

Discovery Public School
126 - 8th Street N.W.
Faribault, MN 55021
Regular Meeting
December 15, 2022 @ 4:30pm

The mission of Discovery Public School of Faribault is to meet the current and future needs of middle and high school students by providing a stable and consistent environment in which each student builds necessary social, academic, personal, and career skills for a satisfying and productive life.

Per Statute 13D.021 subdivision 1.1:

“The DPS Board Chair has determined that an in-person meeting is not practical or prudent because of a health pandemic.”

1. Call to Order and Roll Call –

___ Russ Kennedy, Chair

___ Jim Severson, Vice-Chair

___ Sarah Hammer

___ Authorizer (Osprey Wilds):

___ Guest(s):

___ Steven (Sam) Macklay;
Clerk/Treasurer

___ Cody Hanson

___ Sharon Hansen

___ Kari-Ann Schmidt

___ Dan Weisser, Ex-Officio

2. Approval of the Agenda-

Motion: _____ Second: _____ Carried: _____ Failed: _____ Abstain: _____

3. Approval of the November 17, 2022 Regular Meeting Minutes-

Motion: _____ Second: _____ Carried: _____ Failed: _____ Abstain: _____

4. Monthly Financial Statement–

Motion: _____ Second: _____ Carried: _____ Failed: _____ Abstain: _____

5. Citizen Participation –

6. REPORTS –

1. Director’s Report –

2. Community – (Dan Weisser)

3. Finance – (Russ Kennedy, Jim Severson, Dan Weisser)

4. Academic Committee – (Dan Weisser, Jim Severson, Sharon Hansen)

5. Environmental Education - (Jim Severson, Sharon Hansen)

7. DISCUSSION ITEMS:

7.1 SCHOOL BOARD TRAINING: *FINANCE TRAINING–TRAVIS BERENDS-BERGANKDV*

7.2 DPS – BA BOYS BASKETBALL COOP –

7.3 OW POINT OF CONTACT UPDATE –

7.4 WBWF SURVEY -

8. ACTION ITEMS:

8.1 DPS 2022 YEAR END FINANCIAL AUDIT (DRAFT) –

Motion: _____ Second: _____ Carried: _____ Failed: _____ Abstain: _____

Our next meeting is scheduled for **JANUARY 19, 2023 at 4:30.**

Agenda items:

Board members are requested to check their schedules to confirm this date and time
prior to Adjournment today.

9. ADJOURNMENT:

Motion: _____ Second: _____ Carried: _____ Failed: _____ Abstain: _____

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November 17, 2022 @ 4:30pm

The mission of Discovery Public School of Faribault is to meet the current and future needs of middle and high school students by providing a stable and consistent environment in which each student builds necessary social, academic, personal, and career skills for a satisfying and productive life.

Per MN statute 13D.021 subdivision 1.1: "The DPS Board Chair has determined that an in-person meeting is not practical or prudent because of a health pandemic."

1. **Call to Order and Roll Call:** *The meeting was called to order at 4:30 p.m. by Russ Kennedy. Russ Kennedy (Chair), Jim Severson (Vice-Chair), Dan Weisser (Ex-Officio), Cody Hanson, and Sharon Hansen were present. Kari-Ann Schmidt and Sarah Hammer attended remotely, via "Google Meet". S. Sam Macklay (Secretary) arrived at 4:33 p.m.*
2. **Approval of the Agenda:** *Russ K. asked for a motion to approve the agenda. Jim S. made a motion to approve the agenda. The motion was seconded by Cody H. The motion carried (6-0).*
3. **Approval of the October 13, 2022 Minutes:** *Sharon H. made a motion to approve the October 13, 2022 Regular Meeting minutes. The motion was seconded by Cody H. The motion carried (6-0).*
4. **Monthly Financial Statements:** *The Board reviewed and discussed the financial statement. Sam had submitted a question to Travis Berends about the report and his (email) reply was considered confusing. Sam M. made a motion to accept the [As of] October 31, 2022 Financial Statements, as printed in the meeting packet, with the proviso that Travis meet with the Finance Committee and clarify his answer. The motion was seconded by Sharon H. The motion carried (7-0).*
5. **Citizen Participation:** *None.*
6. **Reports:**

6.1 Director's Report: Cash on Hand: \$188,162.22 Enrollment: 50

- Qtr. 2 started 11/7/22.
- DPS students had a Halloween Party/Haunted House on Friday Oct. 28. Party went well. DPS students/staff also held a food drive leading up to the party. All food was donated to St. Vincent de Paul's food shelf.
- Field Trip to South Central College scheduled for our Career Readiness class on 11/17.

6.2 Community: Dan reported that five DPS students intend to play basketball with the Bethlehem Academy team. Dan met with the students and reviewed the academic and sportsmanship expectations of the schools.

6.3 Finance: (Russ K., Jim S., Dan W.) Dan met with Travis Berends. Travis reported that although we based our budget on 52 students and our current ADM is 49.5, our finances look "okay". Our compensatory revenue has increased above projections because more students are being certified for federal programs.

6.4 Academic Committee: (Dan W., Jim S., Sharon H.)

NWEA Testing is completed and we have begun meeting with students to set goals and review credits.

In our contractual goals with Osprey Wilds, Indicator 1 is our Mission Related Goals. Our goal for that area is: Measure 1.1 [CCR] – 8 Points: From FY19 to FY23, the aggregate percentage of students in grades 9-12 who will be on-track to graduate will be equal to or greater than 70%.

We currently have 28/32 high school students (87.5%) on track to graduate as of the end of first quarter. Of those students, all of our ninth and tenth grade students are on track to graduate.

6.5 Environmental Education: (Sharon H., Garret Bitker, Jim S.)

Physics students have completed a climate change research project, each student has identified a topic related to climate change, researched peer reviewed articles on it and summarized them in a paragraph. Middle school has started a unit on composting and will create their own micro composter to measure temperature and mass changes. Mussels and smallmouth bass are being studied in ecology class. Ecology is also doing an experiment on the effect of stream bottom substrate on removal of suspended solids from water.

Our Environmental Literacy Plan has been approved by Osprey Wilds.

7. Discussion Items:

7.1 School Board Training: None.

7.2 Osprey Wilds Point of Contact: The Board discussed the email from Erin Anderson (included in the meeting packet) informing us that Nalani McCutcheon will no longer serve as the liaison with our authorizer.

8. Action Items:

8.1 DPS Health Insurance Policy: Dan met with our Employers Benefit Group representative, Michael Konzen. Together, they narrowed down the possibilities to those that most closely met our employees' needs and expectations. The Board reviewed and discussed the comparison (costs and benefits) of the employee health insurance policies that were printed in the meeting packet. Renewing our current plan would entail a 1.7% increase in the premium. *Jim S. made a motion to renew the Medica Choice Passport MN 10%-10-40 plan for the 2023 calendar year. The motion was seconded by Cody H. The motion carried (7-0).*

8.2 Revised Internal Controls: The Board reviewed and discussed the internal control policies, procedures and forms that were printed in the meeting packet. *Sam M. made a motion to approve the Revised Internal Controls, as printed in the meeting packet. The motion was seconded by Sharon H. The motion carried (7-0).*

8.3 MACS Membership: The Board discussed the pros and cons of membership in the MN Association of Charter Schools. The annual fee is \$1,250. *Sharon H. made a motion that we not join MACS, this year. The motion was seconded by Jim S. The motion carried (7-0).*

9. Adjournment: The next Regular Board Meeting is scheduled for November 17, 2022 at 4:30pm. *Sharon H. made a motion to adjourn the meeting. The motion was seconded by Sam M. The motion carried (5-0).*

Respectfully submitted: Sam Macklay, Secretary



Discovery Public School of Faribault #4081
Faribault, MN

Financial Statements

As of November 30, 2022

Prepared by:
Travis Berends
Outsourced Controller,
School Services

Discovery Public School of Faribault

November 2022

Table of Contents

Executive Summary	Page 1
Dashboard	Page 2
Balance Sheet	Page 4
Statement of Revenues and Expenditures	Page 5
Supplemental Information – <i>November 2022</i>	
Payroll checks	Page 8
Receipts Recorded	Page 11
AP Checks & Wire transfers issued	Page 12
Journal Entries	Page 14
Cash Flow Projections	Page 15

**Discovery Public School of Faribault
Faribault, Minnesota
November 2022 Financial Statements
Executive Summary**

Summary of Key Financial Indicators

- * Average Daily Membership (ADM) Overview –
 - Original Budget: 52 ADM
 - Working Budget: 52 ADM
 - Actual: 49 ADM
- * The school has a budgeted surplus for the year of \$7,867. A projected cumulative fund balance of \$250,215 or 27.2% of expenditures at fiscal year-end.
- * The school has a working budgeted deficit for the year of \$9,191. A projected cumulative fund balance of \$240,183 or 25.0% of expenditures at fiscal year-end.
- * Projected Days Cash on Hand for the projected fiscal year-end is 52 days. Above 30 days meets best practices.

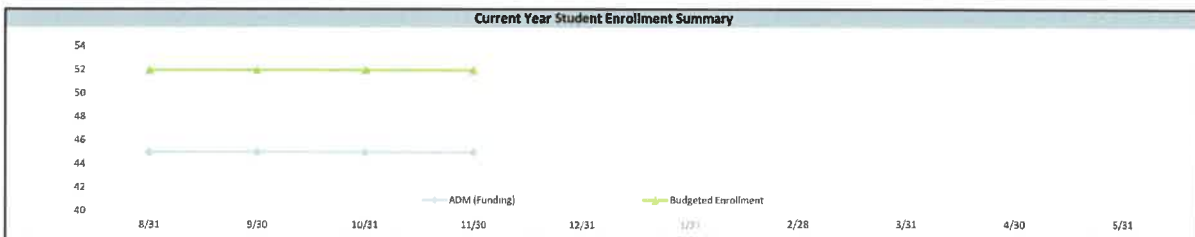
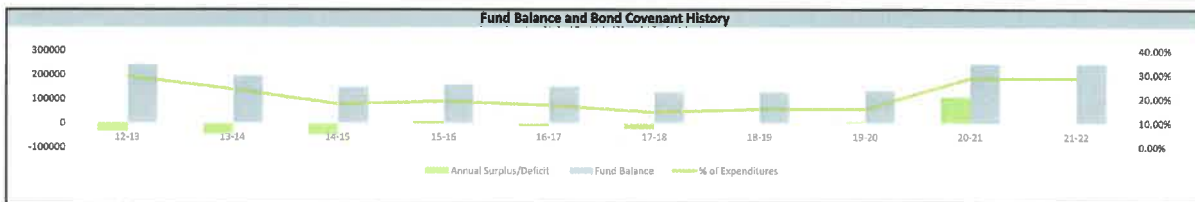
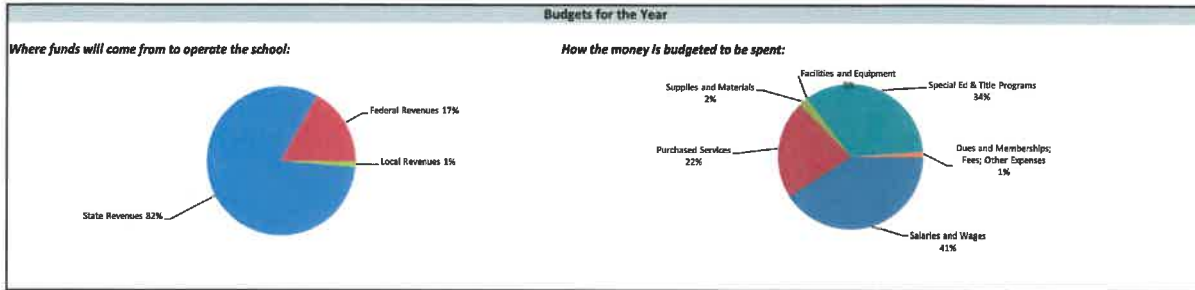
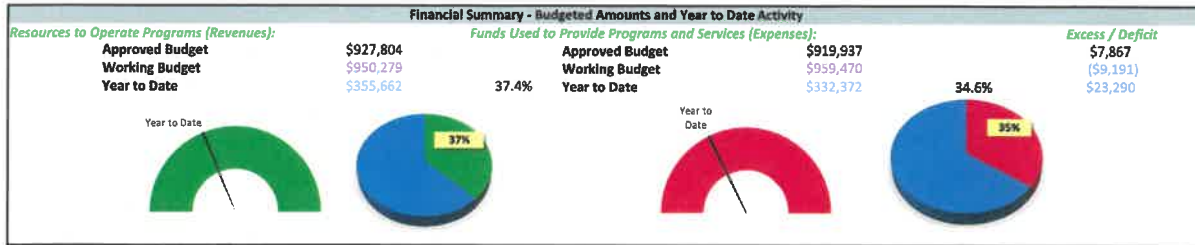
Financial Statement Key Points

- * As of month-end, 42% of the year was complete.
- * Cash Balance as of the reporting period is \$168,936 down from the previous month of \$204,950.
- * Prior year holdback balance is \$3,587 as of the reporting period. Final payments will be made over the course of the year, as MDE finalizes their review of annual entitlements.
- * Revenues received at end of the reporting period - 37%
- * Expenditures disbursed at end of the reporting period – 35%
- * A working budget has been added to the financial report for the month of November. We are now projecting a slight deficit for fiscal year 2023 of \$9,191.

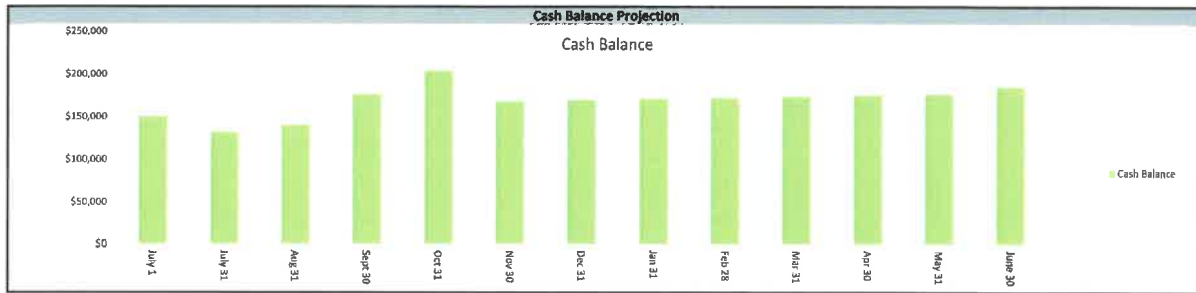
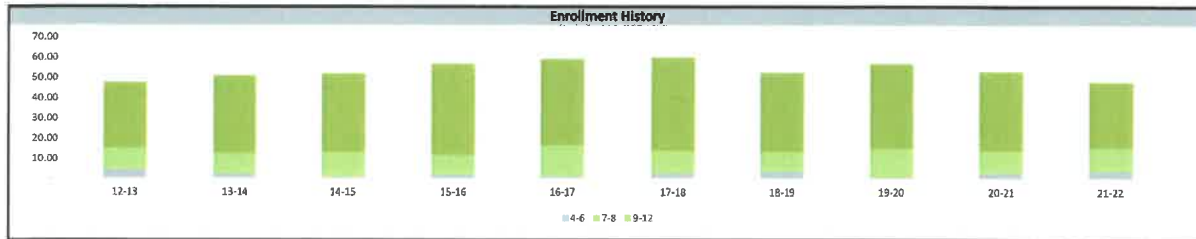
Other Items

- * The FY23 audit has been completed. Audited numbers have been added to the November financial report.
- * Supplemental information is provided, that shows checks that were written during the month, receipts that were posted this month, journal entries that were completed, payroll check history for the month and FY23 projected cashflow.

Discovery Public School of Faribault
Faribault MN
Financial Statements Dashboard
As of November 30, 2022



Discovery Public School of Faribault
Faribault MN
Financial Statements Dashboard
As of November 30, 2022



**Discovery Public School of Faribault
Faribault MN**

November 30, 2022

	Audited Balance June 30, 2022	Ending Balance November 30, 2022
<u>Assets</u>		
Current Assets		
Cash and Investments	150,639	168,936
Accounts Receivable	1,828	1,453
MDE/State Aids Receivable/(Deferred Rev.) 21-22	60,412	3,587
MDE/State Aids Receivable balance 22-23	0	66,653
Federal Aids Receivable	78,697	25,040
Prepaid Expenses and Deposits	16,807	-
Total Current Assets	308,384	265,569
Total All Assets	308,384	265,569
<u>Liabilities and Fund Balance</u>		
Current Liabilities		
Salaries and Wages Payable, fy 2021-22	29,655	2,995
Accounts Payable	11,623	8,709
Line of Credit Payable	0	0
Due to Other Funds	0	0
Payroll Deductions and Contributions	17,732	(18,800)
Deferred Revenue		0
Total Current Liabilities	59,010	(7,096)
Fund Balance		
Audited Fund Balance 6-30-2022	249,374	249,374
Net Income fy 21-22 & fy 22-23		23,290
Total Fund Balance	249,374	272,665
Total Liabilities and Fund Balance	308,384	265,569
		-

0.00

**Discovery Public School of Faribault
Faribault MN**

**Statement of Revenues and Expenditures
November 30, 2022**

			Number of Months	5	41.7%
	FY 21-22 Audited 48 ADM 12.07.22	FY 22-23 Adopted Budget 52 ADM as of 6.30.22	FY 22-23 Working Budget 52 ADM 12.07.22	Year to Date Activity 49 ADM	Percent of Budget
General Fund - 01					
Revenues					
State Revenues					
General Education Aid	508,503	502,216	502,216	179,992	35.8%
Charter School Lease Aid	66,240	66,241	66,241	15,293	23.1%
Long-Term Facilities Maintenance	7,525	8,213	8,213	0	0.0%
Special Education Aid	198,531	197,091	197,539	60,649	30.7%
Estimated State Aid fyd 2022-23	0	0	0	66,653	0.0%
Prior year - Over/under	(3,725)	0	0	0	0.0%
Total State Revenues	777,074	773,761	774,209	322,587	41.7%
Federal Revenues					
Title Programs, I & II	30,201	35,258	16,926	12,060	71.3%
Special Education Aid, F419 & 425	16,734	20,373	20,380	11,100	54.5%
CARES Funds, GEER & ESSER	32,599	68,960	85,000	3,308	3.9%
CRF, Coronavirus Relief Funds	0			0	0.0%
REAP Funds	8,761	8,778	8,778	2,190	25.0%
Total Federal Revenues	88,295	133,369	131,084	28,659	21.9%
Local Revenues					
Donations & Contributions	6,111	6,500	6,500	37	0.6%
Miscellaneous local Revenues, snack fund	85	2,774	2,774	411	14.8%
Total Local Revenues	6,196	9,274	9,274	448	4.8%
Total Revenues	871,565	916,404	914,567	351,694	38.5%

Statement of Revenues and Expenditures
November 30, 2022

	Number of Months		5	41.7%	
	FY 21-22 Audited 48 ADM 12.07.22	FY 22-23 Adopted Budget 52 ADM as of 6.30.22	FY 22-23 Working Budget 52 ADM 12.07.22	Year to Date Activity 49 ADM	Percent of Budget
Expenditures					
Salaries and Benefits not including special ed	383,931	356,038	390,490	151,098	39.5%
Salaries payable			0.00	2,995	Incl above
Contracted Services	65,440	66,770	65,500	22,298	34.0%
Legal fees	0	3,276	500	0	0.0%
Communications Services	4,765	4,896	4,800	1,984	41.3%
Postage	589	506	525	10	1.8%
Utilities	14,000	14,000	14,000	7,000	50.0%
Property and Liability Insurance	9,762	11,495	9,800	8,350	85.2%
Repairs and Maintenance, mowing and plowing	1,141	2,550	1,500	325	21.7%
Contracted Transportation	403	1,536	750	0	0.0%
Entry Fees/Student Travel	0	0	1,000	105	0.0%
Travel, Conferences, and Staff Training	39	200	0	250	0.0%
Building Lease	73,600	73,601	73,601	36,800	50.0%
Other Rentals and Operating Leases	4,458	5,004	4,500	1,869	41.5%
Supplies - Non Instructional	7,420	7,580	7,500	3,069	40.9%
Supplies - Bldg Maint	1,895	2,550	2,000	472	23.6%
Computer Software License (SMART Finance & google)	5,030	5,484	5,000	4,261	85.2%
Instructional Supplies	3,403	4,760	3,500	2,644	75.5%
Textbooks & Media resources	403	1,481	500	360	72.1%
Fuel	0	189	250	0	0.0%
Equipment & Technology Equipment	47	2,500	0	15	0.0%
Dues and Memberships; Fees	6,265	8,722	6,300	3,432	54.5%
Other Expenses	0	1,196	500	0	0.0%
Misc. Expenses		1,548	1,000	0	0.0%
State Special Ed	209,230	207,464	207,936	56,162	27.0%
Title Programs - Federal	30,201	35,258	16,926	12,060	71.3%
Federal Special Ed, Director and Specialists	16,734	20,373	20,380	11,100	54.5%
CRF, Coronavirus Relief Funds	0				0.0%
CARES Federal Funds,	32,599	68,960	85,000	3,308	3.9%
Subtotal Expenditures	871,355	907,937	923,758	329,967	35.7%
Transfers to Other Funds	101	600	0	0	
Total Expenditures	871,456	908,537	923,758	329,967	35.7%
Expenditures Working Budget adjustments					
General Fund Net Income	109	7,867	(9,191)	21,727	

Statement of Revenues and Expenditures
November 30, 2022

	Number of Months			5	41.7%
	FY 21-22 Audited 48 ADM 12.07.22	FY 22-23 Adopted Budget 52 ADM as of 6.30.22	FY 22-23 Working Budget 52 ADM 12.07.22	Year to Date Activity 49 ADM	Percent of Budget
Food Services Fund - 02					
Revenues					
State Revenues	0	500	1,038	115	0.0%
Federal Revenues	0	10,500	31,569	3,508	11.1%
Sale of Lunches and Other Local Revenues	65	400	3,105	345	11.1%
Transfer from General Fund	101	600	0	0	0.0%
Total Revenues	166	12,000	35,712	3,968	11%
Expenditures					
Salaries and Wages	0	2,500	0	0	0.0%
Employee Benefits	0	0	0	0	0.0%
Purchased Services, Food & Milk, 490 & 495	334	9,500	35,000	2,069	5.9%
Supplies and Materials	0	0	500	336	67.3%
Equipment	0	0	0	0	0.0%
Dues and Memberships	0	0	212	0	0.0%
Total Expenditures	334	12,000	35,712	2,405	6.7%
Food Services Fund Net Income	(168)	0	0	1,563	
Total All Funds					
Revenues					
State Revenues	777,074	774,261	775,247	322,702	41.6%
Federal Revenues	88,295	143,869	162,653	32,166	19.8%
Local Revenues	6,261	9,674	12,379	793	6.4%
Transfers					
Total Revenues	871,630	927,804	950,279	355,662	37.4%
Expenditures					
Salaries and Benefits	383,931	358,538	390,490	154,093	39.5%
Purchased Services	174,531	193,334	211,476	81,060	38.3%
Supplies and Materials	18,151	22,044	19,250	11,142	57.9%
Equipment	47	2,500	0	15	0.0%
Other (Fundraising, Special Ed, Dues, etc.)	295,029	343,521	338,254	86,062	25.4%
Total Expenditures	871,689	919,937	959,470	332,372	34.6%
Total Revenues All Funds	871,630	927,804	950,279	355,662	37.4%
Total Expenditures All Funds	871,689	919,937	959,470	332,372	34.6%
Net Income - All Funds	(59)	7,867	(9,191)	23,290	
	per budget model		(17,058)		
Net working budget adjustments revenue less expense			2,106		
Fund Balance, All Funds as of June 30, 2022	249,433	249,374	249,374		
Projected Fund Balance, All Funds, June 30, 2023	249,374	257,241	240,183		
	28.6%	28.0%	25.0%		

Discovery Public School of Faribault

Check History

Calendar	Ck Date	Gross Pay	Taxes				Before Tax			After Tax		Net Pay
			FIT-EIC	SIT	OASDI	Medicare	Retire	TSA	DEFCOMP	FLEX	Other	
Ackmann, Yvonne Marie												
S202309-0	11/15/2022	787.50	37.38	ID 31 21.56 MN	48.83	11.42	51.19 PERA					617.12
S202310-0	11/30/2022	1,312.50	86.64	47.82 MN	81.37	19.03	85.31 PERA					992.33
		2,100.00	124.02	69.38	130.20	30.45	136.50	0.00	0.00	0.00	0.00	1,609.45
Bitker, Garret												
S202309-0	11/15/2022	2,166.67	93.88	ID 75 69.55 MN	134.33	31.42	162.50 TRA					1,674.99
S202310-0	11/30/2022	2,291.68	103.64	74.68 MN	142.09	33.23	171.88 TRA					1,766.16
		4,458.35	197.52	144.23	276.42	64.65	334.38	0.00	0.00	0.00	0.00	3,441.15
Flores, Sonia												
S202309-0	11/15/2022	1,172.38	73.37	ID 37 40.81 MN	72.69	17.00	76.20 PERA					892.31
S202310-0	11/30/2022	1,577.00	116.31	61.05 MN	97.77	22.87	102.51 PERA					1,176.49
		2,749.38	189.68	101.86	170.46	39.87	178.71	0.00	0.00	0.00	0.00	2,068.80
Hansen, Sharon Marie												
S202309-0	11/15/2022	2,270.83	157.46	ID 53 79.06 MN	134.35	31.42	170.31 TRA			103.99		1,594.24
S202310-0	11/30/2022	2,270.83	157.46	79.06 MN	134.34	31.42	170.31 TRA			103.99		1,594.25
		4,541.66	314.92	158.12	268.69	62.84	340.62	0.00	0.00	207.98	0.00	3,188.49
Hanson, Cody A												
S202309-0	11/15/2022	1,854.17	145.99	ID 54 71.18 MN	110.82	25.92	139.06 TRA			66.75		1,294.45
S202310-0	11/30/2022	1,937.51	154.10	75.52 MN	115.99	27.13	145.31 TRA			66.75		1,352.71
		3,791.68	300.09	146.70	226.81	53.05	284.37	0.00	0.00	133.50	0.00	2,647.16
Hanson, Pamela A												
S202309-0	11/15/2022	1,833.33	112.16	ID 66 45.51 MN	106.08	24.81	137.50 TRA			122.35	28.40	1,256.52
S202310-0	11/30/2022	1,833.33	112.16	45.51 MN	106.08	24.81	137.50 TRA			122.35	28.40	1,256.52
		3,666.66	224.32	91.02	212.16	49.62	275.00	0.00	0.00	244.70	56.80	2,513.04

Discovery Public School of Faribault

Check History

Calendar	Ck Date	Gross Pay	Taxes				Before Tax			After Tax		Net Pay	
			FIT-EIC	SIT	OASDI	Medicare	Retire	TSA	DEF	COMP	FLEX		Other
Johnson, Lawrence													
S202309-0	11/15/2022	306.00	0.00	ID 72 0.00 MN	18.97	4.44	19.89 PERA						262.70
S202310-0	11/30/2022	409.50	0.00	2.65 MN	25.39	5.93	26.62 PERA						348.91
		715.50		2.65		10.37		0.00		0.00		0.00	
			0.00		44.36		46.51			0.00		0.00	611.61
Luthe, Alexandra F													
S202309-0	11/15/2022	1,916.67	154.25	75.86 MN	115.37	26.98	143.75 TRA				55.74		1,344.72
S202310-0	11/30/2022	1,958.34	158.32	78.04 MN	117.96	27.59	146.88 TRA				55.74		1,373.81
		3,875.01		153.90		54.57		0.00		111.48		0.00	
			312.57		233.33		290.63			0.00		0.00	2,718.53
Natole, Karen T.													
S202309-0	11/15/2022	2,326.88	174.43	109.31 MN	134.95	31.56	151.25 PERA				150.28	49.00	1,526.10
S202310-0	11/30/2022	2,358.75	175.85	110.50 MN	136.92	32.03	153.32 PERA				150.28	49.00	1,550.85
		4,685.63		219.81		63.59		0.00		300.56		98.00	
			350.28		271.87		304.57			0.00		0.00	3,076.95
Palmer, Maria													
S202309-0	11/15/2022	2,166.71	157.63	104.30 MN	134.33	31.41	162.50 TRA						1,576.54
S202310-0	11/30/2022	1,916.69	134.33	90.29 MN	118.84	27.80	143.75 TRA						1,401.68
		4,083.40		194.59		59.21		0.00		0.00		0.00	
			291.96		253.17		306.25			0.00		0.00	2,978.22
VanErp, Madison													
S202309-0	11/15/2022	840.00	24.58	33.10 MN	52.08	12.18	54.60 PERA						663.46
S202310-0	11/30/2022	1,089.38	48.92	45.58 MN	67.54	15.80	70.81 PERA						840.73
		1,929.38		78.68		27.98		0.00		0.00		0.00	
			73.50		119.62		125.41			0.00		0.00	1,504.19
Weisser, Dan R.													
S202309-0	11/15/2022	2,666.67	192.38	95.05 MN	165.33	38.67	200.00 TRA					17.90	1,957.34

Discovery Public School of Faribault

Check History

Calendar	Ck Date	Gross Pay	Taxes				Before Tax			After Tax		Net Pay
			FIT-EIC	SIT	OASDI	Medicare	Retire	TSA	DEF	COMP	FLEX	
Weisser, Dan R.												
S202310-0	11/30/2022	2,666.67	192.38	95.05 MN	165.34	38.66	200.00	TRA			17.90	1,957.34
		5,333.34		190.10		77.33			0.00	0.00	35.80	
			384.76		330.67		400.00		0.00	0.00		3,914.68
Employee Count		12										
Totals:		41,929.99	2,763.62	1,551.04	2,537.76	593.53	3,022.95	0.00	998.22	190.60		30,272.27

Discovery Public School of Faribault

Receipt Listing Report with Detail by Deposit

Deposit Co	Bank	Batch	Rct No	Receipt Type	Receipt St	Date	Check No	Pmt Type	Grp Code	Customer	Inv No	Inv Date	Inv Type	Invoice Amount	Applied Amount	Unapplied Amount
2008	4081	WF	CR1122	2096	Credit	A	11/15/22	Check	1	Misc.						
IDEAS 11.15.2022				4081	R	01	005	000	740	360	FY23 SPED				24,311.62	0.00
				4081	R	01	005	000	348	300	FY23 Charter School Lease				2,616.55	0.00
														Receipt Total:	\$26,928.17	\$0.00
														Deposit Total:	\$26,928.17	\$0.00
2009	4081	WF	CR1122	2097	Credit	A	11/03/22	Check	1	Misc.						
CLICS 11.03.2022				4081	R	02	005	770	000	705	476	FY23 Breakfast			13.56	0.00
				4081	R	02	005	770	000	701	472	FY23 Free-Red Lunch			91.76	0.00
				4081	R	02	005	770	000	701	471	FY23 HHFKA			2.32	0.00
				4081	R	02	005	770	000	701	471	FY23 Reg Lunch			22.33	0.00
				4081	R	02	005	770	000	701	300	FY23 St Sch Lunch			4.42	0.00
														Receipt Total:	\$134.39	\$0.00
														Deposit Total:	\$134.39	\$0.00
2010	4081	WF	CR1122	2098	Credit	A	11/30/22	Check	1	Misc.						
School deposit 11.30.2022				4081	R	02	005	770	000	701	601	FY23 Lunch			225.00	0.00
				4081	B	01	115	001			JS cobra pymt #25			125.00	0.00	
														Receipt Total:	\$350.00	\$0.00
														Deposit Total:	\$350.00	\$0.00
2011	4081	WF	CR1122	2099	Credit	A	11/30/22	Check	1	Misc.						
IDEAS 11.30.2022				4081	R	01	005	000	000	348	300	FY23 Charter School Lease			12,676.48	0.00
														Receipt Total:	\$12,676.48	\$0.00
IDEAS 11.30.2022				2100	Debit	A	11/30/22	Check	1	Misc.						
				4081	B	01	121	000			FY22 Gen Ed adj			(2.85)	0.00	
														Receipt Total:	(\$2.85)	\$0.00
														Deposit Total:	\$12,673.63	\$0.00
2012	4081	WF	CR1122	2101	Credit	A	11/17/22	Check	1	1002	CLICS					
CLICS 11.17.2022				4081	R	02	005	770	000	705	300	FY23 St Breakfast			13.35	0.00
				4081	R	02	005	770	000	705	476	FY23 Breakfast			230.66	11 0.00

Prepared by BerganKDV

Management has elected to omit substantially all disclosures,
government-wide financial statements and required supplementary information.
No CPA provides any assurance on these financial statements.

Discovery Public School of Faribault
Receipt Listing Report with Detail by Deposit

Deposit Co		Bank	Batch	Rct No	Receipt		Receipt	Check No	Pmt	Grp Code	Customer	Inv No	Inv Date	Inv Type	Invoice Amount	Applied Amount	Unapplied Amount
2012	4081	WF	CR1122	2101	Credit	A	11/17/22	Check	1	1002	CLICS					897.40	0.00
CLICS 11.17.2022																	
							4081	R	02	005	770	000	701	472			
							4081	R	02	005	770	000	701	471		22.56	0.00
							4081	R	02	005	770	000	701	471		217.14	0.00
							4081	R	02	005	770	000	701	300		45.64	0.00
Receipt Total: \$1,426.75 \$0.00																	
Deposit Total: \$1,426.75 \$0.00																	
2013	4081	WF	CR1122	2102	Credit	A	11/23/22	Check	1	1003	SERVS					983.12	0.00
SERVS 11.23.2022																	
							4081	R	01	005	000	012	425	400		256.49	0.00
							4081	R	01	005	000	011	425	400		73.09	0.00
							4081	R	01	005	000	013	414	400		2,305.91	0.00
							4081	R	01	005	000	012	414	400			
Receipt Total: \$3,618.61 \$0.00																	
Deposit Total: \$3,618.61 \$0.00																	
2014	4081	WF	CR1122	2103	Credit	A	11/21/22	Check	1	M	Misc.					22.08	0.00
AmazonSmile 11.21.2022																	
							4081	R	01	005	000	000	000	096			
											FY23 AmazonSmile donation						
Receipt Total: \$22.08 \$0.00																	
Deposit Total: \$22.08 \$0.00																	
Report Total: \$45,153.63 \$0.00																	

Discovery Public School of Faribault

Payment Reg by Bank and Check

Page 1 of 1
12/7/2022
13:37:07

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void Date	Amount
WF		9280		Wire	1	1007	MN DEPT OF REVENUE - WIRE TRSF		No	Yes	No	11/04/2022	750.95
WF		9281		Wire	1	1054	TEACHERS RETIREMENT ASSOCIATIO		No	Yes	No	11/04/2022	2,307.19
WF		9282		Wire	1	1074	PUBLIC EMPLOYEES RETIREMENT AS		No	Yes	No	11/04/2022	872.35
WF		9283		Wire	1	1143	IRS - WIRE TRANSFER		No	Yes	No	11/04/2022	4,452.34
WF		9294		BP	1	1180	AFLAC		No	Yes	No	11/15/2022	190.61
WF		9295		BP	1	1180	AFLAC		No	Yes	No	11/15/2022	190.61
WF		9296		BP	1	1231	Syand Corporation		No	Yes	No	11/15/2022	158.00
WF		9297		BP	1	1375	Culligan of Faribault		No	Yes	No	11/15/2022	72.34
WF		9298		BP	1	1397	Navigate Care Consulting	Ind/Sole Proprietor	No	Yes	No	11/15/2022	128.75
WF		9299		BP	1	1399	Reuvers Psych Consulting LLC	S Corporation	No	Yes	No	11/15/2022	280.00
WF		9300		BP	1	1403	Employers Preferred Ins. Co.		No	Yes	No	11/15/2022	431.00
WF		9301		BP	1	1407	SWWC Service Cooperative	Other	No	Yes	No	11/15/2022	1,124.99
WF		9302		BP	1	1409	Filan Lawn Service LLC	Ind/Sole Proprietor	No	Yes	No	11/15/2022	135.29
WF		9303		BP	1	1415	TeleTeachers Inc		No	Yes	No	11/15/2022	6,464.04
WF		9304		BP	1	1415	TeleTeachers Inc		No	Yes	No	11/15/2022	3,754.08
WF		9305		Wire	1	1190	Wells Fargo Business Card		No	Yes	No	11/15/2022	324.34
WF		9306		Wire	1	1197	Medica		No	Yes	No	11/15/2022	7,474.18
WF		9307		Wire	1	1392	Bill.com		No	Yes	No	11/15/2022	78.64
WF		9308		Wire	1	1007	MN DEPT OF REVENUE - WIRE TRSF		No	Yes	No	11/15/2022	745.29
WF		9309		Wire	1	1054	TEACHERS RETIREMENT ASSOCIATIO		No	Yes	No	11/15/2022	2,387.44
WF		9310		Wire	1	1074	PUBLIC EMPLOYEES RETIREMENT AS		No	Yes	No	11/15/2022	760.59
WF		9311		Wire	1	1143	IRS - WIRE TRANSFER		No	Yes	No	11/15/2022	4,354.23
WF		9312		BP	1	1060	QUILL		No	Yes	No	11/29/2022	509.83
WF		9313		BP	1	1064	JOSTEN'S		No	Yes	No	11/29/2022	22.15
WF		9314		BP	1	1186	Hoa D. Nguyen		No	Yes	No	11/29/2022	7,300.00
WF		9315		BP	1	1190	Wells Fargo Business Card		No	Yes	No	11/29/2022	28.53
WF		9316		BP	1	1353	Strategic Staffing Solutions, LLC	Ind/Sole Proprietor	No	Yes	No	11/29/2022	1,031.25
WF		9317		BP	1	1353	Strategic Staffing Solutions, LLC	Ind/Sole Proprietor	No	Yes	No	11/29/2022	431.25
WF		9318		BP	1	1356	Loffler Companies, Inc.		No	Yes	No	11/29/2022	416.67
WF		9319		BP	1	1372	BerganKDV Outsourced Services LLC		No	Yes	No	11/29/2022	3,475.00
WF		9320		BP	1	1397	Navigate Care Consulting	Ind/Sole Proprietor	No	Yes	No	11/29/2022	157.50
WF		9321		BP	1	1384	Alexandra Luthé		Yes	No	Yes	11/30/2022	0.00
WF		9326		BP	1	1384	Alexandra Luthé		No	Yes	No	11/30/2022	43.03
Bank Total:													\$50,852.46
Report Total:													\$50,852.46

Discovery Public School of Faribault
Journal Entry Listing

JE Cd	Period	Date	St	Src	Ref	Description	Detail Desc	L	Fd	Org	Pro	Crs	Fin	O/S	Account Description	Debit Amount	Credit Amount
8403	202303	09/30/2022	P	JE		Recode Dan W - CEIS Time	Dan W - CEIS - July 22 Summ	01	005	030	000	000	000	110	Administration - Director	0.00	553.86
							Dan W - CEIS - July 22 Summ	01	005	030	000	000	000	210	Fica/Medicare - Director	0.00	87.30
							Dan W - CEIS - July 22 Summ	01	300	422	012	425	186		Non Lic Other Pay	553.86	0.00
							Dan W - CEIS - July 22 Summ	01	300	422	012	425	210		Fica/Medicare	87.30	0.00
																\$641.16	\$641.16

Discovery Public School of Faribault
Cash Flow Projection Summary
2022-23 School Year

Period Ending	Cash Inflows (Revenues)					Cash Outflows (Expenditures)				Cash Balance
	State Aid Payments	Federal Aid Payments	Other Receipts	Prior Year State/Federal Holdback	Total Receipts	Salaries and Benefits	Other Expenditures	Rent	Total Expenditures	
July 31	55,756	-	-	-	55,756	25,664	33,655	14,600	73,918	\$ 150,639
Aug 31	55,820	6,570	500	13,160	76,050	24,511	35,934	7,300	67,745	132,477
Sept 30	64,221	628	333	56,274	121,456	36,028	42,124	7,300	85,452	140,782
Oct 31	40,584	1,382	-	59,522	101,488	30,364	35,660	7,300	73,324	176,786
Nov 30	39,668	5,116	372	(3)	45,154	30,272	43,595	7,300	81,168	204,950
Dec 31	55,756	20,554	1,210	-	77,520	23,457	43,819	7,300	74,576	168,936
Jan 31	55,756	20,554	1,210	-	77,520	23,457	43,819	7,300	74,576	171,879
Feb 28	55,823	20,554	1,210	-	77,587	23,457	43,819	7,300	74,576	174,823
Mar 31	55,756	20,554	1,210	-	77,520	23,457	43,819	7,300	74,576	177,833
Apr 30	55,756	20,554	1,210	-	77,520	23,457	43,819	7,300	74,576	180,777
May 31	55,823	20,554	1,210	-	77,587	23,457	43,819	7,300	74,576	183,721
June 30	55,756	20,554	1,210	-	77,520	23,457	43,819	7,300	74,576	186,731
Projected Totals	646,476	157,576	9,674	128,952	942,677	311,038	497,704	87,600	896,342	196,975

Assumptions: 10% State Aid Holdback

Management has elected to omit substantially all disclosures, government-wide financial statements, and required supplementary information. No CPA provides any

2021-22 Combined World's Best Workforce (WBWF) Summary and Achievement and Integration (A&I) Progress Report

1. Report Instructions and Information

Tips when completing the report:

All questions in one section must be answered before the survey will advance to the next section. You must advance to the end of the form to save your answers. Districts/charters may wish to enter short text as a placeholder to advance in the form and return at a later time to answer the question.

When you have reached the end of the form, you will be able to submit your completed/in progress summary report and receive a specific link. Each district/charter will have their own unique link to access their answers at a later time. Via that specific link, you can update/edit your responses until December 15, 2022.

Save your specific survey link for easy access to your district/charter's summary report.

Contact our WBWF Team at mde.worldsbestworkforce@state.mn.us if you need a copy of your specific survey link.

2. Cover Page

1. District or Charter Name

4081-07 Discovery Public School Faribault

2. WBWF Contact Information

WBWF Contact Name

Dan Weisser

WBWF Contact Title

Director

WBWF Contact Phone Number

5073315423

WBWF Contact Email

dweisser@isd4081.org

3. Did you have an MDE approved Achievement and Integration plan implemented in the 2021-22 school year?

Did you have an MDE approved Achievement and Integration plan during 2021-22 SY?

No

What year of your Achievement & Integration plan are you reporting on?

Did you have a Racially Identifiable School (RIS) in the 2021-22 SY?

A&I Contact Name

A&I Contact Title

A&I Contact Phone Number

A&I Contact Email

Annual Report

WBWF Requirement: For each school year, the school board must publish a report in the local newspaper, by mail or by electronic means on the district website.

A&I Requirement: Districts must post a copy of their A&I plan, a preliminary analysis on goal progress, and related data on student achievement on their website 30 days prior to the annual public meeting.

4. Provide the link to the district's WBWF annual report and A&I materials.

Provide the direct website link to the district's WBWF annual report. If a link is not available, describe how the district disseminates the report to stakeholders.

<https://isd4081.org/wp-content/uploads/2022/10/2021-22-Annual-Report-WBWF-Summary-Approved-10-13-22.pdf>

Provide the direct website link to the A&I materials.

Annual Public Meeting

These annual public meetings were to be held in the fall of each school year. Report on this measure for the 2021-2022 school year.

WBWF Requirement: School boards are to hold an annual public meeting to communicate plans for the upcoming school year based on a review of goals, outcomes and strategies from the previous year. Stakeholders should be meaningfully involved in the meeting.

A&I Requirement: The public meeting for A&I is to be held at the same time as the WBWF annual public meeting.

5. Provide the date of the school board annual public meeting to review progress on the WBWF plan and Achievement and Integration plan for the 2021-22 school year.

6/16/2022

3. World's Best Workforce

Goals and Results

SMART goals are: specific and strategic, measurable, attainable (yet rigorous), results-based and time-based. Districts may choose to use the data profiles provided by MDE in reporting goals and results or other locally determined measures.

6. All Students Ready for School

Does your district/charter enroll students in kindergarten?

No

Goal

Provide the established SMART goal for the 2021-22 school year.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

Goal Status

Check one of the following:

7. All Students in Third Grade Achieving Grade-Level Literacy

Does your district/charter enroll students in grade 3?

No

Goal

Provide the established SMART goal for the 2021-22 school year.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

Goal Status

Check one of the following:

8. Close the Achievement Gap(s) Between Student Groups

Goal

Provide the established SMART goal for the 2021-22 school year.

Reading: From FY19 to FY23, the aggregate percentage of students in grades 6-12 who met their fall to spring NWEA RIT expected growth target will be at least 50.0%.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

The percentage of students who met their fall to spring NWEA RIT expected growth target in reading was 48.8% (20/41 students). The aggregate percentage for FY19 to FY22 was 50.0%.

Goal Status

Check one of the following:

On Track (multi-year goal)

9. Do you have another goal for Close the Achievement Gap(s) Between Student Groups?

Yes

10. Close the Achievement Gap(s) Between Student Groups Goal

Provide the established SMART goal for the 2021-22 school year.

Math: From FY19 to FY23, the aggregate percentage of students in grades 6-12 who met their fall to spring NWEA RIT expected growth target will be at least 50.0%.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

The percentage of students who met their fall to spring NWEA RIT expected growth target in math was 57.5% (23/40 students). The aggregate percentage for FY19 to FY22 was 50.0%.

Goal Status

Check one of the following:

On Track (multi-year goal)

11. Do you have another goal for Close the Achievement Gap(s) Between Student Groups?

Yes

12. Close the Achievement Gap(s) Between Student Groups Goal

Provide the established SMART goal for the 2021-22 school year.

Science: From FY19 to FY23, the aggregate percentage of students in grades 6-12 who meet their fall to spring NWEA RIT expected growth target as measured by the NWEA MAP Science assessment will be at least 50%.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

The percentage of students who met their fall to spring NWEA RIT expected growth target in science was 55.0% (22/40 students). The aggregate percentage for FY19 to FY22 was 52.2%.

Goal Status

Check one of the following:

On Track (multi-year goal)

13. All Students Career- and College-Ready by Graduation

Goal

Provide the established SMART goal for the 2021-22 school year.

From FY19 to FY23, the aggregate percentage of 12th graders who score at least 70 out of 100 on the school-developed rubric for their Life Plan project will be at least 70%.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

Out of 6 seniors completing a full year at DPS, 5 of them (83.3%) scored 70% or greater on their Life Plan Project.

Goal Status

Check one of the following:

On Track (multi-year goal)

14. Do you have another goal for All Students Career- and College-Ready by Graduation?

Yes

15. All Students Career- and College-Ready by Graduation

Goal

Provide the established SMART goal for the 2021-22 school year.

From FY19 to FY23, the aggregate percentage of 12th graders who earn a Job Skills Certificate will be at least 80%.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

Out of 6 seniors completing a full year at DPS, 6 of them (100%) earned a Job Skills Certificate.

Goal Status

Check one of the following:

On Track (multi-year goal)

16. Do you have another goal for All Students Career- and College-Ready by Graduation?

No

17. All Students Graduate

Does your district/charter enroll students in grade 12?

Yes

Goal

Provide the established SMART goal for the 2021-22 school year.

From FY19 to FY23, the aggregate percentage of students in grades 9-12 who will be on-track to graduate will be equal to or greater than 70%.

Result

Provide the result for the 2021-22 school year that directly ties back to the established goal.

In FY22, out of 29 high school students (grades 9-12), 24 were on track to graduate on time (82.8%).

Goal Status

Check one of the following:

On Track (multi-year goal)

18. Do you have another goal for All Students Graduate?

No

**Discovery Public School of Faribault
Adjusting Journal Entries
6/30/2022**

<u>AJE #1</u>	<u>Account #</u>	<u>Debit</u>	<u>Credit</u>
Depreciation Expense	For Report Purposes Only	\$ 520	\$ -
Accumulated Depreciation	For Report Purposes Only	-	520
Leased Assets	For Report Purposes Only	156,479	-
Long-term Liabilities	For Report Purposes Only	-	156,479
Amortization Expense	For Report Purposes Only	72,752	-
Accumulated Amortization	For Report Purposes Only	-	72,752
		<u>\$ 229,751</u>	<u>\$ 229,751</u>

To record additions and depreciation/amortization for reporting purposes only.

<u>AJE #2</u>			
Proceeds from Fed PPP	For Report Purposes Only	\$ -	\$ 115,973
Restricted/Reserved for Federal PPP Unexpended Loan Proceeds	For Report Purposes Only	115,973	-
		<u>\$ 115,973</u>	<u>\$ 115,973</u>

To record PPP loan forgiveness at 6/30/22.

<u>AJE #3</u>			
Net Pension Liability	For Report Purposes Only	\$ 136,766	\$ -
Deferred Outflows of Resources	For Report Purposes Only	108,271	-
Pension Expense	For Report Purposes Only	-	910
Deferred Inflows of Resources	For Report Purposes Only	-	244,127
		<u>\$ 245,037</u>	<u>\$ 245,037</u>

TRA - To record current year net pension liability; deferred outflows and inflows of resources; and pension expense.

<u>AJE #4</u>			
Net Pension Liability	For Report Purposes Only	\$ 29,386	\$ -
Deferred Outflow of Resources	For Report Purposes Only	-	29,386
		<u>\$ 29,386</u>	<u>\$ 29,386</u>

TRA - To reclassify prior year contributions

<u>AJE #5</u>			
Pension Expense	For Report Purposes Only	\$ -	\$ 248
Revenue - State Aid	For Report Purposes Only	248	-
		<u>\$ 248</u>	<u>\$ 248</u>

TRA - Record pension expense and revenue related to direct aid contributions

<u>AJE #6</u>			
Deferred Outflow of Resources	For Report Purposes Only	\$ 30,588	\$ -
Cash	For Report Purposes Only	-	30,588
		<u>\$ 30,588</u>	<u>\$ 30,588</u>

TRA - Contributions made during current year

Discovery Public School of Faribault
Adjusting Journal Entries
6/30/2022

	<u>Account #</u>	<u>Debit</u>	<u>Credit</u>
<u>AJE #7</u>			
Net Pension Liability	For Report Purposes Only	\$ 8,003	\$ -
Deferred Outflow of Resources	For Report Purposes Only	-	8,003
		<u>\$ 8,003</u>	<u>\$ 8,003</u>
PERA - To record contributions paid 7/1/20 - 6/30/21			
<u>AJE #8</u>			
Deferred Outflow of Resources	For Report Purposes Only	\$ -	\$ 60,525
Pension Expense	For Report Purposes Only	15,131	-
Net Pension Liability	For Report Purposes Only	45,394	-
		<u>\$ 60,525</u>	<u>\$ 60,525</u>
PERA - To record asset gain/loss			
<u>AJE #9</u>			
Net Pension Liability	For Report Purposes Only	\$ 2,311	\$ -
Pension Expense	For Report Purposes Only	-	578
Deferred Outflow of Resources	For Report Purposes Only	-	1,733
		<u>\$ 2,311</u>	<u>\$ 2,311</u>
PERA - To record liability experience gains/losses			
<u>AJE #10</u>			
Pension Expense	For Report Purposes Only	\$ (22,208)	\$ -
Net Pension Liability	For Report Purposes Only	-	(22,208)
		<u>\$ (22,208)</u>	<u>\$ (22,208)</u>
PERA - To record remainder of expense			
<u>AJE #11</u>			
Deferred Inflow of Resources	For Report Purposes Only	\$ 39,112	\$ -
Pension Expense	For Report Purposes Only	13,037	-
Net Pension Liability	For Report Purposes Only	-	52,149
		<u>\$ 52,149</u>	<u>\$ 52,149</u>
PERA - To record actuarial assumptions			
<u>AJE #12</u>			
Deferred Inflow of Resources	For Report Purposes Only	\$ 8,433	\$ -
Deferred Outflow of Resources	For Report Purposes Only	-	10,507
Pension Expense	For Report Purposes Only	2,074	-
		<u>\$ 10,507</u>	<u>\$ 10,507</u>
PERA - Amortize prior year (FY20) deferred amounts			

Discovery Public School of Faribault
Adjusting Journal Entries
6/30/2022

	<u>Account #</u>	<u>Debit</u>	<u>Credit</u>
<u>AJE #13</u>			
Net Pension Liability	For Report Purposes Only	\$ 11,991	\$ -
Deferred Inflow of Resources	For Report Purposes Only	239	-
Deferred Outflow of Resources	For Report Purposes Only	-	1,159
Pension Expense	For Report Purposes Only	-	2,768
Deferred Outflow of Resources	For Report Purposes Only	-	8,303
		<u>\$ 12,230</u>	<u>\$ 12,230</u>

PERA - To record change in proportion

<u>AJE #14</u>			
Pension Expense	For Report Purposes Only	\$ -	\$ 107
Net Pension Liability	For Report Purposes Only	107	-
		<u>\$ 107</u>	<u>\$ 107</u>

PERA - Difference in actual vs. proportionate share contribution

<u>AJE #15</u>			
Deferred Outflow of Resources	For Report Purposes Only	\$ 8,867	\$ -
Cash/Pension Expense	For Report Purposes Only	-	8,867
		<u>\$ 8,867</u>	<u>\$ 8,867</u>

PERA - To record ER contributions from 7/1/20 - 6/30/21

<u>AJE #16</u>			
Deferred Outflow of Resources	For Report Purposes Only	\$ 386	\$ -
Deferred Inflow of Resources	For Report Purposes Only	-	60
Pension Expense	For Report Purposes Only	-	326
		<u>\$ 386</u>	<u>\$ 386</u>

PERA - Amortize beginning deferred inflows and deferred outflows for changes in proportion and difference between actual contributions and allocated contributions

<u>AJE #17</u>			
Pension Expense	For Report Purposes Only	\$ 153	\$ -
Revenue	For Report Purposes Only	-	153
		<u>\$ 153</u>	<u>\$ 153</u>

Record additional pension expense and revenue for proportionate share of State of Minnesota's special funding situation contribution.

Discovery Public School of Faribault
Adjusting Journal Entries
6/30/2022

Client approval of the adjusting journal entries, depreciation schedule, and the draft of the financial statements in its entirety:

Signed:  _____

Date: 12/2/2022

**DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2022

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION	
Board of Education and Administration	1
FINANCIAL SECTION	
Independent Auditor's Report	2 - 4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	5 - 16
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	17
Statement of Activities	18 - 19
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	24
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Food Service Fund	25
Notes to Basic Financial Statements	26 - 47
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of District's Share of Net Pension Liability and District's Contributions for Defined Benefit Pension Plans	48 - 49
Notes to the Required Supplementary Information	50 - 56

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
TABLE OF CONTENTS (CONTINUED)

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SUPPLEMENTAL INFORMATION	<u>Page No.</u>
General Fund	
Balance Sheet	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	58 - 60
Food Service Special Revenue Fund	
Balance Sheet	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	62
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 <i>Government Auditing Standards</i>	63 - 64
Uniform Financial Accounting and Reporting Standards Compliance Table	65 - 66

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INTRODUCTORY SECTION

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
June 30, 2022

BOARD OF EDUCATION

Chairperson
Vice Chairperson
Secretary/Treasurer
Director
Director
Director
Director

Russ Kennedy
Jim Severson
Steven Macklay
Sharon Hansen
Kay Hammer
Cody Hanson
Kari-Ann Schmidt

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ADMINISTRATION

Executive Director

Dan Weisser

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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To the Members of the School Board
Discovery Public School of Faribault
Charter School District No. 4081
Faribault, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Discovery Public School of Faribault Charter School District No. 4081, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Discovery Public School of Faribault Charter School District No. 4081's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Discovery Public School of Faribault Charter School District No. 4081 as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Discovery Public School of Faribault Charter School District No. 4081 and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Discovery Public School of Faribault Charter School District No. 4081's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Discovery Public School of Faribault Charter School District No. 4081's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Discover Public School of Faribault Charter School District No. 4081's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Discovery Public School of Faribault Charter School District No. 4081's 2021 financial statements of the governmental activities and each major fund, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of district's share of net pension liability and district's contributions for defined benefit pension plans, and notes to the required supplementary information on pages 5 - 16 and pages 48 - 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Discovery Public School of Faribault Charter School District No. 4081's basic financial statements. The introductory section, the individual fund financial statements and schedules, and the Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules and the Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of Discovery Public School of Faribault Charter School District No. 4081's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Discovery Public School of Faribault Charter School District No. 4081's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Discovery Public School of Faribault Charter School District No. 4081's internal control over financial reporting and compliance.

December 2, 2022

Owatonna, Minnesota

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REQUIRED SUPPLEMENTARY INFORMATION

DISCOVERY PUBLIC SCHOOL OF FARIBAUTL
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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This section of Charter School District No. 4081, Faribault, Minnesota's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

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

- Net position increased by \$213,089 from the prior year.
- In the statement of activities, overall revenues were \$987,603 while overall expenses totaled \$774,514.
- The General Fund balance increased by \$110 and the Food Service Fund decreased by \$169.
- In March 2021 the District applied for and received \$115,973 in a Payroll Protection Program (PPP) loan through the U.S. Small Business Administration under the CARES Act. If the proceeds are spent accordingly, the District is eligible to apply for full forgiveness of this loan. As of December 13, 2021 the PPP loan was forgiven in its entirety.
- The District implemented GASB Statement No. 87, *Leases*, in the current year which requires that establishment of a lease liability and related right to use asset for all leases with a term longer than 12 months. The District is required to evaluate each arrangement at inception to determine if it qualifies as a long-term lease. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

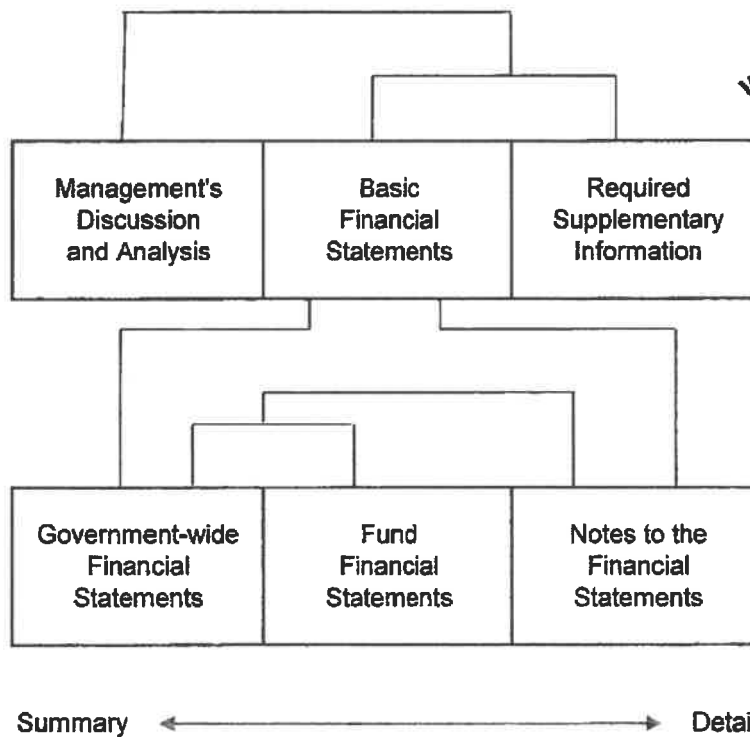
DISCOVERY PUBLIC SCHOOL OF FARIBAUT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 - Organization of Charter School District No. 4081's Annual Financial Report



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Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and content of each of the statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAUT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements		
	Government-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the district that are not proprietary or fiduciary, such as special education, food service, and building and maintenance
Required financial statements	<ul style="list-style-type: none"> * Statement of net position * Statement of activities 	<ul style="list-style-type: none"> * Balance sheet * Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term.	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities are included
Type of inflow/outflow information	All revenues and expenses during the 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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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GOVERNMENT-WIDE STATEMENTS

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

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

- * Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- * To assess the overall health of the District, you need to consider additional non-financial factors such as the condition of the school's equipment and buildings.

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

- * Governmental activities – The District's basic services are included here, such as regular and special education, administration, food services, and support services. Federal and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District has one kind of fund:

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position from Governmental activities was a negative \$85,228 on June 30, 2022 (See Table A-1). This was an increase of \$213,089 from the previous year.

Table A-1
The District's Net Position

	Governmental Activities as of June 30,		Percent Change
	2022	2021	
Current and Other Assets	\$ 308,384	\$ 326,967	(5.68)%
Capital and Right To Use Assets	85,361	2,666	31.02
Total Assets	<u>393,745</u>	<u>329,633</u>	19.45%
Deferred Outflows of Resources	194,273	95,184	104.10%
Current Liabilities	130,622	77,534	0.68
Long-Term Liabilities	334,432	646,409	(48.26)%
Total Liabilities	<u>465,054</u>	<u>723,943</u>	(35.76)%
Deferred Inflows of Resources	<u>208,192</u>	<u>(809)</u>	(25,834.49)%
Net Position			
Net Investment in Capital			
Assets	2,154	2,666	(19.20)%
Restricted	2,095	118,573	(98.23)%
Unrestricted	<u>(89,477)</u>	<u>(419,556)</u>	(78.67)%
Total Net Position	<u>\$ (85,228)</u>	<u>\$ (298,317)</u>	(71.43)%

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position. The increase in net position was the result of the District's revenues being more than expenses as presented in Table A-2 below.

Table A-2 Change in Net Position			
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2022	2021	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 114	\$ 222	(48.65)%
Operating Grants and Contributions	291,288	281,101	3.62%
Capital Grants and Contributions	66,240	66,240	0.00%
<u>General Revenues</u>			
State Aid-Formula Grants	621,593	508,304	22.29%
Endowment Fund Apportionment	2,222	2,419	(8.14)%
Gifts and Bequests	6,061	6,599	(8.15)%
Miscellaneous	85	1,538	(94.47)%
Total Revenues	<u>987,603</u>	<u>866,423</u>	0.14
Expenses			
Administration	70,406	79,303	(11.22)%
District Support Services	116,700	139,543	(16.37)%
Regular Instruction	244,784	289,262	(15.38)%
Special Education Instruction	203,016	221,421	(8.31)%
Instructional Support Services	13,206	33,147	(60.16)%
Pupil Support Services	6,348	2,339	1.71
Sites and Buildings	37,540	100,736	(62.73)%
Amortization - Unallocated	72,752	-	-
Fiscal and Other Fixed			
Costs Programs	9,762	9,151	6.68%
Total Expenses	<u>774,514</u>	<u>874,902</u>	(11.47)%
Increase (Decrease) in Net Position	213,089	(8,479)	(2,613.14)%
Net Position - beginning	<u>(298,317)</u>	<u>(289,838)</u>	0.03
Net Position - ending	<u>\$ (85,228)</u>	<u>\$ (298,317)</u>	(71.43)%

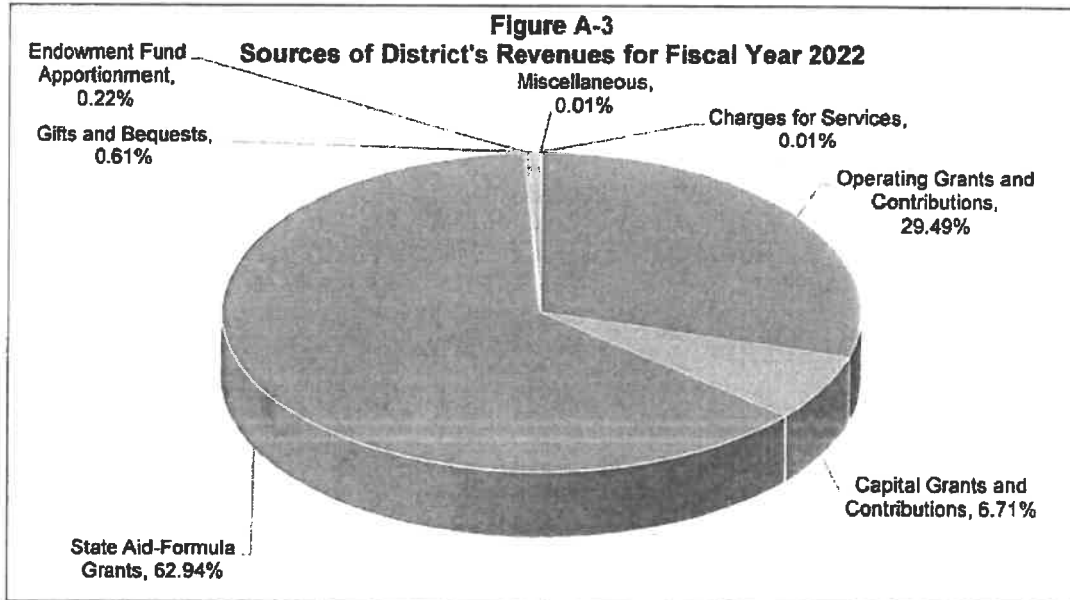
DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

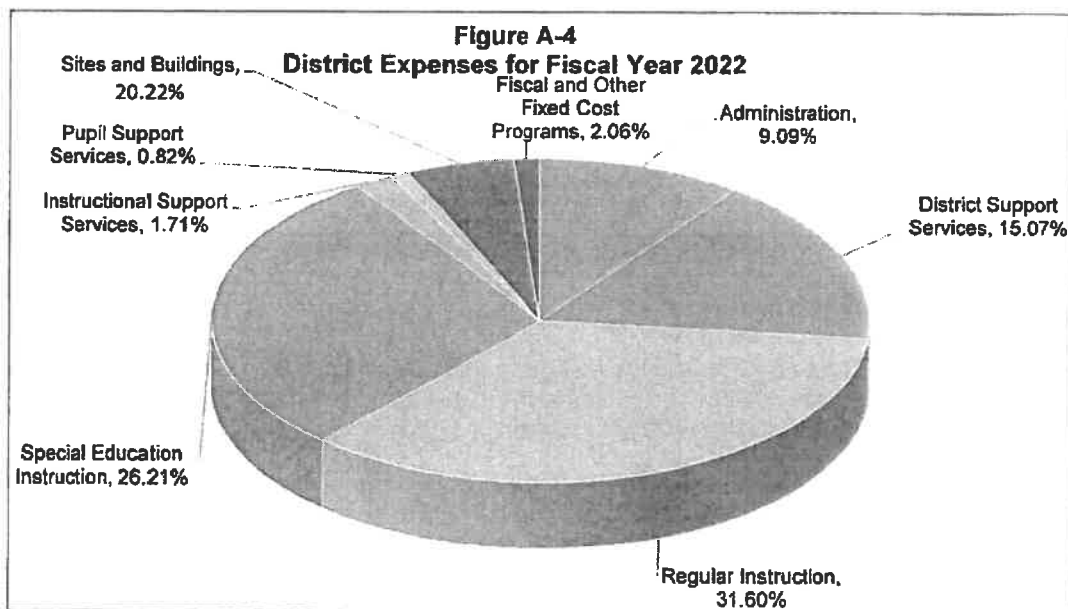
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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The District's total revenues were \$987,603 for the year ended June 30, 2022 which was an increase of \$121,180 from the prior year. This increase was primarily due to an increase in state aid formula grants. See Figure A-3 below for the related percentages of the District's revenues.



The total cost of all programs and services was \$774,514. The District's expenses are predominantly related to educating and caring for students (60.34 percent) as shown in figure A-4. The purely administrative activities of the District accounted for 9.09 percent of total costs.



DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table A-3 presents the cost of eight major District activities such as administration, regular instruction, special education instruction, and others. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- * The cost of all governmental activities this year was \$774,514.
- * Some of the cost was paid by the users of the District's programs which totaled \$114.

Table A-3
Discovery Public School of Faribault
Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
Governmental Activities						
Administration	\$ 70,406	\$ 79,303	(11.22)%	\$ 70,356	\$ 79,081	(11.03)%
District Support Services	116,700	139,543	(16.37)%	116,700	139,543	(16.37)%
Regular Instruction	244,784	289,262	(15.38)%	148,963	199,981	(25.51)%
Special Education						
Instruction	203,016	221,421	(8.31)%	7,549	29,601	(74.50)%
Instructional Support						
Services	13,206	33,147	(60.16)%	13,206	33,147	(60.16)%
Pupil Support Services	6,348	2,339	171.40%	6,284	2,339	168.66%
Sites and Buildings	37,540	100,736	(62.73)%	(28,700)	34,496	(183.20)%
Amortization - Unallocated	72,752	-	-	72,752	-	-
Fiscal and Other Fixed						
Costs Programs	9,762	9,151	6.68%	9,762	9,151	6.68%
Total Governmental						
Activities	<u>\$ 774,514</u>	<u>\$ 874,902</u>	(19.79)%	<u>\$ 416,872</u>	<u>\$ 527,339</u>	(20.95)%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. The General Fund's revenues and other financing sources exceeded expenditures and other financing uses in the amount of \$110. In total, including the Food Service Fund, governmental funds decreased by \$59 with an ending total fund balance of \$249,374.

General Fund

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: grades 6 - 12 educational activities, District instructional and student support programs, District administration, normal operation and maintenance, capital expenditures, and legal District expenditures not specifically designated to be accounted for in any other fund.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Enrollment

Funding for the District is largely driven by enrollment. There were 46 students at the beginning of the 2021 - 2022 school year, and there were approximately 47 students on the last day of school. The school started the 2022 - 2023 school year with 47 students and is currently at 49 students.

The following schedule presents a summary of General Fund revenues.

	Year Ended		Change Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2022	June 30, 2021		
Local Sources	\$ 6,196	\$ 6,676	\$ (480)	(7.19)%
State Sources	777,075	777,900	(825)	(0.11)%
Federal Sources	88,295	80,164	8,131	10.14%
Total Revenue	<u>\$ 871,566</u>	<u>\$ 864,740</u>	<u>\$ 6,826</u>	0.79%

Total General Fund revenue increased by \$6,826 or 0.79% from the previous year. The increase is primarily due to an increase in funding from Federal sources.

The following schedule presents a summary of General Fund expenditures.

	Year Ended		Change Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2022	June 30, 2021		
Salaries	\$ 489,773	\$ 474,843	\$ 14,930	3.14%
Employee Benefits	127,513	132,708	(5,195)	(3.91)%
Purchased Services	146,543	206,754	(60,211)	(29.12)%
Supplies/Materials	23,203	49,223	(26,020)	(52.86)%
Capital Expenditures	78,058	-	78,058	-
Other Expenditures	6,265	6,783	(518)	(7.64)%
	<u>\$ 871,355</u>	<u>\$ 870,311</u>	<u>\$ 1,044</u>	0.12%

Total General Fund expenditures increased by \$1,044 or 0.12% from the previous year. This increase was largely due to an increase in capital expenditures and salaries.

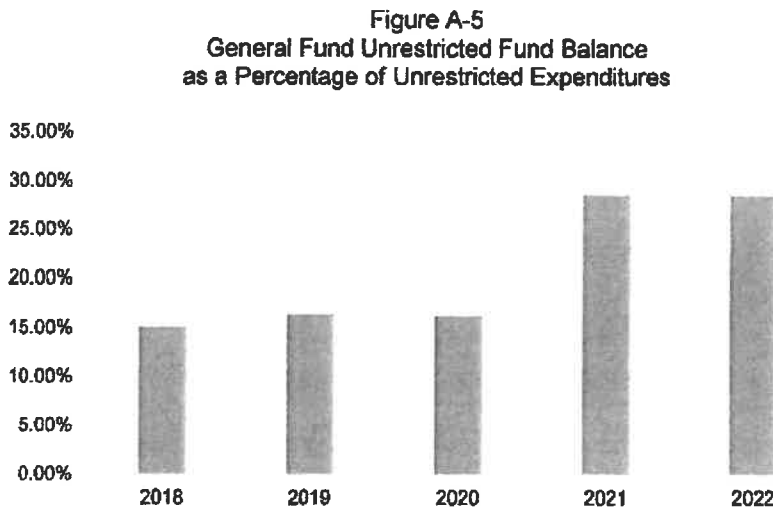
In 2021 - 2022, General Fund revenues were more than expenditures by \$110 thereby increasing total fund balance by that amount at June 30, 2022. Food Service Fund revenues were less than its revenues by \$169, which decreased fund balance by that amount. The total fund balance decreased from \$249,433 at June 30, 2021 to \$249,374 at June 30, 2022 as a result of the net change of \$110 in the General Fund and the net change of \$(169) in the Food Service Fund.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Figure A-5 shows the General Fund unassigned fund balance as a percentage of unrestricted expenditures.



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Table A-4
General Fund Unrestricted Fund Balance as a Percentage of Unrestricted Expenditures

	2018	2019	2020	2021	2022
Unrestricted Fund Balance	\$ 131,371	\$ 130,298	\$ 138,397	\$ 249,433	\$ 249,374
% Increase (Decrease)	-14.00%	-0.80%	6.22%	80.23%	-0.02%
Total Expenditures	\$ 870,791	\$ 795,707	\$ 850,377	\$ 870,311	\$ 871,355
% Increase	3.40%	8.60%	6.87%	2.34%	0.12%
Unrestricted Fund Balance as a % of Total Expenditure	15.10%	16.40%	16.27%	28.66%	28.62%

The preceding table is the single best measure of overall financial health. The unrestricted fund balance of \$249,374 at June 30, 2022 represents 28.62% of annual expenditures. The District closely monitors its fund balances.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. The budget amendments fall into two categories:

- * Implementing budgets for specially funded projects which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for donations received.
- * Increases in appropriations for unbudgeted revenues or expenditures.

DISCOVERY PUBLIC SCHOOL OF FARIBAUT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

General Fund Budgetary Highlights (Continued)

While the District's original budget for the General Fund anticipated a \$10,850 net increase in fund balance, the final budget for the General Fund anticipated a net decrease in fund balance of \$6,785. The actual results for the year show an increase of \$110.

- * Actual revenues in the General Fund were \$46,519 less than expected, due largely to a decrease in revenues from federal sources.
- * Actual expenditures in the General Fund were \$53,515 less than expected, due largely to District Support Services and Regular Instruction being lower than budgeted amounts.

Food Service Fund

The Food Service Fund realized a \$169 loss. While the District's original budget for the Food Service Fund anticipated a \$3,971 net decrease in fund balance, the final budget for the Food Service Fund anticipated a net decrease of \$249.

CAPITAL AND RIGHT TO USE ASSETS

By the end of fiscal year 2022, the District had net capital and right to use assets of \$85,361 which consists primarily of computer and audio-visual equipment for various instructional programs and leases (See Table A-5). More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation and amortization expense for the year was \$73,264.

Table A-5 Discovery Public School of Faribault Capital Assets		
	Governmental Activities	
	2022	2021
Equipment	\$ 16,827	\$ 17,347
Right to Use Assets	155,959	-
Less: Accumulated Depreciation and Amortization	(87,425)	(14,681)
Total	\$ 85,361	\$ 2,666

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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DEBT ADMINISTRATION

At June 30, 2022, the District had \$79,409 in long-term debt outstanding. More detailed information about the District's long-term debt is presented in Note 7 to the financial statements.

	6/30/2022	6/30/2021	Percentage Change
Right to Use Assets	\$ 79,409	\$ -	100.00%
Promissory Note Payable	-	115,973	(100.00)%
Totals	<u>\$ 79,409</u>	<u>\$ 115,973</u>	(31.53)%

Long-Term Liabilities

The District has a net pension liability in the amount of \$326,635 at June 30, 2022 and \$530,436 at June 30, 2021. This resulted in a decrease of \$203,801 from the prior year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

It is our knowledge that with the exception of voter-approved levies and other minor levies from the Faribault Public Schools, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional and program needs and costs due to inflation.

The District will still try to maintain its current level of educational programming with the hope that our student population increases and that the state will increase funding in the future. The District will continue to carry on our commitment to academic excellence and educational opportunity for at-risk children within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, creditors, and other stakeholders with a general overview of the District's finances and demonstrate financial stability and accountability for the money received and used by the District. If you have any questions regarding financial matters included in this report or are in search of additional information, contact the Executive Director, Dan Weisser, Discovery Public School of Faribault District #4081, PO Box 361 or 126 8th Street NW, Faribault, MN 55021, with a written request for information.

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BASIC FINANCIAL STATEMENTS

DISCOVERY PUBLIC SCHOOL OF FARIBAUT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAUT, MINNESOTA
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Cash	\$ 150,639	\$ 194,903
Receivables		
Accounts Receivable	1,829	3,148
Due from MN Department of Education	60,412	74,453
Due from Federal Government	72,127	23,288
Due from Federal Directly	6,570	9,962
Prepaid Items	16,807	21,213
Capital Assets		
Capital and Right of Use Assets, Net of Depreciation and Amortization	85,361	2,666
Total Assets	393,745	329,633
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension Payments	194,273	95,184
LIABILITIES		
Current Liabilities:		
Accounts Payable	11,623	10,424
Salaries Payable	29,655	36,737
Payroll Deductions Payable	17,732	30,373
Current Portion of Long-Term Liabilities	71,612	-
Total Current Liabilities	130,622	77,534
Noncurrent Liabilities		
Net Pension Liability	326,635	530,436
Noncurrent Portion of Long-Term Liabilities	7,797	115,973
Total Noncurrent Liabilities	334,432	646,409
Total Liabilities	465,054	723,943
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	208,192	(809)
NET POSITION		
Net Investment in Capital and Right to Use Assets	\$ 85,361	\$ 2,666
Restricted for:		
Food Service	-	505
Safe Schools Levy	2,095	2,095
Paycheck Protection Plan	-	115,973
Unrestricted	(172,684)	(419,556)
Total Net Position	\$ (85,228)	\$ (298,317)

See accompanying notes to basic financial statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)

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2022			
Functions	Expenses	Charges for Services	Program Operating Grants and Contributions
Governmental Activities			
Administration	\$ 70,406	\$ 50	\$ -
District Support Services	116,700	-	-
Regular Instruction	244,784	-	95,821
Special Education Instruction	203,016	-	195,467
Instructional Support Services	13,206	-	-
Pupil Support Services	6,348	64	-
Sites and Buildings	37,540	-	-
Amortization - Unallocated	72,752	-	-
Fiscal and Other Fixed Costs Programs	9,762	-	-
Total School District	<u>774,514</u>	<u>114</u>	<u>291,288</u>

General Revenues
State Aid Not Restricted to
Specific Purposes
Endowment Fund Apportionment
Gifts and Bequests
Miscellaneous
Total General Revenues

Changes in Net Position
Net Position - Beginning
Net Position - Ending

See accompanying notes to basic financial statements.

		2021
	Net (Expense)	Net (Expense)
	Revenue and	Revenue and
	Changes in	Changes in
	Net Position	Net Position
Revenues	Total	Total
Capital	Governmental	Governmental
Grants and	Activities	Activities
Contributions		
\$ -	\$ (70,356)	\$ (79,081)
-	(116,700)	(139,543)
-	(148,963)	(199,981)
-	(7,549)	(29,601)
-	(13,206)	(33,147)
-	(6,284)	(2,339)
66,240	28,700	(34,496)
-	(72,752)	-
-	(9,762)	(9,151)
<u>66,240</u>	<u>(416,872)</u>	<u>(527,339)</u>

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621,593	508,304
2,222	2,419
6,061	6,599
85	1,538
<u>629,961</u>	<u>518,860</u>
213,089	(8,479)
<u>(298,317)</u>	<u>(289,838)</u>
<u>\$ (85,228)</u>	<u>\$ (298,317)</u>

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
 CHARTER SCHOOL DISTRICT NO. 4081
 FARIBAULT, MINNESOTA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2022
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Major Funds		Total Governmental Funds	
	General	Food Service	2022	2021
ASSETS				
Cash	\$ 150,639	\$ -	\$ 150,639	\$ 194,903
Receivables				
Accounts Receivable	1,829	-	1,829	3,148
Due from MN Department of Education	60,412	-	60,412	74,453
Due from Federal Government	72,127	-	72,127	23,288
Due from Federal Directly	6,570	-	6,570	9,962
Prepaid Items	16,471	336	16,807	21,213
Total Assets	\$ 308,048	\$ 336	\$ 308,384	\$ 326,967
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 11,623	\$ -	\$ 11,623	\$ 10,424
Salaries Payable	29,655	-	29,655	36,737
Payroll Deductions Payable	17,732	-	17,732	30,373
Total Liabilities	59,010	-	59,010	77,534
Fund Balance				
Nonspendable	16,471	336	16,807	21,213
Restricted for:				
Food Service	-	-	-	505
Safe School Levy	2,095	-	2,095	2,095
Unassigned	230,472	-	230,472	225,620
Total Fund Balance	249,038	336	249,374	249,433
Total Liabilities and Fund Balance	\$ 308,048	\$ 336	\$ 308,384	\$ 326,967

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See accompanying notes to basic financial statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
Total Fund Balance for Governmental Funds	\$ 249,374	\$ 249,433

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consists of:

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Equipment, Net of Accumulated Depreciation	2,154	2,666
Right of Use Assets, Net of Accumulated Amortization	83,207	-

Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Long-Term Debt	-	(115,973)
Right of Use Lease Liabilities	(79,409)	-

The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year end are:

Net Pension Liability	(326,635)	(530,436)
Deferred Inflows of Resources - Pensions	(208,192)	809
Deferred Outflows of Resources - Pensions	194,273	95,184
 Total Net Position of Governmental Activities	 \$ (85,228)	 \$ (298,317)

See accompanying notes to basic financial statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

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	Major Funds		Total Governmental Funds	
	General	Food Service	2022	2021
REVENUES				
Local Sources	\$ 6,196	\$ -	\$ 6,196	\$ 7,181
State Sources	777,075	-	777,075	777,900
Federal Sources	88,295	-	88,295	81,213
Sales and Other Conversion of Assets	-	64	64	-
Total Revenues	<u>871,566</u>	<u>64</u>	<u>871,630</u>	<u>866,294</u>
EXPENDITURES				
Administration	78,200	-	78,200	79,080
District Support Services	133,086	-	133,086	139,048
Regular Instruction	291,520	-	291,520	287,367
Special Education Instruction	230,086	-	230,086	220,492
Instructional Support Services	16,694	-	16,694	33,147
Pupil Support Services	6,262	334	6,596	2,339
Sites and Buildings	105,745	-	105,745	100,736
Fiscal and Other Fixed Costs Programs	9,762	-	9,762	9,151
Total Expenditures	<u>871,355</u>	<u>334</u>	<u>871,689</u>	<u>871,360</u>
Excess of Revenues Over Expenditures	<u>211</u>	<u>(270)</u>	<u>(59)</u>	<u>(5,066)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	101	101	-
Proceeds from Long-Term Debt	-	-	-	115,973
Insurance Recovery	-	-	-	129
Transfers out	(101)	-	(101)	-
Total Other Financing Sources (Uses)	<u>(101)</u>	<u>101</u>	<u>-</u>	<u>116,102</u>
Net Change in Fund Balance	110	(169)	(59)	111,036
Fund Balance - Beginning	<u>248,928</u>	<u>505</u>	<u>249,433</u>	<u>138,397</u>
Fund Balance - Ending	<u>\$ 249,038</u>	<u>\$ 336</u>	<u>\$ 249,374</u>	<u>\$ 249,433</u>

See accompanying notes to basic financial statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)

	2022	2021
Net Changes in Fund Balance - Total Governmental Funds	\$ (59)	\$ 111,036

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets, with an initial, individual cost of more than \$500 for furniture and equipment and buildings and improvements are capitalized, and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized outlays exceeds depreciation expense in the period.

Capital Outlays	-	-
Depreciation and Amortization Expense	(73,264)	(513)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current period these amounts consist of:

Repayment of Right to Use Lease	70,918	-
---------------------------------	--------	---

Long-term borrowing is reported as revenue (other financing sources) in governmental funds, but these proceeds increase long-term liabilities on the Statement of Net Position. In the current period these amounts consisted of:

Proceeds from Long-Term Debt	-	(115,973)
------------------------------	---	-----------

Forgiveness of loans recognized as long-term liabilities on the Statement of Net Position in prior periods is shown as revenue on the Statement of Activities in the the period the liability is legally released.

Paycheck Protection Program Loan Forgiveness	115,973	-
--	---------	---

Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.

99,521	(3,029)
--------	---------

Change in Net Position of Governmental Activities	<u>\$ 213,089</u>	<u>\$ (8,479)</u>
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See accompanying notes to basic financial statements.

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

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	2022			Over (Under)
	Budgeted Amounts		Actual	Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources	\$ 8,773	\$ 9,274	\$ 6,196	\$ (3,078)
State Sources	815,510	774,981	777,075	2,094
Federal Sources	114,927	133,830	88,295	(45,535)
Total Revenues	939,210	918,085	871,566	(46,519)
EXPENDITURES				
Current				
Administration	90,890	76,797	78,200	1,403
District Support Services	160,568	151,010	133,086	(17,924)
Regular Instruction	289,912	332,260	291,520	(40,740)
Special Education Instruction	219,445	223,689	230,086	6,397
Instructional Support Services	14,490	15,232	16,694	1,462
Pupil Support Services	35,172	9,358	6,262	(3,096)
Sites and Buildings	107,433	106,074	105,745	(329)
Fiscal and Other Fixed Costs				
Programs	10,450	10,450	9,762	(688)
Total Expenditures	928,360	924,870	871,355	(53,515)
OTHER FINANCING SOURCES				
Transfers out	-	-	101	101
Total Other Financing Sources	-	-	101	101
Net Change in Fund Balance	\$ 10,850	\$ (6,785)	110	\$ 7,097
Fund Balance				
Beginning of Year			248,928	
End of Year			\$ 249,038	

See accompanying notes to basic financial statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022

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	2022		
	Budgeted Amounts		Over (Under)
	Original	Final	Final Budget
REVENUES			
Local Sources	\$ -	\$ -	\$ -
State Sources	1,000	-	-
Federal Sources	6,000	-	-
Sales and Other Conversion of Assets	1,438	-	64
Total Revenues	<u>8,438</u>	<u>-</u>	<u>64</u>
EXPENDITURES			
Pupil Support Services	<u>12,409</u>	<u>249</u>	<u>85</u>
Total Expenditures	<u>12,409</u>	<u>249</u>	<u>85</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	101
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>101</u>
Net Change in Fund Balance	<u>\$ (3,971)</u>	<u>\$ (249)</u>	<u>(169)</u>
Fund Balance			
Beginning of Year			<u>505</u>
End of Year			<u>\$ 336</u>

See accompanying notes to basic financial statements.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Charter School District No. 4081 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Charter School District No. 4081 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota State Statutes, the District's School Board has elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are included in these financial statements as part of the General Fund.

C. Basic Financial Statement Presentation

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

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (CONTINUED)

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the Government-wide financial statements.

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

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales and other miscellaneous revenue are recorded as revenues when received because they are generally not measurable until then. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

Description of Funds

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (CONTINUED)

Major Governmental Funds

General Fund

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

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees and federal and state aids.

E. Income Taxes

The District is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable sections of the Minnesota income tax statutes.

F. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Reported budget amounts represent the originally adopted budget as revised. The original budget and any revisions require approval of the School Board.

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

Budget amounts include mid-year budget amendments that changed revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 939,210	\$ (21,125)	\$ 918,085
Special Revenue Funds:			
Food Service Fund	8,438	(8,438)	\$ -
<u>Expenditures</u>			
General Fund	928,360	(3,490)	\$ 924,870
Special Revenue Funds:			
Food Service Fund	12,409	(12,160)	\$ 249

G. Cash

Cash consists of a non-interest bearing checking account. Cash balances for all funds of the District are maintained on a combined basis. Any earnings from such deposits are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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STRUSS CPAS, P.C.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances; therefore, no allowance for uncollectible accounts is deemed necessary.

I. Prepaid Items

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

J. Defined Benefit Pension Plans

Teachers Retirement Association

For purposes of measuring the net position 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 in 2015.

Public Employees Retirement Association

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives for equipment are five to twenty years.

The District does not possess any material amounts of infrastructure capital assets.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
NOT FOR DISTRIBUTION
WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category related to the recording of defined pension benefits as further explained in Note 6.

In addition to liabilities, the 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 District also has items that qualify for reporting in this category related to the recording of defined pension benefits as further explained in Note 6.

M. Unpaid Sick and Personal Leave

Unpaid sick and personal leave has not been accrued in any funds as these benefits do not vest to employees.

N. Fund Balance

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

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

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

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

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

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

The District currently has nonspendable, restricted, and unassigned fund balances.

Restricted funds are used first when an expense is incurred for purposes for which both restricted and unrestricted funds are available.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
NOT FOR DISTRIBUTION
WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Risk Management

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

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

P. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Q. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived. Certain comparative information has been reclassified to conform with the current year presentation.

S. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing long-term debt is reported at the face value of remaining indebtedness.

In the fund financial statements, governmental fund types recognize the amount of debt issued as other financials sources. Principal payments are reported as debt service expenditures.

T. Leases

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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STRUSS CPAS, P.C.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Leases (Continued)

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

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

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

NOTE 2 – STEWARDSHIP AND ACCOUNTABILITY

Expenditures did not exceed budgeted amounts in the General Fund or the Food Service Fund at June 30, 2022.

NOTE 3 - DEPOSITS

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash." In accordance with Minnesota Statutes, the District maintains deposits at depository banks authorized by the School District's Board.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned in full. The District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
NOT FOR DISTRIBUTION
WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated	\$ -	\$ -	\$ -	\$ -
Capital Assets, Being Depreciated				
Equipment	17,347	-	(520)	16,827
Right of Use Assets, Being Amortized				
Leased Building	-	138,534	-	138,534
Leased Office Equipment	-	17,425	-	17,425
Total Right of Use Assets, Being Amortized	-	155,959	-	155,959
Accumulated Depreciations for:				
Equipment	(14,681)	(512)	520	(14,673)
Accumulated Amortization for:				
Leased Building	-	(69,267)	-	(69,267)
Leased Office Equipment	-	(3,485)	-	(3,485)
Total Accumulated Depreciation and Amortization	(14,681)	(73,264)	520	(87,425)
Total Capital and Right of Use Assets, Being Depreciated and Amortized, Net	2,666	82,695	-	85,361
Governmental Activities Capital and Right of Use Assets, Net	<u>\$ 2,666</u>	<u>\$ 82,695</u>	<u>\$ -</u>	<u>\$ 85,361</u>

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

Governmental Activities:	
Regular Instruction	\$ 452
Special Education Instruction	60
Unallocated	<u>72,752</u>
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 73,264</u>

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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STRUSS CPAS, P.C.

NOTE 5 – FUND BALANCE CLASSIFICATION

Fund Equity

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balance for the governmental fund:

A. Safe Schools Levy

This fund balance represents unspent resources available from the safe schools levy.

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

	General Fund	Food Service Fund	Total
Nonspendable:			
Prepaid Expenditures	\$ 16,471	\$ 336	\$ 16,807
Restricted for:			
Safe Schools Levy	2,095	-	2,095
Unassigned:	230,472	-	230,472
Total Fund Balance:	<u>\$ 249,038</u>	<u>\$ 336</u>	<u>\$ 249,374</u>

NOTE 6 – PENSION PLANS

Substantially all employees of the District are required by state law to belong to a pension plan administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Teachers Retirement Association (TRA)

1. Plan Description

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

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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STRUSS CPAS, P.C.

NOTE 6 – PENSION PLANS (CONTINUED)

A. Teachers Retirement Association (TRA) (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 benefits as described.

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2 percent per year
	First 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 up 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:

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

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent 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.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
NOT FOR DISTRIBUTION
WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 6 – PENSION PLANS (CONTINUED)

A. Teachers Retirement Association (TRA) (CONTINUED)

2. Benefits Provided (CONTINUED)

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

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

3. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022 were:

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

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

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

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 6 – PENSION PLANS (CONTINUED)

A. Teachers Retirement Association (TRA) (CONTINUED)

4. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumptions

Pre-retirement:	RP-2014 white collar employee table, male rates set back 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 adjustment.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	35.50%	5.10%
International Equity	17.50%	5.30%
Private Markets	25.00%	5.90%
Fixed Income	20.00%	0.75%
Unallocated Cash	2.00%	0.00%
Total	100.00%	

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
NOT FOR DISTRIBUTION
WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 6 – PENSION PLANS (CONTINUED)

A. Teachers Retirement Association (TRA) (CONTINUED)

4. Actuarial Assumptions (CONTINUED)

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2022 is six years. The *Difference between Expected and Actual Experience*, *Changes of Assumptions*, and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- For GASB Valuation:
 - The investment return assumption was changed from 7.50 percent to 7.00 percent.
- 5. Discount Rate

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

On June 30, 2022, Discovery Public School of Faribault reported a liability of \$262,578 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Discovery Public School of Faribault's proportion of the net pension liability was based on Discovery Public School of Faribault's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.0060% at the end of the measurement period and 0.0058% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 262,578
State's proportionate share of the net pension liability associated with the district	\$ 22,125

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
NOT FOR DISTRIBUTION
WITHOUT AUTHORIZATION OF
STRUSS CPAS, P.C.

NOTE 6 – PENSION PLANS (CONTINUED)

A. Teachers Retirement Association (TRA) (CONTINUED)

6. Net Pension Liability (Continued)

For the year ended June 30, 2022, the district recognized pension expense of \$(910). It also recognized \$(248) as an increase to pension expense for the support provided by direct aid.

On June 30, 2021, Discovery Public School of Faribault had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,285
Net difference between projected and actual investment earnings on pension plan investments	-	240,842
Changes of assumptions	95,958	-
Changes in proportion	12,313	-
Contributions paid to TRA subsequent to the measurement date	30,588	-
Total	<u>\$ 138,859</u>	<u>\$ 244,127</u>

Deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

2022	\$ (39,213)
2023	\$ (39,213)
2024	\$ (39,213)
2025	\$ (39,213)
2026	\$ 20,996

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate		
1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
\$ 530,420	\$ 262,578	\$ 42,926

The Discovery Public School of Faribault'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.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 6 – PENSION PLANS (CONTINUED)

A. Teachers Retirement Association (TRA) (CONTINUED)

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 District participates in the following cost-sharing multiple-employer 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

The General Employees Retirement Plan covers certain full time and part-time employees of the Discovery Public School of Faribault Charter School District No. 4081. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Benefits Provided

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

General Employees Plan Benefits

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

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 6 – PENSION PLANS (CONTINUED)

B. Public Employees Retirement Association (PERA) (CONTINUED)

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were \$8,867. The District's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$64,057 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$1,898.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0015 percent at the end of the measurement period and 0.0017 percent for the beginning of the period.

The District's proportionate share of the net pension liability	\$ 64,057
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>1,898</u>
Total	<u>\$ 65,955</u>

For the year ended June 30, 2022, the District recognized pension expense of \$5,382 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$153 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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STRUSS CPAS, P.C.

NOTE 6 – PENSION PLANS (CONTINUED)

B. Public Employees Retirement Association (PERA) (CONTINUED)

4. Pension Costs (Continued)

As of June 30, 2022, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ (89)	\$ (1,991)
Changes in actuarial assumptions	38,426	(1,945)
Difference between projected and actual investment earnings	-	(30,449)
Changes in proportion	8,210	(1,550)
Contributions paid to PERA subsequent to the measurement date	8,867	-
 Total	 <u>\$ 55,414</u>	 <u>\$ (35,935)</u>

The \$8,867 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2023	\$ 24,086
2024	19,986
2025	7,601
2026	-
2027	-
Thereafter	-

Total Pension Expense

The total pension expense for all plans recognized by the District for the year ended June 30, 2022, was \$(4,459).

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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NOTE 6 – PENSION PLANS (CONTINUED)

B. Public Employees Retirement Association (PERA) (CONTINUED)

5. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>(Geometric Mean)</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

Mortality rates for General Employees Plan are based on the Pub-210 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 6 – PENSION PLANS (CONTINUED)

B. Public Employees Retirement Association (PERA) (CONTINUED)

7. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 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 positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

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

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	1% Lower (5.5%)	Current Discount Rate (6.50%)	1% Higher (7.50%)
General Employees Fund	\$ 9,419	\$ 64,057	\$ 130,643

9. Pension Plan Fiduciary Net Position

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

NOTE 7 – LONG-TERM LIABILITIES

Pension Benefits Payable

Pension Benefits Payable represent the District's proportionate share of the state pension plans' net pension liability at June 30, 2022. From a District perspective, this liability can only be reduced through its annual required contributions to the pension plans, which are paid by the General Fund and Food Service Fund.

Payroll Protection Program Loan

The District has a Payroll Protection Program loan effective March 31, 2021 and matures March 31, 2026, at an interest rate of 1.0% through the U.S. Small Business Administration (SBA). Per SBA requirements, the proceeds of the loan could be used to pay payroll, rent, and utilities with some stipulations. At June 30, 2021 all funds had been expended. If used appropriately, the District is eligible to have all of the loan forgiven. This is a debt to the District until officially forgiven by SBA. The District's loan was forgiven on December 13, 2021.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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NOTE 7 – LONG-TERM LIABILITIES (Continued)

A. Description of Long-Term Debt

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

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Governmental Activities:				
Long-Term Lease Liabilities				
Right to Use Leases				
Building	6.42%	\$ 138,534	2023	\$ 68,103
Office Equipment	6.42%	17,425	2023	11,306
				<u>79,409</u>
Total Outstanding Long-Term Debt				<u>\$ 79,409</u>

Long-Term Lease Liabilities (Right to Use Assets)

Building

The District entered into a 3 year lease agreement in June 2020 for the use of the building located in Faribault, Minnesota. The lease agreement has required monthly principal and interest payments of \$6,133.33 throughout the term of the lease. The lease liability is measured at a discount rate of 6.42%, as estimated by the District based on its incremental borrowing rate. The total cost of the right of use asset for this lease agreement was determined to be \$138,534. Total accumulated amortization on this right of use asset was \$69,267. Principal and interest payments on this lease are recorded in the General Fund. Interest paid in the 2021 – 2022 fiscal year was \$6,170.

Office Equipment

The District entered into a 5 year lease agreement in February 2021 for the use of a copier. The lease agreement has required monthly principal and interest payments of \$359 throughout the term of the lease. The lease liability is measured at a discount rate of 6.42%, as estimated by the District based on its incremental borrowing rate. The total cost of the right of use asset for this lease agreement was determined to be \$17,425. Total accumulated amortization on this right of use asset was \$3,485. Principal and interest payments on this lease are recorded in the General Fund. Interest paid in the 2021 – 2022 fiscal year was \$3,488.

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

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

ROUGH DRAFT
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NOTE 7 – LONG-TERM LIABILITIES (Continued)

B. Minimum Debt Payments

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

Year Ending June 30	Building		Office Equipment	
	Principal	Interest	Principal	Interest
2023	\$ 68,103	\$ 2,497	\$ 3,509	\$ 799
2024	-	-	3,741	567
2025	-	-	3,988	320
2026	-	-	68	2,804
Total	<u>\$ 68,103</u>	<u>\$ 2,497</u>	<u>\$ 11,306</u>	<u>\$ 4,490</u>

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Paycheck Protection Program (PPP) Loan	\$ 115,973	\$ -	\$ (115,973)	\$ -	\$ -
Right to Use Leases					
Building	-	135,533	(67,430)	68,103	68,103
Office Equipment	-	14,794	(3,488)	11,306	3,509
Net Pension Liability	530,436	52,365	(256,166)	326,635	-
	<u>\$ 646,409</u>	<u>\$ 202,692</u>	<u>\$ (443,057)</u>	<u>\$ 406,044</u>	<u>\$ 71,612</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. 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 District expects such amounts, if any, to be immaterial.

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management believes the resolution of these matters will not have a material impact on the District.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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NOTE 9 – LINE OF CREDIT

The District has an unused \$40,000 cash advance on a credit card at a local financial institution with an annual interest rate of 26.990% that is charged on a monthly basis. The balance on the cash advance line was \$0 as of June 30, 2022. Interest expense for the year ended June 30, 2022 was \$0.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The District does not offer employees other post-employment benefits.

NOTE 11 – GASB STANDARD ISSUED BUT NOT YET IMPLEMENTED

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

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement 87, *Leases* in the current year which better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. Prior year partial comparative information does not reflect this change in accounting principle because prior years have not been recalculated under GASB Statement No. 87.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 2, 2022, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION
LIABILITY AND DISTRICT'S CONTRIBUTIONS FOR DEFINED
BENEFIT PENSION PLANS
June 30, 2022

TEACHERS RETIREMENT ASSOCIATION

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SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Fiscal Year Ending	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2021	0.0060%	\$ 262,578	\$ 22,125	\$ 284,703	\$ 391,813	67.0%	86.63%
6/30/2020	0.0058%	\$ 428,512	\$ 35,990	\$ 464,502	\$ 375,973	114.0%	75.48%
6/30/2019	0.0055%	\$ 350,571	\$ 31,093	\$ 381,664	\$ 308,160	113.8%	78.07%
6/30/2018	0.0064%	\$ 401,980	\$ 37,760	\$ 439,740	\$ 370,680	108.4%	78.07%
6/30/2017	0.0053%	\$ 1,057,976	\$ 102,054	\$ 1,160,030	\$ 286,307	369.5%	51.57%
6/30/2016	0.0053%	\$ 1,264,176	\$ 126,194	\$ 1,390,370	\$ 276,680	456.9%	44.88%
6/30/2015	0.0053%	\$ 327,857	\$ 40,552	\$ 368,409	\$ 266,053	123.2%	76.80%
6/30/2014	0.0060%	\$ 276,476	\$ 19,383	\$ 295,859	\$ 272,960	101.3%	81.50%

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

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/2022	\$ 30,588	\$ 30,588	\$ -	\$ 376,236	8.13%
6/30/2021	\$ 29,386	\$ 29,386	\$ -	\$ 371,035	7.92%
6/30/2020	\$ 28,198	\$ 28,198	\$ -	\$ 375,973	7.50%
6/30/2019	\$ 23,112	\$ 23,112	\$ -	\$ 308,160	7.50%
6/30/2018	\$ 27,801	\$ 27,801	\$ -	\$ 370,680	7.50%
6/30/2017	\$ 21,473	\$ 21,473	\$ -	\$ 286,307	7.50%
6/30/2016	\$ 20,751	\$ 20,751	\$ -	\$ 276,680	7.50%
6/30/2015	\$ 19,954	\$ 19,954	\$ -	\$ 266,053	7.50%

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

See accompanying notes to the required supplementary information.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION
LIABILITY AND DISTRICT'S CONTRIBUTIONS FOR DEFINED
BENEFIT PENSION PLANS
June 30, 2022

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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Fiscal Year Ending	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	District's Covered Payroll (b)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2021	0.0015%	\$ 64,057	\$ 106,709	60.0%	87.0%
6/30/2020	0.0017%	\$ 101,923	\$ 121,233	84.1%	79.1%
6/30/2019	0.0011%	\$ 60,817	\$ 80,812	75.3%	80.2%
6/30/2018	0.0012%	\$ 66,571	\$ 82,577	80.6%	79.5%
6/30/2017	0.0012%	\$ 76,607	\$ 78,962	97.0%	75.9%
6/30/2016	0.0013%	\$ 105,554	\$ 79,720	132.4%	68.9%
6/30/2015	0.0012%	\$ 62,190	\$ 73,548	84.6%	78.2%
6/30/2014	0.0015%	\$ 70,462	\$ 80,884	87.1%	78.8%

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

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/2022	\$ 8,867	\$ 8,867	\$ -	\$ 118,227	7.5%
6/30/2021	\$ 8,003	\$ 8,003	\$ -	\$ 106,709	7.5%
6/30/2020	\$ 9,093	\$ 9,093	\$ -	\$ 121,233	7.5%
6/30/2019	\$ 6,061	\$ 6,061	\$ -	\$ 80,812	7.5%
6/30/2018	\$ 6,193	\$ 6,193	\$ -	\$ 82,577	7.5%
6/30/2017	\$ 5,922	\$ 5,922	\$ -	\$ 78,962	7.5%
6/30/2016	\$ 5,979	\$ 5,979	\$ -	\$ 79,720	7.5%
6/30/2015	\$ 5,438	\$ 5,438	\$ -	\$ 73,548	7.4%

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

See accompanying notes to the required supplementary information.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 – DEFINED BENEFIT PENSION PLANS

A. Teachers Retirement Association

The following changes were made by the Minnesota Legislature and reflected in the valuation performed as of July 1 listed below:

Changes of Benefit and Funding Terms

2021 Changes

- None

2020 Changes

- None

2019 Changes

- None

2018 Changes – The 2018 Omnibus Pension Bill contained a number of changes:

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

2017 Changes

- None

2016 Changes

- None

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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NOTE 1 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Teachers Retirement Association (Continued)

2015 Changes

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

2014 Changes

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

Changes in Actuarial Assumptions

7/1/2021 Valuation

- For GASB valuation:
 - The investment return assumption was changed from 7.50% to 7.00%.

7/1/2020 Valuation

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

7/1/2019 Valuation

- None

7/1/2018 Valuation

- The investment return assumption was changed from 8.50% to 7.50%.
- The price inflation assumption was lowered from 3.00% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- 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.

Note: Most of these changes were made previously for GASB purposes in the 2017 GASB valuation.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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NOTE 1 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Teachers Retirement Association (Continued)

7/1/2017 Valuation

- 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%.

For GASB Valuation

- The investment return assumption was changed from 8.00% to 7.50%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.

7/1/2017 Valuation (Continued)

- The general wage growth assumption was lowered from 3.50% to 2.85% for 10 years followed by 3.25%, thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

7/1/2016 Valuation

- The Cost of Living Adjustment was not assumed to increase (it remained at 2% for all future years).
- The price inflation assumption was lowered from 3.00% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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NOTE 1 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Teachers Retirement Association (Continued)

7/1/2015 Valuation

- The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.

For GASB Valuation

- The COLA was not assumed to increase to 2.5%, but to remain at 2.0% for all future years,
- The investment return assumption was changed from 8.25% to 8.00%.

7/1/2014 Valuation

- The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

For GASB Valuation

- The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2034.

B. Public Employees Retirement Association

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the years ended June 30:

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Public Employees Retirement Association (Continued)

General Employees Fund (Continued)

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Public Employees Retirement Association (Continued)

General Employees Fund (Continued)

2018 Changes

Changes in Actuarial Assumptions

- The morality 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.

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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NOTE 1 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Public Employees Retirement Association (Continued)

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

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SUPPLEMENTAL INFORMATION

DISCOVERY PUBLIC SCHOOL OF FARIBAUT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAUT, MINNESOTA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
ASSETS		
Cash	\$ 150,639	\$ 194,334
Receivables		
Accounts Receivable	1,829	3,148
Due from MN Department of Education	60,412	74,453
Due from Federal Government	72,127	23,288
Due from Federal Directly	6,570	9,962
Prepaid Items	16,471	21,213
Total Assets	\$ 308,048	\$ 326,398
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 11,623	\$ 10,424
Salaries Payable	29,655	36,673
Payroll Deductions Payable	17,732	30,373
Total Liabilities	59,010	77,470
FUND BALANCE		
Nonspendable	16,471	21,213
Restricted for:		
Safe School Levy	2,095	2,095
Unassigned	230,472	225,620
Total Fund Balance	249,038	248,928
Total Liabilities and Fund Balance	\$ 308,048	\$ 326,398

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

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(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources				
Fees from Patrons	\$ -	\$ 50	\$ 50	\$ 222
Gifts and Bequests	6,500	6,061	(439)	6,094
Miscellaneous	2,774	85	(2,689)	360
	<u>9,274</u>	<u>6,196</u>	<u>(3,078)</u>	<u>6,676</u>
State Sources				
Endowment Fund Apportionment	-	2,222	2,222	2,419
General Education Aid	509,232	505,620	(3,612)	508,304
Special Education Aid	191,984	195,467	3,483	191,820
Building Lease Aid	66,241	66,240	(1)	66,240
Miscellaneous	7,524	7,526	2	9,117
	<u>774,981</u>	<u>777,075</u>	<u>2,094</u>	<u>777,900</u>
Federal Sources				
Title I	28,201	28,201	-	15,115
Title II	7,057	2,000	(5,057)	-
Miscellaneous	98,572	58,094	(40,478)	65,049
	<u>133,830</u>	<u>88,295</u>	<u>(45,535)</u>	<u>80,164</u>
Total Revenues	<u>918,085</u>	<u>871,566</u>	<u>(46,519)</u>	<u>864,740</u>
EXPENDITURES				
Administration				
Salaries	58,748	62,455	3,707	63,000
Employee Benefits	10,189	9,986	(203)	9,784
Purchased Services	-	-	-	-
Supplies and Materials	40	29		
Other Expenditures	7,820	5,730	(2,090)	6,296
Total Administration	<u>76,797</u>	<u>78,200</u>	<u>1,414</u>	<u>79,080</u>
District Support Services				
Salaries	47,081	49,466	2,385	49,203
Employee Benefits	27,796	20,995	(6,801)	21,670
Purchased Services	67,113	53,979	(13,134)	58,503
Supplies and Materials	8,886	8,512	(374)	9,185
Other Expenditures	134	134	-	487
Total District Support Services	<u>151,010</u>	<u>133,086</u>	<u>(17,924)</u>	<u>139,048</u>

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Regular Instruction				
Salaries	\$ 258,425	\$ 225,453	\$ (32,972)	\$ 218,760
Employee Benefits	56,548	60,461	3,913	63,218
Purchased Services	7,057	2,000	(5,057)	-
Supplies and Materials	9,683	3,205	(6,478)	5,389
Other Expenditures	547	401	(146)	-
Total Regular Instruction	332,260	291,520	(40,740)	287,367
Special Education Instruction				
Salaries	153,721	143,842	(9,879)	143,803
Employee Benefits	38,927	34,760	(4,167)	38,024
Purchased Services	23,767	48,060	24,293	31,157
Supplies and Materials	5,020	3,424	(1,596)	7,508
Capital Expenditures	2,254	-	(2,254)	-
Total Special Education Instruction	223,689	230,086	6,397	220,492
Instructional Support Services				
Purchased Services	-	6,837	6,837	9,436
Supplies and Materials	3,465	5,399	1,934	23,711
Capital Expenditures	11,767	4,458	(7,309)	-
Total Instructional Support Services	15,232	16,694	1,462	33,147
Pupil Support Services				
Salaries	1,963	2,000	37	-
Employee Benefits	321	318	(3)	-
Purchased Services	5,669	3,205	(2,464)	1,230
Supplies and Materials	1,405	739	(666)	60
Total Pupil Support Services	9,358	6,262	(3,096)	1,290
Sites and Buildings				
Salaries	6,136	6,557	421	77
Employee Benefits	1,004	993	(11)	12
Purchased Services	22,647	22,700	53	97,277
Supplies and Materials	2,686	1,895	(791)	3,370
Capital Expenditures	73,601	73,600	(1)	-
Total Sites and Buildings	106,074	105,745	(329)	100,736

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022

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(WITH SUMMARIZED FINANCIAL INFORMATION AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Fiscal and Other Fixed Costs Programs				
Purchased Services	\$ 10,450	\$ 9,762	\$ (688)	\$ 9,151
Total Fiscal and Other Fixed Costs Programs	10,450	9,762	(688)	9,151
Total Expenditures	924,870	871,355	(53,504)	870,311
OTHER FINANCING SOURCES				
Transfers Out	-	101	101	-
Insurance Recovery	-	-	-	(129)
Proceeds from Federal PPP	-	-	-	(115,973)
Total Other Financing Sources	-	101	101	(116,102)
NET CHANGE IN FUND BALANCE	\$ (6,785)	110	\$ 6,884	110,531
FUND BALANCE				
Beginning of Year		248,928		138,397
End of Year		\$ 249,038		\$ 248,928

DISCOVERY PUBLIC SCHOOL OF FARIBAULT
 CHARTER SCHOOL DISTRICT NO. 4081
 FARIBAULT, MINNESOTA
 FOOD SERVICE SPECIAL REVENUE FUND
 BALANCE SHEET
 JUNE 30, 2022
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
ASSETS		
Cash	\$ -	\$ 569
Receivables		
Due from Food Sales	-	-
Due from MN Department of Education	-	-
Due from Federal Government	-	-
Prepaid Items	336	-
Total Assets	\$ 336	\$ 569
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ -	\$ -
Accounts Payable	-	-
Deferred Revenue	-	64
Total Liabilities	-	64
Fund Balance		
Nonspendable	336	-
Restricted for:		
Food Service	-	505
Unassigned Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 336	\$ 569

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DISCOVERY PUBLIC SCHOOL OF FARIBAULT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

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YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources				
Gifts and Bequests	\$ -	\$ -	\$ -	\$ 505
State Sources				
State Breakfast, Lunch, and Milk Aid	-	-	-	-
Federal Sources				
Federal School Lunch	-	-	-	-
Commodity Distribution	-	-	-	1,049
Federal Breakfast	-	-	-	-
Total Federal Sources	-	-	-	1,049
Sale and Other Conversion of Assets				
Sale of Lunches	-	64	64	-
Total Revenues	-	64	64	1,554
EXPENDITURES				
Pupil Support Services				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services	-	-	-	1,049
Supplies and Materials	249	334	85	-
Other Expenditures	-	-	-	-
Total Expenditures	249	334	85	1,049
OTHER FINANCING SOURCES				
Transfers in	-	101	101	-
Total Other Financing Sources	-	101	101	-
NET CHANGE IN FUND BALANCE	<u>\$ (249)</u>	(169)	<u>\$ 80</u>	505
FUND BALANCE				
Beginning of Year		505		-
End of Year		<u>\$ 336</u>		<u>\$ 505</u>

**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**

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To the Members of the School Board
Discovery Public School of Faribault
Charter School District No. 4081
Faribault, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Discovery Public School of Faribault Charter School District No. 4081, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Discovery Public School of Faribault Charter School District No. 4081's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Discovery Public School of Faribault Charter School District No. 4081's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Discovery Public School of Faribault Charter School District No. 4081's internal control. Accordingly, we do not express an opinion on the effectiveness of the Discovery Public School of Faribault Charter School District No. 4081'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Discovery Public School of Faribault Charter School District No. 4081'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*.

Minnesota Legal Compliance

In connection with our audit, we noted that Discovery Public School of Faribault Charter School District No. 4081 failed to comply with provisions of the charter schools section of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn. Stat. Section 6.65, insofar as they relate to accounting matters as described below. 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 Discovery Public School of Faribault Charter School District No. 4081's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The results of our testing indicated that for the items tested, Discovery Public School of Faribault Charter School District No. 4081 did not comply with the claims and disbursements – general provisions section. Some bills were not paid within the standard payment period.

Purpose of this Report

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

Owatonna, Minnesota

December 2, 2022

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CHARTER SCHOOL DISTRICT NO. 4081
FARIBAULT, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
June 30, 2022

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	Audit	UFARS	Audit UFARS		Audit	UFARS	Audit UFARS
<u>01 General Fund</u>				<u>02 Food Services</u>			
Total Revenue	\$ 871,566	\$ 871,565	\$ 1	Total Revenue	\$ 64	\$ 65	\$ (1)
Total Expenditures	\$ 871,355	\$ 871,355	\$ -	Total Expenditures	\$ 334	\$ 334	\$ -
Non Spendable:				Non Spendable:			
4.60 Non Spendable Fund				4.60 Non Spendable Fund			
Balance	\$ 16,471	\$ 16,471	\$ -	Balance	\$ 336	\$ 336	\$ -
Restricted/Reserved:				Restricted/Reserved:			
4.03 Staff Development	\$ -	\$ -	\$ -	4.52 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
4.05 Deferred Maintenance	\$ -	\$ -	\$ -	Restricted:			
4.06 Health and Safety	\$ -	\$ -	\$ -	4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
4.07 Capital Projects Levy	\$ -	\$ -	\$ -	Unassigned:			
4.08 Cooperative Revenue	\$ -	\$ -	\$ -	4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -
4.14 Operating Debt	\$ -	\$ -	\$ -				
4.16 Levy Reduction	\$ -	\$ -	\$ -	<u>04 Community Service</u>			
4.17 Taconite Building Maint	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
4.23 Certain Teacher Programs	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
4.24 Operating Capital	\$ -	\$ -	\$ -	Non Spendable:			
				4.60 Non Spendable Fund			
4.26 \$25 Taconite	\$ -	\$ -	\$ -	Balance	\$ -	\$ -	\$ -
4.27 Disabled Accessibility	\$ -	\$ -	\$ -	Restricted/Reserved:			
4.28 Learning & Development	\$ -	\$ -	\$ -	4.26 \$25 Taconite	\$ -	\$ -	\$ -
4.34 Area Learning Center	\$ -	\$ -	\$ -	4.31 Community Education	\$ -	\$ -	\$ -
4.35 Contracted Alt. Programs	\$ -	\$ -	\$ -	4.32 E.C.F.E.	\$ -	\$ -	\$ -
4.36 State Approved Alt. Program	\$ -	\$ -	\$ -	4.44 School Readiness	\$ -	\$ -	\$ -
4.38 Gifted & Talented	\$ -	\$ -	\$ -	4.47 Adult Basic Education	\$ -	\$ -	\$ -
4.41 Basic Skills Programs	\$ -	\$ -	\$ -	4.52 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
4.45 Career Tech Programs	\$ -	\$ -	\$ -	Restricted:			
4.49 Safe School Crime	\$ 2,095	\$ 2,095	\$ -	4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
4.50 Pre-Kindergarten	\$ -	\$ -	\$ -	Unassigned:			
4.51 QZAB Payments	\$ -	\$ -	\$ -	4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -
4.52 OPEB Liab Not In Trust	\$ -	\$ -	\$ -				
4.53 Unfunded Sev & Retirement				<u>06 Building Construction</u>			
Levy	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
Restricted:				Total Expenditures	\$ -	\$ -	\$ -
4.64 Restricted Fund Balance	\$ -	\$ -	\$ -	Non Spendable:			
Committed:				4.60 Non Spendable Fund Balance	\$ -	\$ -	\$ -
4.18 Committed for Separation	\$ -	\$ -	\$ -	Restricted/Reserved:			
4.61 Committed Fund Balance	\$ -	\$ -	\$ -	4.07 Capital Projects Levy	\$ -	\$ -	\$ -
Assigned:				4.09 Alternative Facility Program	\$ -	\$ -	\$ -
4.62 Assigned Fund Balance	\$ -	\$ -	\$ -	4.13 Project Funded by COP	\$ -	\$ -	\$ -
Unassigned:				Restricted:			
4.22 Unassigned Fund Balance	\$ 230,472	\$ 230,472	\$ -	4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
				Unassigned:			
				4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -

DISCOVERY PUBLIC SCHOOL OF FARIBAUT
CHARTER SCHOOL DISTRICT NO. 4081
FARIBAUT, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
June 30, 2022

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	Audit	UFARS	Audit UFARS
07 Debt Service			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
Non Spendable:			
4.60 Non Spendable Fund Balance	\$ -	\$ -	\$ -
Restricted/Reserved:			
4.25 Bond Refundings	\$ -	\$ -	\$ -
4.51 QZAB Payments	\$ -	\$ -	\$ -
Restricted:			
4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
Unassigned:			
4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -
08 Trust			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
4.22 Unassigned Fund Balance			
(Net Assets)	\$ -	\$ -	\$ -
20 Internal Service			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
4.22 Unassigned Fund Balance			
(Net Assets)	\$ -	\$ -	\$ -
25 OPEB Revocable Trust			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
4.22 Unassigned Fund Balance			
(Net Assets)	\$ -	\$ -	\$ -
45 OPEB Irrevocable Trust			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
4.22 Unassigned Fund Balance			
(Net Assets)	\$ -	\$ -	\$ -
47 OPEB Debt Service			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
Non Spendable:			
4.60 Non Spendable Fund Balance	\$ -	\$ -	\$ -
Restricted:			
4.25 Bond Refundings	\$ -	\$ -	\$ -
4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
Unassigned:			
4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -

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Members of the School Board
Discovery Public School of Faribault
Charter School District No. 4081
Faribault, Minnesota

In planning and performing our audit of the financial statements of Discovery Public School of Faribault Charter School District No. 4081 for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of the following opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated on December 2, 2022, on the financial statements of Discovery Public School of Faribault Charter School District No. 4081.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management, and we will be pleased to discuss this comment in further detail at your convenience. Our comments are summarized as follows:

Minnesota Legal Compliance

As discussed in our report on Minnesota Legal Compliance, during the audit, it was noted that not all invoices were paid within the 35-day standard payment period. It is our recommendation that management closely monitor invoices and make sure they are timely paid within the standard payment period.

Our comments are intended to be constructive in nature, and if we can be of further assistance in implementing these recommendations or in any other capacity, please let us know.

We wish to thank the Discovery Public School of Faribault Charter School District No. 4081, especially Dan, for their support and assistance during our audit.

Struss CPAs, P.C.
Owatonna, MN

December 2, 2022

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STRUSS CPAS, P.C.

December 2, 2022

To the Members of the School Board
Discovery Public School of Faribault
Charter School District No. 4081
126 Eighth Street NW
Faribault, Minnesota

We have audited the financial statements of the governmental activities and each major fund of Discovery Public School of Faribault Charter School District No. 4081 (District) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 13, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Discovery Public School of Faribault Charter School District No. 4081 are described in Note 1 to the financial statements. As described in note 12 to the financial statements, the District changed accounting policies related to Leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in fiscal year 2021 – 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the District's financial statements were depreciation on capital assets, the calculation of amounts due from the Minnesota Department of Education (MDE) and the Federal government, and the estimated proportionate share of PERA's and TRA's net pension liability. Management's estimate of depreciation is based on estimated useful lives of the assets. Management's estimate of amounts receivable from the Minnesota Department of Education and Federal government are based on pupil unit and other data provided by MDE and expenditure data, respectively. Management's estimate of the District's proportionate share of PERA's and TRA's Net Pension Liability is based on guidance from GASB Statement No. 68 and GASB Statement No. 71 and each plan's respective allocation tables. Each plan's allocation tables allocate a portion of the plan's net pension liability based on the District's prior fiscal year contributions as a percentage of the total contributions received for the related year by the plan. We evaluated the key factors and assumptions used to develop depreciation and receivable amounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the District's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information as listed in the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual fund financial statements and schedules and the Uniform Financial Accounting and Reporting Standards Compliance Table, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory Section, which accompanies the financial statements but is not RSI. Such information 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.

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Restriction on Use

This information is intended solely for the use of the School Board and management of Discovery Public School of Faribault Charter School District No. 4081 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Struss CPAs, P.C.
Owatonna, MN

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