



Annual Financial Report

Skyline Math & Science Academy, Charter School No. 4255

Minneapolis, Minnesota

For the year ended June 30, 2021



Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090
F 952.835.3261

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727
F 507.388.9139

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Charter School No. 4255
Minneapolis, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

SKYLINE MATH & SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Board of Education and Administration
For the Year Ended June 30, 2021

BOARD OF EDUCATION

<u>Name</u>	<u>Position</u>
Yonis Abdi	Board Chair
Abdi Noor	Board Member
Mustafa Hassan	Community Member
Mohamud Muse	Treasurer
Sharon Nelson	Teacher

ADMINISTRATION

Abdirahman Abdulle	Executive Director
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FINANCIAL SECTION

SKYLINE MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining aggregate fund information of Skyline Math & Science Academy, Charter School No. 4255 (the Charter School), Minneapolis, Minnesota as of June 30, 2021 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15, the Schedule of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The individual fund schedules and table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and table are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
November 17, 2021



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Management's Discussion and Analysis

As management of the Skyline Math & Science Academy, Charter School No. 4255 (the Charter School), Minneapolis, Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the period ended June 30, 2021.

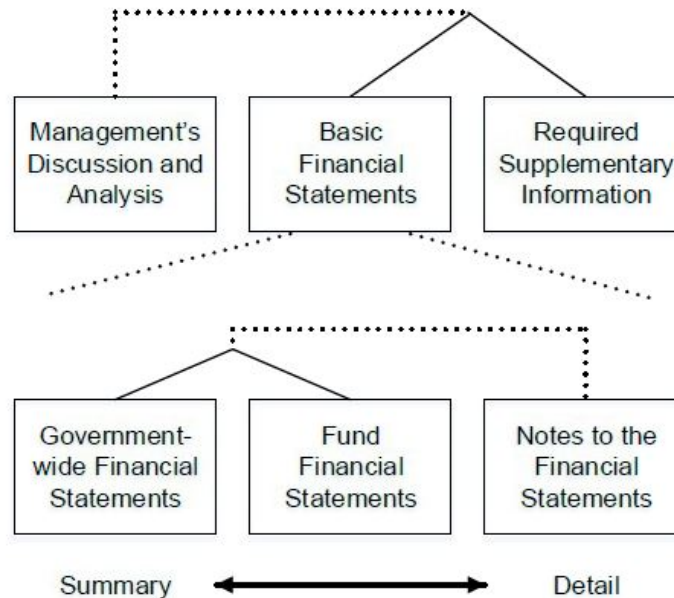
Financial Highlights

- The liabilities and deferred outflows of resources of the Charter School exceeded assets and deferred outflows of resources at the end of the fiscal year ended by \$115,219, which was a \$6,371 decrease of from the prior year. This decrease from the prior year can mainly be attributed to expenses increasing due to the net pension liability related to the TRA and PERA defined contribution benefit plans. The decrease was offset with the loan forgiveness in the amount of \$338,500.
- As of the close of the current fiscal year, the Charter School's governmental funds reported a total ending fund balance of \$249,800, an increase of \$4,882 from the prior year. Of this amount, \$9,225 represents nonspendable fund and \$240,575 represents unassigned fund balance.
- At the end of the current fiscal year, the total fund balance for the General fund was \$249,800 or 6.1 percent of total General fund expenditures. The Charter School does not currently have a fund balance policy.

Overview of the Financial Statements

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

Organization of Skyline Math & Science Academy's Annual Financial Report



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

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements
	Government-wide Statements	Governmental Funds
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of in flow/out flow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Financial Statements.

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

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

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

The government-wide financial statements display functions of the Charter School that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Charter School include district support services and elementary and secondary regular instruction.

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Charter School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter School maintains two individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Food Service funds, of which only the General is considered a major fund.

The Charter School adopts an annual appropriated budget for its General and Food Service funds. Budgetary comparison statements have been provided for the General fund and Food Service fund to demonstrate compliance with these budgets.

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

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 56 of this report.

Other Information. The individual fund schedules and table can be found starting on page 61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$115,219 at the close of the 2021 fiscal year.

Skyline Math & Science Academy's Summary of Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Assets			
Current and other assets	\$ 816,478	\$ 823,263	\$ (6,785)
Capital assets	96,647	122,966	(26,319)
Total Assets	913,125	946,229	(33,104)
Deferred Outflows of Resources			
Deferred pension resources	1,218,694	1,172,663	46,031
Liabilities			
Current and other liabilities	566,678	578,345	(11,667)
Noncurrent liabilities	1,658,410	1,634,851	23,559
Total Liabilities	2,225,088	2,213,196	11,892
Deferred inflows of resources			
Deferred pension resources	21,950	14,544	7,406
Net Position			
Investment in capital assets	96,647	122,966	(26,319)
Unrestricted	(211,866)	(231,814)	19,948
Total Net Position	\$ (115,219)	\$ (108,848)	\$ (6,371)

At the end of the current fiscal year, the Charter School is able to report a positive balance in investment in capital assets, but unrestricted net position was negative due to the net pension liability related to the TRA and PERA defined contribution benefit plans.

A portion of the Charter School's net position (\$96,647) reflects its investment in capital assets (e.g., building, building improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The Charter School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Governmental Activities. Governmental activities decreased the Charter School’s net position by \$6,371. Key elements of this decrease are shown in the table below.

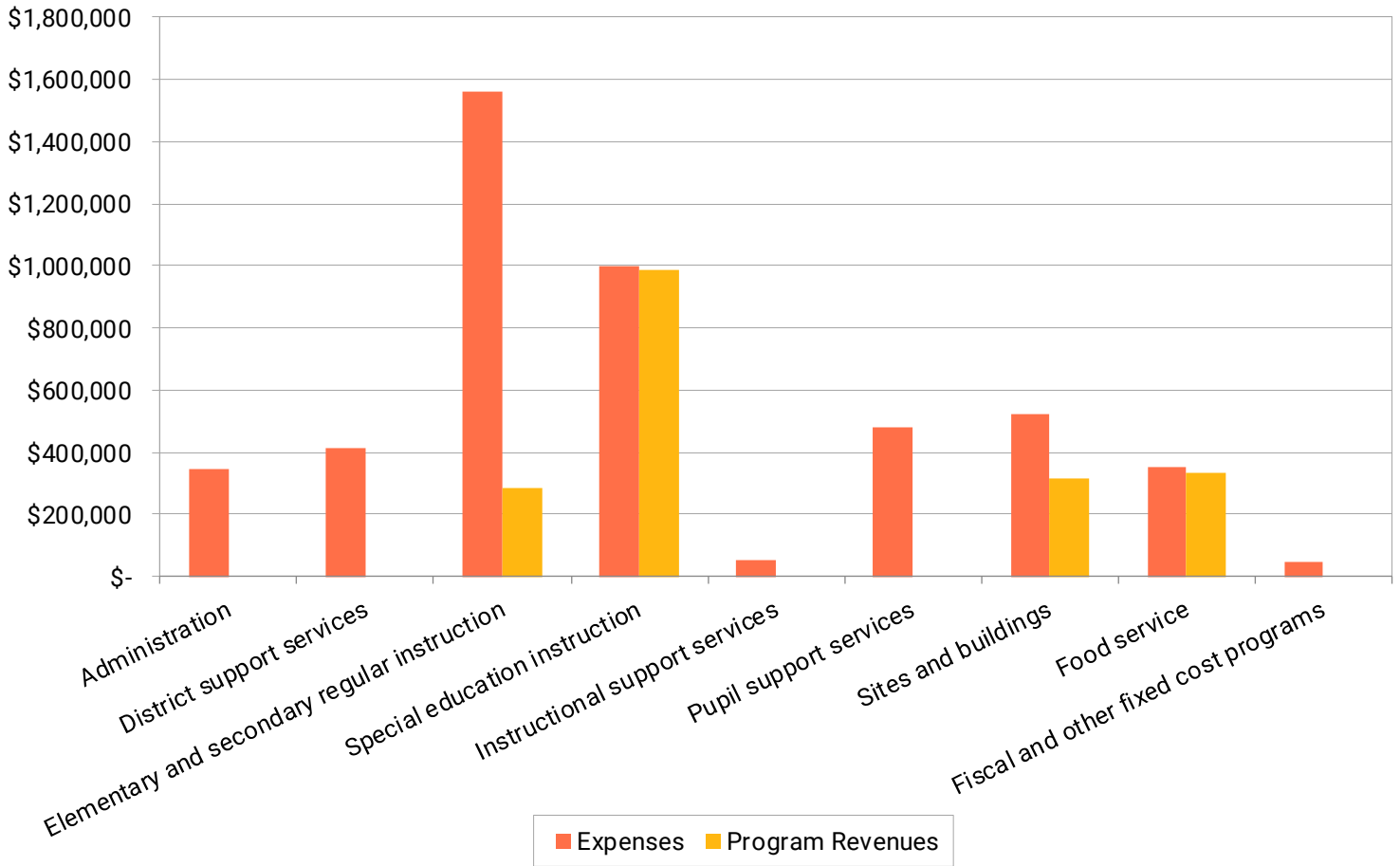
Skyline Math & Science Academy’s Changes in Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Revenues			
Program revenues			
Operating grants and contributions	\$ 1,920,916	\$ 1,424,810	\$ 496,106
General revenues			
State aid-formula grants	2,486,410	2,377,090	109,320
Federal grants	-	98,382	(98,382)
Loan forgiveness	338,500	-	338,500
Other general revenues	19,940	-	19,940
Total Revenues	<u>4,765,766</u>	<u>3,900,282</u>	<u>865,484</u>
Expenses			
Administration	343,497	197,453	146,044
District support services	414,388	604,499	(190,111)
Elementary and secondary regular instruction	1,561,818	1,261,585	300,233
Special education instruction	996,147	654,378	341,769
Instructional support services	51,720	7,000	44,720
Pupil support services	483,543	626,865	(143,322)
Sites and buildings	524,815	515,420	9,395
Fiscal and other fixed cost programs	45,153	34,066	11,087
Food service	351,056	264,259	86,797
Total Expenses	<u>4,772,137</u>	<u>4,165,525</u>	<u>606,612</u>
Change in Net Position	(6,371)	(265,243)	258,872
Net Position, July 1	<u>(108,848)</u>	<u>156,395</u>	<u>(265,243)</u>
Net Position, June 30	<u>\$ (115,219)</u>	<u>\$ (108,848)</u>	<u>\$ (6,371)</u>

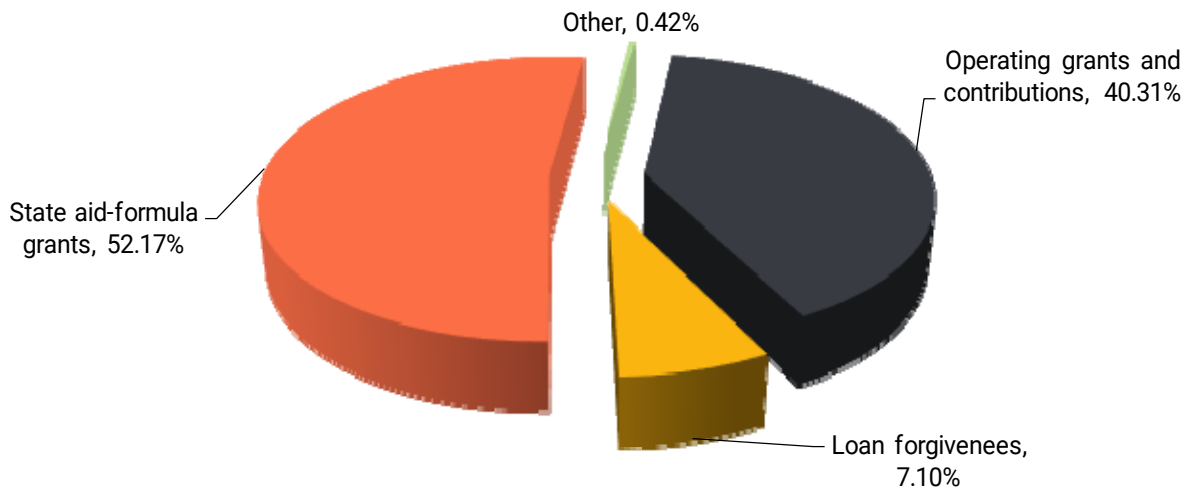
- Total revenues increased \$865,484 due to the increase in operating grants and contributions during the year (\$496,106) as well as the forgiveness of loans (\$338,500) during the year.
- Total expenses increased \$606,612 during the year. The main reason was due to increased expenses in relation to the amortization of the net pension liability related to the GASB 68 pension plans. The largest increase from the prior year was related to special education which increased \$341,769.

The following graph depicts various governmental activities and shows the expenses and program revenues directly related to those activities.

Expenses by Program - Governmental Activities Graph



Revenue by Source - Governmental Activities Graph



Financial Analysis of the Charter School's Funds

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

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

As of the end of the current fiscal year, the Charter School's governmental fund reported an ending fund balance of \$249,800, an increase of \$4,882 in comparison with the prior year. Approximately 96.3 percent of this total amount constitutes *unassigned fund balance*, which is available for spending- at the Charter School's discretion. The remainder of fund balance is not available for new spending because it is nonspendable (\$9,225).

General Fund Budgetary Highlights

The General fund is the chief operating fund of the Charter School. At the end of the current year, unassigned fund balance of the General fund was \$240,575. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.9 percent of total General fund expenditures.

During the fiscal year the Charter School revised their General fund budget increasing revenues and increasing expenditures by \$266,833 and \$311,977 respectively.

Total revenues were \$114,521 greater than the budget with the largest revenue variance from federal sources, which were \$86,114 more than anticipated. Total expenditures were \$222,030 over budget with the largest variance in elementary and secondary regular instruction expenditures, which were \$131,205 over budget.

Food Service Fund Budgetary Highlights

During the fiscal year the Charter School revised their Food Service fund budget and increased budgeted revenues and increased expenditures by \$188,092 and \$108,261 respectively.

Total revenues were \$2,654 less than budget with the largest revenue variance from federal sources, which were \$9,606 less than anticipated. Total expenditures were \$15,305 under budget with the only variance coming from food service expenditures.

Capital Assets

The Charter School's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$96,647 (net of accumulated depreciation). This investment in capital assets includes equipment. The total depreciation expense for the year was \$26,319. The following is a schedule of capital assets as of June 30, 2021.

	Governmental Activities		
	2021	2020	Increase (Decrease)
Equipment	\$ 96,647	\$ 122,966	\$ (26,319)

Additional information on the Charter School's capital assets can be found in Note 3B on page 41 of this report.

Long-term Debt

At the end of the current fiscal year, the Charter School's long-term liabilities consisted of loans payable. The balance of the liability is shown below.

	Governmental Activities		
	2021	2020	Increase (Decrease)
Loans Payable	\$ -	\$ 338,500	\$ (338,500)

The decrease is due to the PPP loan being forgiven in fiscal year 2021.

Economic Factors and Next Year's Budgets and Rates

- Skyline is dependent on the State of Minnesota for the majority of its revenue. These revenues are based primarily on the number of students enrolled and achieving desired enrollment can be difficult due to the competition in the area. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. Due to this, the Charter School must become creative in how they educate students as well as ensuring that there is no frivolous spending and the Charter School adheres to the approved budget.
- State Special Education funding continues to change causing schools to cut in other areas of the General fund to ensure the rising costs and needs of Special Education students are met. The Charter School is continually updating its estimates for funds covering those costs and needs of students. Without the continuous monitoring of the funding sources and expenditures, it can cause the Charter School to quickly have deficit spending.

Requests for Information

This financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Yonis Abdi, Board Chair, Skyline Math & Science Academy, Charter School No. 4255, 2600 26th Ave S #100 Minneapolis, MN 55406.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SKYLINE MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash and temporary investments	\$ 181,094
Due from the Minnesota Department of Education	450,329
Due from the Federal government	175,830
Prepaid items	9,225
Capital assets	
Depreciable assets, net of accumulated depreciation	96,647
Total Assets	<u>913,125</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>1,218,694</u>
Liabilities	
Accounts and other payables	237,599
Accrued salaries payable	329,079
Noncurrent liabilities	
Due in more than one year	
Net pension Liability	1,658,410
Total Liabilities	<u>2,225,088</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>21,950</u>
Net Position	
Investment in capital assets	96,647
Unrestricted	<u>(211,866)</u>
Total Net Position	<u>\$ (115,219)</u>

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 343,497	\$ -	\$ -	\$ -	\$ (343,497)
District support services	414,388	-	-	-	(414,388)
Elementary and secondary regular instruction	1,561,818	-	283,323	-	(1,278,495)
Special education instruction	996,147	-	987,393	-	(8,754)
Instructional support services	51,720	-	-	-	(51,720)
Pupil support services	483,543	-	-	-	(483,543)
Sites and buildings	524,815	-	313,862	-	(210,953)
Food service	351,056	-	336,338	-	(14,718)
Fiscal and other fixed cost programs	45,153	-	-	-	(45,153)
Total Governmental Activities	<u>\$ 4,772,137</u>	<u>\$ -</u>	<u>\$ 1,920,916</u>	<u>\$ -</u>	<u>(2,851,221)</u>
General Revenues					
State aid-formula grants					2,486,410
Loan forgiveness					338,500
Other general revenues					19,940
Total General Revenues					<u>2,844,850</u>
Change in Net Position					(6,371)
Net Position, July 1					<u>(108,848)</u>
Net Position, June 30					<u>\$ (115,219)</u>

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

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FUND FINANCIAL STATEMENTS

SKYLINE MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Nonmajor Food Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 141,954	\$ 39,140	\$ 181,094
Due from the Minnesota Department of Education	450,329	-	450,329
Due from the Federal government	171,408	4,422	175,830
Prepaid items	9,225	-	9,225
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 772,916</u>	<u>\$ 43,562</u>	<u>\$ 816,478</u>
Liabilities			
Accounts and other payables	\$ 196,515	\$ 41,084	\$ 237,599
Accrued salaries payable	326,601	2,478	329,079
Total Liabilities	<u>523,116</u>	<u>43,562</u>	<u>566,678</u>
Fund Balances			
Nonspendable for prepaid items	9,225	-	9,225
Unassigned	240,575	-	240,575
Total Fund Balances	<u>249,800</u>	<u>-</u>	<u>249,800</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 772,916</u>	<u>\$ 43,562</u>	<u>\$ 816,478</u>

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2021

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

Total Fund Balances - Governmental Funds	\$ 249,800
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	161,444
Less: accumulated depreciation	(64,797)
<p>Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Noncurrent liabilities at year-end consist of</p>	
Net pension liability	(1,658,410)
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Deferred outflow of pension resources	1,218,694
Deferred inflow of pension resources	(21,950)
	(115,219)
Total Net Position - Governmental Activities	\$ (115,219)

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Nonmajor Food Service	Total Governmental Funds
Revenues			
Revenue from federal sources	\$ 362,271	\$ 329,386	\$ 691,657
Revenue from state sources	3,708,717	6,952	3,715,669
Other local and county revenue	19,940	-	19,940
Total Revenues	4,090,928	336,338	4,427,266
Expenditures			
Current			
Administration	332,385	-	332,385
District support services	350,665	-	350,665
Elementary and secondary regular instruction	1,375,769	-	1,375,769
Special education instruction	908,737	-	908,737
Instructional support services	52,655	-	52,655
Pupil support services	481,149	-	481,149
Sites and buildings	524,815	-	524,815
Fiscal and other fixed cost programs	41,068	-	41,068
Food service	-	351,056	351,056
Debt service			
Interest and other charges	4,085	-	4,085
Total Expenditures	4,071,328	351,056	4,422,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,600	(14,718)	4,882
Other Financing Sources (Uses)			
Transfers in	-	14,718	14,718
Transfers out	(14,718)	-	(14,718)
Total Other Financing Sources (Uses)	(14,718)	14,718	-
Net Change in Fund Balances	4,882	-	4,882
Fund Balances, July 1	244,918	-	244,918
Fund Balances, June 30	\$ 249,800	\$ -	\$ 249,800

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$	4,882
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Depreciation expense		(26,319)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>		
Loan forgiveness		338,500
<p>Pension contributions subsequent to the measurement date are reported in governmental funds as expenditures. However, these contributions will be reflected in the net pension liability in the next measurement period, and are therefore eliminated in the statement of activities.</p>		
Pension expense		(333,358)
Pension revenue		9,924
		(333,358)
		9,924
Change in Net Position of Governmental Activities	\$	(6,371)

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 163,037	\$ 276,157	\$ 362,271	\$ 86,114
Revenue from state sources	3,546,537	3,681,243	3,708,717	27,474
Other local and county revenue	-	19,007	19,940	933
Total Revenues	<u>3,709,574</u>	<u>3,976,407</u>	<u>4,090,928</u>	<u>114,521</u>
Expenditures				
Current				
Administration	302,829	313,991	332,385	(18,394)
District support services	325,475	390,642	350,665	39,977
Elementary and secondary regular instruction	1,231,796	1,244,564	1,375,769	(131,205)
Special education instruction	498,416	841,088	908,737	(67,649)
Instructional support services	-	18,658	52,655	(33,997)
Pupil support services	601,610	459,160	481,149	(21,989)
Sites and buildings	545,695	534,695	524,815	9,880
Fiscal and other fixed cost programs	25,000	40,000	41,068	(1,068)
Debt service				
Interest and other charges	6,500	6,500	4,085	2,415
Total Expenditures	<u>3,537,321</u>	<u>3,849,298</u>	<u>4,071,328</u>	<u>(222,030)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	172,253	127,109	19,600	(107,509)
Other Financing Uses				
Transfers out	<u>(107,199)</u>	<u>(27,368)</u>	<u>(14,718)</u>	<u>12,650</u>
Net Change in Fund Balances	65,054	99,741	4,882	(94,859)
Fund Balances, July 1	<u>244,918</u>	<u>244,918</u>	<u>244,918</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 309,972</u>	<u>\$ 344,659</u>	<u>\$ 249,800</u>	<u>\$ (94,859)</u>

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Skyline Math & Science Academy, Charter School No. 4255 (the Charter School), Minneapolis, Minnesota is a nonprofit that was incorporated on March 16, 2016 as a non-profit corporation under section 501(c)3 of the Internal Revenue Code of 1954, for the purpose of providing educational services to individuals within the area. The Charter School is authorized by Minnesota Guild of Public Charter Schools. The permanent governing body consists of a five member Board of Directors.

The Charter School has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Charter School are such that exclusion would cause the Charter School's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The Charter School has no component units that meet the GASB criteria. For the period ended June 30, 2021, the Charter School does not have any extracurricular student activities funds to be accounted for.

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State aid formula grants and other items not included among program revenues are reported instead as *general revenues*.

Both major and nonmajor individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Description of Funds

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

Major Governmental Fund

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

Nonmajor Governmental Fund

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. The Food Service fund receives revenue from state and federal sources as well as the receipts from the Charter School's nutrition program.

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

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

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

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Due from the Department of Education and Federal Government

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

Prepaid Items

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

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed. The Charter School defines capital assets as those with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Equipment	5 - 10

Deferred Outflows of Resources

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

Skyline Math & Science Academy
 Charter School No. 4255
 Minneapolis, Minnesota
 Notes to the Financial Statements
 June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

Teachers Retirement Association (TRA)

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

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

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

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

	GERP	TRA	Total Pension Expense
Pension Expense	\$ 177,638	\$ 302,791	\$ 480,429

Deferred Inflows of Resources

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

The Charter School's policy is to maintain a total fund balance at fiscal year-end of 20 to 25 percent of total General fund expenditures.

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for the General fund and Food Service fund.

1. Prior to July 1, the Executive Director submits to the Charter School's Board of Directors, a proposed operating budget for the year commencing the following July1. The operating budget includes proposed expenditures and the means for financing them.
2. The Executive Director is authorized to transfer budgeted amounts between departments within any fund, however, any revisions that alter the total expenditures of any fund must be approved by the Charter School's Board.
3. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue funds.
4. Budgets are as originally adopted or as amended by the Charter School's Board of Directors.

Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

The General fund budget was amended during the current fiscal year. The revenues budget increased \$266,833, primarily related to state sources. Budgeted expenditures increased by \$311,977 with the largest increase in the special education instruction, which increased by \$342,672. The final budgetary amounts called for an increase in fund balance of \$99,741.

The Food Service fund budget was amended during the current fiscal year. The revenues budget increased \$188,092, primarily related to revenues from federal sources. Budgeted expenditures increased by \$108,261. The final budgetary amounts called for a balanced budget, including a transfer in of \$27,369.

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2021 expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
General	\$ 3,849,298	\$ 4,071,328	\$ 222,030

The excess of expenditures over appropriations in the General fund was funded by actual revenues in excess of budget.

Note 3: Detailed Notes on All Funds

A. Deposits

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

Minnesota statutes require that all Charter School deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

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

At year end, the Charter School's carrying amount of deposits were \$181,094 and the bank balance was \$193,645. The bank balance is entirely with federal depository insurance.

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated				
Equipment	\$ 161,444	\$ -	\$ -	\$ 161,444
Less Accumulated Depreciation for				
Equipment	(38,478)	(26,319)	-	(64,797)
Governmental Activities				
Capital Assets, Net	\$ 122,966	\$ (26,319)	\$ -	\$ 96,647

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

Governmental Activities

Elementary and secondary regular instruction	\$ 26,319
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C. Interfund Transfers

A transfer of \$14,718 was completed from the General fund to the Food Service special revenue fund to eliminate the cash deficit.

D. Short-term Indebtedness

The Charter School entered into an agreement with Propel Nonprofits on January 7th, 2020 for a \$150,000 line of credit. The line was secured by all assets of the Charter School and with an interest rate of 6.5%. Interest expense on the line of credit for the year was \$4,085. For the year ended June 30, 2021, the Charter School has the following activity on the line of credit:

	Beginning Balance	Increases	Decreases	Ending Balance
Accel Line of Credit	\$ 150,000	\$ -	\$ (150,000)	\$ -

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Liabilities

Loans Payable

To preserve financial flexibility, the Charter School entered into a promissory note agreement with Bell Bank in the amount of \$338,500 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus AID, Relief and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The Charter School used all of the PPP proceeds towards qualifying expenses and pursued forgiveness of the loan amount during the fiscal year. The SBA approved 100% loan forgiveness in April 2021. There is no longer an outstanding loan balance at year end June 30, 2021.

Changes in Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Loan payable	\$ 338,500	\$ -	\$ (338,500)	\$ -	\$ -

F. Operating Lease

On July 8, 2017, the Charter School entered into an agreement with Yingzhe Qu and Wu's Family Trust to lease space at 2600 26th Avenue South, Minneapolis, Minnesota 55401 for a year period commencing August 1, 2017. The lease was amended for a five-year term beginning July 1, 2018. The lease calls for monthly payments of \$36,191. The Charter School paid rent of \$434,295 during the year ended June 30, 2021.

The following is a summary of future minimum lease payments:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 448,172
2023	474,947
Total Minimum Lease Payments	<u>\$ 923,119</u>

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 4: Defined Benefit Pension Plans - Statewide

A. Teacher Retirement Association (TRA)

1. Plan Description

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

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

2. Benefits Provided

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

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

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

With these provisions:

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

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

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

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

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

3. Contribution Rates

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

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

The Charter School's contributions to TRA for the year ending June 30, 2021, 2020 and 2019 were \$91,765, \$66,758 and \$63,290, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

Employer Contributions Reported in TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	\$ 425,223,000
Add Employer Contributions Not Related to Future Contribution Efforts	(56,000)
Deduct TRA's Contributions Not Included in Allocation	<u>(508,000)</u>
Total Employer Contributions	424,659,000
Total Non-employer Contributions	<u>355,870,000</u>
Total Contributions Reported in Schedule of Employer and Non-Employer Pension Allocations	<u>\$ 460,246,000</u>

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

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

4. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation date	July 1, 2020
Experience study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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.

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

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

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

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

Changes in actuarial assumptions since the 2019 valuation:

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

5. Discount Rate

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

6. Pension Liability

On June 30, 2021, the Charter School reported a liability of \$1,100,832 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The Charter School's proportionate share was 0.0149 percent at the end of the measurement period an increase of 0.0002 percent from the beginning of the year.

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

Charter School's Proportionate Share of Net Pension Liability	\$	1,100,832
State's Proportionate Share of Net Pension Liability Associated with the Charter School		91,975

For the year ended June 30, 2021, the Charter School recognized pension expense of \$294,365. It also recognized \$8,426 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 22,076	\$ 6,948
Changes in Actuarial Assumptions	829	-
Net Difference Between Projected and Actual Earnings on Plan Investments	92,983	-
Changes in Proportion	564,177	-
Contributions to TRA Subsequent to the Measurement Date	91,765	-
Total	\$ 771,830	\$ 6,948

Deferred outflows of resources totaling \$91,765 related to pensions resulting from the Charter School's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2022	\$	213,732
2023		213,732
2024		213,732
2025		27,343
2026		4,578

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

7. Pension Liability Sensitivity

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

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 1,685,362	\$ 1,100,832	\$ 619,209

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

8. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

2. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the Charter School was required to contribute 7.50 percent for Coordinated Plan members. The Charter School's contributions to the General Employees Fund for the year ending June 30, 2021, 2020 and 2019 were \$55,306, \$49,553 and \$34,394, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by state statute.

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the Charter School reported a liability of \$557,578 for its proportionate share of the General Employee Fund's net pension liability. The Charter School's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Charter School totaled \$17,217. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportion was 0.0093 percent which was an increase of 0.0028 percent from its proportion measured as of June 30, 2019.

School's Proportionate Share of the Net Pension Liability	\$	557,578
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the School		17,217
Total		\$ 574,795

For the year ended June 30, 2021, the Charter School recognized pension expense of \$176,140 for its proportionate share of the General Employees Plan's pension expense. In addition, the School recognized \$1,498 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2021, the Charter School reported its proportionate share of 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	\$ 3,411	\$ 2,110
Changes in Actuarial Assumptions	-	12,892
Net Difference Between Projected and Actual Earnings on Plan Investments	55,622	-
Changes in Proportion	332,525	-
Contributions to GERF Subsequent to the Measurement Date	55,306	-
Total	\$ 446,864	\$ 15,002

Skyline Math & Science Academy
 Charter School No. 4255
 Minneapolis, Minnesota
 Notes to the Financial Statements
 June 30, 2021

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

The \$55,306 reported as deferred outflows of resources related to pensions resulting from the Charter School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

2022	\$	154,652
2023		154,653
2024		53,779
2025		13,472

5. Actuarial Assumptions

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

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

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

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

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

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

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

6. Discount Rate

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

7. Pension Liability Sensitivity

The following presents the Charter School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 893,603	\$ 557,578	\$ 280,383

8. Pension Plan Fiduciary Net Position

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Other Information

A. Risk Management

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

B. Commitments and Contingencies

Federal and State Programs

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

C. Economic Dependency

The Charter School has a significant amount of revenue (83.9 percent) coming from other local and county revenue.

D. Income Taxes

The Charter School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Charter School also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2021, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Charter School files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns for the prior three fiscal years are closed. No returns are currently under examination in any tax jurisdiction.

Note 6: COVID-19

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

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

REQUIRED SUPPLEMENTARY INFORMATION

SKYLINE MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of Employer's Share of Teachers Retirement Association Net Pension Liability

Fiscal Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0149 %	\$ 1,100,832	\$ 91,975	\$ 1,192,807	\$ 842,902	130.6 %	75.5 %
2020	0.0147	936,981	82,915	1,019,896	820,882	114.1	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Share of TRA Contributions

Fiscal Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 91,765	\$ 91,765	\$ -	\$ 1,128,721	8.13 %
2020	66,758	66,758	-	842,904	7.92
2019	63,290	63,290	-	820,882	7.71

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Teachers Retirement Association

Changes in Actuarial Assumptions

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

2019 - No changes noted.

Changes in Plan Provisions

2020 - No changes noted.

2019 - No changes noted.

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Schedule of Employer's Public Employees Retirement Association Net Pension Liability

Fiscal Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (b)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0093 %	\$ 557,578	\$ 17,217	\$ 574,795	\$ 660,713	84.4 %	79.0 %
2019	0.0065	359,370	11,166	370,536	458,587	78.4	80.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Share of PERA Contributions

Fiscal Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 55,306	\$ 55,306	\$ -	\$ 737,413	7.50 %
2020	49,553	49,553	-	660,713	7.50
2019	34,394	34,394	-	458,587	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information – PERA

Changes in Actuarial Assumptions

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

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

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - PERA (Continued)

Changes in Plan Provisions

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

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

INDIVIDUAL FUND SCHEDULE AND TABLE

SKYLINE MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
General Fund
Comparative Schedules of Assets, Liabilities and Fund Balances
June 30, 2021

	2021	2020
Assets		
Cash and temporary investments	\$ 141,954	\$ 167,015
Due from Department of Education	450,329	514,549
Due from the Federal government	171,408	65,521
Prepaid items	9,225	19,184
Total Assets	\$ 772,916	\$ 766,269
Liabilities		
Accounts and other payables	\$ 196,515	\$ 132,750
Accrued salaries payable	326,601	238,601
Line of credit	-	150,000
Total Liabilities	523,116	521,351
Fund Balances		
Nonspendable prepaid items	9,225	19,184
Unassigned	240,575	225,734
Total Fund Balances	249,800	244,918
Total Liabilities and Fund Balances	\$ 772,916	\$ 766,269

Skyline Math & Science Academy

Charter School No. 4255

Minneapolis, Minnesota

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Revenue from federal sources	\$ 163,037	\$ 276,157	\$ 362,271	\$ 86,114	\$ 269,265
Revenue from state sources	3,546,537	3,681,243	3,708,717	27,474	3,410,383
Other local revenue	-	19,007	19,940	933	-
Total Revenues	3,709,574	3,976,407	4,090,928	114,521	3,679,648
Expenditures					
Current					
Administration					
Salaries	199,000	219,000	237,353	(18,353)	110,464
Fringe benefits	75,829	66,991	71,095	(4,104)	50,711
Other	28,000	28,000	23,937	4,063	25,752
Total administration	302,829	313,991	332,385	(18,394)	186,927
District support services					
Salaries	98,202	98,952	81,842	17,110	258,514
Fringe benefits	18,273	16,991	17,900	(909)	53,707
Purchased services	172,000	187,000	168,535	18,465	243,393
Supplies and materials	34,000	81,699	76,947	4,752	31,600
Other	3,000	6,000	5,441	559	2,720
Total district support services	325,475	390,642	350,665	39,977	589,934
Elementary and secondary regular instruction					
Salaries	824,290	863,621	908,612	(44,991)	677,874
Fringe benefits	229,457	232,539	215,502	17,037	175,477
Purchased services	63,165	20,000	65,359	(45,359)	74,122
Supplies and materials	114,884	128,404	186,296	(57,892)	99,348
Total elementary and secondary regular instruction	1,231,796	1,244,564	1,375,769	(131,205)	1,026,821
Special education instruction					
Salaries	359,793	580,129	615,669	(35,540)	469,150
Fringe benefits	62,674	119,569	120,265	(696)	91,752
Purchased services	53,449	126,390	145,803	(19,413)	54,977
Supplies and materials	22,500	15,000	27,000	(12,000)	5,400
Total special education instruction	498,416	841,088	908,737	(67,649)	621,279

Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ -	\$ 16,034	\$ 12,471	\$ 3,563	\$ -
Fringe benefits	-	2,624	1,889	735	-
Purchased services	-	-	38,295	(38,295)	7,000
Total instructional support services	-	18,658	52,655	(33,997)	7,000
Pupil support services					
Purchased services	600,610	458,160	481,115	(22,955)	618,156
Supplies and materials	1,000	1,000	34	966	728
Total pupil support services	601,610	459,160	481,149	(21,989)	618,884
Sites and buildings					
Purchased services	535,795	524,795	520,197	4,598	505,354
Supplies and materials	9,900	9,900	4,618	5,282	10,066
Total sites and buildings	545,695	534,695	524,815	9,880	515,420
Fiscal and other fixed cost programs					
Purchased services	25,000	40,000	41,068	(1,068)	28,249
Total current	3,530,821	3,842,798	4,067,243	(224,445)	3,594,514
Capital outlay					
Elementary and secondary regular instruction	-	-	-	-	59,200
Debt service					
Interest and other charges	6,500	6,500	4,085	2,415	5,817
Total Expenditures	3,537,321	3,849,298	4,071,328	(222,030)	3,659,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	172,253	127,109	19,600	(107,509)	20,117
Other Financing Sources (Uses)					
Transfers out	(107,199)	(27,368)	(14,718)	12,650	(43,625)
Loan issued	-	-	-	-	338,500
Total Other Financing Sources (Uses)	(107,199)	(27,368)	(14,718)	12,650	294,875
Net Change in Fund Balances	65,054	99,741	4,882	(94,859)	314,992
Fund Balances, July 1	244,918	244,918	244,918	-	(70,074)
Fund Balances, June 30	\$ 309,972	\$ 344,659	\$ 249,800	\$ (94,859)	\$ 244,918

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Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Food Service Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 143,000	\$ 338,992	\$ 329,386	\$ (9,606)
Revenue from state sources	7,900	-	6,952	6,952
Total Revenues	<u>150,900</u>	<u>338,992</u>	<u>336,338</u>	<u>(2,654)</u>
Expenditures				
Current				
Food service	<u>258,100</u>	<u>366,361</u>	<u>351,056</u>	<u>15,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,200)	(27,369)	(14,718)	12,651
Other Financing Sources (Uses)				
Transfers in	<u>107,200</u>	<u>27,369</u>	<u>14,718</u>	<u>(12,651)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Fiscal Compliance Report - 6/30/2021
District: SKYLINE MATH & SCIENCE (4255-7)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$4,090,928	<u>\$4,090,924</u>	<u>\$4</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$4,071,328	<u>\$4,071,326</u>	<u>\$2</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$9,225	<u>\$9,225</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>	4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>	4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>	07 DEBT SERVICE			
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>	4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.49 Safe School Crime - Crime Levy	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>	08 TRUST			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>	4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>	18 CUSTODIAL			
<i>Restricted:</i>				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>				4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>	4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>				20 INTERNAL SERVICE			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance	\$240,575	<u>\$240,574</u>	<u>\$1</u>	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
02 FOOD SERVICES				25 OPEB REVOCABLE TRUST			
Total Revenue	\$336,338	<u>\$336,338</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$351,056	<u>\$351,056</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust				<i>Unassigned:</i>			

Minnesota Department of Education

	\$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>
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>

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OTHER REQUIRED REPORTS

SKYLINE MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4255
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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

Members of the Board of Education
Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the remaining aggregate fund information of the Skyline Math & Science Academy (the Charter School), Minneapolis, Minnesota as of June 30, 2021 and the related notes to the financial statements, and have issued our report thereon dated November 17, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the Skyline Math & Science Academy failed to comply with the provisions of the uniform financial accounting and reporting standards, and charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter School*, except as described in the Schedule of Findings and Responses as item 2021-001. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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



Abdo
Minneapolis, Minnesota
November 17, 2021

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

Members of the Board of Education
Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, 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, each major fund and the remaining aggregate fund information of the Skyline Math & Science Academy, (the Charter School), Minneapolis, Minnesota, as of June 30, 2021 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance as described below in 2021-001.

The Charter School's Responses to the Findings

The Charter School's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Responses. The Charter School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
November 17, 2021



Skyline Math & Science Academy
Charter School No. 4255
Minneapolis, Minnesota
Schedule of Findings and Responses
For the Year Ended June 30, 2021

<u>Finding</u>	<u>Description</u>
2021-001	Time Period for Payment
<i>Condition:</i>	During our audit, we reviewed a sample of purchases made by Charter School and found that several payments were made late in comparison with the timeframe set forth by state statutes.
<i>Criteria:</i>	Minnesota statute §471.425 requires the Charter School to pay bills within 35 days from receipt. If the invoice is not paid within 35 days, interest at 1.50 percent per month is to be added to the amount due.
<i>Cause:</i>	While testing disbursements and subsequent payments to year-end, we noted that 2 of 22 invoices sampled indicated that timely payments had not been made. Specifically, the Charter School had not paid the original invoice within 35 days set forth in State statute.
<i>Effect:</i>	The Charter School is out of compliance with Minnesota statute.
<i>Recommendation:</i>	We recommend that the Charter School review the policies and procedures related to the accounts payable cycle. These policies and procedures should include payment terms that are outlined within State statutes. Implementing this recommendation will not result in any additional cost to the Charter School.

Management Response:

The Charter School is aware of the situation and plans to implement procedures to ensure that timely payments are made from now on.



CORRECTIVE ACTION PLAN

The following is our response to the finding in the audit as of June 30, 2021.

FINDING 2021-001

During our audit, we reviewed a sample of purchases made by Charter School and found that several payments were made late in comparison with the timeframe set forth by state statutes.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

2. Action Planned in Response to Finding:

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

3. Official Responsible for Ensuring CAP:

Abdirahman Abdulle, Executive Director, as well as the contracted accountant would be responsible for reviewing the policies and procedures.

1. Planned Completion Date for CAP:

Policies and procedures will be reviewed in the current fiscal year.

2. Plan to Monitor Completion of CAP:

Abdiraham Abdulle, Executive Director, will be responsible for ensuring bills are paid on time in future years.

Sincerely,

A handwritten signature in black ink, appearing to read "Abdirahman Abdulle".

Abdirahman Abdulle
Executive Director
Skyline Math & Science Academy