLY REPORTED ITEM NOT RESOLVED

2022-002 AUDIT ADJUSTMENTS

Condition: During our audit, we proposed audit adjustments that resulted in significant changes to the District's financial statements. This finding was reported in the prior year audit as finding number 2021-001. The District's corrective action plan for the prior year audit filed with the Minnesota Department of Education stated that the District would continue contracting with the SW/WC Service Cooperative for bookkeeping and yearend audit preparation services. This process was in place during the year; however, there were still required audit adjustments.

Effect: A control deficiency 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a misstatement in the financial statement not initially identified by the entity's internal controls. This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: The Service Cooperative prepared a majority of the year end entries, however all accounts were not reviewed for accuracy, requiring the auditors to propose significant journal entries to revenues, inventory, capital assets, and fund balance classifications. The District also required assistance in recording the year-end balances for pensions and leases.

Criteria: The District's accounting staff, or contracted service provider, should prepare necessary journal entries during the year, or at a minimum, at year end to accurately reflect all account balances on a modified accrual basis. The external auditor's staff cannot be considered to be part of the District's internal control and should not be relied upon to propose a significant number of material audit adjustments.

Recommendation: We recommend that the District continue to contract with the SW/WC Service Cooperative and review the account balances for proper adjustment. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2022**

PREVIOUSLY REPORTED ITEM NOT RESOLVED (Cont'd)

2022-002 AUDIT ADJUSTMENTS (Cont'd)

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

**MINNESOTA LEGAL COMPLIANCE
PREVIOUSLY REPORTED ITEM RESOLVED**

Finding 2021-002: PUBLIC NOTICE FOR SALE OF EQUIPMENT

An asset was sold via sealed bids but was not advertised in the official minutes.

Resolution

The District did not sell any items via sealed bids in the current year.

**INDEPENDENT SCHOOL DISTRICT NO. 4026
EVERY CHILD HAS OPPORTUNITIES (ECHO) CHARTER SCHOOL
ECHO, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

2022-001 LACK OF ADEQUATE APPROVAL OF DISBURSEMENTS

Auditor Recommendation

We recommend that the Business Manager verify all disbursements are approved by the purchaser and the Director or other designated authorizer before checks are issued.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
Pam Redetzke (Business Manager) will verify all checks issued are appropriately approved.
3. Official Responsible for Insuring CAP
Helen Blue-Redner (Director) is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented for the 2022-2023 fiscal year.
5. Plan to Monitor Completion of CAP
Helen Blue-Redner and the School Board will be monitoring this corrective action plan.

2022-002 AUDIT ADJUSTMENTS

Auditor Recommendation

We recommend that the District continue to contract with the SW/WC Service Cooperative and review the account balances for proper adjustment. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The District still intends to contract with SW/WC Service Cooperative for bookkeeping services and yearend audit preparation services and Pam Redetzke (Business Manager) will work with the Cooperative to ensure that information is provided for required entries.
3. Official Responsible for Insuring CAP
Pam Redetzke (Business Manager) is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan has been and will continue to be implemented for the June 30, 2023 audit.
5. Plan to Monitor Completion of CAP
Helen Blue-Redner (Director) and the School Board will be monitoring this corrective action plan.

**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 School Board
Independent School District No. 4026
Every Child Has Opportunities (ECHO) Charter School
Echo, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's basic financial statements, and have issued our report thereon dated December 5, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota'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 Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings on internal control structure and compliance, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings on internal control structure and compliance as item 2022-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings on internal control structure and compliance as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota'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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, 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 District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings on internal control structure and compliance corrective action plan. Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 5, 2022

MANAGEMENT LETTER

Members of the School Board
Independent School District No. 4026
Every Child Has Opportunities (ECHO) Charter School
Echo, Minnesota

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota, for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of the following opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control and any related significant deficiencies and material weaknesses in our report dated December 5, 2022. This letter does not affect that report or our report dated December 5, 2022, on the financial statements of Independent School District No. 4026, Every Child Has Opportunities (ECHO) Charter School, Echo, Minnesota.

COMMENTS AND SUGGESTIONS

- Due to the limited number of office personnel within Independent School District No. 4026, Echo Charter School, Echo, Minnesota, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. The District does not segregate the duties of cash receipting and disbursing from one employee. The District has responded to this deficiency by contracting with SW/WC Service Cooperative and implementing various oversight controls by the School Board and Management. These oversight controls help to mitigate the risk to the organization created by the lack of segregation of duties within the accounting function. However, the risks that are created by the lack of segregation of duties can never be completely eliminated. The School Board and Management should continue to be diligent in their review of financial transactions, and document these procedures by initialing invoices, and approving expenditure reports.
- The School Board minutes reflect the approval of the District's total budgeted revenues and expenditures. We recommend documenting the total revenue and expenditures by fund in the official minutes in order to ensure that the correct amounts are entered into Smart Finance.
- Student account checks were noted to be issued out of sequence.
- Even though the District received a large donation in FY20, great caution should be exercised with developing budgets and looking at the current fiscal situation of the District in order to prevent a cash short fall in the future. The District should also consider an expected decrease in COVID-19 funding in the near future as these programs are phased out. There was a decrease in student counts in FY22 and current student counts are also showing a decrease from FY22. Plans should be discussed and continue to be implemented to increase student counts and cut costs where able. The District should also explore allowable options to optimize interest income on the additional amounts that are currently in savings if immediate use is not expected.

If you have any questions regarding these items, please contact us.

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 5, 2022

Fiscal Compliance Report - 6/30/2022

District: E.C.H.O. CHARTER SCHOOL (4026-7)

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	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$1,315,207	<u>\$1,315,206</u>	<u>\$1</u>
Total Expenditures	\$1,382,741	<u>\$1,382,740</u>	<u>\$1</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$2,586	<u>\$2,586</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$7,868	<u>\$7,868</u>	<u>\$0</u>
4.02 Scholarships	\$8,038	<u>\$8,038</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe School Crime - Crime Levy	\$1,162	<u>\$1,162</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$220,898	<u>\$220,898</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$631,586	<u>\$631,586</u>	<u>\$0</u>

02 FOOD SERVICES

Total Revenue	\$54,979	<u>\$54,979</u>	<u>\$0</u>
Total Expenditures	\$53,072	<u>\$53,072</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$3,955	<u>\$3,955</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust			

06 BUILDING CONSTRUCTION

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
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>			
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

07 DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
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>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

08 TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

18 CUSTODIAL

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

20 INTERNAL SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

25 OPEB REVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures			

	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	(\$2,048)	<u>(\$2,048)</u>	<u>\$0</u>

04 COMMUNITY SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
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	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

45 OPEB IRREVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

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