



Annual Financial Report

Prairie Creek Community School

Northfield, Minnesota

For the year ended June 30, 2023



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Charter School No. 4090
Northfield, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Elected Board of Directors and Administration
For the Year Ended June 30, 2023

SCHOOL BOARD

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Christine Williams	6/30/2023	Chair
Tim Goodwin	6/30/2024	Vice Chair
Beth Molitor	6/30/2023	Secretary
Kelsey Fitschen-Hemmah	6/30/2023	Treasurer
Margit Zsonlay	6/30/2024	Trustee
Lyndsay Reece	6/30/2024	Trustee
Shelly Dickinson	6/30/2025	Trustee
Zaki Haidar	6/30/2025	Trustee
Nancy Dennis	6/30/2025	Trustee

ADMINISTRATION

<u>Name</u>	<u>Title</u>
Simon Tyler	Director of School
Keith Johnson	CFO
Colleen Braucher	Recording Secretary/Admin Asst.

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FINANCIAL SECTION

PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Prairie Creek Community School, (the Charter School), Northfield, Minnesota, as of and for the year ended June 30, 2023, 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, the major fund and the aggregate remaining fund information of the Charter School as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School basic financial statements. The accompanying combining financial statements, individual fund schedules and table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 combining financial statements, individual fund schedules 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 September 18, 2023, 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
September 18, 2023



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Management's Discussion and Analysis

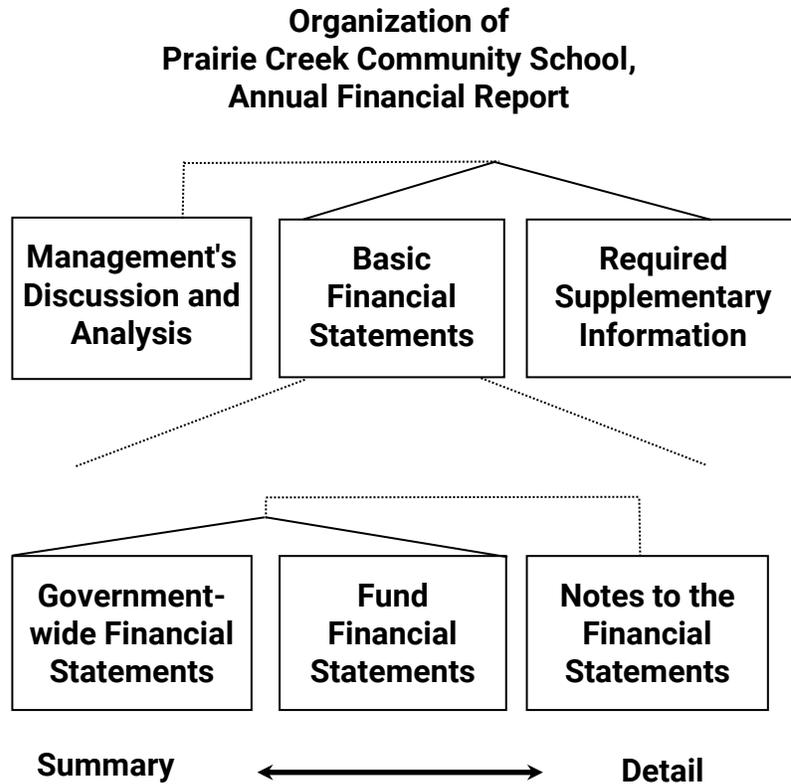
As management of Prairie Creek Community School, (the Charter School), Nerstrand, Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2023.

Financial Highlights

- The liabilities and deferred inflows of resources of the School exceeded its 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 School's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in operating grants and contributions as well as an overall decrease in expenditures.
- Unassigned fund balance in the General fund, as shown in the financial analysis of the School's funds section, decreased from prior year.
- The School's total long term liabilities decreased during the fiscal year. The decrease was a result of scheduled lease payments as shown on the long-term liabilities table.

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 shows how the various parts of this annual report are arranged and related to one another:



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

Major Features of the Government-wide and Fund Financial Statements

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

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

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

The *statement of activities* presents information showing how the Charter School’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and 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, pupil support services, 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 three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, which is considered a major fund, Food Service fund and Community Service fund, which are considered to be a nonmajor funds.

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

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 stating on page 35 of this report.

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

Other Information. The individual fund schedules and table can be found starting on page 62 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 (net position) at the close of fiscal year 2022.

Prairie Creek Community School, 's Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Assets			
Current and other assets	\$ 1,269,255	\$ 1,263,465	\$ 5,790
Capital assets	1,832,201	1,993,300	(161,099)
Total Assets	3,101,456	3,256,765	(155,309)
Deferred Outflows of Resources			
Deferred pension resources	471,086	589,339	(118,253)
Liabilities			
Noncurrent liabilities outstanding			
Net pension liability	1,622,281	884,048	738,233
Long term liabilities - Due in less than one year	216,490	197,444	19,046
Long term liabilities - Due in more than one year	1,441,866	1,608,794	(166,928)
Current liabilities	206,177	203,208	2,969
Total Liabilities	3,486,814	2,893,494	593,320
Deferred Inflows of Resources			
Deferred pension resources	296,829	1,447,615	(1,150,786)
Net Position			
Investment in capital assets	1,832,201	187,062	1,645,139
Restricted	74,835	54,005	20,830
Unrestricted	(2,118,137)	(736,072)	(1,382,065)
Total Net Position	\$ (211,101)	\$ (495,005)	\$ 283,904

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

At the end of the current fiscal year, the Charter School reported a negative balance unrestricted in net position.

Governmental Activities. Governmental activities increased the Charter School’s net position. Key elements of this decrease are shown in the table below.

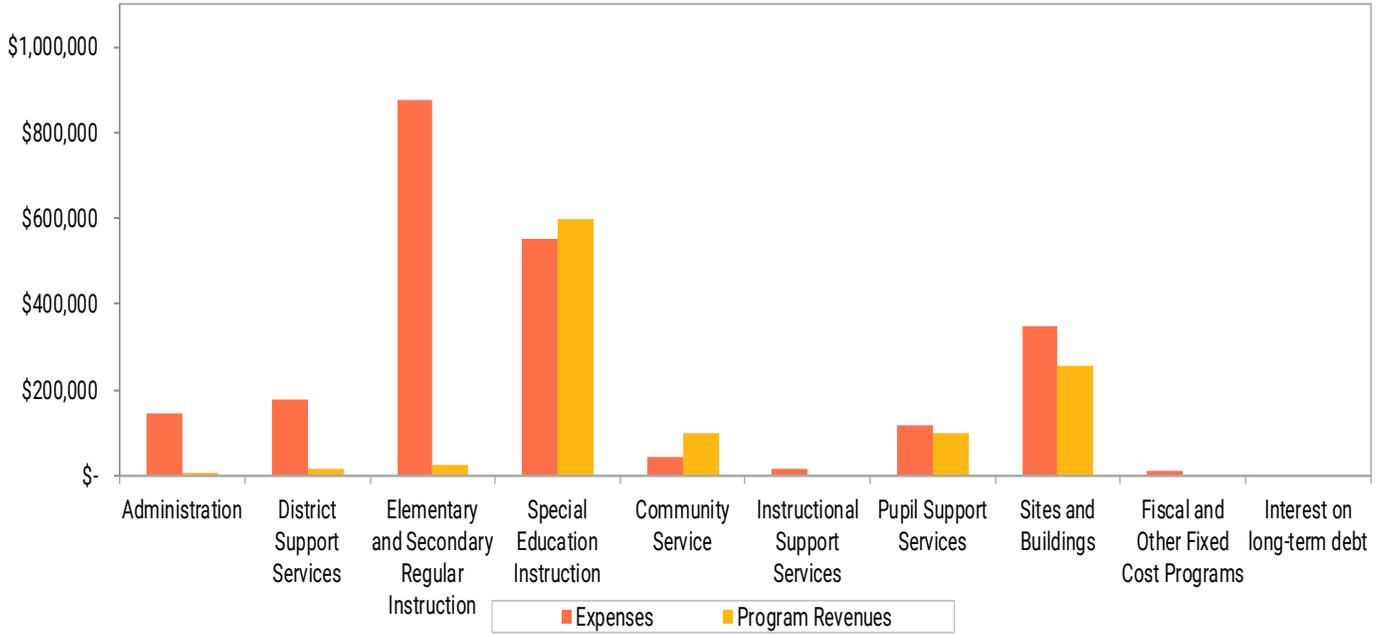
Prairie Creek Community School’s Changes in Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 139,979	\$ 70,495	\$ 69,484
Operating grants and contributions	958,034	848,024	110,010
General revenues			
Other general revenues	71,326	97,173	(25,847)
State aid-formula grants	1,366,473	1,357,117	9,356
Unrestricted investment earnings	8,946	5,677	3,269
Total Revenues	2,544,758	2,378,486	166,272
Expenses			
Administration	143,118	139,610	3,508
District support services	179,858	180,911	(1,053)
Elementary and secondary regular instruction	878,517	1,247,025	(368,508)
Special education instruction	554,774	548,433	6,341
Instructional support services	16,679	6,069	10,610
Pupil support services	115,262	47,385	67,877
Sites and buildings	350,780	59,892	290,888
Fiscal and other fixed cost programs	11,200	147,619	(136,419)
Community Service	44,379	42,724	1,655
Total Expenses	2,294,567	2,419,668	(125,101)
Change in Net Position	250,191	(41,182)	291,373
Net Position, July 1 as restated (Note 7)	(461,292)	(453,823)	(7,469)
Net Position, June 30	\$ (211,101)	\$ (495,005)	\$ 283,904

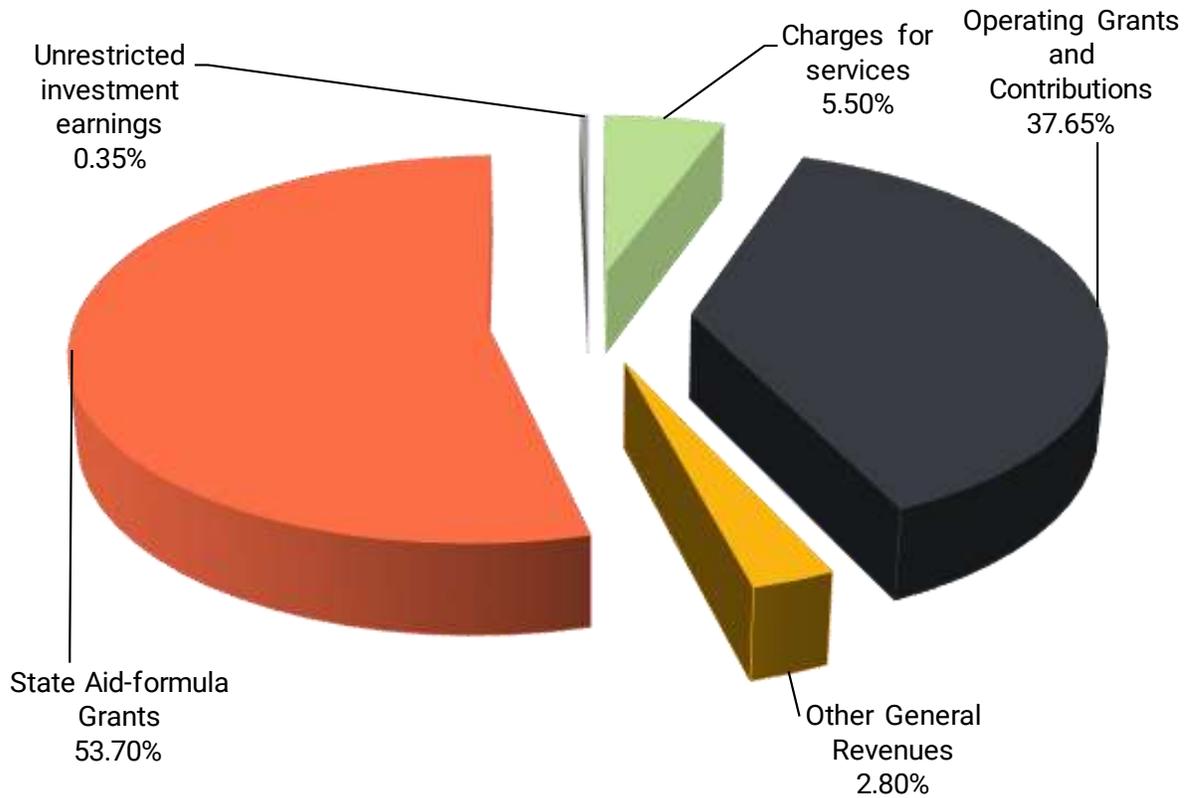
- The operating grants and contributions increased from prior year due to more revenue from special education grants.
- Overall expenditures dropped from last year led by a decrease in elementary and secondary regular instruction.

Expenses and Program Revenue - Governmental Activities

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



Revenue by Source - Governmental Activities Graph



Financial Analysis of the Government'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. The table below outlines the governmental fund balances for the year ending June 30, 2023

	General Fund	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances					
Nonspendable	\$ 20,155	\$ -	\$ 20,155	\$ 26,151	\$ (5,996)
Restricted	-	74,835	74,835	54,005	20,830
Unassigned	968,088	-	968,088	980,101	(12,013)
	<u>\$ 988,243</u>	<u>\$ 74,835</u>	<u>\$ 1,063,078</u>	<u>\$ 1,060,257</u>	<u>\$ 2,821</u>

As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances shown above. Additional information on the School's fund balances can be found in Note 1 starting on page 35 of this report.

The General fund is the chief operating fund of the 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 unassigned 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 Fund Balances			
Nonspendable	\$ 20,155	\$ 26,151	\$ (5,996)
Unassigned	968,088	980,101	(12,013)
	<u>\$ 988,243</u>	<u>\$ 1,006,252</u>	<u>\$ (18,009)</u>
General Fund expenditures	\$ 2,385,631	\$ 2,338,089	
Unassigned as a percent of expenditures	40.6%	41.9%	
Total Fund Balance as a percent of expenditures	41.4%	43.0%	

General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,263,560	\$ 2,300,795	\$ 2,367,622	\$ 66,827
Expenditures	<u>2,328,699</u>	<u>2,390,426</u>	<u>2,385,631</u>	<u>4,795</u>
Net Change in Fund Balances	(65,139)	(89,631)	(18,009)	71,622
Fund Balances, January 1	<u>1,006,252</u>	<u>1,006,252</u>	<u>1,006,252</u>	<u>71,622</u>
Fund Balances, December 31	<u>\$ 941,113</u>	<u>\$ 916,621</u>	<u>\$ 988,243</u>	<u>\$ 143,244</u>

General Fund Budgetary Highlights

Revenue sources were over budget for fiscal year 2023. The school's revenue variance can be attributed to receiving more revenue from state sources than expected. Expenditures were under budget for fiscal year 2023. The school's expenditures variance is due to nearly every program coming in under budget.

Community Service Fund Budgetary Highlights

Revenue sources were over budget for fiscal year 2023 due to receiving a greater amount of revenue from the schools before and after school programs than expected. Expenditure programs were under budget for fiscal year 2023. This can be attributed to payroll costs being under budget.

Food Service Fund Budgetary Highlights

Revenue sources were over budget for fiscal year 2023. The revenue variance is due to the school receiving more revenue from federal sources than anticipated. Expenditure programs were over budget for fiscal year 2023 primarily due to purchasing more supplies and materials than originally planned for.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes equipment.

Prairie Creek Community School's Capital Assets (Net of Depreciation)

	Governmental Activities		
	2023	Restated 2022	Increase (Decrease)
Leased building	\$ 1,639,010	\$ 1,873,154	\$ (234,144)
Leasehold improvement	157,341	178,319	(20,978)
Equipment	<u>35,850</u>	<u>42,456</u>	<u>(6,606)</u>
Total	<u>\$ 1,832,201</u>	<u>\$ 2,093,929</u>	<u>\$ (261,728)</u>
Percent increase (decrease)			-12.5%

Additional information on the Charter School's capital assets can be found in Note 3B on page 42 of this report.

Economic Factors and Next Year's Budgets and Rates

- Prairie Creek Community School expects ADM to grow slightly during the next year.
- Increasing student growth is expected to increase expenses and revenue.
- Special education expenses are expected to grow with a growth of special education students.
- Per pupil revenue funding from the state is expected to increase for the upcoming fiscal year

All of these factors were considered in preparing Prairie Creek Community School's budget for the 2024 fiscal year

Requests for Information

This financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Keith Johnson, Business Manager, Prairie Creek Community School, 27695 Denmark Ave, Northfield, MN, 55057

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and temporary investments	\$ 986,768
Due from Department of Education	262,332
Prepaid items	20,155
Capital assets	
Depreciable assets, net of accumulated depreciation/amortization	1,832,201
Total Assets	3,101,456
Deferred Outflows of Resources	
Deferred pension resources	471,086
Liabilities	
Accounts payable	22,353
Accrued salaries payable	183,824
Noncurrent liabilities - Due in less than one year	
Long-term liabilities	216,490
Noncurrent liabilities - Due in more than one year	
Long-term liabilities	1,441,866
Net pension liability	1,622,281
Total Liabilities	3,486,814
Deferred Inflows of Resources	
Deferred pension resources	296,829
Net Position	
Investment in capital assets	1,832,201
Restricted for	
Food service	22,005
Community service	52,830
Unrestricted	(2,118,137)
Total Net Position	\$ (211,101)

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Administration	\$ 143,118	\$ -	\$ 7,561	\$ -	\$ (135,557)
District support services	179,858	-	13,948	-	(165,910)
Elementary and secondary regular instruction	878,517	22,683	-	-	(855,834)
Special education instruction	554,774	-	597,099	-	42,325
Community education	44,379	63,805	35,932	-	55,358
Instructional support services	16,679	-	-	-	(16,679)
Pupil support services	115,262	53,491	44,882	-	(16,889)
Sites and buildings	350,780	-	258,612	-	(92,168)
Fiscal and other fixed costs programs	11,200	-	-	-	(11,200)
Total Governmental Activities	2,294,567	139,979	958,034	\$ -	(1,196,554)
General Revenues					
Other general revenues					71,326
State aid-formula grants					1,366,473
Unrestricted investment earnings					8,946
Total General Revenues					1,446,745
Change in Net Position					250,191
Net Position, July 1 as restated (Note 7)					(461,292)
Net Position, June 30					<u>\$ (211,101)</u>

See accompanying Notes to the Basic Financial Statements

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FUND FINANCIAL STATEMENTS
PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Prairie Creek Community School
 Charter School No. 4090
 Northfield, Minnesota
 Balance Sheet
 Governmental Funds
 June 30, 2023

	General	Nonmajor	Total
Assets			
Cash and temporary investments	\$ 911,543	\$ 75,225	\$ 986,768
Due from Department of Education	262,332	-	262,332
Prepaid items	20,155	-	20,155
Total Assets	\$ 1,194,030	\$ 75,225	\$ 1,269,255
Liabilities			
Accounts payable	\$ 21,963	\$ 390	\$ 22,353
Accrued salaries payable	183,824	-	183,824
Total Liabilities	205,787	390	206,177
Fund Balances			
Nonspendable	20,155	-	20,155
Restricted	-	74,835	74,835
Unassigned	968,088	-	968,088
Total Fund Balances	988,243	74,835	1,063,078
Total Liabilities and Fund Balances	\$ 1,194,030	\$ 75,225	\$ 1,269,255

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

Prairie Creek Community School
 Charter School No. 4090
 Northfield, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 June 30, 2023

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

Total Fund Balances - Governmental Funds	\$ 1,063,078
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital and leased assets	2,463,206
Less: accumulated depreciation / amortization	(631,005)
<p>Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Noncurrent liabilities at year-end consist of</p>	
Lease payable	(1,658,356)
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Net pension liability	(1,622,281)
Deferred outflow of pension resources	471,086
Deferred inflow of pension resources	(296,829)
	(211,101)
Total Net Position - Governmental Activities	\$ (211,101)

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues			
Other local and county revenue	\$ 101,570	\$ 63,805	\$ 165,375
Interest income on investments	8,946	-	8,946
Revenue from state sources	2,165,747	7,629	2,173,376
Revenue from federal sources	91,359	37,253	128,612
Local sales and insurance recovery	-	53,491	53,491
Total Revenues	<u>2,367,622</u>	<u>162,178</u>	<u>2,529,800</u>
Expenditures			
Current			
Administration	143,118	-	143,118
District support services	211,471	-	211,471
Elementary and secondary regular instruction	1,011,524	-	1,011,524
Special education instruction	626,525	-	626,525
Community education	-	42,022	42,022
Instructional support services	16,679	-	16,679
Pupil support services	27,384	94,371	121,755
Sites and buildings	66,219	-	66,219
Fiscal and other fixed cost programs	11,200	-	11,200
Capital Outlay			
Elementary and secondary regular instruction	2,697	-	2,697
Special education instruction	3,599	-	3,599
Community education	-	4,955	4,955
Debt service			
Principal	214,798	-	214,798
Interest and other charges	50,417	-	50,417
Total Expenditures	<u>2,385,631</u>	<u>141,348</u>	<u>2,526,979</u>
Net Change in Fund Balances	(18,009)	20,830	2,821
Fund Balances, July 1	<u>1,006,252</u>	<u>54,005</u>	<u>1,060,257</u>
Fund Balances, June 30	<u>\$ 988,243</u>	<u>\$ 74,835</u>	<u>\$ 1,063,078</u>

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

Prairie Creek Community School
 Charter School No. 4090
 Northfield, 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, 2023

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

Total Net Change in Fund Balances - Governmental Funds	\$	2,821
<p>Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Capital outlays		8,554
Depreciation / amortization expense		(270,282)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>		
Principal repayments		
Lease		214,798
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension revenues		14,958
Pension expense		279,342
		279,342
Change in Net Position - Governmental Activities	\$	250,191

See accompanying Notes to the Basic Financial Statements

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Other local and county revenue	\$ 83,911	\$ 93,151	\$ 101,570	\$ 8,419
Interest income on investments	7,500	8,000	8,946	946
Revenue from state sources	2,110,848	2,115,511	2,165,747	50,236
Revenue from federal sources	61,301	84,133	91,359	7,226
Total Revenues	<u>2,263,560</u>	<u>2,300,795</u>	<u>2,367,622</u>	<u>66,827</u>
Expenditures				
Current				
Administration	147,017	147,017	143,118	3,899
District support services	199,176	215,476	211,471	4,005
Elementary and secondary regular instruction	1,023,110	1,027,002	1,011,524	15,478
Special education instruction	571,725	591,225	626,525	(35,300)
Instructional support services	8,800	15,400	16,679	(1,279)
Pupil support services	29,049	29,049	27,384	1,665
Sites and buildings	65,640	77,476	66,219	11,257
Fiscal and other fixed cost programs	15,682	15,682	11,200	4,482
Capital outlay				
Elementary and secondary regular instruction	6,000	6,000	2,697	3,303
Special education instruction	-	3,599	3,599	-
Debt service				
Principal	262,500	262,500	214,798	47,702
Interest and other charges	-	-	50,417	(50,417)
Total Expenditures	<u>2,328,699</u>	<u>2,390,426</u>	<u>2,385,631</u>	<u>4,795</u>
Net Change in Fund Balances	(65,139)	(89,631)	(18,009)	71,622
Fund Balances, July 1	<u>1,006,252</u>	<u>1,006,252</u>	<u>1,006,252</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 941,113</u>	<u>\$ 916,621</u>	<u>\$ 988,243</u>	<u>\$ 71,622</u>

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Charter School No. 4090 (the School) is a nonprofit corporation that was formed on February 20, 2002, in accordance with Minnesota Statutes. The School is authorized by Northfield Public Schools under the terms of a five-year charter school contract extending through June 30, 2026.

The School's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School 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 include 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.

Aside from its authorizing, Northfield Public Schools has no authority, control, power, or administrative responsibilities over Northfield Elementary Charter School. Therefore, the School is not considered a component unit of Novation Education Opportunities.

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 Charter School expenses of a given function or segment is 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. Other internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

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. On a modified accrual basis, revenue from non-exchange transaction must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

This 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 assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Description of Funds

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

Major Governmental Fund

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

Nonmajor Governmental Fund

The Food Service fund accounts for receipt and disbursements of the Charter School's nutrition program.

The *Community Service fund* is used to account for the School's extended day childcare program.

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality, 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.

Deposits related to student activities are under the Board of Directors control. The Charter School does not have any investments or a formal investment policy.

Due from Minnesota Department of Education

Due from Minnesota Department of Education includes 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 funding. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded.

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Prepaid Items

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

Capital Assets

Capital assets include property, plant and equipment. Capital assets are defined by the Charter School as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Property, plant and equipment of the Charter School are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 3 to 20 years for equipment.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Charter School only has one item that qualifies for reporting in this category, which is pension contributions subsequent to the measurement date reported in the government-wide statements. This amount will be reflected in the new net pension liability in the next measurement period.

Pensions

Teachers Retirement Association (TRA)

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

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

Public Employees Retirement Association (PERA)

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

	GERP	TRA	Total Pension Expense
School's proportionate share	\$ 6,201	\$ (189,900)	\$ (183,699)
Proportionate share of School's contribution	1,281	13,677	14,958
Total pension expense	\$ 7,482	\$ (176,223)	\$ (168,741)

Deferred Inflows of Resources

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

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

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

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

Fund Balance

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

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

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

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General, Community Service, and the Food Service funds.

A budget is prepared for the funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the funds.

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

1. Prior to July 1, the budget is prepared by the Business Manager to be adopted by the Board of Directors.
2. A budget for the General, Food Service fund and Community Service fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
3. Budgeted amounts are as adopted.
4. Budget appropriations lapse at year end.
5. The legal level of control is the line item level.
6. The Charter School does not use encumbrance accounting.

Note 3: Detailed Notes on all Funds

A. Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Charter School's deposits and investments may not be returned or the Charter School will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Executive Committee, 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 or bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on all Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying Amount of Deposits	<u>\$ 986,768</u>
Bank Balance	\$ 994,737
Covered by FDIC	<u>(479,833)</u>
Collateralized with securities pledged in Prairie Creek Charter School	<u>\$ 514,904</u>

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on all Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Prior Period Restatement	Increases	Decreases	Ending Balance
Governmental Activities					
Capital Assets, Being Depreciated					
Leasehold Improvements	\$ 419,566	\$ -	\$ -	\$ -	419,566
Equipment	203,228	-	8,554	(41,296)	170,486
Leased Assets, Being Amortized					
Buildings	1,987,861	(114,707)	-	-	1,873,154
Equipment	8,092	(8,092)	-	-	-
Total Capital Assets being Depreciated and Amortized	<u>2,618,747</u>	<u>(122,799)</u>	<u>8,554</u>	<u>(41,296)</u>	<u>2,463,206</u>
Less Accumulated Depreciation for					
Leasehold Improvements	(241,247)	-	(20,978)	-	(262,225)
Equipment	(160,772)	-	(15,160)	41,296	(134,636)
Less Accumulated Amortization for					
Buildings	(220,873)	220,873	(234,144)	-	(234,144)
Equipment	<u>(2,555)</u>	<u>2,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation and Amortization	<u>(625,447)</u>	<u>223,428</u>	<u>(270,282)</u>	<u>41,296</u>	<u>(631,005)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,993,300</u>	<u>\$ 100,629</u>	<u>\$ (261,728)</u>	<u>\$ (82,592)</u>	<u>\$ 1,832,201</u>

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

Regular Instruction	\$ 32,112
Special Education	710
Community Education	2,357
Transportation/Food	959
Sites and Buildings	<u>234,144</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 270,282</u>

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on all Funds (Continued)

C. Long-term Debt

Lease Payable

Lease agreements are summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Balance at Year End
Bulding lease	\$ 1,873,154	2.95 %	07/01/22	8 years	<u>\$ 1,658,356</u>

One July 1, 2022 the school entered into a lease agreement with Prairie Creek, Inc. The lease is effective July 1, 2022 to June 30, 2030. Base rent for the fiscal year 2023 was \$262,500. The school also pays for real estate tax and building maintenance throughout the year. The interest rate on the lease is variable based on the prime interest rate as of July 1 each, fiscal year during the term of the lease.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2024	\$ 216,490	\$ 46,010	\$ 262,500
2025	222,964	39,536	262,500
2026	229,631	32,869	262,500
2027	236,497	26,003	262,500
2028	243,569	18,931	262,500
2029 - 2030	<u>509,205</u>	<u>15,795</u>	<u>525,000</u>
Total	<u>\$ 1,658,356</u>	<u>\$ 179,144</u>	<u>\$ 1,837,500</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Prior Period Restatement	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities						
Lease payable	<u>\$ 1,806,238</u>	<u>\$ 66,916</u>	<u>\$ -</u>	<u>\$ (214,798)</u>	<u>\$ 1,658,356</u>	<u>\$ 216,490</u>

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 4: Defined Benefit Pension Plans - Statewide

A. Teacher Retirement Association (TRA)

1. Plan Description

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

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

2. Benefits Provided

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

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

Tier I:	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	1st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	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 more years of allowable service.
2. Three percent per year early retirement reduction factors for all years under normal retirement age.
3. Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Or

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

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

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

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

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

3. Contribution Rate

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

Plan	Ending June 30, 2021		Ending June 30, 2022		Ending June 30, 2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%	11.00%	12.55%
Coordinated	7.50%	8.13%	7.50%	8.34%	7.50%	8.55%

The School's contributions to TRA for the year ending June 30, 2023 and 2022 and 2021 were \$86,857, \$86,292 and \$76,592 respectively. The 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 2022 Annual Comprehensive Financial Report "Statement of Changes in Fiduciary Net Position" to the employer contributions used in schedule of employer and non-employer pension allocations.

Employer Contributions Reported in TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679,000
Add Employer Contributions Not Related to Future Contribution Efforts	(2,178,000)
Deduct TRA's Contributions Not Included in Allocation	<u>(572,000)</u>
Total Employer Contributions	479,929,000
Total Non-employer Contributions	<u>35,590,000</u>
Total Contributions Reported in Schedule of Employer and Non-Employer Pension Allocations	<u><u>\$ 515,519,000</u></u>

Prairie Creek Community School
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Notes to the Financial Statements
June 30, 2023

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

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2022 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, 2022
Experience study	June 30, 2022
	June 5, 2019 (demographic assumptions)
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% thereafter
	1.0% for January 2020 through January 2023,
Cost of living adjustment	then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP-2015 scale
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment

The assumptions prescribed are based on the experience study dated June 28, 2019. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with the actuary.

5. Long-Term Rate of Return

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.

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

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

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

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.

Changes in actuarial assumptions since the 2021 valuation

- None

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. 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 2022 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).

7. Net Pension Liability

At June 30, 2023, the Charter School reported a liability of \$1,329,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School’s proportion of the net pension liability was based on the Charter School’s contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The Charter School proportionate share was 0.0166 percent at the end of the measurement period and 0.0162 percent for the beginning of the year.

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June 30, 2023

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

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

Charter School's Proportionate Share of Net Pension Liability	\$ 1,329,240
State's Proportionate Share of Net Pension Liability Associated with the Charter School	98,442

For the year ended June 30, 2023, the Charter School recognized negative pension expense of \$189,900. It also recognized \$13,677 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, 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	\$ 18,909	\$ 11,277
Changes in Actuarial Assumptions	207,802	271,669
Net Difference between Projected and Actual Earnings on Plan Investments	47,301	-
Changes in Proportion	7,650	3,768
Contributions to TRA Subsequent to the Measurement Date	86,857	-
Total	\$ 368,519	\$ 286,714

The \$86,857 reported as deferred outflows of resources related to pensions resulting from the District/Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

2025	15,917
2026	(9,621)
2027	148,028
2028	97,985
Thereafter	782

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

School's Proportionate Share of NPL		
1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
\$ 2,095,475	\$ 1,329,240	\$ 701,167

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

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

8. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association (PERA)

1. Plan Description

The District/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 District/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.

General Employee Plan Benefits

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

Prairie Creek Community School
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Notes to the Financial Statements
June 30, 2023

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

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

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 City was required to contribute 7.50 percent for Coordinated Plan members. The Charter School's contributions to the General Employees Fund for the year ending December 31, 2023, 2022 and 2021 were \$23,744, \$20,371 and \$24,576, respectively. The City'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, 2023, the Charter School reported a liability of \$293,041 for its proportionate share of the General Employee Fund's net pension liability. The Charter School's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Charter School totaled \$8,572.

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 District's/Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportion was 0.0037 percent at the end of the measurement period and 0.0041 percent for the beginning of the period.

School' Proportionate Share of the Net Pension Liability	\$ 293,041
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the School	8,572
Total	\$ 301,613

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

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

For the At year ended June 30, 2023, the Charter School recognized pension expense of \$6,201 for its proportionate share of the General Employees Plan's pension expense. In addition, the School recognized \$1,281 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2023, the Charter School reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 2,446	\$ 3,484
Changes in Actuarial Assumptions	73,274	1,383
Net Difference between Projected and Actual Earnings on Plan Investments	-	5,248
Changes in Proportion	3,102	-
Contributions to PERA Subsequent to the Measurement Date	23,745	-
	\$ 102,567	\$ 10,115
Total		

The \$23,745 reported as deferred outflows of resources related to pensions resulting from the Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

2024	\$ 28,668
2025	26,911
2026	(13,374)
2027	26,502

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 Stocks	33.50 %	5.10 %
Alternative Assets	25.00	5.90
Bonds	25.00	0.75
International Equity	16.50	5.30
Total	100.00 %	

Prairie Creek Community School
Charter School No. 4090
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Notes to the Financial Statements
June 30, 2023

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

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 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

7. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Notes to the Financial Statements
June 30, 2023

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

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 District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	School's Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Funds	\$ 462,874	\$ 293,041	\$ 153,752

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 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; workers compensation insurance; and natural disasters. The School purchases commercial insurance coverage for such risks.

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

B. Income Taxes

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

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2023, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

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

Prairie Creek Community School
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Notes to the Financial Statements
June 30, 2023

Note 6: 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.

Note 7: Prior Period Restatement

During the current year, the School addressed a material restatement linked to the implementation of GASB statement number 87. The school engaged a current auditor that comprehensively reviewed the discount rate and lease amortization schedule used upon implementation and the impact on the resulting change resulted in restating the financial statements for accuracy. This restatement's cumulative effect is detailed as follows:

	June 30, 2023		
Fund	Net Position July 1, 2022 as Previously Reported	Prior Period Restatement (1)	Net Position June 30, 2022 as Restated
Governmental Activities	<u>\$ (495,005)</u>	<u>\$ 33,713</u>	<u>\$ (461,292)</u>

(1) To restate beginning net leased building liability at June 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Required Supplementary Information
June 30, 2023

Schedule of Employer's Share of TRA Net Pension Liability

Required Supplementary Information							
Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.0166 %	\$ 1,329,240	\$ 98,442	\$ 1,427,682	\$ 1,034,676	128.5 %	76.2 %
6/30/2021	0.0162	708,960	59,908	768,868	942,091	75.3	86.6
6/30/2020	0.0160	1,182,101	98,830	1,280,931	939,545	125.8	75.5
6/30/2019	0.0157	1,000,721	88,616	1,089,337	901,297	111.0	78.2
6/30/2018	0.0160	1,006,969	94,400	1,101,369	888,360	113.4	78.1
6/30/2017	0.0148	2,954,348	285,048	3,239,396	784,040	376.8	51.6
6/30/2016	0.0147	3,506,301	352,474	3,858,775	765,680	457.9	44.9
6/30/2015	0.0141	872,224	106,787	979,011	720,147	121.1	76.8
6/30/2014	0.0152	700,405	49,366	749,771	657,267	106.6	81.1

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

Schedule of Employer's TRA Contributions

Required Supplementary Information						
Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)	
6/30/2023	\$ 86,857	\$ 86,857	\$ -	\$ 1,015,872	8.55 %	
6/30/2022	86,292	86,292	-	1,034,676	8.34	
6/30/2021	76,592	76,592	-	942,091	8.13	
6/30/2020	74,412	74,412	-	939,545	7.92	
6/30/2019	69,490	69,490	-	901,297	7.71	
6/30/2018	66,627	66,627	-	888,360	7.50	
6/30/2017	58,803	58,803	-	784,040	7.50	
6/30/2016	57,426	57,426	-	765,680	7.50	
6/30/2015	54,011	54,011	-	720,147	7.50	

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

Charter School No. 4090
Northfield, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Schedule of Employer's Share of PERA Net Pension Liability

Required Supplementary Information							
Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.0037 %	\$ 293,041	\$ 8,572	301,613	\$ 271,613	107.89 %	76.7 %
6/30/2021	0.0041	175,088	5,315	180,403	327,680	53.43	87.0
6/30/2020	0.0043	257,805	7,891	265,696	306,453	84.13	79.0
6/30/2019	0.0041	226,680	7,000	233,680	287,533	78.84	80.2
6/30/2018	0.0046	255,189	7,000	262,189	304,080	83.92	79.5
6/30/2017	0.0047	300,045	3,752	303,797	235,867	127.21	75.9
6/30/2016	0.0043	349,139	-	349,139	274,440	127.22	68.9
6/30/2015	0.0041	212,483	-	212,483	239,467	88.73	78.2
6/30/2014	0.0049	230,177	-	230,177	657,267	35.02	78.7

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

Schedule of Employer's PERA Contributions

Required Supplementary Information					
Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2023	\$ 23,744	\$ 23,744	\$ -	\$ 316,580	7.50 %
6/30/2022	20,371	20,371	-	271,613	7.50
6/30/2021	24,576	24,576	-	327,680	7.50
6/30/2020	22,984	22,984	-	306,453	7.50
6/30/2019	21,565	21,565	-	287,533	7.50
6/30/2018	22,806	22,806	-	304,080	7.50
6/30/2017	17,690	17,690	-	235,867	7.50
6/30/2016	20,583	20,583	-	274,440	7.50
6/30/2015	17,960	17,960	-	239,467	7.50

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

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

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.

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Notes to the Required Supplementary Information - TRA (Continued)

Changes in Plan Provisions

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 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent 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 percent if the funded ratio was at least 90 percent 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 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes 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 plan 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.

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INDIVIDUAL FUND SCHEDULES AND TABLE

PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Prairie Creek Community School
 Charter School No. 4090
 Northfield, Minnesota
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue		Total
	Food Service	Community Service	Governmental Funds
Assets			
Cash and temporary investments	\$ 22,395	\$ 52,830	\$ 75,225
Liabilities			
Accounts payable	390	-	390
Fund Balances			
Restricted for			
Food service	22,005	-	22,005
Community service	-	52,830	52,830
Total fund balance	22,005	52,830	74,835
Total Liabilities and Fund Balances	\$ 22,395	\$ 52,830	\$ 75,225

Prairie Creek Community School
 Charter School No. 4090
 Northfield, Minnesota
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue		Total Governmental Funds
	Food Service	Community Service	
Revenues			
Other local and county revenue	\$ -	\$ 63,805	\$ 63,805
Revenue from state sources	7,629	-	7,629
Revenue from federal sources	37,253	-	37,253
Local sales and insurance recovery	53,491	-	53,491
Total Revenues	<u>98,373</u>	<u>63,805</u>	<u>162,178</u>
Expenditures			
Current			
Community education	-	42,022	42,022
Pupil support services	94,371	-	94,371
Capital Outlay	-	4,955	4,955
Total Expenditures	<u>94,371</u>	<u>46,977</u>	<u>141,348</u>
Net Change in Fund Balances	4,002	16,828	20,830
Fund Balances, July 1	<u>18,003</u>	<u>36,002</u>	<u>54,005</u>
Fund Balances, June 30	<u>\$ 22,005</u>	<u>\$ 52,830</u>	<u>\$ 74,835</u>

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Food Service Special Revenue Fund
Budget and Actual
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Budgeted Amounts		2023	Variance with	2022
	Original	Final	Actual	Variance with	Actual
			Amounts	Final Budget	Amounts
Revenues					
Revenue from state sources	\$ 1,307	\$ 6,000	\$ 7,629	\$ 1,629	\$ 1,878
Revenue from federal sources	52,159	28,131	37,253	9,122	74,161
Sales and other conversion of assets	757	47,757	53,491	5,734	562
Total Revenues	<u>54,223</u>	<u>81,888</u>	<u>98,373</u>	<u>16,485</u>	<u>76,601</u>
Expenditures					
Current					
Pupil support services					
Salaries	-	-	-	-	5,440
Fringe benefits	-	-	-	-	824
Purchased services	742	8,831	9,191	(360)	742
Supplies and materials	48,388	76,433	85,180	(8,747)	54,270
Capital outlay	5,000	-	-	-	4,794
Total Expenditures	<u>54,130</u>	<u>85,264</u>	<u>94,371</u>	<u>(9,107)</u>	<u>66,070</u>
Net Change in Fund Balances	93	(3,376)	4,002	7,378	10,531
Fund Balances, July 1	<u>18,003</u>	<u>18,003</u>	<u>18,003</u>	<u>-</u>	<u>7,472</u>
Fund Balances, June 30	<u>\$ 18,096</u>	<u>\$ 14,627</u>	<u>\$ 22,005</u>	<u>\$ 7,378</u>	<u>\$ 18,003</u>

Prairie Creek Community School
 Charter School No. 4090
 Northfield, Minnesota
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Community Service Special Revenue Fund
 Budget and Actual
 For the Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Budgeted Amounts		2023	Variance with Final Budget	2022
	Original	Final	Actual Amounts		Actual Amounts
	Revenues				
Other local and county revenue	\$ 48,000	\$ 56,000	\$ 63,805	\$ 7,805	\$ 50,462
Expenditures					
Current					
Community education					
Salaries	42,777	42,277	31,755	10,522	34,054
Fringe benefits	6,235	9,760	7,931	1,829	7,773
Purchase services	266	266	-	266	237
Supplies and materials	2,405	2,100	2,336	(236)	2,137
Capital outlay	-	5,000	4,955	45	-
Total Expenditures	51,683	59,403	46,977	12,426	44,201
Net Change in Fund Balances	(3,683)	(3,403)	16,828	20,231	6,261
Fund Balances, July 1	36,002	36,002	36,002	-	29,741
Fund Balances, June 30	\$ 32,319	\$ 32,599	\$ 52,830	\$ 20,231	\$ 36,002

Prairie Creek Community School
Charter School No. 4090
Northfield, 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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Budgeted Amounts		2023	Variance With	2022
	Original	Final	Actual	Final Budget	Actual
			Amounts		Amounts
Revenues					
Other local and county revenue	\$ 83,911	\$ 93,151	\$ 101,570	\$ 8,419	\$ 79,453
Interest income on investments	7,500	8,000	8,946	946	5,680
Revenue from state sources	2,110,848	2,115,511	2,165,747	50,236	2,070,837
Revenue from federal sources	61,301	84,133	91,359	7,226	101,749
Total Revenues	2,263,560	2,300,795	2,367,622	66,827	2,257,719
Expenditures					
Current					
Administration					
Salaries	94,138	94,138	94,139	(1)	92,410
Fringe benefits	29,816	29,816	30,095	(279)	28,586
Purchased services	4,034	4,034	209	3,825	3,649
Supplies and materials	500	500	248	252	309
Other	18,529	18,529	18,427	102	18,579
Total administration	147,017	147,017	143,118	3,899	143,533
District support services					
Salaries	124,873	134,673	134,887	(214)	122,003
Fringe benefits	33,653	33,653	35,576	(1,923)	32,238
Purchased services	30,550	37,050	32,609	4,441	29,809
Supplies and materials	1,600	1,600	1,376	224	1,504
Other	8,500	8,500	7,023	1,477	7,107
Total district support services	199,176	215,476	211,471	4,005	192,661
Elementary and secondary regular instruction					
Salaries	723,319	715,519	715,992	(473)	725,893
Fringe benefits	219,487	217,487	205,390	12,097	202,601
Purchased services	42,904	56,596	52,924	3,672	42,554
Supplies and materials	37,400	37,400	37,218	182	45,618
Other	-	-	-	-	3,930
Total elementary and secondary regular instruction	1,023,110	1,027,002	1,011,524	15,478	1,020,596
Special education instruction					
Salaries	322,229	331,439	360,996	(29,557)	304,889
Fringe benefits	90,271	90,561	89,743	818	84,941
Purchased services	147,975	157,475	169,149	(11,674)	167,025
Supplies and materials	11,250	11,750	6,637	5,113	6,249
Other	-	-	-	-	1,471
Total special education instruction	571,725	591,225	626,525	(35,300)	564,575

Prairie Creek Community School
Charter School No. 4090
Northfield, Minnesota
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Budgeted Amounts		2023	Variance With	2022
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Purchased services	\$ 7,000	\$ 13,600	\$ 13,651	\$ (51)	\$ 2,315
Supplies and materials	1,800	1,800	3,028	(1,228)	3,754
Total instructional support services	8,800	15,400	16,679	(1,279)	6,069
Pupil support services					
Salaries	25,000	25,000	23,566	1,434	30,697
Fringe benefits	4,049	4,049	3,818	231	4,908
Supplies and materials	-	-	-	-	12,422
Other	-	-	-	-	182
Total pupil support services	29,049	29,049	27,384	1,665	48,209
Sites and buildings					
Purchased services	61,640	72,976	61,955	11,021	56,068
Supplies and materials	4,000	4,500	4,264	236	3,824
Total sites and buildings	65,640	77,476	66,219	11,257	59,892
Fiscal and other fixed cost programs					
Purchased services	12,502	12,502	11,200	1,302	10,842
Total current	2,060,199	2,118,327	2,114,120	4,207	2,046,377
Capital outlay					
Elementary and secondary regular instruction	6,000	6,000	2,697	3,303	19,758
Special education instruction	-	3,599	3,599	-	-
Pupil support services	-	-	-	-	6,740
Sites and buildings	-	-	-	-	75,231
Total capital outlay	6,000	9,599	6,296	3,303	101,729
Debt Service					
Principal	262,500	262,500	214,798	47,702	187,269
Interest and other charges	-	-	50,417	(50,417)	2,716
Total debt service	262,500	262,500	265,215	(2,715)	189,985
Total Expenditures	2,328,699	2,390,426	2,385,631	4,795	2,338,091
Net Change in Fund Balances	(65,139)	(89,631)	(18,009)	71,622	(80,372)
Fund Balances, July 1	1,006,252	1,006,252	1,006,252	-	1,086,624
Fund Balances, June 30	\$ 941,113	\$ 916,621	\$ 988,243	\$ 71,622	\$ 1,006,252

Fiscal Compliance Report - 6/30/2023
District: PRAIRIE CREEK COMMUNITY (4090-7)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$2,367,622	<u>\$2,367,620</u>	<u>\$2</u>
Total Expenditures	\$2,385,631	<u>\$2,385,628</u>	<u>\$3</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$20,155	<u>\$20,155</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Funded by COP/FP	\$0	<u>\$0</u>	<u>\$0</u>
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe Schools Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$968,088	<u>\$968,088</u>	<u>\$0</u>
02 FOOD SERVICES			
Total Revenue	\$98,373	<u>\$98,372</u>	<u>\$1</u>
Total Expenditures	\$94,371	<u>\$94,371</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$22,005	<u>\$22,005</u>	<u>\$0</u>

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Funded by COP/FP	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
07 DEBT SERVICE			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
08 TRUST			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
18 CUSTODIAL			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
20 INTERNAL SERVICE			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
25 OPEB REVOCABLE TRUST			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>

Unassigned:
 4.63 Unassigned Fund Balance \$0 \$0 \$0

04 COMMUNITY SERVICE

Total Revenue \$63,805 \$63,805 \$0
 Total Expenditures \$46,977 \$46,977 \$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 \$52,830 \$52,830 \$0
Unassigned:
 4.63 Unassigned Fund Balance \$0 \$0 \$0

Total Expenditures \$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

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OTHER REPORTS

PRAIRIE CREEK COMMUNITY SCHOOL
CHARTER SCHOOL NO. 4090
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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

Board of Directors
Prairie Creek Community School

Northfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Prairie Creek Community School, (the Charter School), Northfield, Minnesota as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the 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. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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



Abdo
Minneapolis, Minnesota
September 18, 2023

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

Board of Directors
Prairie Creek Community School

Northfield, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Prairie Creek Community School, (the Charter School), Northfield, Minnesota, as of and for the year ended June 30, 2023, 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 September 18, 2023.

Report on Internal Control Over Financial Reporting

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

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

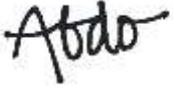
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of 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*.

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
September 18, 2023

