ANNUAL FINANCIAL REPORT

NEW HEIGHTS SCHOOL, INC
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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New Heights School, Inc.
Stillwater, Minnesota
Annual Financial Report
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For the Year Ended June 30, 2024

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INTRODUCTORY SECTION

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED JUNE 30, 2024

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New Heights School, Inc.
Stillwater, Minnesota
Board of Education and Administration
June 30, 2024

BOARD OF DIRECTORS

Name	Position	Term
Stephanie Bagwell	Board Chair	6/30/2025
Jennifer VanDyke	Vice Chair	6/30/2024
Angie Bohnert	Secretary	6/30/2026
Rikk Sorenson	Member	6/30/2026
Katy Johnson	Member	6/30/2024

SCHOOL SUPPORT TEAM

Name	Position
Thomas Kearney	Superintendent/Principal/Director
Lindsay Berberich	Business Office/Student Services/Food Service

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FINANCIAL SECTION

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
New Heights School, Inc. Charter School #4003
Stillwater, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the New Heights School, Inc., Charter School #4003 (the Charter School), Stillwater, Minnesota as of as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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 Charter School as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparisons for the General fund and Food service fund for the year then ended in conformity 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 the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibilities for the Financial Statements

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

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 Charter School'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.

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

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 Charter School'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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School'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 Charter School'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying individual fund schedule and table are presented for the 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 related 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 schedule and 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 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 statement 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 November 14, 2024 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Charter School'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 the Charter School's internal control over financial reporting and compliance.

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Minneapolis, Minnesota
November 14, 2024

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Management's Discussion and Analysis

As management of New Heights School, INC 4003 (the Charter School), Stillwater, Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the period ended June 30, 2024**.**

Financial Highlights

- The liabilities and deferred inflows of resources of the Charter School exceeded assets and deferred outflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.

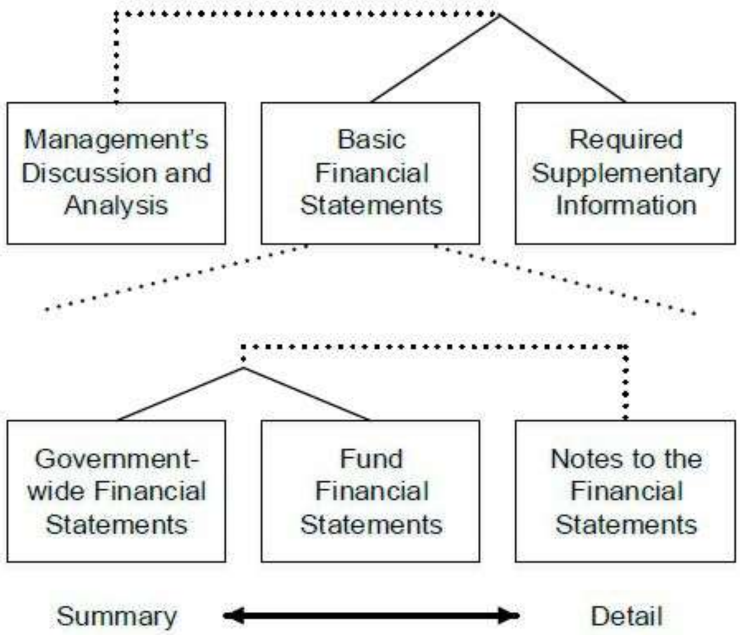
- The Charter School's total net position increased as shown in the summary of changes in net position on the following pages. This was primarily a result of revenues being higher than in the prior year.

- As of the close of the current fiscal year, the Charter School's governmental fund balances are shown in the Financial Analysis of the School's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was primarily related to revenues relating to local sources and contributions being more than the prior year.

- The Charter School's long-term liabilities decreased during the current fiscal year due to the scheduled retirement of lease payable.

Overview of the Financial Statements

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



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

Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements
	Government-wide Statements	**Governmental Funds**
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not fiduciary, such as special education and building maintenance
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of in flow/out flow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

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

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

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

The government-wide financial statements can be found starting on page 26 of this report.

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

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

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

The Charter School maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the governmental funds.

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

The basic governmental fund financial statements can be found starting on page 30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 37 of this report.

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

Other Information. The individual fund schedule and table start on page 64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

New Heights School, Inc.'s Summary of Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Assets			
Current and other assets	$ 1,124,501	$ 715,904	$ 408,597
Capital assets, net of depreciation/amortization	3,791,766	3,962,058	(170,292)
Total Assets	4,916,267	4,677,962	238,305
Deferred Outflows of Resources			
Deferred pension resources	271,830	353,873	(82,043)
Liabilities			
Noncurrent liabilities outstanding	4,936,213	5,041,887	(105,674)
Current and other liabilities	318,026	326,087	(8,061)
Total Liabilities	5,254,239	5,367,974	(113,735)
Deferred Inflows of Resources			
Deferred pension resources	154,120	385,410	(231,290)
Net Position			
Net investment in capital assets	(202,541)	(138,038)	(64,503)
Restricted			
Food service	11,866	13,207	(1,341)
Library aid	20,000	-	20,000
Student support	20,000	-	20,000
Unrestricted	(69,587)	(596,718)	527,131
Total Net Position	$ (220,262)	$ (721,549)	$ 501,287
Net Position as a Percent of Total			
Net investment in capital assets	92 %	19 %	
Restricted	(24)	(2)	
Unrestricted	32	83	
Total	100 %	100 %	

A portion of the Charter School's net position reflects its net investment in capital assets. The Charter School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Charter School's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. At the end of the current fiscal year, the Charter School reports a negative balance in the net investment in capital assets and unrestricted net position.

Governmental Activities. Governmental activities decreased the academy's net position as shown below in the summary of changes in net position. Key elements of this decrease are shown in the table below.

New Heights School, Inc.'s Changes in Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 6,630	$ 16,492	$ (9,862)
Operating grants and contributions	698,096	771,078	(72,982)
Capital grants and contributions	302,293	-	302,293
General revenues			
State aid-formula grants	1,045,527	996,082	49,445
Other revenues	217,191	76,519	140,672
Sales of assets	-	-	-
Unrestricted investment earnings	63	39	24
Total Revenues	2,269,800	1,860,210	409,590
Expenses			
Administration	146,139	140,764	5,375
District support services	121,367	188,086	(66,719)
Elementary and secondary regular instruction	538,930	505,427	33,503
Special education instruction	338,436	341,051	(2,615)
Instructional support services	160	-	160
Pupil support services	18,046	28,654	(10,608)
Food Service	79,008	60,926	18,082
Sites and buildings	279,408	237,000	42,408
Fiscal and other fixed cost programs	16,573	15,025	1,548
Interest on long-term debt	230,446	226,588	3,858
Total Expenses	1,768,513	1,743,521	24,992
Change in Net Position	501,287	116,689	384,598
Net Position, July 1	(721,549)	(1,084,517)	362,968
Prior Period Adjustment	-	246,279	(246,279)
Net Position, June 30	$ (220,262)	$ (721,549)	$ 501,287

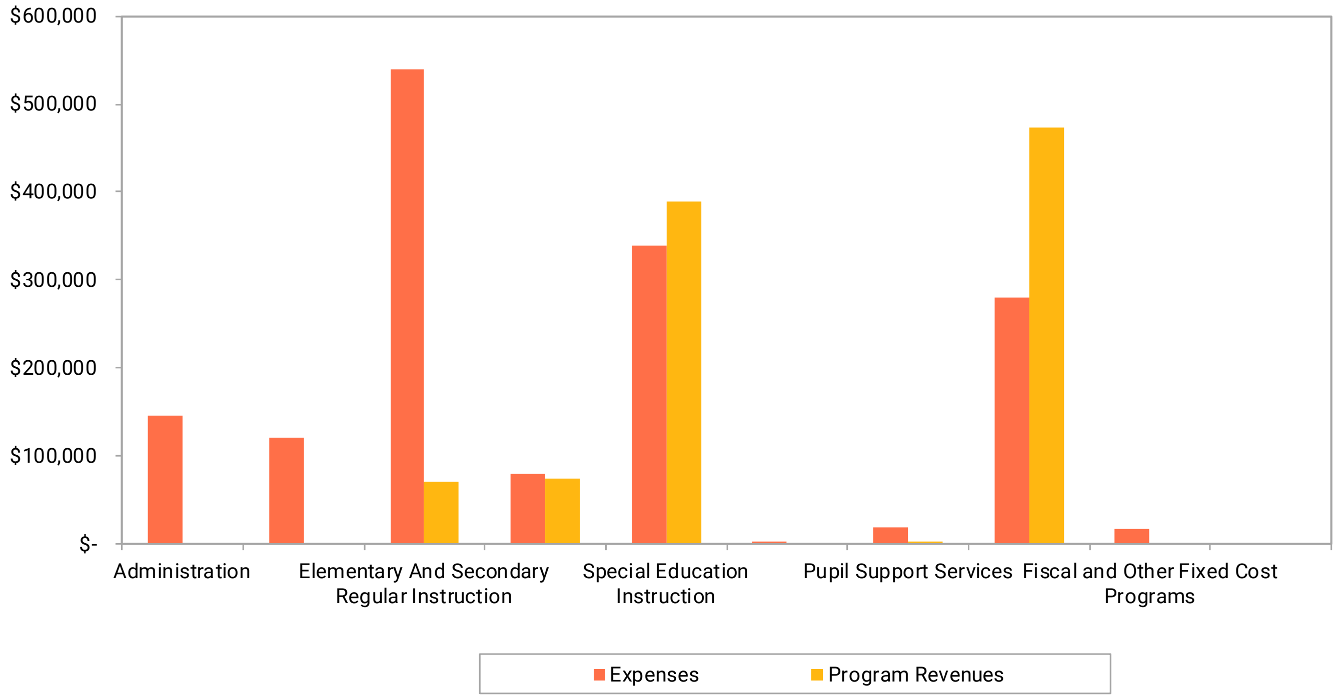
At the end of the current fiscal year the Charter school experienced an increase in both revenues and expenses.

- Total revenues increased $409,590 mainly due to an increase in receipts and donations for the upcoming playground project.

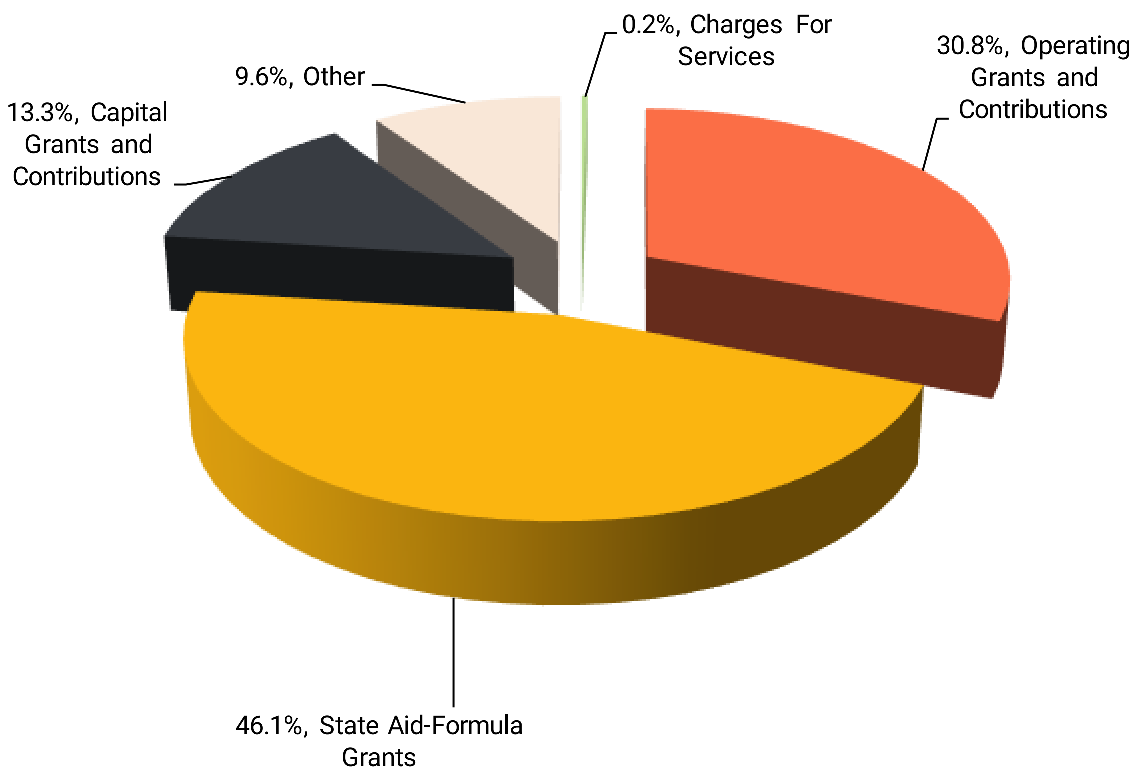
- Total expenses increased $24,992 with the largest increase being in sites and building related to repairs and maintenance being higher in the current year.

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

Expenses and Program Revenue - Governmental Activities Graph



Revenue by Source - Governmental Activities Graph



Financial Analysis of the Charter School's Funds

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

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

	General	Food Service	Total	Prior Year Total	Increase/ Decrease
Fund Balances					
Nonspendable	$ 7,165	$ -	$ 7,165	$ 2,297	$ 4,868
Restricted	40,000	11,866	51,866	13,207	38,659
Assigned	506,530	-	506,530	65,763	440,767
Unassigned	348,864	-	348,864	414,339	(65,475)
Total Fund Balances	$ 902,559	$ 11,866	$ 914,425	$ 495,606	$ 418,819

As of the end of the current fiscal year, the Charter's governmental funds reported combined ending fund balances as shown above. Additional information on the Charter School's fund balances can be found in Note 1 starting on page 37 of this report.

The General fund is the primary operating fund of the Charter School. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase / (Decrease)
General Fund Balances			
Nonspendable	$ 7,165	$ 1,863	$ 5,302
Restricted	40,000	-	40,000
Assigned	506,530	65,763	440,767
Unassigned	348,864	414,339	(65,475)
Totals	$ 902,559	$ 481,965	$ 420,594
General fund expenditures	$ 1,765,839	$ 1,718,753	
Unassigned as a percent of expenditures	19.8%	24.1%	
Total fund balance as a percent of expenditures	51.1%	28.0%	

The fund balance of the Charter School's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was mainly due to more contributions and donations received for the playground during the current fiscal year and expenses under revenues.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 1,720,394	$ 1,720,394	$ 2,186,433	$ 466,039
Expenditures	1,675,941	1,675,941	1,765,839	(89,898)
Net Change in Fund Balances	44,453	44,453	420,594	376,141
Fund Balances, January 1	481,965	481,965	481,965	-
Fund Balances, December 31	$ 526,418	$ 526,418	$ 902,559	$ 376,141

The Charter School did not amend their budget during the year as shown above. Actual revenues and expenditures were both over the final budget as shown above.

Capital Assets

The Charter School's net investment in capital assets includes leased buildings, and furniture and equipment. The following is a schedule of capital assets as of June 30, 2024.

	Governmental Activities		
	2024	2023	Increase (Decrease)
Construction in Progress	$ 58,579	$ -	$ 58,579
Furniture and Equipment	260,771	253,612	7,159
Leased Asset - Buildings	4,265,762	4,265,762	-
Leased Asset -Equipment	26,792	26,792	-
Less accumulated depreciation/amortization	(820,138)	(584,108)	(236,030)
Total	$ 3,791,766	$ 3,962,058	$ (170,292)

Additional information on the Charter School's capital assets can be found in Note 3C on page 44 of this report.

Long-term Debt

At the end of the current fiscal year, the Charter School's long-term liabilities consisted of a lease payable. The following is a schedule of long-term debt as of June 30, 2024.

	Governmental Activities		
	2024	2023	Increase (Decrease)
Lease Payable	$ 3,994,307	$ 4,100,096	$ (105,789)

The decrease is attributed to the regularly scheduled retirement lease payable in relation to the school building and copier lease.

Factors Bearing on the Charter School's Future

The general education state aid program is the method by which typical Minnesota charter schools receive a majority of their financial support. This makes them heavily reliant on the state for educational resources; however, the school also has a sizable percentage, near 50%, of students with disabilities, which generates a fair amount of federal special education funds as well. In recent years, the modest level of legislated revenue increases have made it challenging to provide the necessary instructional program and keep up with inflationary cost increases.

The amount of aid a charter school receives is also dependent on the number of students it serves, meaning attracting, enrolling and retaining students is critical to the School's financial well-being. The School has done a fair job of attracting and enrolling new students over the School's 32-year history.

Another factor that could present issues for schools is the recent national teacher shortage. New Heights tends to be an attractive place for teachers at the early stages of a career because the school is small and has smaller class sizes than traditional schools, which makes the setting a good place to acclimate to the industry. Hiring new-to-the-field or less experienced staff should allow the school to not overspend on staffing, which should help the school to not deficit spend. The school's administration has demonstrated a history of being able to balance the staffing needs of the school and associated costs with the funding available and believes that they will be able to continue to maintain that critical balance moving forward.

Finally, the state of Minnesota recently made so that all children in public schools can eat meals for free. This is an unfunded mandate that has cost the school a massive amount of resources. The school cannot make its own lunches and has to pay a vendor for the meals it serves its students. The costs are more than the school is able to get reimbursed by the state, therefore is likely to run a deficit every year moving forward.

Requests for Information

This financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Thomas Kearney, Principal, New Heights School, Inc., 614 Mulberry St. W, Stillwater, MN 55082.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

New Heights School, Inc.
Stillwater, Minnesota
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and temporary investments	$ 968,641
Accounts receivable	182
Due from the Department of Education	92,446
Due from the Federal government	56,067
Prepaid items	7,165
Capital assets	
Nondepreciable assets	58,579
Depreciable/Amortized assets, net of accumulated depreciation/amortization	3,733,187
Total Assets	4,916,267
Deferred Outflows of Resources	
Deferred pension resources	271,830
Liabilities	
Accounts and other payables	4,050
Accrued salaries payable	175,265
Due to other governments	30,761
Noncurrent liabilities	
Due within one year	
Leases payable	107,950
Due in more than one year	
Leases payable	3,886,357
Net pension liability	1,049,856
Total Liabilities	5,254,239
Deferred Inflows of Resources	
Deferred pension resources	154,120
Net Position	
Net investment in capital assets	(202,541)
Restricted for	
Food service	11,866
Library aid	20,000
Student support	20,000
Unrestricted	(69,587)
Total Net Position	$ (220,262)

New Heights School, Inc.
Stillwater, Minnesota
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Expenses and Changes in Net Position: Governmental Activities
Governmental Activities					
Administration	$ 146,139	$ -	$ -	$ -	$ (146,139)
District support services	121,367	-	-	-	(121,367)
Elementary and secondary regular instruction	538,930	3,954	66,946	-	(468,030)
Special education instruction	338,436	-	389,705	-	51,269
Instructional support services	160	-	-	-	(160)
Pupil support services	18,046	330	-	-	(17,716)
Food service	79,008	2,346	71,098	-	(5,564)
Sites and buildings	279,408	-	170,347	302,293	193,232
Fiscal and other fixed cost programs	16,573	-	-	-	(16,573)
Interest on long-term debt	230,446	-	-	-	(230,446)
Total Governmental Activities	$ 1,768,513	$ 6,630	$ 698,096	$ 302,293	(761,494)
General Revenues					
State aid formula grants					1,045,527
Unrestricted investment earnings					63
Other general revenues					217,191
Total General Revenues					1,262,781
Change in Net Position					501,287
Net Position, July 1					(721,549)
Net Position, June 30					$ (220,262)

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FUND FINANCIAL STATEMENTS

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

New Heights School, Inc.
Stillwater, Minnesota
Balance Sheet
Governmental Funds
June 30, 2024

	General	Food Service	Total
Assets			
Cash and temporary investments	$ 956,775	$ 11,866	$ 968,641
Accounts receivable	182	-	182
Due from the Department of Education	92,446	-	92,446
Due from Federal government	56,067	-	56,067
Prepaid items	7,165	-	7,165
Total Assets	$ 1,112,635	$ 11,866	$ 1,124,501
Liabilities			
Accounts and other payables	$ 4,050	$ -	$ 4,050
Accrued salaries payable	175,265	-	175,265
Due to other school districts	30,761	-	30,761
Total Liabilities	210,076	-	210,076
Fund Balances			
Nonspendable for prepaid items	7,165	-	7,165
Restricted for			
Food service	-	11,866	11,866
Library aid	20,000	-	20,000
Student support	20,000	-	20,000
Assigned for			
Playground equipment	506,530	-	506,530
Unassigned	348,864	-	348,864
Total Fund Balance	902,559	11,866	914,425
Total Liabilities and Fund Balances	$ 1,112,635	$ 11,866	$ 1,124,501

New Heights School, Inc.
Stillwater, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2024

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

Total Fund Balances - Governmental Funds	$	914,425
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets		4,611,904
Less accumulated/amortization		(820,138)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of		
Lease payable		(3,994,307)
Net pension liability		(1,049,856)
Governmental funds do not report long-term amounts related to pensions.		
Deferred outflows of pension resources		271,830
Deferred inflows of pension resources		(154,120)
Total Net Position - Governmental Activities	$	(220,262)

New Heights School, Inc.
Stillwater, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Food Service	Total
Revenues			
Other local revenue	$ 513,845	$ 2,796	$ 516,641
Interest earned on investments	63	-	63
Revenue from state sources	1,588,306	21,099	1,609,405
Revenue from federal sources	84,219	49,999	134,218
Total Revenues	2,186,433	73,894	2,260,327
Expenditures			
Current			
Administration	162,141	-	162,141
District support services	119,168	-	119,168
Elementary and secondary regular instruction	610,821	-	610,821
Special education instruction	372,117	-	372,117
Instructional support services	160	-	160
Pupil support services	20,937	-	20,937
Food service	-	75,669	75,669
Sites and buildings	161,863	-	161,863
Fiscal and other fixed cost programs	16,573	-	16,573
Capital outlay			
Elementary and secondary regular instruction	3,660	-	3,660
Sites and buildings	67,953	-	67,953
Debt service			
Principal	105,789	-	105,789
Interest	124,657	-	124,657
Total Expenditures	1,765,839	75,669	1,841,508
Net Change in Fund Balance	420,594	(1,775)	418,819
Fund Balances, July 1	481,965	13,641	495,606
Fund Balances, June 30	$ 902,559	$ 11,866	$ 914,425

New Heights School, Inc.
Stillwater, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2024

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

Net Change in Fund Balances - Governmental Funds	$	418,819
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays		65,738
Depreciation / amorization expense		(236,030)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		
Lease repayments		105,789
Long-term pension activity is not reported in governmental funds.		
Pension expense		137,498
Pension revenue		9,473
Change in Net Position - Governmental Activities	$	501,287

New Heights School, Inc.
Stillwater, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2024

	General Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other local revenue	$ 5,775	$ 5,775	$ 513,845	$ 508,070
Interest earned on investments	75	75	63	(12)
Revenue from state sources	1,646,544	1,646,544	1,588,306	(58,238)
Revenue from federal sources	68,000	68,000	84,219	16,219
Total Revenues	1,720,394	1,720,394	2,186,433	466,039
Expenditures				
Current				
Administration	159,731	159,731	162,141	(2,410)
District support services	118,455	118,455	119,168	(713)
Elementary and secondary regular instruction	626,272	626,272	610,821	15,451
Special education instruction	374,458	374,458	372,117	2,341
Instructional support services	-	-	160	(160)
Pupil support services	49,354	49,354	20,937	28,417
Sites and buildings	102,759	102,759	161,863	(59,104)
Fiscal and other fixed cost programs	12,200	12,200	16,573	(4,373)
Capital outlay				
District support services	-	-	-	-
Elementary and secondary regular instruction	-	-	3,660	(3,660)
Sites and buildings	-	-	67,953	(67,953)
Capital outlay				
Principal	108,055	108,055	105,789	2,266
Interest	124,657	124,657	124,657	-
Total Expenditures	1,675,941	1,675,941	1,765,839	(89,898)
Net Change in Fund Balances	44,453	44,453	420,594	376,141
Fund Balances, July 1	481,965	481,965	481,965	-
Fund Balances, June 30	$ 526,418	$ 526,418	$ 902,559	$ 376,141

New Heights School, Inc.
Stillwater, Minnesota
Food Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2024

	2024			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Other local revenue	$ 4,225	$ 4,225	$ 2,796	$ (1,429)
Revenue from state sources	2,015	2,015	21,099	19,084
Revenue from federal sources	37,900	37,900	49,999	12,099
Total Revenues	44,140	44,140	73,894	29,754
Expenditures				
Current				
Food service				
Salaries	10,000	10,000	13,031	(3,031)
Fringe benefits	1,530	1,530	1,731	(201)
Purchased services	100	100	4,598	(4,498)
Supplies and materials	31,575	31,575	55,150	(23,575)
Other	850	850	1,159	(309)
Total Expenditures	44,055	44,055	75,669	(31,614)
Net Change in Fund Balances	85	85	(1,775)	(1,860)
Fund Balances, July 1	13,641	13,641	13,641	-
Fund Balances, June 30	$ 13,726	$ 13,726	$ 11,866	$ (1,860)

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

New Heights Schools, Inc. (the School) is a results-oriented charter school established May 15, 1993 in accordance with Minnesota Statutes § 124D.10, serving students from kindergarten through Grade 12. The School's financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the School.

The School is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school "authorizer." The authorizer monitors and evaluates the School's performance, and periodically determines whether to renew the School's charter. The School's authorizer is the Minnesota Guild of Public Charter Schools (the Guild). Aside from its responsibilities as authorizer, the Guild has no authority or control over the School, and is not financially accountable for it. Therefore, the School is not considered to be a component unit of the Guild.

For the year ended June 30, 2024, the Charter School does not have any extracurricular student activities funds.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Description of Funds

The Charter School fund has been established by the State of Minnesota Department of Education. The fund is accounted for as an independent entity. A description of the fund included in the report is as follows:

Major Governmental Funds

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

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

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

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

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

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

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

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

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

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

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

Due from the Department of Education and Federal Government

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at historical cost or estimate historical cost if purchased or constructed. The Charter School defines capital assets as those with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School has not formally adopted a capital asset policy.

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

Assets	Useful Lives in Years
Equipment	5 - 10

Deferred Outflows of Resources

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

Deferred Outflows of Resources

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

Pensions

Teachers Retirement Association (TRA)

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Public Employees Retirement Association (PERA)

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

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

	GERP	TRA	Total Pension Expense
Charter School's proportionate share	$ 6,029	$ (80,195)	$ (74,166)
Proportionate share of State's contribution	11	9,462	9,473
Total Pension Expense	$ 6,040	$ (70,733)	$ (64,693)

Fund Balance

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

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

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

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

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

Unassigned - The residual classification for the General fund.

Note 1: Summary of Significant Accounting Policies (Continued)

The Charter School considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Charter School would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The Charter School currently does not have a fund balance policy.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consist of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position balances that do not meet the definition of “restricted” or “investment in capital assets.”

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are prepared for Charter School funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the General fund. The budget was not amended during the current fiscal year.

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

1. The start-up budget is prepared by the Director to be adopted by the Board of Education.

2. Budgets for the General fund is adopted in a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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

4. Budget appropriations lapse at year end.

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

6. The Charter School does not use encumbrance accounting.

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Actual Expenditures Over Appropriations

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

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 1,675,941	$ 1,765,839	$ 89,898
Food Service	44,055	75,669	31,614

The excess spending over appropriations was funded with excess revenues and available fund balances.

Note 3: Detailed Notes on All Funds

A. Deposits

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

Minnesota statutes require that all Charter School deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

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

Note 3: Detailed Notes on All Funds (Continued)

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

At period end, the Charter School's carrying amount of deposits and bank balance are outlined below.

Carrying amount of deposits	$ 968,641
Cash amount per bank	$ 988,290

Of the bank balance, $250,000 was covered by federal depository insurance and the remaining amount was covered by bonds or collateral held by the Charter's bank in the Charter's name.

Capital Assets

Capital asset activity for the period ended June 30, 2024 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated/Amortized				
Construction in Progress	$ -	$ 58,579	$ -	$ 58,579
Capital Assets Being Depreciated/Amortized				
Furniture and Equipment	253,612	7,159	-	260,771
Leased Asset - Buildings	4,265,762	-	-	4,265,762
Leased Asset -Equipment	26,792	-	-	26,792
Total capital assets being depreciated	4,546,166	7,159	-	4,553,325
Less Accumulated Depreciation/Amortization for				
Furniture and Equipment	(159,982)	(23,968)	-	(183,950)
Leased Asset - Buildings	(406,264)	(8,930)	-	(415,194)
Leased Asset -Equipment	(17,862)	(203,132)	-	(220,994)
Total Accumulated Depreciation/Amortization	(584,108)	(236,030)	-	(820,138)
Total Capital Assets Being Depreciated/Amortized, Net	3,962,058	(228,871)	-	3,733,187
Governmental Activities Capital Assets, Net	$ 3,962,058	$ (170,292)	$ -	$ 3,791,766

Depreciation/amortization expense was charged to functions as follows

Governmental Activities	
District support services	$ 9,979
Special education	408
Elementary and secondary regular instruction	11,449
Pupil support	778
Food service	3,339
Sites and buildings	210,077
Total depreciation/amortization	$ 236,030

Note 3: Detailed Notes on All Funds (Continued)

B. Short-term Indebtedness

The Charter School entered into a short-term loan with First State Bank and Trust on March 1, 2023 thru March 1, 2025. The loans were not to exceed $50,000 and the current short term loan has an interest rate of prime plus 2%. The Charter School did not have any activity on the Line of Credit during fiscal year 2024.

C. Lease Commitments

On June 20, 2017 the School entered into an agreement with Charter Schools Development Corporation to lease the building they operate. The lease runs through June 30, 2042. The interest rate on this lease is 3%. The average monthly payments and amounts owed at June 30, 2024 are summarized in the table below.

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
School Building	$ 4,181,645	3.00 %	06/20/17	25 years	$ 17,950 Average Monthly	$ 3,994,307

The annual payment requirements to maturity for the lease as of June 30, 2024 are as follows:

Year Ending June 30,	Lease Payable Principal	Lease Payable Interest	Lease Payable Total
2025	$ 107,950	$ 118,353	$ 226,303
2026	118,117	114,975	233,092
2027	128,799	111,286	240,085
2028	140,020	107,268	247,288
2029	151,799	102,907	254,706
2030 - 2034	957,020	435,818	1,392,838
2035 - 2039	1,350,292	264,390	1,614,682
2040 - 2042	1,040,310	49,458	1,089,768
Total	$ 3,994,307	$ 1,304,455	$ 5,298,762

D. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Governmental Activities					
Leases Payable	$ 4,100,096	$ -	$ (105,789)	$ 3,994,307	$ 107,950

Note 4: Defined Benefit Pension Plans - Statewide

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 Retirement Plan (DCR) administered by Minnesota State.

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:	**Step Rate Formula**	**Percentage**
Basic	1st 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 prior 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 prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

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

or

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

Tier II:

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

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

Six different types of annuities are available to members upon retirement. The No Refund 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 Rates

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2022, June 30, 2023, June 30, 2024 were:

	Ending June 30, 2022		Ending June 30, 2023		Ending June 30, 2024	
Plan	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.34%	11.00%	12.55%	11.25%	12.75%
Coordinated	7.50%	8.34%	7.50%	8.55%	7.75%	8.75%

The Charter School's contributions to TRA for the year ending June 30, 2024, 2023, and 2022 were $65,523, $63,603, and $59,415, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "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 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$ 508,764,000
Deduct Employer Contributions not Related to Future Contribution Efforts	(87,000)
Deduct TRA's contributions not included in allocation	(643,000)
Total Employer Contributions	508,034,000
Total Non-employer Contributions	35,587,000
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	$ 543,621,000

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

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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, 2023
Experience Study	June 30, 2023
	June 28, 2019 (demographic and 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% thereafter
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.5% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2019 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP - 2014 white collar employee table, male rates set back six years and female rates set back seven years Generational projection uses the MP - 2015 scale.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 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.

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

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025
- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:
- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortiztion date will remain the same at 2048.

5. Discount Rate

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 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, 2024, The Charter School reported a liability of $965,978 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School’s proportion of the net pension liability was based on Charter School’s contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The Charter School's proportionate share was 0.0117% at the end of the measurement period and 0.0115% 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 Charter School as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Charter School were as follows:

Charter School's Proportionate Share of Net Pension Liability	$ 965,978
State's Proportionate Share of Net Pension Liability Associated with the Charter School	67,665
Total	$ 1,033,643

For the year ended June 30, 2024, the Charter School recognized negative pension expense of $80,195. It also recognized recognized $9,462 as an increase to pension expense for the support provided by direct aid.

On June 30, 2024, the Charter School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 10,113	$ 16,200
Changes in Actuarial Assumptions	172,044	1
Net Difference Between Projected and Actual Investment Earnings	-	114,394
Contributions Paid to PERA Subsequent to the Measurement Date	65,523	-
Total	$ 247,680	$ 130,595

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

Deferred outflows of resources totaling $65,523 related to pensions resulting from the Charter School's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 Deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

2025	$	(45,729)
2026		(62,665)
2027		113,120
2028		57,825
2029		(9,515)
Thereafter		(1,474)

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7%, 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%) or one percentage point higher (8%) than the current rate.

	Charter School's Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
Teachers Retirement Association	$ 1,540,664	$ 965,978	$ 485,748

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

8. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

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

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.

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

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 for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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 2023 and the Charter School was required to contribute 7.50 percent for Coordinated Plan members. The Charter School's contributions to the General Employees Fund for the years ending June 30, 2024, 2023, and 2022 were $7,288, $8,981 and $7,800, respectively. The Charter School's contributions were equal to the required contributions for each year as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2024, the Charter School reported a liability of $83,878 for its proportionate share of the General Employees Fund's net pension liability. The Charter School's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Charter School totaled $2,400. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportionate share of the net pension liability was based on the Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportionate share was 0.0015 percent at the end of the measurement period and 0.0016 percent for the beginning of the period.

Charter School's Proportionate Share of Net Pension Liability	$	83,878
State's Proportionate Share of Net Pension Liability Associated with the Charter School		2,400
Total	$	86,278

For the year ended June 30, 2024, the Charter School recognized pension expense of $6,029 for its proportionate share of the General Employees Plan's pension expense. In addition, the Charter School recognized $11 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

At June 30, 2024, the Charter School reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 2,798	$ 539
Changes in Actuarial Assumptions	12,745	22,988
Net Difference Between Projected and Actual Investment Earnings	1,319	-
Changes in Proportion	-	(2)
Contributions Paid to PERA Subsequent to the Measurement Date	7,288	-
Total	$ 24,150	$ 23,525

The $7,288 reported as deferred outflows of resources related to pensions resulting from the Charter School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ 3,286
2026	(10,806)
2027	2,675
2028	(1,818)

5. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

6. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 7.0 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 7.0 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.

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

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 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

7. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees were 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 Charter School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Charter School's Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 148,387	$ 83,878	$ 30,817

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 5: Other Information

A. Risk Management

The Charter School is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Charter School carries commercial insurance. Settled claims have not exceeded this commercial coverage in fiscal year 2024.

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

B. Commitments and Contingencies

Federal and State Programs

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

C. Economic Dependency

The Charter School has a significant amount of revenue (71.2 percent) coming from the State of Minnesota.

D. Income Taxes

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

The Charter School has evaluated and determined that there are no uncertain tax positions as of June 30, 2024. The Association's tax returns are subject to possible examination by the taxing authorities.

REQUIRED SUPPLEMENTARY INFORMATION

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

New Heights School, Inc.
Stillwater, Minnesota
Required Supplementary Information
June 30, 2024

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0117 %	$ 965,978	$ 67,665	$ 1,033,643	$ 743,889	129.9 %	76.4 %
06/30/22	0.0115	920,859	68,436	989,295	712,410	129.3	76.2
06/30/21	0.0101	442,006	37,442	479,448	602,353	73.4	86.6
06/30/20	0.0125	923,517	77,122	1,000,639	726,717	127.2	75.5
06/30/19	0.0125	796,753	70,478	867,231	712,733	111.8	78.2
06/30/18	0.0123	773,265	72,823	846,088	681,800	113.3	78.1
06/30/17	0.0124	2,475,265	239,299	2,714,564	669,650	369.6	51.6
06/30/16	0.0109	2,599,910	261,092	2,861,002	566,278	159.1	44.9
06/30/15	0.0106	655,715	80,428	736,143	535,487	122.5	76.8
06/30/14	0.0126	580,599	40,886	621,485	573,779	101.2	81.5

Schedule of Employer's TRA Contributions

	Required Supplementary Information				
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/24	$ 65,523	$ 65,523	$ -	$ 748,831	8.75 %
06/30/23	63,603	63,603	-	743,889	8.55
06/30/22	59,415	59,415	-	712,410	8.34
06/30/21	48,971	48,971	-	602,353	8.13
06/30/20	57,463	57,463	-	726,717	7.91
06/30/19	54,699	54,699	-	712,733	7.67
06/30/18	51,014	51,014	-	681,800	7.50
06/30/17	50,106	50,106	-	669,650	7.50
06/30/16	42,600	42,600	-	566,278	7.50
06/30/15	40,100	40,100	-	535,487	7.50

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2023 - The 2023 Tax Finance and Policy Bill, effective July 1, 2025 and The 2024 Omnibus Pensions and Retirement Bill contained a number of changes

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.

- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025

- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.

- TRA's amortization date will remain the same at 2048.

2022 – No changes noted.

2021 - The investment return assumption was changed from 7.50 percent to 7.00 percent.

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

2019 - No changes noted.

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

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

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

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

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

Notes to the Required Supplementary Information – TRA (Continued)

Changes in Plan Provisions

2023 - No changes noted.

2022 - No changes noted.

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

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

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

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

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

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

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

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

2017 - No changed noted.

2016 - No changed noted.

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

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

Schedule of Employer’s Share of PERA Net Pension Liability

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	Districts's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0015 %	$ 83,878	$ 2,400	$ 86,278	$ 122,003	68.8	83.1 %
06/30/22	0.0016	126,721	3,609	130,330	119,747	105.8	76.7
06/30/21	0.0014	59,786	1,898	61,684	104,002	57.5	87.0
06/30/20	0.0017	101,923	3,228	105,151	121,572	83.8	79.1
06/30/19	0.0017	93,989	2,833	96,822	117,512	80.0	80.2
06/30/18	0.0021	116,499	3,876	120,375	144,459	80.7	79.5
06/30/17	0.0020	127,679	1,577	129,256	126,310	101.1	75.9
06/30/16	0.0019	154,271	1,989	156,260	118,363	130.3	68.9
06/30/15	0.0021	108,833	-	108,833	123,201	88.3	78.2
06/30/14	0.0018	84,555	-	84,555	96,425	87.7	78.7

Schedule of Employer’s PERA Contributions

	Required Supplementary Information				
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/24	$ 7,288	$ 7,288	$ -	$ 97,179	7.50 %
06/30/23	9,150	9,150	-	122,000	7.50
06/30/22	8,981	8,981	-	119,747	7.50
06/30/21	7,800	7,800	-	104,002	7.50
06/30/20	9,112	9,112	-	121,572	7.50
06/30/19	8,790	8,790	-	117,512	7.50
06/30/18	10,795	10,795	-	144,459	7.50
06/30/17	9,473	9,473	-	126,310	7.50
06/30/16	8,877	8,877	-	118,363	7.50
06/30/15	9,078	9,078	-	123,201	7.50

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

2022 – The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - 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.

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

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

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

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

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

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

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

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

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

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

2016 - No changes noted.

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

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INDIVIDUAL FUND SCHEDULE AND TABLE

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

New Heights School, Inc.

Stillwater, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Page)
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance With	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Other local revenue	$ 5,775	$ 5,775	$ 513,845	$ 508,070	$ 69,668
Interest earned on investments	75	75	63	(12)	39
Revenue from state sources	1,646,544	1,646,544	1,588,306	(58,238)	1,557,276
Revenue from federal sources	68,000	68,000	84,219	16,219	169,166
Total Revenues	1,720,394	1,720,394	2,186,433	466,039	1,796,149
Expenditures					
Current					
Administration					
Salaries	88,486	88,486	89,250	(764)	87,338
Fringe benefits	18,045	18,045	17,460	585	16,782
Purchased services	49,000	49,000	49,824	(824)	48,079
Supplies and materials	100	100	-	100	-
Other	4,100	4,100	5,607	(1,507)	6,315
Total administration	159,731	159,731	162,141	(2,410)	158,514
District Support Services					
Salaries	55,350	55,350	58,833	(3,483)	97,850
Fringe benefits	20,865	20,865	19,318	1,547	32,952
Purchased services	29,350	29,350	35,639	(6,289)	46,464
Supplies and materials	3,100	3,100	1,926	1,174	2,109
Other	9,790	9,790	3,452	6,338	10,025
Total district support services	118,455	118,455	119,168	(713)	189,400
Elementary and secondary regular instruction regular instruction					
Salaries	495,551	495,551	481,016	14,535	460,319
Fringe benefits	113,821	113,821	104,180	9,641	107,283
Purchased services	8,347	8,347	12,630	(4,283)	4,307
Supplies and materials	5,900	5,900	12,995	(7,095)	15,507
Other	2,653	2,653	-	2,653	-
Total elementary and secondary regular instruction	626,272	626,272	610,821	15,451	587,416
Special education instruction					
Salaries	229,350	229,350	218,347	11,003	223,811
Fringe benefits	40,519	40,519	35,500	5,019	37,814
Purchased services	102,239	102,239	115,544	(13,305)	116,010
Supplies and materials	1,350	1,350	2,726	(1,376)	2,517
Other	1,000	1,000	-	1,000	-
Total special education instruction	374,458	374,458	372,117	2,341	380,152

New Heights School, Inc.
Stillwater, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance With	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Purchased services	$ -	$ -	$ 160	$ (160)	$ -
Pupil support services					
Salaries	37,700	37,700	13,981	23,719	20,982
Fringe benefits	6,511	6,511	5,838	673	7,376
Purchased services	2,776	2,776	-	2,776	3,116
Supplies and materials	2,275	2,275	1,118	1,157	1,155
Other	92	92	-	92	-
Total pupil support services	49,354	49,354	20,937	28,417	32,629
Sites and buildings					
Salaries	2,500	2,500	175	2,325	253
Fringe benefits	379	379	26	353	38
Purchased services	94,880	94,880	78,782	16,098	101,463
Supplies and materials	5,000	5,000	82,880	(77,880)	11,978
Total sites and buildings	102,759	102,759	161,863	(59,104)	113,732
Fiscal and other fixed cost programs					
Purchased services	12,200	12,200	16,573	(4,373)	15,025
Total current	1,443,229	1,443,229	1,463,780	(20,551)	1,476,868
Capital outlay					
District support	-	-	-	-	1,292
Elementary and secondary regular instruction	-	-	3,660	(3,660)	7,375
Sites and buildings	-	-	67,953	(67,953)	6,630
Total capital outlay	-	-	71,613	(71,613)	15,297
Debt service					
Principal	108,055	108,055	105,789	2,266	98,816
Interest	124,657	124,657	124,657	-	127,772
Total debt service	232,712	232,712	230,446	2,266	226,588
Total Expenditures	1,675,941	1,675,941	1,765,839	(89,898)	1,718,753
Net Change in Fund Balances	44,453	44,453	420,594	376,141	77,396
Fund Balances, July 1	481,965	481,965	481,965	-	404,569
Fund Balances, June 30	$ 526,418	$ 526,418	$ 902,559	$ 376,141	$ 481,965

Fiscal Compliance

Fiscal Compliance Report - 6/30/2024
District: NEW HEIGHTS (4003-7)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$2,186,433	$2,184,396	$2,037
Total Expenditures	$1,765,839	$1,772,652	($6,813)
Non Spendable:			
4.60 Non Spendable Fund Balance	$7,165	$7,165	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.43 School Library Aid	$20,000	$20,000	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$0	$0	$0
4.71 Student Support Personnel Aid	$20,000	$20,000	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$506,530	$506,531	($1)
Unassigned:			
4.22 Unassigned Fund Balance	$348,864	$348,871	($7)

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$73,444	$74,804	($1,360)
Total Expenditures	$75,669	$75,669	$0
Non Spendable:			

06 BUILDING CONSTRUCTION

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

07 DEBT SERVICE

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

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$11,866	$11,865	$1
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$0	$0	$0
4.32 E.C.F.E	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

New Heights School, Inc.
Stillwater, Minnesota
Fiscal Compliance Table Reconciliation
June 30, 2024

The following items reconcile the differences shown on the Fiscal Compliance Table between the Charter School's UFARS upload and the audited numbers.

General Fund

Revenues: Adjustments made to revenues to correct beginning balances that were caused by the books being closed prior to the audit in FY23 in order to be uploaded to UFARS.

Expenditures: Adjustments made to expenditures to correct beginning balances that were caused by the books being closed prior to the audit in FY23 in order to be uploaded to UFARS.

Food Service Fund

Revenues: Adjustments made to revenues to correct beginning balances that were caused by the books being closed prior to the audit in FY23 in order to be uploaded to UFARS.

Expenditures: Adjustments made to expenditures to correct beginning balances that were caused by the books being closed prior to the audit in FY23 in order to be uploaded to UFARS.

OTHER REQUIRED REPORTS

NEW HEIGHTS SCHOOL, INC.
STILLWATER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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

Members of the Board of Education
New Heights School, Inc. Charter School #4003
Stillwater, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of New Heights School, Inc. (the Charter School), Stillwater, Minnesota as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2024.

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

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

Abdo

Abdo
Minneapolis, Minnesota
November 14, 2024

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

Members of the Board of Education
New Heights School, Inc. Charter School #4003
Stillwater, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities and each major fund of New Heights School, Inc. (the Charter School), Stillwater, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 14, 2024.

Internal Control over Financial Reporting

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

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

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a significant deficiency.

Compliance and Other Matters

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

The Charter School's Response to Findings

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

Purpose of this Report

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

Abdo

Abdo
Minneapolis, Minnesota
November 14, 2024

Finding	Description
2024-001	**Internal Control Deficiencies – Limited Segregation of Duties**
Condition:	During our audit we reviewed procedures over cash disbursements, cash receipts, and payroll, and found the Charter School to have limited segregation of duties over those transaction cycles.
Criteria:	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities
Cause:	*Cash disbursements*: The Bookkeeper has the ability to prepare checks, records disbursements, initiates wire transfers, and prepares the bank reconciliation. *Cash receipts:* The Bookkeeper has the ability to set up/maintains customers, receives checks, records receipts, posts and approves journal entries, takes deposits to the bank and prepares the bank reconciliation. *Payroll:* The Bookkeeper has the ability to setup/maintain employees, initiate the direct deposit and also prepares the bank reconciliation.
Effect:	The existence of this limited segregation of duties increases the risk of fraud and error.
Recommendation:	While we recognize that the number of staff is not large enough to eliminate these deficiencies completely, we believe the risk can be reduced with additional monitoring. 1) We recommend that an individual, separate from the Bookkeeper, receive the unopened/original bank statement (manual or online) first and review the monthly bank statements, verifying the proper endorsements, scanning the electronic disbursements and cancelled checks for any unusual payees or amounts, and agreeing deposits to the receipt journal. 2) A formal review of payroll should be completed and documented, including the amounts withdrawn for payroll should be compared to the payroll register, time sheets, and respective journal entry. Also, we recommend that the payroll register be initialed by the Administrator to verify review and approval. We feel if these recommendations are followed the finding may be removed in 2025. The Charter's board should also be reminded of their duties over finance at least annually. Some typical monitoring duties would include the following tasks: • Claims approval is an important control and should continue to be at the front of the meeting to ensure that Board reviews the claims closely. • A thorough review of budget versus actual reports and narrative monthly. • Monitor progress over the development of documented policies and procedures. • The check sequence should be reported in each set of approved minutes. The Board should review the order of the checks approved to ensure that they move in sequence and any gaps in number are explained. • Consider personnel policies that require someone else to fill finance duties for a period of time. A mandatory vacation period of one week for all finance staff and distribution of their duties for that week is often recommended.

Management Response:

Management will review current policies and procedures for opportunities for additional layers of oversight.

New Heights School
614 W. Mulberry St., Stillwater, MN 55082
Phone 651-439-1962 Fax 651-439-0716
www.newheightsschool.com

Corrective Action Plan

2024-001 Internal Control Deficiencies – Limited Segregation of Duties

During our audit we reviewed procedures over cash disbursements, cash receipts, and payroll, and found the Charter School to have limited segregation of duties over those transaction cycles. Cash disbursements: The Bookkeeper has the ability to prepare checks, records disbursements, initiates wire transfers, and prepares the bank reconciliation. Cash receipts: The Bookkeeper has the ability to set up/maintains customers, receives checks, records receipts, posts and approves journal entries, takes deposits to the bank and prepares the bank reconciliation. Payroll: The Bookkeeper has the ability to setup/maintain employees, initiate the direct deposit and also prepares the bank reconciliation.

Corrective Action Plan (CAP):

1. **Explanation of Disagreement with Audit Finding:**

   There is no disagreement with the audit finding.

2. **Actions Planned in Response to Finding:**

   Management will review current policies and procedures for opportunities for additional layers of oversight.

3. **Official Responsible for Ensuring CAP:**

   Thomas Kearney, the Charter School Principal is the official responsible for ensuring corrective action.

4. **Planned Completion Date for CAP:**

   Fiscal year 2024-2025.

5. **Plan to Monitor Completion of CAP:**

The Charter School agrees with the finding and recommendations, and management will review current policies and procedures for opportunities for additional layers of oversight.

Sincerely,

Thomas Kearney
Principal