Annual Financial Report

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota

For the Year Ended
June 30, 2019

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended June 30, 2019

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INTRODUCTORY SECTION

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2019

BOARD OF DIRECTORS

Name	Position
Mandi Folks	Chair
Jessica Erickson	Treasurer
Ro Krejci	Secretary
Claudia George	Member
Jason Livingston	Member
Shannon Kelly	Member
Jolene Skordahl	Member

ADMINISTRATION

Name	Position
Dr. Kathleen Mortensen	Executive Director
Judith Darling	BerganKDV - Contract Finance Manager

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FINANCIAL SECTION

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

THIS PAGE IS LEFT

BLANK INTENTIONALLY

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the Woodbury Leadership Academy, Charter School No. 4228, (the Charter School), Woodbury, Minnesota as of and for the year ended June 30, 2019, 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 and the major funds of the Charter School as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Community Service funds for the period then ended in conformity with accounting principles generally accepted in the United States of America.

5201 Eden Avenue, Suite 250
Edina, MN 55436
952.835.9090 | Fax 952.835.3261

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Shares of the Net Pension Liability and the Schedules of Employer's Contributions on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that is solely to report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 18, 2019

People + Process. Going Beyond the Numbers

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Management's Discussion and Analysis

As management of the Woodbury Leadership Academy (the Charter School), Minneapolis, Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the period ended June 30, 2019.

Financial Highlights

- The fund balance of the General Fund increased $278,343 from the prior year for an ending fund balance of $714,408 at June 30, 2019. At the end of the current fiscal year, the fund balance percentage for the General fund was 20.5% of total General fund expenditures.

- The fund balance of the Community Service Fund was $93,102 at June 30, 2019.

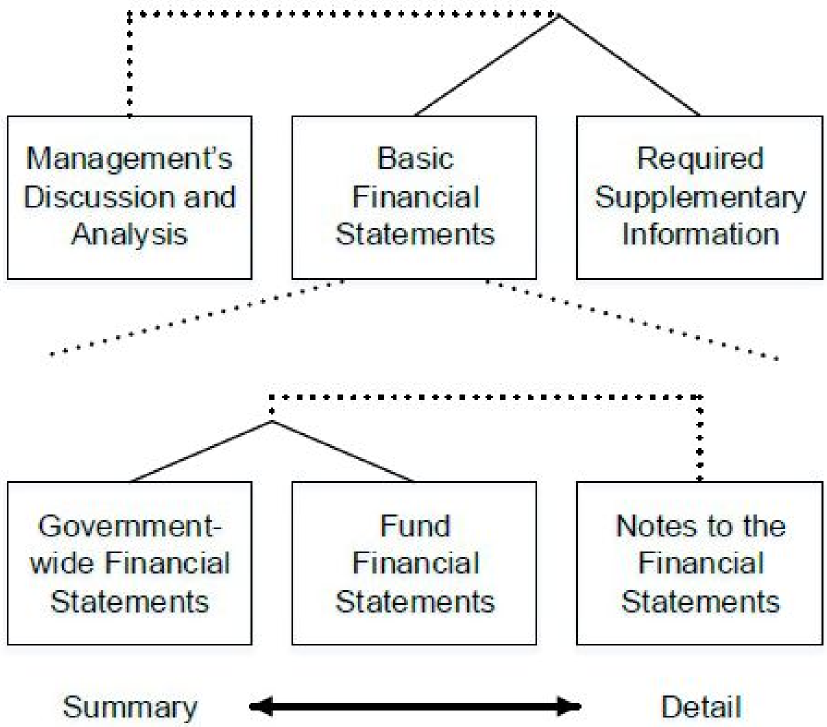
- The average enrollment during 2018-2019 was 387 students which was an increase of approximately 127 students over the prior year.

- The Charter School had a negative net position of $307,850 at the close of fiscal year 2019 which was an increase of $497,489 from the prior year. This increase is primarily due to the decreased liability and related expenses related to TRA and PERA pension liability.

Overview of the Financial Statements

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

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



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

Major Features of the Government-wide and Fund Financial Statements

		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	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/out flow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

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

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

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

The government-wide financial statements can be found starting on page 22 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 fund and the Community Service fund.

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

The basic governmental fund financial statements can be found starting on page 26 of this report.

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's share of net pension liabilities for defined benefit plans and schedules of contributions. Required supplementary information can be found starting on page 54 of this report.

Other Information. The table can be found starting on page 60 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, assets and deferred outflows were less than liabilities and deferred inflows by $307,850 at the close of the 2019 fiscal year.

A portion of the Charter School's net position, $222,368, reflects its investment in capital assets (e.g., equipment). The Charter School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Woodbury Leadership Academy's Summary of Net Position

	Governmental Activities		
	2019	2018	Increase (Decrease)
Assets			
Current and other assets	$ 1,064,036	$ 704,307	$ 359,729
Capital assets, net of depreciation	222,368	176,252	46,116
Total Assets	1,286,404	880,559	405,845
Deferred Outflows of Resources	1,498,480	2,342,698	(844,218)
Liabilities			
Noncurrent liabilities outstanding	989,549	3,300,797	(2,311,248)
Current and other liabilities	256,526	145,072	111,454
Total Liabilities	1,246,075	3,445,869	(2,199,794)
Deferred Inflows of Resources	1,846,659	582,727	1,263,932
Net Position			
Investment in capital assets	222,368	176,252	46,116
Restricted	93,102	123,170	(30,068)
Unrestricted	(623,320)	(1,104,761)	481,441
Total Net Position	$ (307,850)	$ (805,339)	$ 497,489

At the end of the current fiscal year, the Charter School reported a negative balance in the unrestricted net position. The Charter School's net position increased by $497,489 primarily as a result of a decrease in outstanding long-term pension liability and related expenses for the TRA and PERA defined contribution benefit plans.

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

Woodbury Leadership Academy's Changes in Net Position

	Governmental Activities		
	2019	2018	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 36,279	$ 19,087	$ 17,192
Operating grants and contributions	844,838	267,754	577,084
General revenues			
State aid-formula grants	2,810,973	1,771,139	1,039,834
Other general revenues	11,264	34,222	(22,958)
Unrestricted investment earnings	3,219	181	3,038
Total Revenues	3,706,573	2,092,383	1,614,190
Expenses			
Administration	128,390	199,397	(71,007)
Charter School support services	379,097	289,826	89,271
Elementary and secondary regular instruction	1,070,239	1,516,120	(445,881)
Special education instruction	399,452	304,394	95,058
Community education and services	1,229	5,607	(4,378)
Instructional support services	77,196	40,100	37,096
Pupil support services	325,917	9,181	316,736
Sites and buildings	815,529	509,574	305,955
Fiscal and other fixed cost programs	12,035	8,960	3,075
Total Expenses	3,209,084	2,883,159	325,925
Change in Net Position	497,489	(790,776)	1,288,265
Net Position, July 1	(805,339)	(14,563)	(790,776)
Net Position, June 30	$ (307,850)	$ (805,339)	$ 497,489

Revenues increased from prior year by $1,614,190. The increase is primarily due to an increase in state-aid formula grants from increased students and lease aid. The School received more revenue for general education aid and special education aid as a result of increased enrollment.

Expenditures increased by $325,925. This increase from prior year can partially be attributed to an increase in salary and benefits expense which is due to the increase in enrollment. Lease expense also increased as a result of moving into a different and larger facility. The District also incurred significant transportation costs as a result of contracting with a vendor to provide transportation. In previous years, ISD #833 had provided transportation for the District in return for receiving the District's transportation revenue.

Financial Analysis of the Charter School's Funds

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

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

As of the end of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of $807,510. Approximately 80.2 percent of this total amount, $647,237, constitutes unassigned fund balance. The remainder of fund balance is not available for new spending because it is nonspendable for prepaid items ($67,171) and restricted for community service ($93,102).

The General fund is the primary operating fund of the Charter School. At the end of the current year, the fund balance of the General fund was $714,408. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 20.5 percent of fund expenditures. The fund balance of the Charter School's General fund increased $278,343 during the current fiscal year.

As of the end of the current fiscal year, the Charter School's Community Service special revenue fund reported an ending fund balance of $93,102.

General Fund Budgetary Highlights

The Charter School amended their budget during the year. The original General fund budget called for a decrease in fund balance of $142,389. The final budget called for an increase in fund balance of $98,593. There was an actual increase to the fund balance of $278,343.

Total revenues were $107,528 more than budgeted. The biggest revenue variance was in special education revenue.

Total expenditures were $72,222 less than budget. This variance is mostly attributed to the Elementary and secondary regular instruction category, which had a positive budget variance of $75,980.

Capital Assets

The Charter School's investment in capital assets for its governmental activities as of June 30, 2019 amounts to $222,368 (net of accumulated depreciation). This investment in capital assets includes equipment. Total depreciation for the year was $30,096.

Additional information on the Charter School's capital assets can be found in Note 3B on page 40 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Charter School is dependent on enrollment as well as the State of Minnesota for the majority of its revenue.

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

These factors were considered in preparing the Charter School's budget for the 2020 fiscal year.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash and temporary investments	$ 624,546
Deposits receivable	8,883
Due from Minnesota Department of Education	344,675
Due from Federal government	18,473
Due from other governments	288
Prepaid items	67,171
Capital assets	
Depreciable assets, net of accumulated depreciation	222,368
Total Assets	1,286,404
Deferred Outflow of Resources	
Deferred pension resources	1,498,480
Liabilities	
Accounts and other payables	49,812
Accrued salaries payable	206,714
Noncurrent liabilities - due in more than one year	
Pension liability	989,549
Total Liabilities	1,246,075
Deferred Inflow of Resources	
Deferred inflows of resources	1,846,659
Net Position	
Investment in capital assets	222,368
Restricted	
Community service	93,102
Unrestricted	(623,320)
Total Net Position	$ (307,850)

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Administration	$ 128,390	$ 36,279	$ -	$ -	$ (92,111)
Charter School support services	379,097	-	-	-	(379,097)
Elementary and secondary regular instruction	1,070,239	-	(47,827)	-	(1,118,066)
Special education instruction	399,452	-	381,957	-	(17,495)
Community education and services	1,229	-	-	-	(1,229)
Instructional support services	77,196	-	-	-	(77,196)
Pupil support services	325,917	-	-	-	(325,917)
Sites and buildings	815,529	-	510,708	-	(304,821)
Fiscal and other fixed cost programs	12,035	-	-	-	(12,035)
Total Governmental Activities	$ 3,209,084	$ 36,279	$ 844,838	$ -	(2,327,967)
General Revenues					
State aid formula grants					2,810,973
Other general revenues					11,264
Unrestricted investment earnings					3,219
Total General Revenues					2,825,456
Change in Net Position					497,489
Net Position, July 1					(805,339)
Net Position, June 30					$ (307,850)

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Balance Sheet
Governmental Funds
June 30, 2019

	General	Community Service	Total Funds
Assets			
Cash and temporary investments	$ 531,444	$ 93,102	$ 624,546
Deposits receivable	8,883	-	8,883
Due from the Minnesota Department of Education	344,675	-	344,675
Due from the Federal government	18,473	-	18,473
Due from other governments	288	-	288
Prepaid items	67,171	-	67,171
Total Assets	$ 970,934	$ 93,102	$ 1,064,036
Liabilities			
Accounts and other payables	$ 49,812	$ -	$ 49,812
Accrued salaries payable	206,714	-	206,714
Total Liabilities	256,526	-	256,526
Fund Balances			
Nonspendable prepaid items	67,171	-	67,171
Restricted for community service	-	93,102	93,102
Unassigned	647,237	-	647,237
Total Fund Balances	714,408	93,102	807,510
Total Liabilities and Fund Balances	$ 970,934	$ 93,102	$ 1,064,036

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2019

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

Total Fund Balances - Governmental Funds	$	807,510
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets		312,548
Less accumulated depreciation		(90,180)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year end consist of		
Pension liability		(989,549)
Governmental funds do not report long-term amounts related to pensions.		
Deferred outflows of pension resources		1,498,480
Deferred inflows of pension resources		(1,846,659)
Total Net Position - Governmental Activities	$	(307,850)

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Community Service	Total Funds
Revenues			
Other local and county revenue	$ 47,474	$ 360	$ 47,834
Interest earned on investments	3,219	-	3,219
Revenue from state sources	3,650,839	-	3,650,839
Revenue from federal sources	66,605	-	66,605
Total Revenues	3,768,137	360	3,768,497
Expenditures			
Current			
Administration	158,072	-	158,072
Charter School support services	373,170	-	373,170
Elementary and secondary regular instruction	1,282,602	-	1,282,602
Special education instruction	406,172	-	406,172
Community education and services	-	30,428	30,428
Instructional support services	67,828	-	67,828
Pupil support services	325,917	-	325,917
Sites and buildings	794,225	-	794,225
Fiscal and other fixed cost programs	12,035	-	12,035
Capital outlay			
Charter School support services	1,354	-	1,354
Elementary and secondary regular instruction	3,771	-	3,771
Instructional support services	9,273	-	9,273
Sites and buildings	55,375	-	55,375
Total Expenditures	3,489,794	30,428	3,520,222
Net Change in Fund Balance	278,343	(30,068)	248,275
Fund Balance, July 1	436,065	123,170	559,235
Fund Balance, June 30	$ 714,408	$ 93,102	$ 807,510

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2019

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

Net Change in Fund Balances - Governmental Funds	$	248,275
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.		
Capital outlays		76,212
Depreciation expense		(30,096)
Long-term pension activity is not reported in governmental funds.		
Pension expense		265,022
Pension revenue		(61,924)
Change in Net Position - Governmental Activities	$	497,489

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other local and county revenue	$ 20,500	$ 25,550	$ 47,474	$ 21,924
Interest earned on investments	100	100	3,219	3,119
Revenue from state sources	2,855,992	3,592,928	3,650,839	57,911
Revenue from federal sources	45,000	42,031	66,605	24,574
Total Revenues	2,921,592	3,660,609	3,768,137	107,528
Expenditures				
Current				
Administration	126,734	156,871	158,072	(1,201)
Charter School support services	367,669	372,766	373,170	(404)
Elementary and secondary regular instruction	1,081,997	1,358,582	1,282,602	75,980
Special education instruction	265,900	350,540	406,172	(55,632)
Instructional support services	42,400	41,350	67,828	(26,478)
Pupil support services	313,930	341,652	325,917	15,735
Sites and buildings	821,851	828,833	794,225	34,608
Fiscal and other fixed cost programs	11,500	13,639	12,035	1,604
Capital outlay				
Charter School support services	3,000	7,500	1,354	6,146
Elementary and secondary regular instruction	-	29,202	3,771	25,431
Instructional support services	19,000	9,285	9,273	12
Sites and buildings	10,000	51,796	55,375	(3,579)
Total Expenditures	3,063,981	3,562,016	3,489,794	72,222
Net Change in Fund Balances	(142,389)	98,593	278,343	179,750
Fund Balances, July 1	436,065	436,065	436,065	-
Fund Balances, June 30	$ 293,676	$ 534,658	$ 714,408	$ 179,750

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Service Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other local and county revenue	$ 2,100	$ 2,100	$ 360	$ (1,740)
Expenditures				
Current				
Community education and services	2,100	2,100	-	2,100
Capital outlay				
Community education and services	-	30,430	30,428	2
Total Expenditures	2,100	32,530	30,428	2,102
Net Change in Fund Balances	-	(30,430)	(30,068)	362
Fund Balances, July 1	123,170	123,170	123,170	-
Fund Balances, June 30	$ 123,170	$ 92,740	$ 93,102	$ 362

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

The Charter School 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.

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

In accordance with Minnesota statutes, the School Board has elected to control or be financially accountable for extracurricular student activities. Accordingly, the accounts and transactions are included in the financial statements within the General fund.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State aid formula grants and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Description of Funds

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

Major Governmental Funds

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

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

Prepaid Items

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

Deferred Outflows of Resources

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

Pensions

Teachers Retirement Association (TRA)

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

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

Public Employees Retirement Association (PERA)

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

The total pension expense for the GERF and TRA is as follows:

	GERF	TRA	Total Pension Expense
Pension Expense	$ 29,899	$ (126,604)	$ (96,705)

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

Fund Balance

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

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

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

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

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

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

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

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

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

Budgetary Information

Budgets are prepared for Charter School funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the General fund and the Community Service fund. The General fund budget was amended during the current fiscal year, increasing revenues and expenditures by $739,017 and $498,035, respectively. The Community Service fund budget was amended during the current fiscal year keeping revenues the same and increasing expenditures by $30,430

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

1. Prior to July 1, the budget is prepared by the Director to be adopted by the Board of Directors.

2. Budgets for the General fund and Community Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

3. Budgeted amounts are as originally adopted, or as amended.

4. Budget appropriations lapse at year end.

5. The legal level of control is the fund level.

6. The Charter School does not use encumbrance accounting.

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 Directors, the Charter School maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the Charter School's carrying amount of deposits was $624,546 and the bank balance was $630,742. A portion of the bank balance ($250,000) was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the School's name.

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, being Depreciated				
Equipment	$ 236,336	$ 76,212	$ -	$ 312,548
Less Accumulated Depreciation for				
Equipment	(60,084)	(30,096)	-	(90,180)
Governmental Activities				
Capital Assets, Net	$ 176,252	$ 46,116	$ -	$ 222,368

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

Governmental Activities	
Charter School Support Services	$ 450
Elementary and Secondary Regular Instruction	17,431
Community Education and Services	1,229
Instructional Support Services	627
Sites and Buildings	10,359
Total Depreciation Expense - Governmental Activities	$ 30,096

C. Operating Lease

The Charter School entered into an agreement with the MSB Holdings - Woodbury LLC to lease space at 8089 Globe Drive, Woodbury, Minnesota 55125 on June 1st, 2018. The Charter School paid rent including taxes of $567,395 under the agreement during the year ended June 30, 2019. The lease commenced August 1, 2018 and will run through June 30, 2021 with annual payments as listed below. Payments exclude CAM expenses. The Charter School also had an outstanding payment of $10,264 to ISD 625 for July 2018 rent at year end. This is the final rent payment of their agreement for Perpich Art Center and is a reduced amount because the school did not have exclusive access to the space in July 2018. The agreement for a reduced rate was reached on July 25th, 2019 and the final payment has subsequently been paid.

Year Ending June 30,	Total
2020	$ 680,360
2021	618,463
Total Minimum Lease Payments	$ 1,298,823

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

Change in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Pension Liability					
TRA	$ 3,153,967	$ 6,244	$ (2,287,161)	$ 873,050	$ -
PERA	146,830	-	(30,331)	116,499	-
Governmental Activity Long-term Liabilities	$ 3,300,797	$ 6,244	$ (2,317,492)	$ 989,549	$ -

Note 4: Defined Benefit Pension Plans - Statewide

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

Disclosures relating to these plans follow:

A. Teacher Retirement Association (TRA)

1. Plan Description

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

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

2. Benefits Provided

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

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

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

With these provisions:

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

2. Three percent per year early retirement reduction factors for all years under normal retirement age.

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

or

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

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

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death or 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.

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

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

3. Contribution Rate

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

	Ending June 30, 2017		Ending June 30, 2018		Ending June 30, 2019	
Plan	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.50%	11.00%	11.50%	11.00%	11.71%
Coordinated	7.50%	7.50%	7.50%	7.50%	7.50%	7.71%

The Charter School's contributions to TRA for the years ending June 30, 2019, 2018 and 2017 were $92,834, $63,393 and $65,858, 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 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in schedule of employer and non-employer pension allocations.

Employer Contributions Reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 378,728,000
Add Employer Contributions not Related to Future Contribution Efforts	522,000
Deduct TRA's Contributions not Included in Allocation	(471,000)
Total Employer Contributions	378,779,000
Total Non-employer Contributions	35,588,000
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	$ 414,367,000

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

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2018 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, 2018
Experience Study	June 5, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.50%
Price Inflation	2.50%
Wage Growth Rate	2.85% for ten years and 3.25% thereafter
Projected Salary Increase	2.85% to 8.85% for ten years and 3.5% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2019 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP - 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP - 2015 scale.
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 adjustments.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	36.00 %	5.10 %
International Equity	17.00	5.30
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	20.00	0.75
Unallocated Cash	2.00	-
Total	100.00 %	

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

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 2017 valuation:

- The cost of living adjustment (COLA) was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2045.
- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 % each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71 % in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

6. Net Pension Liability

On June 30, 2019, the Charter School reported a liability of $873,050 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 0.0139 at the end of the period which was a decrease of 0.0011 from the prior fiscal 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	$ 873,050
State's Proportionate Share of Net Pension Liability Associated with the Charter School	81,994

For the year ended June 30, 2019, the Charter School recognized negative pension expense of $126,064. It also recognized $57,226 as a decrease to pension expense for the support provided by direct aid.

On June 30, 2019, the Charter School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Projected and Actual Earnings on Plan Investments	$ 4,642	$ 17,610
Changes in Actuarial Assumptions	1,123,909	1,492,482
Net Difference between Projected and Actual Earnings on Plan Investments	-	79,993
Changes in Proportion	241,846	183,140
Contributions to TRA Subsequent to the Measurement Date	85,540	-
Total	$ 1,455,937	$ 1,773,225

Deferred outflows of resources totaling $85,540 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, 2019. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2020	$ 201,848
2021	85,987
2022	(31,159)
2023	(422,804)
2024	(236,700)

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

7. Pension Liability Sensitivity

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

Charter School's Proportionate Share of NPL		
1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
$ 1,385,527	$ 873,050	$ 450,260

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

8. Pension Plan Fiduciary Net Position

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

B. Public Employees' Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan (GERF)

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

2. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota 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.

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

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

3. Contributions

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

GERF Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the District was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2018. The Charter School's contributions to the GERF for June 30, 2019, 2018 and 2017 were $16,152, $10,421 and $11,015, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

4. Pension Costs

At June 30, 2019, the Charter School reported a liability of $116,499 for its proportionate share of the GERF'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 to the fund in 2019. 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 $3,700. The net pension liability was measured as of June 30, 2018, 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the Charter School's proportionate share was 0.0021 percent which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2017.

Charter School's Proportionate Share of Net Pension Liability	$	116,499
State's Proportionate Share of Net Pension Liability Associated with the Charter School		3,700

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

For the year ended June 30, 2019, the Charter School recognized pension expense of $29,899 for its proportionate share of GERF's pension expense. In addition, the Charter School recognized an additional $336 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the GERF.

At June 30, 2019, the Charter School reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 2,988	$ 2,478
Changes in Actuarial Assumptions	10,983	13,943
Net Difference between Projected and Actual Earnings on Plan Investments	-	10,768
Changes in Proportion	12,449	46,245
Contributions to GERF Subsequent to the Measurement Date	16,123	-
Total	$ 42,543	$ 73,434

Deferred outflows of resources totaling $16,123 related to pensions resulting from Charter School contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2018	$ (4,237)
2019	(27,264)
2020	(13,075)
2021	(2,438)

5. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using 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 all plans 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 GERF.

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

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2016. The following changes in actuarial assumptions occurred in 2018:

- The mortality projection scale was changed from MP-2015 to MP-2017

- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year

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	36.00 %	5.10 %
International Stocks	17.00	5.30
Bonds (Fixed Income)	20.00	0.75
Alternative Assets (Private Markets)	25.00	5.90
Cash	2.00	-
Total	100.00 %	

6. Discount Rate

The discount rate used to measure the total pension liability in 2018 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 GERF 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.

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

7. Pension Liability Sensitivity

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

	Charter School's Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	$ 189,326	$ 116,499	$ 56,383

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.

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 2019.

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

B. Commitments and Contingencies

Federal and State Programs

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

C. Economic Dependency

The Charter School has a significant amount of revenue (97 percent) coming from the State of Minnesota.

D. Income Taxes

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

The Organization has evaluated and determined that there are no uncertain tax positions as of June 30, 2019. The Association's tax returns are subject to possible examination by the taxing authorities.

THIS PAGE IS LEFT

BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2019

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability	Charter School's 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
06/30/18	0.0139 %	$ 873,050	$ 81,994	$ 955,044	$ 845,241	103.3 %	78.1 %
06/30/17	0.0158	3,153,967	304,403	3,458,370	878,111	359.2	51.6
06/30/16	0.0150	3,577,858	359,002	3,936,860	769,450	465.0	44.9
06/30/15	0.0106	655,715	80,428	736,143	575,853	113.9	76.8

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

Schedule of Employer's TRA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/19	$ 92,834	$ 92,834	$ -	$ 1,204,073	7.7 %
06/30/18	63,393	63,393	-	845,241	7.5
06/30/17	65,858	65,858	-	878,111	7.5
06/30/16	57,709	57,709	-	769,453	7.5
06/30/15	43,189	43,189	-	575,853	7.5

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

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

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

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

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

2015 - The assumed post-retirement benefit increase rate was changed from 2.0 percent per year through 2034 and 2.5 percent per year thereafter to 2.0 percent per year for all future years. The assumed investment return was changed from 8.25 percent to 8.0 percent. The single discount rate was changed from 8.25 percent to 8.0 percent.

Changes in Plan Provisions

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

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

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

Woodbury Leadership Academy
Charter School No. 4228
Woodbury, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2019

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability		Charter School's Proportionate Share of the Net Pension Liability (a)		State's Proportionate Share of the Net Pension Liability Associated with the Charter Schoo (b)		Total (a+b)		Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
06/30/18	0.0021	%	$	116,499	$	3,700	$	120,199	$ 138,951	83.8	%	79.5	%
06/30/17	0.0023			146,830		1,830		148,660	146,863	100.0		75.9	
06/30/16	0.0035			284,183		3,768		287,951	219,547	129.4		68.9	
06/30/15	0.0026			134,745		-		134,745	153,533	87.8		78.2	

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

Schedule of Employer's Share of PERA Contributions

Fiscal Year Ending		Statutorily Required Contribution (a)		Contributions in Relation to the Statutorily Required Contribution (b)		Contribution Deficiency (Excess) (a-b)		Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)	
06/30/19	$	16,152	$	16,152	$	-	$	215,360	7.5	%
06/30/18		10,421		10,421		-		138,947	7.5	
06/30/17		11,015		11,015		-		146,863	7.5	
06/30/16		16,466		16,466		-		219,547	7.5	
06/30/15		11,515		11,515		-		153,533	7.5	

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

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

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

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

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

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

Changes in Plan Provisions

2017 - The State's special funding contribution increased from $6 million to $16 million.

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

TABLE

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

Fiscal Compliance Report - 6/30/2019

District: WOODBURY LEADERSHIP ACAD (4228-7)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$3,768,137	$3,768,132	$5
Total Expenditures	$3,489,794	$3,489,798	($4)
Non Spendable:			
4.60 Non Spendable Fund Balance	$67,171	$67,171	$0
Restricted / Reserved:			
4.03 Staff Development	$0	$0	$0
4.06 Health and Safety	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe School Crime - Crime Levy	$0	$0	$0
4.50 Pre-Kindergarten	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$0	$0	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$647,237	$647,228	$9

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures			

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

20 INTERNAL SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

25 OPEB REVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0

	$0	<u>$0</u>	<u>$0</u>
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	<u>$0</u>	<u>$0</u>
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	<u>$0</u>	<u>$0</u>
Restricted:			
4.64 Restricted Fund Balance	$0	<u>$0</u>	<u>$0</u>
Unassigned:			
4.63 Unassigned Fund Balancee	$0	<u>$0</u>	<u>$0</u>

04 COMMUNITY SERVICE

Total Revenue	$360	<u>$360</u>	<u>$0</u>
Total Expenditures	$30,428	<u>$30,428</u>	<u>$0</u>
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	<u>$0</u>	<u>$0</u>
Restricted / Reserved:			
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>
Restricted:			
4.64 Restricted Fund Balance	$93,102	<u>$93,102</u>	<u>$0</u>
Unassigned:			
4.63 Unassigned Fund Balance	$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>
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	<u>$0</u>	<u>$0</u>
Restricted:			
4.25 Bond Refundings	$0	<u>$0</u>	<u>$0</u>
4.64 Restricted Fund Balance	$0	<u>$0</u>	<u>$0</u>
Unassigned:			
4.63 Unassigned Fund Balance	$0	<u>$0</u>	<u>$0</u>

THIS PAGE IS LEFT

BLANK INTENTIONALLY

OTHER REQUIRED REPORTS

WOODBURY LEADERSHIP ACADEMY
CHARTER SCHOOL NO. 4228
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

THIS PAGE IS LEFT

BLANK INTENTIONALLY

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Woodbury Leadership Academy, Charter School No. 4228 (the Charter School), Woodbury, Minnesota as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2019.

The *Minnesota Legal Compliance Audit Guide for Charter Schools,* promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools.

In connection with our audit, nothing came to our attention that caused us to believe that the Charter School failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*. 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.

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 Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 18, 2019

5201 Eden Avenue, Suite 250
Edina, MN 55436
952.835.9090 | Fax 952.835.3261

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities and the major funds of the Woodbury Leadership Academy, Charter School No. 4228 (the Charter School), Woodbury, Minnesota, as of June 30, 2019, 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 18, 2019.

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) to determine the 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.

5201 Eden Avenue, Suite 250
Edina, MN 55436
952.835.9090 | Fax 952.835.3261

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 18, 2019