Annual Financial Report

The Journey School

St. Paul, Minnesota

For the year ended June 30, 2023

Lighting the path forward

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St. Paul, Minnesota
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INTRODUCTORY SECTION

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
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The Journey School
St. Paul, Minnesota
Board of Education and Administration
For the Year Ended June 30, 2023

BOARD OF EDUCATION

Name	Title	Term Expires
Brittany Barth	Chair/Treasurer	06/30/24
Amanda Neumann	Secretary	06/30/25
Michelle Ji	Member	06/30/24
Angela Silver	Member	06/30/23
Nicole Zagrzebski	Member	06/30/23

ADMINISTRATION

Michelle Cambrice	Director	

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FINANCIAL SECTION

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
The Journey School
St. Paul, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Journey School, (the Charter School), St. Paul, Minnesota as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Charter School as of June 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparison for the General fund and Food Service fund for the year ended.

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, St. Paul, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 60 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 opinion on the financial statements that collectively comprise the School's basic financial statements. The accompanying individual fund schedule 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 individual fund schedule and table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 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 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
October 23, 2023

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Management's Discussion and Analysis

As management of The Journey School, (the Charter School), St. Paul Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the page

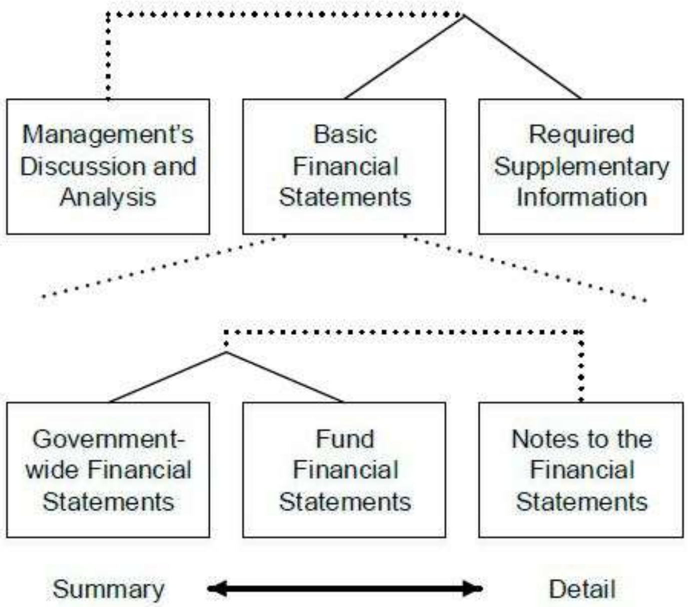
Financial Highlights

- 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 decreased as shown in the summary of changes in net position on the following pages. This was primarily a result of expenses related to the recording of the School's pension liability.
- As of the close of the current fiscal year, the School's governmental fund balances are shown in the Financial Analysis of the School's funds section of the MD&A. The total fund balance decreased in comparison with the prior year. This decrease was primarily related to expenditures in excess of the budget in the General fund across several departments.
- At the end of the current fiscal year, unassigned fund balance for the General fund, as shown in the financial analysis of the School's funds section, decreased from the prior year.

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 financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of individual fund schedules that further explains and supports the information in the financial statements. The following chart shows how the various parts of this annual report are arranged and related to one another:



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

Major Features of the Government-wide and Fund Financial Statements

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

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

The *statement of net position* presents information on all of the Charter School's assets and 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, regular instruction, special education instruction, instructional support services, pupil support services, sites and buildings, fiscal and other fixed cost programs, and interest and fiscal charges on debt.

The government-wide financial statements start on page 26 of this report.

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

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

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

The Charter School maintains two 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 and Food Service fund.

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

The basic governmental fund financial statements start 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 start on page 37 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 60 of this report.

Other Information. Individual fund schedule and table start on page 68 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 School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

A portion of the School's net position reflects its net investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Similarly, the School has assets restricted for future uses, mainly due to food service. Unrestricted net position carries a balance as shown below.

The Journey School 's Summary of Net Position

	Governmental Activities 2023	Governmental Activities 2022	Increase (Decrease)
Assets			
Current and other assets	$ 620,920	$ 714,359	$ (93,439)
Capital assets (net of accumulated depreciation/amortizatioı	689,983	903,903	(213,920)
Total Assets	1,310,903	1,618,262	(307,359)
Deferred Outflows of Resources	547,518	409,245	138,273
Liabilities			
Noncurrent liabilities outstanding	748,344	925,020	(176,676)
Net pension liability	1,041,897	308,812	733,085
Current and other liabilities	224,387	230,600	(6,213)
Total Liabilities	2,014,628	1,464,432	550,196
Deferred Inflows of Resources	4,027	267,188	(263,161)
Net position			
Net Investment in capital assets	(45,768)	(21,117)	(24,651)
Restricted	62,993	51,477	11,516
Unrestricted	(177,459)	265,527	(442,986)
Total Net Position	$ (160,234)	$ 295,887	$ (456,121)
Net Position as a Percent of Total			
Net investment in capital assets	28.6 %	(7.1) %	
Restricted	(39.3)	17.4	
Unrestricted	110.7	89.7	
	100.0 %	100.0 %	

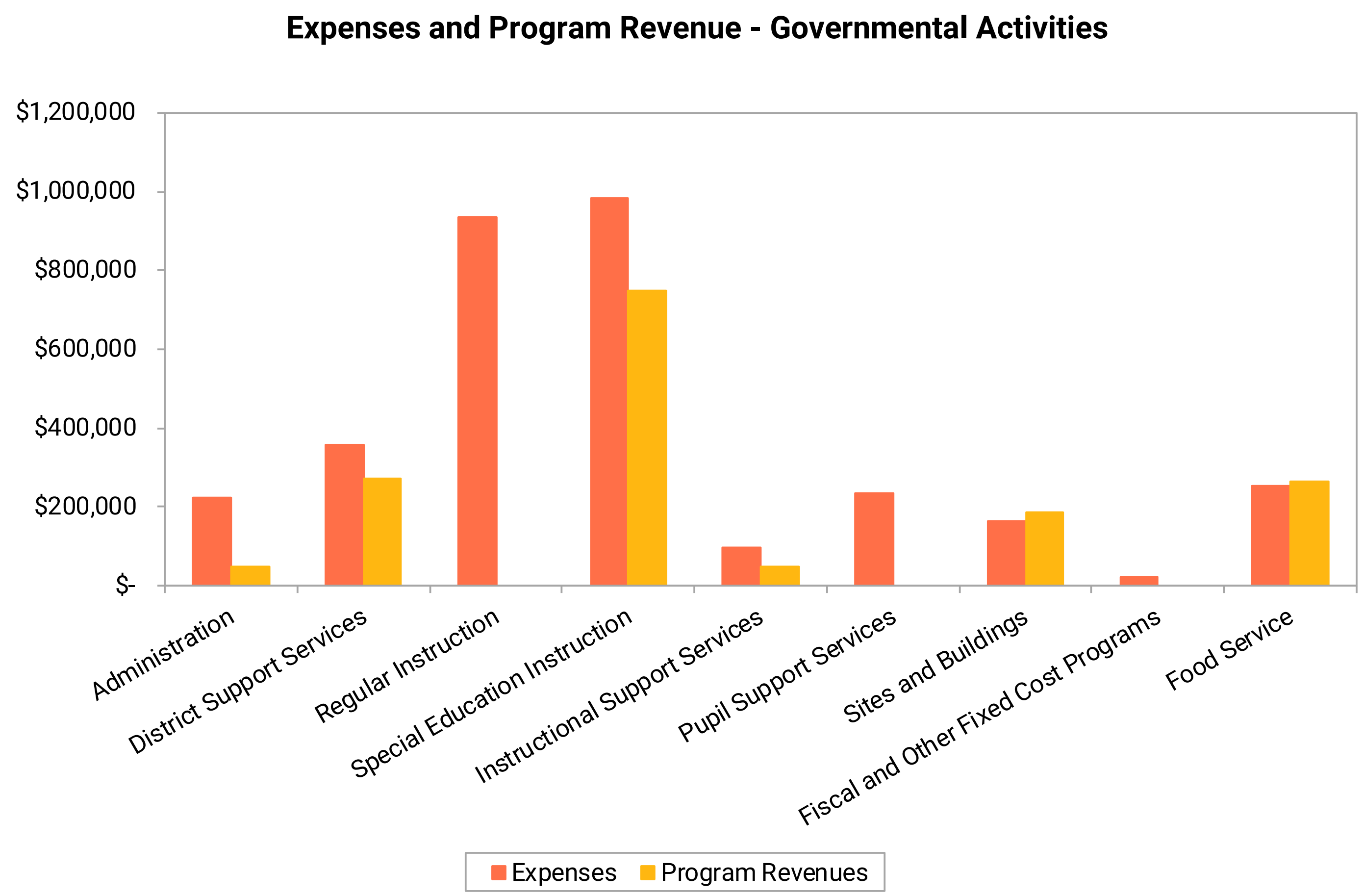
At the end of the current fiscal year, the Charter School is able to report positive balances in the restricted category of net position. The Charter School's net position decreased during the current fiscal year. Significant changes from the prior year are noted on the following page.

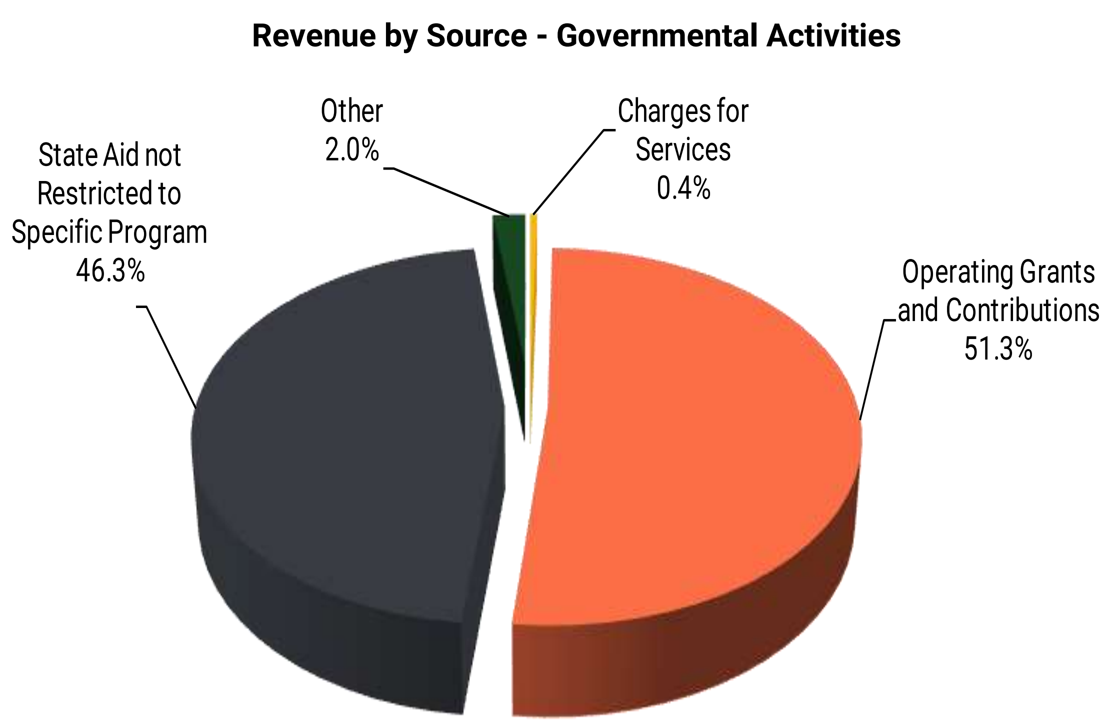
The Journey School 's Changes in Net Position

	Governmental Activities 2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 10,818	$ 5,537	$ 5,281
Operating grants and contributions	1,557,323	1,398,747	158,576
General revenues			
State aid-formula grants	1,397,711	1,222,981	174,730
Other general revenues not restricted to specific program	61,941	12,717	49,224
Unrestricted investment earnings (loss)	5,997	(3,583)	9,580
Total Revenues	3,033,790	2,636,399	397,391
Expenses			
Administration	223,480	95,107	128,373
District support services	358,302	299,631	58,671
Regular instruction	934,596	645,408	289,188
Special education instruction	984,518	742,164	242,354
Instructional support services	95,802	155,163	(59,361)
Pupil support services	234,072	51,575	182,497
Food Service	252,069	240,686	11,383
Sites and buildings	164,115	171,125	(7,010)
Fiscal and other fixed cost programs	22,181	21,374	807
Interest and fiscal charges on debt	220,776	200,086	20,690
Total Expenses	3,489,911	2,622,319	867,592
Change in Net Position	(456,121)	14,080	(470,201)
Net Position, July 1, 2020	295,887	281,807	14,080
Net Position, June 30, 2021	$ (160,234)	$ 295,887	$ (456,121)

- The decrease in net position is mainly a result of an increase in expenditures related to recording the school's net pension liability.

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





Financial Analysis of the Charter School's Funds

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

Governmental Funds. The focus of the 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 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 2023June 30, 2023.

	General Fund	Food Service Fund	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances					
Nonspendable	$ 19,814	$ 474	$ 20,288	$ 15,123	$ 5,165
Restricted	-	62,519	62,519	51,477	11,042
Unassigned	313,726	-	313,726	417,159	(103,433)
	$ 333,540	$ 62,993	$ 396,533	$ 483,759	$ (87,226)

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 41 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 both unassigned fund balance and total fund balance to total fund expenditures The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	$ 19,814	$ 15,123	$ 4,691
Unassigned	313,726	417,159	(103,433)
	$ 333,540	$ 432,282	$ (98,742)
General Fund expenditures	$ 2,854,829	$ 3,255,443	
Unassigned as a percent of expenditures	11.0%	12.8%	
Total Fund Balance as a percent of expenditures	11.7%	13.3%	

The fund balance of the School's General fund decreased during the current fiscal year as shown in the table above. The decrease in fund balance was due to total expenditures being greater than budgeted across most departments.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 2,423,816	$ 273,077	$ 2,696,893	$ 2,756,087	$ 59,194
Expenditures	2,421,346	345,447	2,766,793	2,854,829	(88,036)
Excess of Revenues Over Expenditures	2,470	(72,370)	(69,900)	(98,742)	(28,842)
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	-
Net Change in Fund Balances	2,470	(72,370)	(69,900)	(98,742)	(28,842)
Fund Balances, January 1	432,282	-	432,282	432,282	-
Fund Balances, December 31	$ 434,752	$ (72,370)	$ 362,382	$ 333,540	$ (28,842)

The School's General fund budget was amended during the year as shown above. The budget amendment increased revenues relating to federal and state sources and increased expenditures relating to mostly elementary and secondary regular instruction. Actual revenues were over the final budget and expenditures were over the final budget amounts as shown above.

Capital Assets

The Charter School's investment in capital assets for its governmental activities as of June 30, 2023 amounts to $689,983 (net of accumulated depreciation and amortization). This investment in capital assets includes equipment, leasehold improvements and the lease building. The total depreciation and amortization for the year was $221,087. The following is a schedule of capital assets as of June 30, 2023 and 2022.

The Journey School 's Capital Assets
(Net of Depreciation)

	Governmental Activities		
	2023	2022	Increase (Decrease)
Leased Building (Intangible Right to Use Asset)	$ 632,182	$ 842,910	$ (210,728)
Leasehold improvements	3,595	4,018	(423)
Equipment	54,206	56,975	(2,769)
Total	689,983	903,903	(213,920)

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

Noncurrent Liabilities

The Charter School's noncurrent liabilities consisted of capital leases payable. Balances of the noncurrent liabilities as of June 30, 2023 and 2022 are shown below.

The Journey School 's Noncurrent Liabilities

	Governmental Activities		
	2023	2022	Increase (Decrease)
Financed purchase arrangement	$ 12,593	$ 17,922	$ (5,329)
Building lease payable	735,751	907,098	(171,347)
Total	$ 748,344	$ 925,020	$ (176,676)

Additional information on the Charter School's noncurrent liabilities can be found in Note 3D starting on page 45 of this report.

Economic Factors and Next Year's Budgets and Rates

- For FY24, Districts received a 4% increase in State Aid funding.
- In FY23 the school ended with 137.66 ADM, which is an increase of 14.72 from FY22.
- The State of Minnesota is currently withholding 10 percent of the funds to which schools are entitled in the next fiscal year, 2023-2024. The holdback has remained the same percent since FY14.
- The Charter School's FY24 revenue budget is $3,135,772 and the expenditure budget is $3,140,680 resulting in a proposed year-end deficit of $4,908. The numbers reflect the Board approved original budget on May 25, 2023.
- The Charter School is consistent in executing good fiscal management by:
    1. Appropriate internal control procedures are maintained.
    2. Fiscal duties are segregated.
    3. Board meetings are held every month.
    4. Financial reports are presented at every Board meeting, except for June financials due to end of previous year process.
    5. Monthly comparisons of the budget with actual year-to-date data are provided at each Board meeting.
    6. Full utilization of the Skyward accounting system has continued.
    7. The budget is revised once or twice a 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 the Business Office, The Journey School, 775 Lexington Pkwy N, St. Paul, MN 55104.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

The Journey School
St. Paul, Minnesota
Statement of Net Position
June 30, 2023

		Governmental Activities
Assets		
Cash and temporary investments	$	302,200
Due from other school districts		138
Due from the Minnesota Department of Education		107,158
Due from the Federal government		162,817
Accounts receivable		28,319
Prepaid items		20,288
Capital assets		
Depreciable assets, net of accumulated depreciation/amortization		689,983
Total Assets		1,310,903
Deferred Outflows of Resources		
Deferred pension resources		547,518
Liabilities		
Accounts and other payables		55,097
Accrued salaries and withholdings payable		166,637
Unearned revenue		2,653
Noncurrent liabilities		
Due within one year		
Long-term liabilities		208,729
Due in more than one year		
Long-term liabilities		539,615
Net pension liability		1,041,897
Total Liabilities		2,014,628
Deferred Inflows of Resources		
Deferred pension resources		4,027
Net Position		
Net Investment in capital assets		(45,768)
Restricted for food service		62,993
Unrestricted		(177,459)
Total Net Position	$	(160,234)

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

The Journey School
St. Paul, Minnesota
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Administration	$ 223,480	$ -	$ 48,615	$ -	$ (174,865)
District support services	358,302	-	271,433	-	(86,869)
Regular instruction	934,596	-	-	-	(934,596)
Special education instruction	984,518	-	749,362	-	(235,156)
Instructional support services	95,802	-	49,515	-	(46,287)
Pupil support services	234,072	-	-	-	(234,072)
Food service	252,069	10,818	251,626	-	10,375
Sites and buildings	164,115	-	186,772	-	22,657
Fiscal and other fixed cost programs	22,181	-	-	-	(22,181)
Interest and fiscal charges on debt	220,776	-	-	-	(220,776)
Total Governmental Activities	$ 3,489,911	$ 10,818	$ 1,557,323	$ -	(1,921,770)
General Revenues					
State aid-formula grants					1,397,711
Other general revenues not restricted to specific programs					61,941
Unrestricted investment earnings					5,997
Total General Revenues					1,465,649
Change in Net Position					(456,121)
Net Position, July 1, 2022					295,887
Net Position, June 30, 2023					$ (160,234)

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

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FUND FINANCIAL STATEMENTS

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

The Journey School
St. Paul, Minnesota
Balance Sheet
Governmental Funds
June 30, 2023

	General	Food Service	Total Governmental Funds
Assets			
Cash and temporary investments	$ 238,271	$ 63,929	$ 302,200
Due from other school districts	138	-	138
Due from the Minnesota Department of Education	107,064	94	107,158
Due from the Federal Government	156,703	6,114	162,817
Accounts receivable	17,171	11,148	28,319
Prepaid items	19,814	474	20,288
Total Assets	$ 539,161	$ 81,759	$ 620,920
Liabilities			
Accounts and other payables	$ 54,298	$ 799	$ 55,097
Accrued salaries payable	151,323	15,314	166,637
Unearned revenue	-	2,653	2,653
Total Liabilities	205,621	18,766	224,387
Fund Balances			
Nonspendable prepaid items	19,814	474	20,288
Restricted for			
Food service	-	62,519	62,519
Unassigned	313,726	-	313,726
Total Fund Balances	333,540	62,993	396,533
Total Liabilities and Fund Balances	$ 539,161	$ 81,759	$ 620,920

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

The Journey School
St. Paul, 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	$	396,533
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets		86,904
Leased assets		1,053,638
Less accumulated depreciation		(29,103)
Less accumulated amortization		(421,456)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year end consist of		
Net pension liability		(1,041,897)
Financed purchase agreement payable		(12,593)
Building lease payable		(735,751)
Governmental funds do not report long-term amounts related to pensions.		
Deferred outflows of pension resources		547,518
Deferred inflows of resources - pensions		(4,027)
Total Net Position - Governmental Activities	$	(160,234)

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

The Journey School
St. Paul, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Food Service	Total Governmental Funds
Revenues			
Revenue from local sources	$ 110,395	$ 7,059	$ 117,454
Revenue from state sources	2,292,701	16,537	2,309,238
Revenue from federal sources	353,784	247,156	600,940
Interest earned on investments	5,997	-	5,997
Sales and other conversion of assets	(6,790)	-	(6,790)
Total Revenues	2,756,087	270,752	3,026,839
Expenditures			
Current			
Administration	226,003	-	226,003
District support services	342,752	-	342,752
Regular instruction	862,941	-	862,941
Special education instruction	773,986	-	773,986
Instructional support services	84,636	-	84,636
Pupil support services	175,686	-	175,686
Sites and buildings	126,537	-	126,537
Fiscal and other fixed cost programs	27,510	-	27,510
Food service	-	252,069	252,069
Capital outlay			
Instructional support services	8,098	-	8,098
Pupil support services	5,904	-	5,904
Food service	-	7,167	7,167
Debt service			
Principal	171,347	-	171,347
Interest and other charges	49,429	-	49,429
Total Expenditures	2,854,829	259,236	3,114,065
Net Change in Fund Balances	(98,742)	11,516	(87,226)
Fund Balances, July 1, 2022	432,282	51,477	483,759
Fund Balances, June 30, 2023	$ 333,540	$ 62,993	$ 396,533

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

The Journey School
St. Paul, 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	$	(87,226)
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays		7,167
Depreciation expense		(10,359)
Amortization expense		(210,728)
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.		
Retirement of lease payable		171,347
Principal payments on financed purchase agreement		5,329
Long-term pension activity is not reported in governmental funds.		
Pension expense		(338,602)
Pension revenue		6,951
Change in Net Position - Governmental Activities	$	(456,121)

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

The Journey School
St. Paul, 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	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Revenue from local sources	$ 53,000	$ 67,500	$ 110,395	$ 42,895
Revenue from state sources	2,199,931	2,236,672	2,292,701	56,029
Revenue from federal sources	170,835	386,221	353,784	(32,437)
Interest earned on investments	50	6,500	5,997	(503)
Sales and other conversion of assets	-	-	(6,790)	(6,790)
Total Revenues	2,423,816	2,696,893	2,756,087	59,194
Expenditures				
Current				
Administration	215,589	232,581	226,003	6,578
District support services	416,647	331,765	342,752	(10,987)
Regular instruction	673,682	845,827	862,941	(17,114)
Special education instruction	703,022	741,734	773,986	(32,252)
Instructional support services	38,371	63,163	84,636	(21,473)
Pupil support services	29,973	173,592	175,686	(2,094)
Sites and buildings	62,116	117,001	126,537	(9,536)
Fiscal and other fixed cost programs	22,500	30,100	27,510	2,590
Capital outlay				
District support services	8,900	-	-	-
Instructional support services	25,200	10,250	8,098	2,152
Pupil support services	5,904	-	5,904	(5,904)
Debt service				
Principal	219,292	220,780	171,347	49,433
Interest and other charges	150	-	49,429	(49,429)
Total Expenditures	2,421,346	2,766,793	2,854,829	(88,036)
Net Change in Fund Balances	2,470	(69,900)	(98,742)	(28,842)
Fund Balances, July 1, 2022	432,282	432,282	432,282	-
Fund Balances, June 30, 2023	$ 434,752	$ 362,382	$ 333,540	$ (28,842)

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

The Journey School
St. Paul, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Revenue from state sources	$ 1,570	$ 5,000	$ 16,537	11,537
Revenue from federal sources	198,957	252,128	247,156	(4,972)
Sales and other conversion of assets	14,473	10,459	7,059	(3,400)
Total Revenues	215,000	267,587	270,752	3,165
Expenditures				
Current				
Food service	235,000	231,868	252,069	(20,201)
Capital outlay				
Food service	-	5,000	7,167	(2,167)
Total Expenditures	235,000	236,868	259,236	(22,368)
Net Change in Fund Balances	(20,000)	30,719	11,516	(19,203)
Fund Balances, July 1, 2022	51,477	51,477	51,477	-
Fund Balances, June 30, 2023	$ 31,477	$ 82,196	$ 62,993	$ (19,203)

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Journey School, (the Charter School), St. Paul, Minnesota is a nonprofit that was formed February 19, 2019 under Section 501(c)(3) of the Internal Revenue Code in accordance with Minnesota Statutes and began operating February 19, 2019 pursuant to applicable Minnesota laws and statutes. The Charter School is authorized by Innovative Quality Schools. The primary objectives of the School are to empower teachers, engage parents, and inspire a community by setting high expectations through technology-supported teaching and learning, implementing high standards, and measuring results.

The Charter School has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Charter School are such that exclusion would cause the Charter School's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board(GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The Charter School has no component units that meet the GASB criteria.

The Charter School does not have any student activity accounts.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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.

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

Description of Funds

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

Major Governmental Funds

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

The *Food Service fund* accounts for receipts and disbursements of the Charter School's nutrition program. Revenues from state sources and federal sources are restricted to the nutrition program.

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

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

Deposits and Investments

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

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

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

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

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

Due from the Department of Education

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

Prepaid Items

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets include equipment. Capital assets are defined by the Charter School as assets with an initial, individual cost of more than $2,500 (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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Equipment of the Charter School is depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 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 has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

Teachers Retirement Association (TRA)

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

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

Public Employees Retirement Association (PERA)

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

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	$ 378,516	$ 76,171	$ 454,687
Proportionate share of State's contribution	2,831	4,120	6,951
Total pension expense	$ 381,347	$ 80,291	$ 461,638

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

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 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.

Fund Balance

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

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

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

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

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Education itself or by an official to which the Board of Education 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 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

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

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

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are prepared for Charter School funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the General fund and Food Service special revenue fund.

The Charter School amended the budgets to account for changes from initial expectations. In the General fund, budgeted total revenues increased $273,077 and budgeted total expenditures increased $345,447. The Food Service fund budget was also amended with total revenues increasing $52,587 and expenditures increasing $1,868.

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

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

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

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

4. Total fund expenditures in excess of the budget require approval of the Board of Directors.

5. Budget appropriations lapse at year end.

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

7. The Charter School does not use encumbrance accounting.

Note 2: Stewardship, Compliance and Accountability (Continued)

Excess of Expenditures Over Appropriations

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 2,766,793	$ 2,854,829	$ 88,036
Food Service	236,868	259,236	22,368

The excess expenditures were funded by revenues in excess of budget as well as available fund balance.

Note 3: Detailed Notes on All Funds

A. Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

Note 3: Detailed Notes on All Funds (Continued)

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

At year end, the Charter School's carrying amount of deposits was $302,200 and the bank balance was $305,088. $271,375 of the bank balance was covered by federal depository insurance and the excess amount was covered by pledged collateral.

B. Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated/Amortized				
Equipment	$ 75,507	$ 7,167	$ -	$ 82,674
Leasehold Improvements	4,230	-	-	4,230
Leased Building (Intangible Right to Use Asset)	1,053,638	-	-	1,053,638
Total Capital Assets Being Depreciated/Amortized	1,133,375	7,167	-	1,140,542
Less Accumulated Depreciation/Amortization for				
Equipment	(18,532)	(9,936)	-	(28,468)
Leasehold Improvements	(212)	(423)	-	(635)
Leased Building (Intangible Right to Use Asset)	(210,728)	(210,728)	-	(421,456)
Total Accumulated Depreciation/Amortizatioı	(229,472)	(221,087)	-	(450,559)
Governmental Activities Capital Assets, Net	$ 903,903	$ (213,920)	$ -	$ 689,983

Depreciation and amortization expense was charged to the specific programs for the period ended June 30, 2023 below:

Governmental Activities	
District Support	$ 460
Elementary and Secondary Regular Instruction	240
Instructional Support Services	3,068
Pupil Support Services	5,949
Sites and buildings	211,370
Total Depreciation/Amortization Expense - Governmental Activities	$ 221,087

Note 3: Detailed Notes on All Funds (Continued)

C. Financed Purchase Agreement

Financed Purchased Arrangement

In Fiscal Year 2021 the school entered into a financed purchase agreement for a Ford Transit Van. The details are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End	Due Within One Year
Ford Transit Lease	$ 25,596	3.50 %	12/11/20	09/01/25	$ 12,593	$ 5,529

Description	Cost	Accumulated Depreciation	Net Book Value
Ford Transit Van	$ 45,596	$ (11,779)	$ 33,817

The annual requirements to amortize the financed purchase arrangement at June 30, 2023 are as follows

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	$ 5,529	$ 376	$ 5,904
2025	5,735	169	5,904
2026	1,329	9	1,338
Total	$ 12,593	$ 554	$ 13,146

D. Long-term Liabilities

Lease Payable

Lease agreements are summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Maturity Date	Balance at Year End	Due Within One Year
Bulding lease	$ 1,053,637	5.96 %	07/01/21	07/01/26	$ 735,751	$ 203,200

The school signed a building lease with The SON Experience, a Minnesota nonprofit corporation operated as a Christian Church, with a commencement date of July 1, 2021. The building lease is to be used for schoolhouse facilities, parking areas, and outdoor recreation spaces. The lease matures on 7/1/2026. The Base Rent for each Lease Year will be the Lease Aid Maximum, provided that in no event will the base rent be less than the first years rent of $200,000. 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.

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending June 30,	Governmental Activities Principal	Interest	Total
2024	$ 203,200	$ 38,360	$ 241,560
2025	258,361	24,758	283,119
2026	274,190	8,930	283,120
Total	$ 735,751	$ 72,048	$ 807,799

Change in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Financed purchase arrangement	$ 17,922	$ -	$ (5,329)	$ 12,593	$ 5,529
Building lease Payable	907,098	-	(171,347)	735,751	203,200
Total	$ 925,020	$ -	$ (176,676)	$ 748,344	$ 208,729

Note 4: Defined Benefit Pension Plans

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.

Note 4: Defined Benefit Pension Plans (Continued)

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

Tier I:	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are 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

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, 2017, the early retirement reduction factors are based on rates established under Minnesota statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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.

Note 4: Defined Benefit Pension Plans (Continued)

3. Contribution Rate

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

	Ending June 30, 2021		Ending June 30, 2022		Ending June 30, 2023	
Plan	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 Charter School's contributions for the year ending June 30, 2023, 2022, and 2021 were $42,698, $25,525, and $25,086. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's fiscal year 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 Annual Comprehensive 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	(572,000)
Total Employer Contributions	479,929,000
Total Non-employer Contributions	35,590,000
Total Contributions Reported in Schedule of Employer and Non-Employer Pension Allocations	$ 515,519,000

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

Note 4: Defined Benefit Pension Plans (Continued)

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
Measurement date	June 30, 2022
Experience study	June 28, 2019 (demographic and economic assumptions)*
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	3.00% before July 1, 2028 and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP-2015 scale
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment

*The 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.

Note 4: Defined Benefit Pension Plans (Continued)

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

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

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).

Note 4: Defined Benefit Pension Plans (Continued)

7. Net Pension Liability

At June 30, 2023, the School reported a liability of $400,374 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 School's proportion of the net pension liability was based on the 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 Charter School. The School's proportionate share was 0.0050 at the end of the year and 0.0053 at the beginning of the year.

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

Charter School's Proportionate Share of Net Pension Liability	$	400,374
State's Proportionate Share of Net Pension Liability Associated with the Charter School		29,900
Total		430,274

For the year ended June 30, 2023, the Charter School recognized pension expense of $76,171. It also recognized $4,120 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, the 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	$ 5,500	$ 2,322
Changes in Actuarial Assumptions	67,964	-
Net Difference Between Projected and Actual Earnings on Plan Investments	386	-
Changes in Proportion	117,281	-
Contributions to TRA Subsequent to the Measurement Date	42,698	-
Total	$ 233,829	$ 2,322

Deferred outflows of resources totaling $42,698 related to pensions resulting from the District's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2024	$	59,531
2025		59,531
2026		(5,886)
2027		45,886
2028		29,513
Thereafter		234

Note 4: Defined Benefit Pension Plans (Continued)

8. 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.

1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
$ 631,167	$ 400,374	$ 211,195

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.

9. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Plan

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

Note 4: Defined Benefit Pension Plans (Continued)

2. Benefits Provided

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. 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 2021 and the Charter School was required to contribute 7.50 percent for Coordinated Plan members. The Charter School's contributions to the General Employee Fund for the year ending December 31, 2023, 2021, and 2020 were $45,628, $9,753, and $4,176. The Charter School's contributions were equal to the required contributions for each year as set by state statute.

Note 4: Defined Benefit Pension Plans (Continued)

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the Charter School reported a liability of $641,523 for its proportionate share of the General Employees Fund's net pension liability. The Charter School's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The Charter School's proportionate share of the net pension liability was based on the Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the Charter School's proportion was 0.0081 percent at the end of the measurement period and 0.0018 at the beginning of the period.

Charter School's Proportionate Share of the Net Pension Liability	$ 641,523
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Charter School	18,949
Total	$ 660,472

For the year ended June 30, 2023, the School recognized pension expense of $378,516 for its proportionate share of the General Employees Plan's pension expense. In addition, the Charter School recognized $2,831 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 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	$ 5,358	$ 1,448
Changes in Actuarial Assumptions	35,675	257
Net Difference Between Projected and Actual Earnings on Plan Investments	179,910	-
Changes in Proportion	12,408	-
Contributions to GERF Subsequent to the Measurement Date	80,338	-
Total	$ 313,689	$ 1,705

Note 4: Defined Benefit Pension Plans (Continued)

The $80,338 reported as deferred outflows of resources related to pensions resulting from the Charter School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

2023	$	71,307
2024		59,217
2025		43,106
2026		58,016

C. Long-Term Expected Return on Investment

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

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

D. 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. 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.

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.

Note 4: Defined Benefit Pension Plans (Continued)

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

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.

E. Discount Rate

The discount rate used to measure the total pension liability in 2022 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.

F. Pension Liability Sensitivity

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

1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
$ 1,013,319	$ 641,523	$ 336,593

G. Pension Plan Fiduciary Net Position

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

Note 5: Other Information

A. Risk Management

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

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

B. Contingencies

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

C. 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 open and all others are closed. No returns are currently under examination in any tax jurisdiction.

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REQUIRED SUPPLEMENTARY INFORMATION

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

The Journey School
St. Paul, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2023

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/22	0.0050 %	$ 400,374	$ 29,900	$ 430,274	$ 313,961	127.5 %	76.2 %
6/30/21	0.0053	231,944	19,402	251,346	308,566	75.2	86.6
6/30/20	0.0046	339,854	28,564	368,418	252,336	134.7	75.5

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

Schedule of Employer's TRA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/23	$ 42,698	$ 42,698	$ -	$ 499,391	8.55 %
6/30/22	25,525	25,525	-	306,055	8.34
6/30/21	25,086	25,086	-	308,561	8.13
6/30/20	19,985	19,985	-	252,336	7.92

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

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.

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.

The Journey School
St. Paul, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2023

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the 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-Employee Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/22	0.0081 %	$ 641,523	$ 18,949	$ 660,472	$ 608,378	105.4 %	76.7 %
6/30/21	0.0018	76,868	2,404	79,272	130,040	59.1	87.0
6/30/20	0.0008	47,964	1,435	49,399	55,680	86.1	79.0

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

Schedule of Employer's PERA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/23	$ 80,338	$ 80,338	$ -	$ 1,071,175	7.50 %
6/30/22	45,628	45,628	-	608,378	7.50
6/30/21	9,753	9,753	-	130,040	7.50
6/30/20	4,176	4,176	-	55,680	7.5

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

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

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

2021- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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

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

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

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

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

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

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

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

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

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

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

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

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

2016 - No changes noted.

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

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INDIVIDUAL FUND SCHEDULE AND TABLE

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

The Journey School
St. Paul, 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)

	2023				2022
	Budgeted Amounts		Actual	Variance With	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Revenue from local sources	$ 53,000	$ 67,500	$ 110,395	$ 42,895	$ 105,464
Revenue from state sources	2,199,931	2,236,672	2,292,701	56,029	2,007,384
Revenue from federal sources	170,835	386,221	353,784	(32,437)	295,541
Interest earned on investments	50	6,500	5,997	(503)	(3,583)
Sales and other conversion of assets	-	-	(6,790)	(6,790)	49
Total Revenues	2,423,816	2,696,893	2,756,087	59,194	2,404,855
Expenditures					
Current					
Administration					
Salaries	152,032	156,582	151,476	5,106	23,891
Fringe benefits	53,569	55,249	53,186	2,063	15,616
Purchased services	-	7,500	6,000	1,500	-
Supplies and materials	-	-	-	-	719
Other	9,988	13,250	15,341	(2,091)	12,918
Total administration	215,589	232,581	226,003	6,578	53,144
District support services					
Salaries	155,780	70,333	71,842	(1,509)	43,097
Fringe benefits	25,770	14,832	34,649	(19,817)	9,715
Purchased services	219,514	221,150	215,828	5,322	220,248
Supplies and materials	15,171	25,200	20,779	4,421	23,514
Other	412	250	(346)	596	334
Total district support services	416,647	331,765	342,752	(10,987)	296,908
Regular instruction					
Salaries	506,136	630,532	658,988	(28,456)	358,717
Fringe benefits	90,025	144,813	147,534	(2,721)	81,119
Purchased services	6,017	17,658	15,522	2,136	28,094
Supplies and materials	71,504	52,824	40,897	11,927	94,865
Total regular instruction	673,682	845,827	862,941	(17,114)	562,795
Special education instruction					
Salaries	548,190	576,327	506,814	69,513	492,412
Fringe benefits	89,420	109,043	106,949	2,094	105,258
Purchased services	60,178	51,235	155,230	(103,995)	105,867
Supplies and materials	5,234	5,129	4,993	136	13,603
Total special education instruction	703,022	741,734	773,986	(32,252)	717,140
Instructional support services					
Salaries	-	8,500	29,401	(20,901)	12,457
Fringe benefits	-	7,938	6,497	1,441	1,934
Purchased services	20,900	2,000	3,438	(1,438)	43,352
Supplies and materials	17,471	44,725	45,300	(575)	83,521
Total instructional support services	38,371	63,163	84,636	(21,473)	141,264
Pupil support services					
Salaries	20,600	61,311	53,636	7,675	16,849
Fringe benefits	3,422	9,781	6,189	3,592	5,326
Purchased services	3,939	99,200	109,174	(9,974)	12,946
Supplies and materials	2,012	3,300	6,265	(2,965)	13,806
Other	-	-	422	(422)	443
Total pupil support services	29,973	173,592	175,686	(2,094)	49,370

The Journey School
Charter School No. 4056
St. Paul, 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)

	2023				2022
	Budgeted Amounts		Actual	Variance With	Actual
	Original	2254	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Sites and buildings					
Salaries	$ -	$ 27,000	$ 27,293	$ (293)	$ -
Fringe benefits	-	4,831	4,509	322	-
Purchased services	60,897	81,405	82,382	(977)	91,820
Supplies and materials	1,219	300	7,137	(6,837)	14,076
Other	-	3,465	5,216	(1,751)	-
Total sites and buildings	62,116	117,001	126,537	(9,536)	105,896
Fiscal and other fixed cost programs					
Purchased services	22,500	30,100	27,510	2,590	26,264
Total current	2,161,900	2,535,763	2,620,051	(84,288)	1,952,781
Capital outlay					
District support services	8,900	-	-	-	5,160
Regular instruction	-	-	-	-	19,636
Instructional support services	25,200	10,250	8,098	2,152	10,831
Pupil support services	5,904	-	5,904	(5,904)	5,792
Sites and buildings	-	-	-	-	1,061,157
Total capital outlay	40,004	10,250	14,002	(3,752)	1,102,576
Debt service					
Principal	219,292	220,780	171,347	49,433	146,540
Interest and other charges	150	-	49,429	(49,429)	53,546
Total debt service	219,442	220,780	220,776	4	200,086
Total Expenditures	2,421,346	2,766,793	2,854,829	(88,036)	3,255,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,470	(69,900)	(98,742)	(28,842)	(850,588)
Other Financing Sources					
Lease proceeds	-	-	-	-	1,053,638
Net Change in Fund Balances	2,470	(69,900)	(98,742)	(28,842)	203,050
Fund Balances, July 1, 2022	432,282	432,282	432,282	-	229,232
Fund Balances, June 30, 2023	$ 434,752	$ 362,382	$ 333,540	$ (28,842)	$ 432,282

DEPARTMENT OF EDUCATION

Fiscal Compliance

Fiscal Compliance Report - 6/30/2023

District: THE JOURNEY SCHOOL (4258-7)

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01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$2,756,087	$2,756,086	$1
Total Expenditures	$2,854,829	$2,854,827	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$19,814	$19,814	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$0	$0	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$313,726	$313,728	($2)

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$270,752	$270,753	($1)
Total Expenditures	$259,236	$259,245	($9)
Non Spendable:			
4.60 Non Spendable Fund Balance	$474	$474	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$62,519	$62,518	$1

06 BUILDING CONSTRUCTION

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

07 DEBT SERVICE

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

08 TRUST

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

18 CUSTODIAL

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

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

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

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

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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

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OTHER REQUIRED REPORTS

THE JOURNEY SCHOOL
ST. PAUL, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Members of the Board of Education
The Journey School
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the remaining aggregate fund information of The Journey School, (the Charter School), St. Paul, 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 October 23, 2023.

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

Abdo
Minneapolis, Minnesota
October 23, 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*

Members of the Board of Education
The Journey School
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and remaining aggregate fund information of The Journey School, (the Charter School), St. Paul, 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 October 23, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Abdo
Minneapolis, Minnesota
October 23, 2023