



2015-2016 Annual Report



Vision

To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners and global citizens.

Mission

To offer intense math and science experiences and challenging opportunities in the arts and humanities. To develop lifelong learning skills, including critical thinking, effective time management, and collaboration with peers.



Math and Science Academy

A Minnesota Charter School

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2015-2016 ANNUAL REPORT

**Submitted to:
Student Achievement Minnesota
(SAM) MSA's Authorizer
Liz Wynne**

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Introduction

The Math and Science Academy (MSA) opened in the fall of the 1999-2000 school year and serves students grades six through twelve. MSA places tremendous value on a school design based on curriculum, standards driven, and collaboratively run. The curriculum places emphasis in the areas of math and science with a balance of humanities. The MSA standard requires that students achieve beyond current state mandates and testing criteria. MSA students are required to complete a math program through calculus and a science program that includes biology, chemistry, and physics. Additionally, all students at MSA must take Social Studies and English every year, as well as Spanish through the 11th grade. MSA requires at least one year of high school fine arts, a half year of physical education, and health in the 9th grade. MSA also boasts a music program which includes choir, a string orchestra, and jazz band. In addition, MSA students can enhance their learning experience by participating in a variety of after school activities (see Appendix A).

It is the MSA's policy to provide an equal educational opportunity for all students. The Math and Science Academy does not discriminate on the basis of race, color, creed, religion, national origin, sex, marital status, parental status, status with regard to public assistance, disability, sexual orientation or age. Thus far, after fifteen graduating classes, only six seniors have failed to graduate on time. Moreover, while the state of Minnesota has led the nation in ACT scores over the past five years with an average composite of 22.5, the average composite MSA ACT score over the past five years has been 27.7.

In the spring of 2010, the MSA Board of Directors took time to review and rewrite the mission, vision, and core values of the school. The goal of this activity was all part of the process of strategic planning. The Strategic Plan was updated and revised in 2012-13, and the BOD is currently working on revisions that will project a five year plan starting with the 2016-17 school year. As such, the mission, vision and core values of MSA now read as follows:

Vision

To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners and global citizens.

Mission

To offer intense math and science experiences and challenging opportunities in the arts and humanities. To develop lifelong learning skills, including critical thinking, effective time management, and collaboration with peers.

Core Values

- MSA will foster a safe environment where every voice is heard and individuals are free to take risks.
- MSA will continue to improve performance and recognize outstanding achievement.
- MSA will empower students to develop skills in organization, time management and self-discipline.
- MSA will continuously evaluate and improve our program to ensure the highest quality of education.
- MSA will encourage networking, collaboration, and open communication between all members of our community.
- MSA will encourage students and staff to show respect for others and their views.
- MSA students and staff will exhibit fairness, cooperation, integrity and honesty.
- MSA students and staff will take responsibility for their actions.
- MSA will encourage students, their parents and staff to volunteer at school.
- MSA will set high expectations for teaching and learning.

Governance

MSA is governed by a Board of Directors (BOD) that is comprised of a membership in accord with Minnesota statute and consists of four (4) licensed teachers who are employed by MSA at .5 FTE or above, three (3) parents (or legal guardians) of enrolled students, two (2) community members, and a non-voting student enrolled at MSA in grades 9-12. The Director and Chief Financial Officer sit on the board as ex-officio, non-voting members. MSA BOD elections are held each year on the first Tuesday in April (The actual date is set by the BOD on the recommendation of the BOD Election Committee.). Board of Directors are elected for 3 year terms, with three terms expiring each year.

MSA Board Meetings are typically held on the third Monday of each month. The BOD routinely conducts workshops before the regular meetings to address the larger issues, thereby giving the community a chance to participate with respect to all issues brought before the board.

The 2015-2017 BOD members are listed below in order of officers and term expiration date.

Name	Board Position	Group	Date Seated	Term Expiration	State Required Board Training Completed
Tim Tydlacka	Chair	Teacher Member	Jun 2014	Jun 2017	Yes - 2,3
Deb Ledvina	Vice-Chair	Parent Member	Aug 2014	Jun 2017	Yes – 2,3
Mona Hayashi	Treasurer	Parent Member	Jun 2013	Jun 2016	Yes – 2,3,7
Noelle Haland	Secretary	Parent Member	Jun 2015	Jun 2018	Yes – 5
Joe Burianek		Community Member	Jun 2013	Jun 2016	Yes – 2,8
Peter Irvine		Community Member	Jun 2015	Jun 2018	Yes – 5
Mara Bertlesen		Teacher Member	Jun 2014	Jun 2017	Yes – 8
Jeanne Albers		Teacher Member	Jun 2015	Jun 2018	Yes – 5
Jessie Heydt		Teacher Member	Nov 2014	Jun 2016	Yes – 4
Atte Kadoma		Student Representative	Jun 2015	Jun 2016	N/A
John Gawarecki	Director Ex-Officio	School District	N/A	N/A	Yes – 5,6,8
Judith Darling	CFO Ex-Officio	School District	N/A	N/A	Yes – 1

1 Completed Charter School Board Finance Training - February 12, 2014.

2 Completed Charter School Finance Training August 17, 2014.

3 Completed Charter School Board Training: Board Governance, Employment Law. Finance Matters - October 14, 2014.

4 Completed Charter School Board Training: Board Governance, Employment Law. Finance Matters - January 13, 2015.

5 Completed Charter School Board Training: Board Governance, Employment Law. Finance Matters - August 4, 2015

6 Completed Charter School Board Training Employment in Charter Schools - December 2, 2015.

7 Completed Charter School Finance Matters Training, March 14, 2016.

8 Completed Charter School Board Training Governance, and Employment Law - April 14, 2016.

MSA School Management & Administrative Team

John Gawarecki	Director	
Romelle Pornschloegl	Assistant Director	
Shannon Froberg	Activities Director	
Judith Darling	Financial Manager	Beltz, Kes, Darling & Associates
Ann Knops	Office Manager Bldg B	
Joyce Lawrence	Business Manager	
Joell Pundsack	Office Manager/Data Coordinator	
Nastaran Khanpour	Part-Time Office Assistant	
Carrie Brookins	School Psychologist	File Folder # 368171
Marsha Bunge	SPED Coordinator	File Folder # 408232

School Director Biography

John Gawarecki was hired as Director of MSA to begin in July 2015. He also serves as an ex-officio member of the MSA Board of Directors. He has a BS, in Natural Sciences and is a licensed Minnesota teacher in Physical Sciences and Coaching (File Folder #361839). He is completing his MA in Educational Administration and pursuing his Superintendent's license. John has over twenty years of experience in the education field with twelve years of experience in public charter schools. (See Director Development Plan, Appendix B.)

Teaching Staff Information

For the 2015-2016 school year, 100% of the MSA teaching staff were recognized as highly qualified and fully licensed. For the 2015-16 school year, the school hired a new Assistant Director, Romelle Pornschloegl, along with thirteen other new staff, which was composed of nine new teachers, four new Education Assistants, and a part-time receptionist. The goal of hiring the Assistant Director was to decrease the administrative burden on the director and for this position to fulfill the role of academic advisor for students.

Teacher Licensure Report – 2015-16

Full Name	MN License No.	Licensure Area	Teaching Assignments
Jean Rose Albers	474829	5-8 Science 9-12 Life Sciences	Anatomy 9-12 th grade Biology
Lisa Marie Anderson	369704	7-12 Social Studies	7-9 th grade Social Studies
Markell Carroll Anderson	486511	K-12 English As A Second Language K-12 Spanish	6-12 th Spanish
Mara Bertelsen	484329	5-12 Mathematics	7-12 th grade Math
Marsha Rochelle Simon Bunge	408232	K-12 Emotional Behavior Disorders K-12 Learning Disabilities	6-8 th grade Special Education
Margaret Catherine Vincent Burggraaff	376388	7-12 Grade English/Language Arts	9-12 th grade English
Mark Greseth	488183	5-8 Science 9-12 Life Sciences	6 - 9 Science
Caitlin Ann Kender Harper	480782	5-12 Mathematics	6-9 Mathematics
Amanda Margaret Henkels	484282	5-12 Communication Arts/Literature 7-12 Spanish	7-9 th grade Spanish
Jennifer J. Heydt-Nelson	413292	K-12 Visual Arts	8-12 th grade Art
Jessica Elisabeth Heydt-Nelson	453570	5-12 Social Studies	8-12 th grade Social Studies
Cheryl Ann Howe	415900	K-6 Elementary Education 5-8 Science	6-8 th grade Science
Thomas E Johnston	426430	K-12 Physical Education 5-12 Health Education	6-7 Physical Education 6-7 Health
Hannah Kostichka	488152	K-12 Academic and Behavioral Strategist	6-8 Special Education
Michelle Marie Kurkoski	416675	5-12 Social Studies	9-10 th grade Social Studies
Noah Langseth	460701	5-12 Mathematics	6-9 Mathematics
Kassie Lynn Larson	451897	K-12 Spanish	6-8 th grade Spanish
Molly Elizabeth Molitor	427302	K-12 Physical Education 5-12 Health Education	6-9 th grade Phys. Education 7 th and 9 th grade Health
Steven Lee Pullar	374091	7-12 Physical Science	8 th , 11-12 th grade Science
Kerry Ann O'Keefe	482091	K-12 Visual Art	6-8 th grade Art
Michelle Nicole Richards	403184	7-12 English/Language Arts	7 th grade English
Catherine Roath	448473	5-12 Social Studies	6-12 Social Studies
Rachael Ann Ryan	443271	5-12 Communication Arts/Literature	6 th grade English
Judith Ann Mlinar Seeberger	484500	5-12 Communication Arts/Literature	6-9 English
Jerry Clark Shelton	264285	K-12 Music	6-12 th grade Music
Alouisa May Thames	488847	9-12 Life Science 9-12 Chemistry	9-12 Chemistry
Timothy Michael Tydlacka	360146	7-12 English/Language Arts	10-12 th grade English
Cheryle Teresa Ward	446450	K-12 English as a Second Language 5-12 Communication Arts/Literature	7-8 th grade English
Bronwen Kendrick Williams	398286	7-12 Mathematics	7-11 th grade Math
Lauren June Zachman	442513	5-12 Mathematics	10-12 th grade Math

Non-Licensed Support Staff

Name	Area of Assignment
Carrie Cardinal	Special Education Assistant
Tom Church	Special Education Assistant
Debra Fleischhacker	Special Education Assistant
Tom Harper	Special Education Assistant
Michelle Kruse	Special Education Assistant
Ryan Medeiros	Special Education Assistant/504 Coordinator
Sandy Prouix	Special Education Assistant
Laurie Traxler	Special Education Assistant
Deborah Webster	Special Education Assistant
Jinnan Wienhandl	Special Education Assistant

School Enrollment Procedures

General Statement of Enrollment

It is the Math and Science Academy's policy to provide equal educational opportunity for all students. The Math and Science Academy does not unlawfully discriminate on the basis of race, color, creed, religion, national origin, sex, marital status, parental status, status with regard to public assistance, disability, sexual orientation or age.

Admission Requirements

The policy of the Math and Science Academy is to enroll a student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils will be accepted by lot. The Math and Science Academy gives preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's teachers before accepting other pupils by lot. The Math and Science Academy does not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Admission Policies & Procedures

Math and Science Academy establishes the following Admissions and Lottery Policy.

Policy Statement: Admission to Math & Science Academy is open to all students, without regard to ability, race, religion, or any other factors, other than the capacity of the program, class, grade level, or building.

- (1) Each school year, the Board of Directors:
 - a. Initiates around January 1st the open enrollment period applicable to the following school year's admissions.
 - b. Posts on the Math and Science Academy website around January 1st:
 - (i) Math and Science Academy's enrollment application applicable to the following school year, and
 - (ii) the Admissions and Lottery Policy.
 - c. Establishes and publishes at the February board meeting, the available enrollment by grade applicable to the following school year.
- (2) Prior to the beginning of the open enrollment period, the school provides notice of the open enrollment period to parents and teachers so that siblings of currently admitted students and children of teachers may submit an application.
- (3) Prior to the beginning of the open enrollment period, the school asks families to complete an "Intent to Return" form.
- (4) Each enrollment application received is date-stamped and also either time-stamped or sequentially stamped by number designating the order in which applications were received for each such date.
- (5) All applications received during the open enrollment period are automatically accepted for enrollment (i.e. admitted) unless more applications are received than the available enrollment established by the Board for the applicable grade(s). In this situation, all submitted applications for such grade(s) are placed in the lottery; however, siblings of currently admitted students and children of teachers employed in school have preference.
- (6) Siblings, who submit an application or currently admitted students are automatically admitted unless the number of sibling applications exceed the available enrollment established by the Board for the applicable grade(s). If the number of sibling applications exceeds available enrollment in any grade, a sibling lottery is held for each such grade. Siblings are admitted to the school in order in which they are drawn in that lottery. If all available enrollment in a grade is filled by siblings, the sibling lottery continues and establishes the sibling waiting list, which has preference over both the teacher-children waiting list and the general waiting list.
- (7) Children of teachers employed at the school who submit an application before the expiration of the open enrollment period, are automatically admitted provided that all siblings (of already admitted students) who submitted an application are admitted, and provided there is available enrollment as determined by the Board for the applicable grade(s). If the number of children of teachers exceeds the available enrollment established by the Board for any grade (and after all siblings of admitted students who submitted an application are admitted), a teacher-children lottery is held. Children of teachers are admitted to the school in order in which they are drawn in the lottery. If all available enrollment in a

grade is filled by children of teachers, the teacher-children lottery continues to establish the teacher-children waiting list for each such grade.

- (8) If the number of applications received during the open enrollment period exceeds available enrollment established by the Board for any grade (and after siblings of admitted students) who submitted applications are already admitted or establish a sibling waiting list, and after all children of teachers employed at the school who submitted an application are already admitted or establish a teacher-children waiting list), the school conducts a general lottery. All applications for each such grade(s) (excluding applications from siblings of already admitted students and excluding applications from children of teachers employed at the school) received before the expiration of the enrollment period are included in the general lottery. Students are admitted to the school in order in which they are drawn in the lottery, as long as there is available enrollment as determined by the Board for the applicable grade(s). If all available enrollment in any grade is filled, the lottery continues and establishes the general waiting list for each such grade in the order drawn, until all applications are drawn. If a student is admitted through the general lottery and that student has one or more siblings in other grades also subject to a lottery, those siblings are automatically admitted as long as available enrollment as determined by the Board remains in the applicable grade(s).
- (9) Applicants are automatically admitted as long as there is available enrollment as established by the Board in the applicable grade and siblings continue to have preference, in the order received. If, or once, there is no available enrollment in any grade, applications are added to the applicable waiting list for each such grade, in the order received.
- (10) The school conducts all lotteries through a method of random selection.

General Admission Procedures:

- (1) **Order of Admission:** Siblings of Already Admitted Students, then Children of Teachers Employed at the School, then General Admissions.
- (2) **No waiting list carry over from year to year:** Each waiting list is subject to a lottery and redrawn during each admission process each year.
- (3) **Multiple births (twins, triplets, etc.):** Each student seeking admission completes an application (i.e. not one application for the family). In a lottery situation, each student receives an individual number/lot in the lottery.
- (4) **Lottery Grade Order:** Applicable lotteries occur from highest grade to lowest grade.

Student Demographics

Data from the 2015-2016 School Year

Information is taken from the final end of year 15-16 MARSS report (8/7/16)

Student Population:	510	
American Indian:	2/510	0.4%
Asian:	111/510	21.8%
Hispanic:	23/510	4.5%
Black, not of Hispanic Origin:	54/510	10.6%
White, not of Hispanic Origin:	320/510	62.7%
Special Education:	45/510	8.8%
Free/Reduced Lunch:	16/510	3.1%
Limited English Proficient:	5/510	1.0%

Open Enrollment

MSA is a school that accepts all students for open enrollment in the 6th through 12th grade levels.

Student Enrollment-Related Information

During the school year, MSA continued to see strong interest from families wanting to send their children to it. The total enrollment increase from 471 in the previous year to 504 in the current year was greatly influenced by the expansion of the senior class, which saw a growth of 66.67%. MSA saw a slight decrease in its waiting list. The waiting list in the previous year was 302, and, after increasing the MSA student population by 33 in the current year, the waiting list decreased by 9 students from the previous year.

2015-2016 Student Enrollment by Grade Level

As of June 5, 2015

Grade	6 th Grade	7 th Grade	8 th Grade	9 th Grade	10 th Grade	11 th Grade	12 th Grade	Total
Totals	85	84	88	74	67	56	50	504

2015-2016 Withdrawn Students

During the school year, MSA saw a slight increase in the number of students that withdrew from the school than the previous year in the high school students (a rise to 7.3% from 5.1% the previous year). The rate of withdraw from middle school students remained constant at 10.9%. The data provided below shows student withdrawal numbers from June 30, 2015 through September 8, 2016.

Grade	6 th Grade	7 th Grade	8 th Grade	9 th Grade	10 th Grade	11 th Grade	12 th Grade	Total
Totals	1	4	23	11	7	0	0	46

46 Students left during or after 2015-2016; total for all grades 6-12.

39 Students left during or after 2014-2015; total for all grades 6-12.

See Appendix C for comparison enrollment statistics between school years. Data on the Students Withdrawn Chart represents student withdraws as of June 30 of each year.

Academic Performance and 2015-2016 Accountability Data

Multiple Measures Rating (MMR) Results

MSA's Multiple Measure Rating (MMR) saw a decline of 6.33% as compared to last year and is slightly below (0.74%) of its four year average of 83.84. MSA's graduation and proficiency areas continue to be rated at 100%. When compared to high schools in the area, MSA had a MMR rating that was 2.02% higher than the next highest MMR rating.

MMR Results

AYP Year	MMR Total Points	MMR Possible Points	MMR	Proficiency Points	Growth Points	Gap Points	Graduation Points
2012	73.08	75.00	97.45%	24.97	23.62	24.49	0.00
2013	55.01	75.00	73.34%	25.00	14.73	15.29	0.00
2014	88.58	100.00	88.58%	25.00	18.68	19.90	25.00
2015	90.40	100.00	90.40%	25.00	20.32	20.08	25.00
2016	83.07	100.00	83.07%	25.00	17.49	15.58	25.00

MCA Results

In breaking down the MCA scores, which can be found in Appendix D, the following was discovered.

For reading in all grades 6, 7, 8, and 10; 37 students were not at the proficient level (3 were in 10th grade); 281 students were proficient. Of the 266 students who were proficient, 158 students exceeded the standards. Students who exceeded standards represented 49.7% of the student population.

MCA results for math in grades 6, 7, and 8 showed that 52 did not meet the proficient level for the standard while 49.8% of the students exceeded standards. In 11th grade, 96% of the students met the standard and 70% exceeded standards while 2 students partially met the standard.

In science, only 6 of the 74 students tested in the high school did not meet the proficient level, while 40.5% exceeded the standard. In the 8th grade 31.8% exceeded the standard.

When comparing MSA high school MCA results with neighboring high schools and other similar charter high schools, MSA was the only school that had at least a 90% proficiency rate for each of the three areas tested.

MCA High School Results

Year	Math (11th)	Reading (10th)	Writing (9th)	Science
2009	91.3%/73.9% E	100%/ 78% E	100%/100% *	83.3%/31% E All H.S.
2010	94.1%/94.1%*	96.6%/96.6%*	100%/100% *	89.4%/34% E All H.S.
2011	96.2%/96.2%*	97.1%/76.5% E	100%/100% *	82.1%/33% E 8th & 9th
2012	75%/42.9% E	100%/71.4% E	100%/100% *	97.7%/55.8% E All H.S.
2013	92%/40% E	96%/68% E	100%/100% *	94.5%/55.6% E All H.S.
2014	100%/81% E	96%/73% E	N/A	90.0%/54% E All H.S.
2015	94%/86.0% E	93.3%/61.0% E	N/A	93.2%/47.9 % E All H.S.
2016	95.7%/70% E	95.3%/61% E	N/A	91.9%/40.5% E All H.S.

ACT Results

Our most recent ACT results showed consistently high scores, especially when compared to the neighboring schools and the state average. Students taking the science test scored the highest composite score of any MSA class. The percent of ACT-tested students ready for college level course work shows that 98% of MSA students tested were college ready for college English composition, 90% were college ready for college algebra; 90% were college ready for college social science and 92% were college ready for college biology. The combined college readiness percentage for MSA seniors, when taking into consideration all for subject areas, was 86%.

The composite score for graduating seniors on the ACT was a score of 28.5, which is 7.4 points higher than the state average. 86% of MSA students tested were deemed college ready, compared to a state average of 29%. MSA's combined college readiness is 57% higher than the state average!

Average ACT Scores

Year	English	Math	Reading	Science	Number Tested
2007	27.8	26.3	28.0	27.8	Not Available
2008	25.5 L	25.7	26.7	24.2 L	Not Available
2009	28.1	27.5	30.0 H	27.5	Not Available
2010	29.3	26.6	29.0	28.2	Not Available
2011	29.3	28.9 H	28.3	28.2	Not Available
2012	27.6	25.5 L	27.8	26.5	24
2013	29.4	26.9	27.9	27.3	28
2014	28.2	26.5	25.0 L	25.4	23
2015	29.5 H	28.7	28.6	28.0	30
2016	28.8	27.8	28.6	28.4 H	50

PSAT Results

Each year, about 3.5 million students across the nation take the PSAT test. Its goal is to assess student's readiness for college and those students who score exceptionally well may be considered for the National Merit Scholarship. MSA had three students qualify as National Merit Scholarship Semifinalists. Some of MSA student results are outlined below.

Juniors in the area of ERW (Evidenced based Reading and Writing):

- The average score was 597 on a scale of 160 to 760
- 96% of MSA students met the ERW benchmarks.

Juniors in the area of Math:

- The average score was 613 on a scale of 160 to 760
- 81% of MSA students met the Math benchmarks.

Selection Index for Juniors:

- The average score was 1210 on a scale of 320 to 1520
- 81% of MSA students met both benchmarks.

10th Grade students in the area of ERW (Evidenced based Reading and Writing):

- The average score was 564 on a scale of 160 to 760
- 100% of MSA students met the ERW benchmarks.

10th Grade students in the area of Math:

- The average score was 569 on a scale of 160 to 760
- 84% of MSA students met the Math benchmarks.

Selection Index for 10th Graders:

- The average score was 1133 on a scale of 320 to 1520
- 84% of MSA students met both benchmarks.

AP Test Results

MSA had a 20.6% increase in the number of students who took an Advanced Placement (AP) exam from the previous year. This was achieved mostly by increasing the number of subject areas tested from 8 subject areas the previous year to 12 subject areas.

Each year MSA students in grades 9 through 12 are given the AP exam in the subject area they are enrolled in if it is an AP approved course. For AP courses, most colleges will give credit to students when they achieve a score of 3 or higher. MSA students were successful at obtaining this level on 84.55% of their tests. Because some private colleges will require a score of a 4 for credit, MSA strives to have students achieve at least a 4 on their tests. To that end, MSA can claim that 52.85% of MSA students taking AP exams obtained that level.

AP Test Results

Subject	Number scoring a 5	Number scoring a 4	Number scoring a 3	Number scoring a 2	Number scoring a 1	Ave. Score	Total number of Students	% with 3 or higher	% with 4 or higher
Studio Art 2- D	1	2	1	1	0	3.60	5	80.00%	60.00%
Studio Art 3-D	0	1	1	0	0	3.50	2	100.00%	50.00%
Studio Art Drawing	1	1	0	0	0	4.50	2	100.00%	100.00%
Biology	1	5	16	9	0	2.94	31	70.97%	19.35%
Calculus AB	16	8	0	1	1	4.42	26	92.31%	92.31%
Calculus BC	3	0	0	0	0	5.00	3	100.00%	100.00%
Chemistry	2	4	7	2	0	3.40	15	86.67%	40.00%
Chinese	1	1	0	0	0	4.50	2	100.00%	100.00%
Eng. Lit & Comp	0	7	12	5	0	3.08	24	79.17%	29.17%
Human Geography	0	1	0	0	0	4.00	1	100.00%	100.00%
Spanish	2	3	2	0	0	4.00	7	100.00%	71.43%
U.S. History	3	2	0	0	0	4.60	5	100.00%	100.00%
Total	30	35	39	18	1	3.61	123	84.55%	52.85%

Comprehensive Educational Program Before During and After School

Not only does MSA stress such core curriculum areas as math, science, English, social studies, and Spanish, but the school also boasts music art programs. In addition, MSA students can enhance their educational experience by participating in a variety of after school activities including a Minnesota State High School League (MSHSL) cross country team, an expanding girls volleyball team, a Nordic Ski team (for both boys and girls), a boys basketball team, a boys and girls track team, MSHSL FIRST Robotics, as well as club level activities such as girls basketball, academic teams, theater, National Honor Society, Student Council, Academic Triathlon, Lego League Robotics, Spanish Club, Art Club, international field trip offerings, and other various school-sponsored social events and dances.

In addition to this, MSA partners with the YMCA to offer a before school program for grades 6-8 and for grades 9-12, MSA offers a before school study hall. Both of these programs operate from 7:00am to 9:00 am on days school is in session.

To assist students who might need additional assistance, MSA offers several opportunities for students to utilize. The Link Crew is a high school activity that mentors middle school students to aide in transitioning into MSA. The National Honor Society offers a tutoring service for students who are identified by their teachers as needing assistance in individual subject areas. MSA also began to offer an extended day program from 4:00pm to 5:00 pm for students who need additional assistance in subject areas and it is taught by licensed school teachers. This program was implemented during the second semester and 167 students took advantage of the program by year's end.

Operational Performance

MSA has a demonstrated record of providing a rigorous and successful education program for all students. Due to the relatively small size of MSA's identifiable groups, it has been less relevant to disaggregate our student data within the typical demographic categories of ethnicity, or educational programs. One of the advantages of our small class sizes is that MSA staff are able to sufficiently use individual student data to track each student's progress. It is our practice to specifically identify and address the needs of individual students not making adequate progress.

In addition to each teacher conducting individual tracking, teachers attend monthly meetings where teachers of the same grade level students share their observations of students who are of concern in their classroom so that common trends can be identified and addressed. Students identified during these meetings as having multiple concerns are then entered into an additional support program initiated by one of the concerned teachers.

MSA Parent Team Involvement

MSA is a community created and operated school that benefits from a well-organized and engaged Parent Team. The Parent Team is an official committee of the MSA Board of Directors (BOD) and provides a means for parents to meet together and work to support MSA. The Parent Team also provides a forum for parent discussion and can be a mechanism for developing recommendations for the BOD. All parents and guardians of MSA students are automatically members of the Parent Team and are invited to attend regularly scheduled meetings. Some activities that have received financial support from the Parent Team in the past include various school clubs and teams, school play, prom, teacher conference dinners, Mole Day, Pi Day, transportation for field trips, school landscaping, all-school assemblies, and Lego robotics.

MSA also solicits input from its families by issuing an annual family satisfaction survey (See Appendix E). Following the format of last year's survey, participation in the survey increased to 185 respondents, up from 119 parent responses the previous year. Questions on the survey were kept the same as the previous year to compare similar data and two additional questions were added.

From the survey, it is apparent that there is a strong sense that MSA offers curriculum that is above average, as all subject areas rated above average, with the math curriculum leading the ratings with 71.59% of parents identifying the program as above average or exceptional. The science curriculum was slightly behind the math rating with 69.49% of parents rating it as above average or exceptional. These two subject areas swapped places from last year's results with the English curriculum remaining third with 62.50% of parents rating it as above average or exceptional.

In the area of school functioning, parents continued to rate the academic rigor of the courses as the highest area followed closely by student safety. The area that received the lowest rating of the areas identified was extra-curricular activities. When asked how often they contacted school personnel, 59.33% of the responding parents stated they contacted school personnel on a weekly basis. Over 71% of parents also indicated that their preferred mode of communication is via email, followed by either a telephone call or a face to face conference. 78.57% of parents stated that they were satisfied, or very satisfied with MSA overall.

Innovative Practices and Implementation

One of the most significant contributing factors in student academic performance is the effectiveness of classroom instruction. With quality instruction in mind, MSA considers professional development and advancing educational best practices critical. To ensure that each MSA teacher has the opportunity for individual professional growth, faculty are encouraged to seek professional development and leadership opportunities (internal and external to MSA) in their academic fields and are monetarily rewarded for their accomplishments.

MSA teachers are required to align their curriculum with both state standards, and national standards where appropriate. MSA curriculum and instruction are modified as needed by individual teachers and with the guidance and oversight of the MSA Board of Directors. MSA conducted a school-wide review of its curriculum over the past year to ensure the proper scope and sequencing is in place for its students.

At MSA, teachers drive staff development decisions in cooperation with the director and the MSA board. Last year staff development focused on cross curriculum mapping and integration of these lessons into the classroom. An increase in our course variety and adding new electives, more AP and CIS classes were implemented (see Appendix G).

Future Plans and Program Challenges

Please note that Appendix H contains the Director Goals and Authorizer Goals.

Our biggest challenges are:

1. Financial – maintaining a sustainable school ten years from now. Future years will bring higher salaries and benefits than what the state and federal funds supply. How do we meet this need?
2. Providing diverse course offerings with limited classroom space available. MSA utilizes over 95% of its classroom space throughout the day. Finding space for meetings during the school day is a challenge.
3. Maintaining our academic rigor and success while meeting the needs of a growing population of higher needs students with lower academic capabilities.
4. Providing alternatives for our students before the beginning of the school day while maintaining the safety and security of everyone at MSA.
5. Finding parking space for our students who live outside of the busing area and for our PSEO students who need to return to campus for classes.

In late May the Board of Directors conducted an all-day retreat to revisit its Strategic Plan. While the meeting was productive and the BOD identified four main areas of focus, it was determined that the current plan needed a major revision. The BOD is currently reviewing the plan and has a goal of creating a new plan which will guide the school for the near future as well as setting a sustainable course for the school for the next decade and beyond. To see the current Strategic Plan please reference Appendix I.

Finances

FY16 Audit was conducted during July 2016, and was presented at the September 2016 Board of Directors meeting. As in previous years, the school's audit was without any adverse findings. MSA once again had a "clean" audit. The audit results are included in Appendix J.

Fund Balance: The School had another positive year financially as the fund balance in the General Fund increased by over two hundred thousand dollars. The ending fund balance total was over one and three-quarters million dollars representing about 40% of expenditures. This is an important aspect in the MSA's financial well-being since a healthy fund balance is a cushion against unanticipated expenditures, enrollment declines, state aid metering changes and funding deficiencies.

A copy of the 2015-2016 financial statements are contained within the Financial Audit in Appendix J. MSA's Long Range Budget Plan can be located in Appendix K.

Authorizer Information

Since opening in the fall of 1999, The Math and Science Academy, MSA has had an authorizer. We had no significant issues to keep MSA from receiving our 5-year contract instead of the 3 year contract. Our authorizer is Student Achievement of Minnesota (SAM). SAM’s director is Liz Wynne, 763-557-6676, lizwynn2@gmail.com, P.O. Box 581639, Minneapolis, MN 55458-1639.

Non-Profit Status

Attorney General - Lori Swanson
Minnesota Attorney General's Office
 1400 Bremer Tower - 445 Minnesota Street - St. Paul, MN 55101

Organization Name	MATH AND SCIENCE ACADEMY
Organization Type	TRUST
Contact Person	JOHN GAWARECKI
Address	8430 WOODBURY CROSSING
City	WOODBURY
State	MN
Zip Code	55125
IRS Code 501(c)	03
Purpose or Description	To promote effective education for students at the Math and Science Academy charter school.
Phone Number	(651) 578-7507
Status	ACTIVE

EDITOR:

John Gawarecki
Director: Math and Science Academy
jgawarecki@mnmsa.org
651-308-2017

Activities at the Math and Science Academy

Clubs/Activities

Writing Club (8-12)
Art Club
Asian Club
Chess Club
Computer Club
African Club
Y-Care Grades (6-8)

Cooking Club
Earth Club
Spanish Club
Link Crew - (9-12)
Ski Club
Social Justice Grades (9-12)
GSA Grades (9-12)

Competitive or Lettering Activities

Robotics (9-12)
Speech
Debate
Jazz Ensemble (Try out)
Show Choir (Try out)
Science Bowl (Invite only)
Geography Bee
Lego League (6-8)
Girls Volleyball (6-8)

Math League (6-8)
National Honor Society (Invite only)
Student Council - (Elected)
Newspaper
Drama (Try out)
Community Service Club (8-12)
Academic Triathlon (6-8)
Tri-M Music Honor Society (Invite only)
Yearbook Club (8-12)

Varsity Sports - Lettering Opportunities

Fall

Boys Cross Country
Girls Cross Country
Girls Volleyball
Trap Shooting

Winter

Boys Nordic Ski
Girls Nordic Ski
Boys Basketball
Girls Basketball

Spring

Boys Track
Girls Track
Trap Shooting
Girls Badminton

MSA Director Development Plan

Preface:

The Minnesota Department of Education requires a development plan for an administrator without a license.

Director Gawarecki's Individual Development Plan (IDP) for the 2015-2016 was identified as follows:

1. Obtain principle licensure in Minnesota by (TBD—See below)
 - a. Obtain principle licensure in Michigan by 06/30/2016
 - b. Follow Minnesota guidelines to convert Michigan to Minnesota license.
 - c. Have a plan in place and begin implementation to receive licensure in Minnesota once MDE determines what is required. Update BOD on progress as appropriate so plan can be developed.
2. Complete one development opportunity in financial management (general or particular to charter schools)
3. Seek out mentor and have one meeting by 12/31/15.
4. Share St. Thomas skill inventory with BOD leadership and develop a plan to address one of the top three skill areas needing enhancement.

At the conclusion of the year, the following developments occurred for Mr. Gawarecki in regards to his IDP:

As the licensure conversion from a Michigan Administrator's License to a Minnesota Administrator's License was investigated with the Minnesota Department of Education (MDE), it was discovered that there was a large discrepancy between the two state's requirements. As Mr. Gawarecki discussed the differences with MDE, it was discovered that, even if he were to complete his Masters in Arts program from Central Michigan and receive a license from the state of Michigan, MDE would not honor the license because of Minnesota's different licensing requirement that, in addition to completing the Educational Leadership program, an administrator needed an additional (and in Mr. Gawarecki's case) 33 post graduate credits. After discussing the matter with the BOD, Mr. Gawarecki will choose an accredited college or university that has a program which will allow him to take appropriate courses that pertain to school administrative so that he can meet this requirement and obtain his license.

During the past year Mr. Gawarecki sought out development opportunities in financial management early in the school year when he attended two trainings. On November 10th he attended the Indigo Education Business Manager presentation and discovered potential cost savings by utilizing a co-operative that is designed to pool resource purchasing costs. On November 13th he attended a MACS training on Charter School Finances: A Public Trust. During this training, Mr. Gawarecki utilized the school's budget to work through several financial scenarios. In the month of April, he then worked with BKDA on development of the upcoming school's budget.

Rather than seek one individual mentor and have a single meeting with him/her, Mr. Gawarecki met with several Charter School Directors and the Associate Director of MACS. On September 15th he met with Tom

DeGree, to discuss beginning of school year activities and items of concern. On November 21st, Mr. Gawarecki met with Brett Fechner, from Stride Academy and discussed an array of charter school issues. He also met with Jason Ulbrich from Eagle Ridge on December 21st and January 18th to observe how their lottery and selection process was conducted.

The item the Mr. Gawarecki identified from the St. Thomas skill inventory that he would like to enhance was communication. This was also an area identified in previous year's surveys as a growth area for the school. During the school year, Mr. Gawarecki instituted a new web page titled "Ask Glaedr", in which students, staff, and parents are able to ask questions directly to him. The responses can then be either addressed personally via email address entered by the questioner, or they can be addressed via the school's announcements. An additional tool that was developed by Mr. Gawarecki to improve communication was to formalize the communication process for parents and students by developing a "Chain of Communication". There are two different processes presented to the MSA community; one for the general education population and one for the special education population. This tool has been incorporated into next year's parent/student handbook.

Enrollment Numbers from 2012-13 to 2016-17 (As of June 30, 2016)

Student Enrollment										
Grade Level	2012-13		2013-14		2014-15		2015-16		2016-17	
	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change
6th Grade	89	N/A	88	-1.12%	79	-10.23%	85	7.59%	88	3.53%
7th Grade	89	N/A	88	-1.12%	90	2.27%	84	-6.67%	88	4.76%
8th Grade	89	N/A	88	-1.12%	87	-1.14%	88	1.15%	88	0.00%
9th Grade	55	N/A	72	30.91%	74	2.78%	74	0.00%	75	1.35%
10th Grade	36	N/A	51	41.67%	61	19.61%	67	9.84%	62	-7.46%
11th Grade	45	N/A	32	-28.89%	50	56.25%	56	12.00%	62	10.71%
12th Grade	28	N/A	24	-14.29%	30	25.00%	50	66.67%	53	6.00%
TOTAL	431	N/A	443	2.78%	471	6.32%	504	7.01%	516	2.38%

Waiting List										
Grade Level	2012-13		2013-14		2014-15		2015-16		2016-17	
	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change
6th Grade	123	N/A	119	-3.25%	152	27.73%	124	-18.42%	146	17.74%
7th Grade	62	N/A	71	14.52%	74	4.23%	67	-9.46%	87	29.85%
8th Grade	0	N/A	32	N/A	25	-21.88%	44	76.00%	44	0.00%
9th Grade	0	N/A	25	N/A	44	76.00%	43	-2.27%	41	-4.65%
10th Grade	10	N/A	11	10.00%	3	-72.73%	7	133.33%	11	57.14%
11th Grade	4	N/A	6	50.00%	2	-66.67%	8	300.00%	9	12.50%
12th Grade	0	N/A	0	0.00%	2	N/A	0	-100.00%	3	N/A
TOTAL	199	N/A	264	32.66%	302	14.39%	293	-2.98%	341	16.38%

Declined Acceptance										
Grade Level	2012-13		2013-14		2014-15		2015-16		2016-17	
	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change
6th Grade	21	N/A	16	-5	23	7	11	-12	17	6
7th Grade	7	N/A	0	-1	0	0	0	0	7	7
8th Grade	13	N/A	0	-1	7	7	0	-7	11	11
9th Grade	20	N/A	0	-1	16	16	12	-4	18	6
10th Grade	0	N/A	0	0	3	3	2	-1	3	1
11th Grade	4	N/A	0	-1	3	3	8	5	0	-8
12th Grade	0	N/A	0	0	3	3	0	-3	0	0
TOTAL	65	N/A	16	-49	55	39	33	-22	56	23

Students Withdrawn										
Grade Level	2012-13		2013-14		2014-15		2015-16		2016-17	
	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change	Student Count	Change
6th Grade	3	N/A	3	0	2	-1	1	-1	2	1
7th Grade	4	N/A	0	-1	3	3	4	1	2	-2
8th Grade	27	N/A	17	0	23	6	23	0	7	-16
9th Grade	9	N/A	4	-1	7	3	11	4	28	17
10th Grade	1	N/A	2	0	2	0	7	5	14	7
11th Grade	1	N/A	1	0	2	1	0	-2	3	3
12th Grade	0	N/A	0	0	0	0	0	0	0	0
TOTAL	45	N/A	27	-18	39	12	46	7	56	10

Test Scores Annual Comparisons

MCA

	Math (11th)	Reading (10th)	Writing (9th)	Science
2009	91.3%/73.9% E	100%/78% E	100%/100% *	83.3%/31% E All H.S.
2010	94.1%/94.1%*	96.6%/96.6%*	100%/100% *	89.4%/34% E All H.S.
2011	96.2%/96.2%*	97.1%/76.5% E	100%/100% *	82.1%/33% E 8th and 9th
2012	75%/42.9% E	100%/71.4% E	100%/100% *	97.7%/55.8% E All H.S.
2013	92%/40% E	96%/68% E	100%/100% *	94.5%/55.6% E All H.S.
2014	100%/81% E	96%/73% E	N/A	90.0%/54% E All H.S.
2015	94%/86.0% E	93.3%/61.0% E	N/A	93.2%/47.9 % E All H. S.
2016	95.7%/70% E	95.3%/61% E		91.9%/40.5% E All H.S.

Average ACT Scores

	English	Math	Reading	Science
2007	27.8	26.3	28.0	27.8
2008	25.5 L	25.7	26.7	24.2 L
2009	28.1	27.5	30.0 H	27.5
2010	29.3	26.6	29.0	28.2 H
2011	29.3	28.9 H	28.3	28.2 H
2012	27.6	25.5 L	27.8	26.5
2013	29.4	26.9	27.9	27.3
2014	28.2	26.5	25.0 L	25.4
2015	29.5 H	28.7	28.6	28.0
2016	28.8	27.8	28.6	28.4 H

Percent of ACT Tested Students Ready for College-Level Course Work

	English	Algebra	Social	College Biology	All Four
2008	91% L	91%	87%	52% L	48% L
2009	96%	89%	93%	89%	78%
2010	100% H	95%	100% H	90%	90% H
2011	100% H	100% H	90%	90%	84%
2012	100% H	88%	96%	83%	79%
2013	100% H	82% L	93%	93%	82%
2014	100% H	91%	74% L	87%	65%
2015	100% H	97%	87%	97% H	87%
2016	98%	90%	90%	92%	86%

MCA

1st number = Percent Proficient
E = Exceeds
* = Passed

ACT

L = Lowest
H = Highest

Multiple Measures Rating (MMR)

AYP Year	MMR Total Points	MMR Possible Points	MMR	Proficiency Points	Growth Points	Gap Points	Graduation Points
2012	73.08	75.00	97.45%	24.97	23.62	24.49	0.00
2013	55.01	75.00	73.34%	25.00	14.73	15.29	0.00
2014	88.58	100.00	88.58%	25.00	18.68	19.90	25.00
2015	90.40	100.00	90.40%	25.00	20.32	20.08	25.00
2016	83.07	100.00	83.07%	25.00	17.49	15.58	25.00

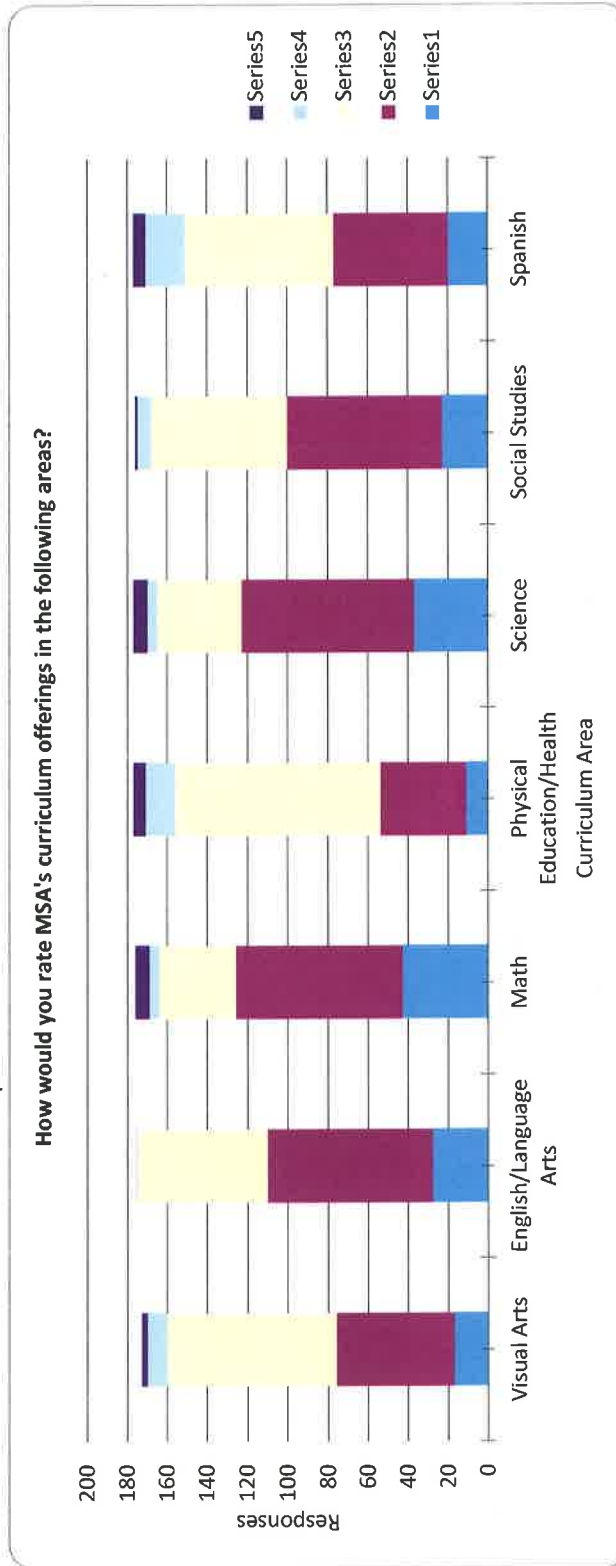
Parent Survey Summer 2016

How would you rate MSA's curriculum offerings in the following areas?
in asperate
need of
attention

Answer Options	Poor	Average	Above Average	Exceptional	Response Count	Average
Visual Arts	10	84	59	17	173	2.45
English/Language Arts	1	65	82	28	176	2.78
Math	5	38	83	43	176	2.85
Physical Education/Health	15	102	43	11	177	2.21
Science	5	42	86	37	177	2.80
Social Studies	7	68	77	23	176	2.65
Spanish	20	74	57	20	177	2.37
answered question					178	

Parent Survey

Appendix E



Parent Survey Summer 2016

What specific comments do you have concerning MSA's curriculum offerings?

MSA is offering plenty of courses, so that isn't the problem. The courses are just at times in the schedule that make it so that upperclassmen cannot fit the classes they need and want to take.

Curriculum continues to be excellent, and the addition of more electives has been a big plus for the kids to be able to have more "say" in their class choices.

Overall, the level of challenge of content is appropriate; but the level of organization needed is 2-3 years too advanced. That is, 6th & 7th graders are asked to be more organized than they typically can be, and parents get drawn in to monitor homework, which should be done independently. For 9th-12th, organization is ok.

Love the music programs and performing arts

You take great pride in your homework. 6th grade needs more of a learning curve not a shell shock value

Wish students didn't have to choose between music and art.

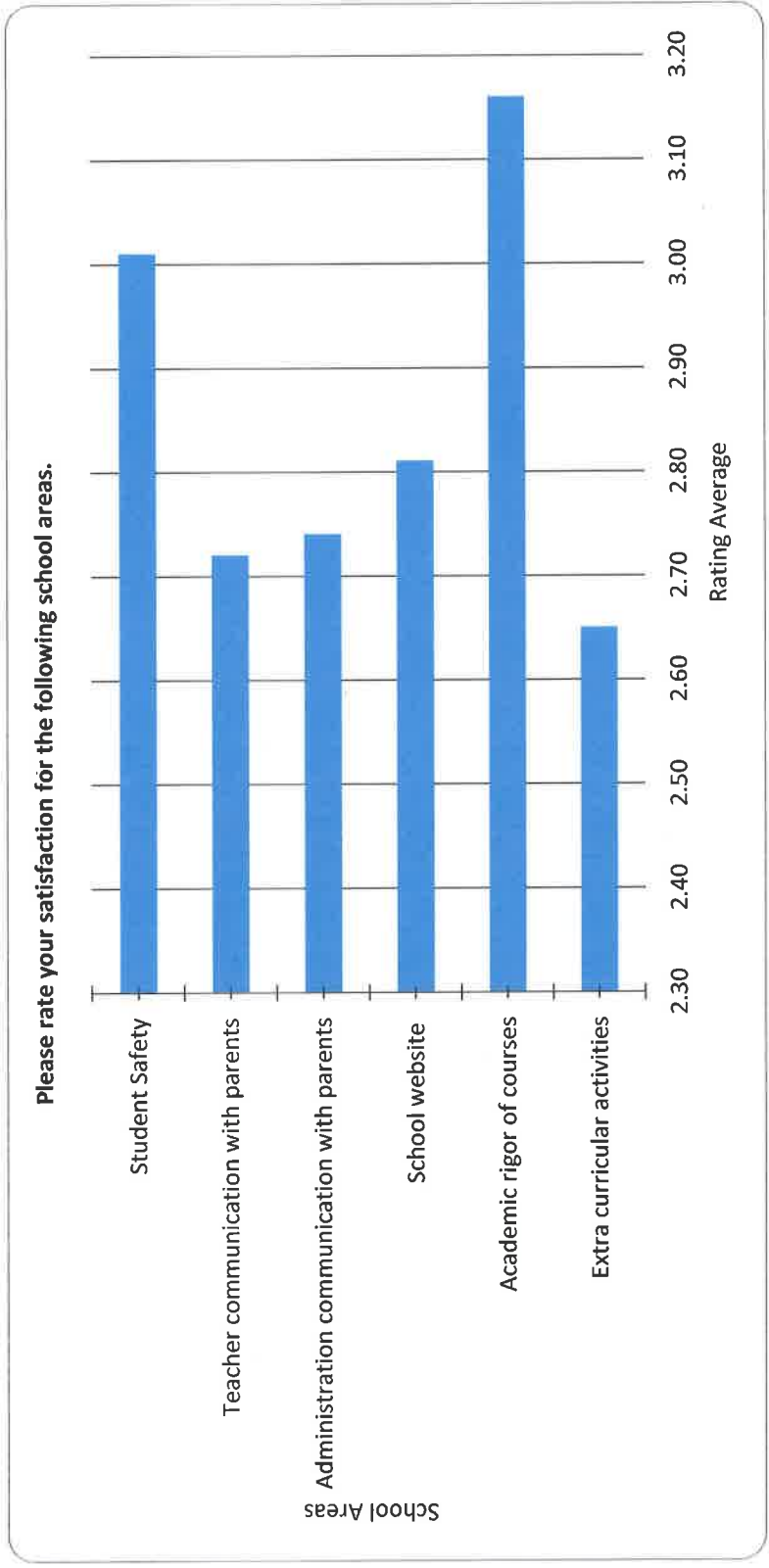
MSA is a small school. While there is not a huge variety of course offerings, it is evident that effort is made to provide a range of educational opportunities within the limits of a smaller community. You're fine

We wish there was a greater variety of AP classes

Parent Survey Summer 2016

Please rate your satisfaction for the following school areas.

Answer Options	Needs immediate attention	Needs some attention	Meets my expectations	Exceeds my expectations	Rating Average	Response Count
Student Safety	4	26	100	36	3.01	166
Teacher communication with parents	14	46	81	27	2.72	168
Administration communication with parents	13	41	94	22	2.74	170
School website	4	44	101	20	2.81	169
Academic rigor of courses	3	18	94	51	3.16	166
Extra curricular activities	8	63	77	20	2.65	168
answered question						172



Parent Survey Summer 2016

One improvement that I would like to see at MSA is...

more sports/extracurriculars as well as more AP courses

Fewer hours of 'busy work' homework

More interaction / Communication of teachers with Parents like PTM, Mail communication etc

More parking

More extracurricular activities

Parent Survey Summer 2016

What is your biggest concern about MSA?

Too much homework. Seems like it comes all at once. Would be nice if it were spread out a bit.
Money. The ongoing balancing act to figure out teacher salary increases with fixed per pupil funding.
No lunch options.
Increasing student body casting MSA to drift from its historical academic excellence
No big concerns. I think this is a great school.

Parent Survey Summer 2016

What is MSA's best attribute?

Small class sizes and a dedicated staff.

Social atmosphere is awesome. I love the school spirit and the staff is pretty amazing.

The vibrant student community -- it is amazing what these kids do and achieve in our small (and growing) community.

The caring, smart teachers with small class sizes and personal attention so students can learn.

The community of students is very open and diverse. Kids who had problems in other schools simply because of what they liked or had feel safer here.

Academics-cool to be smart

Great teachers and staff.

Student body

Parent Survey Summer 2016

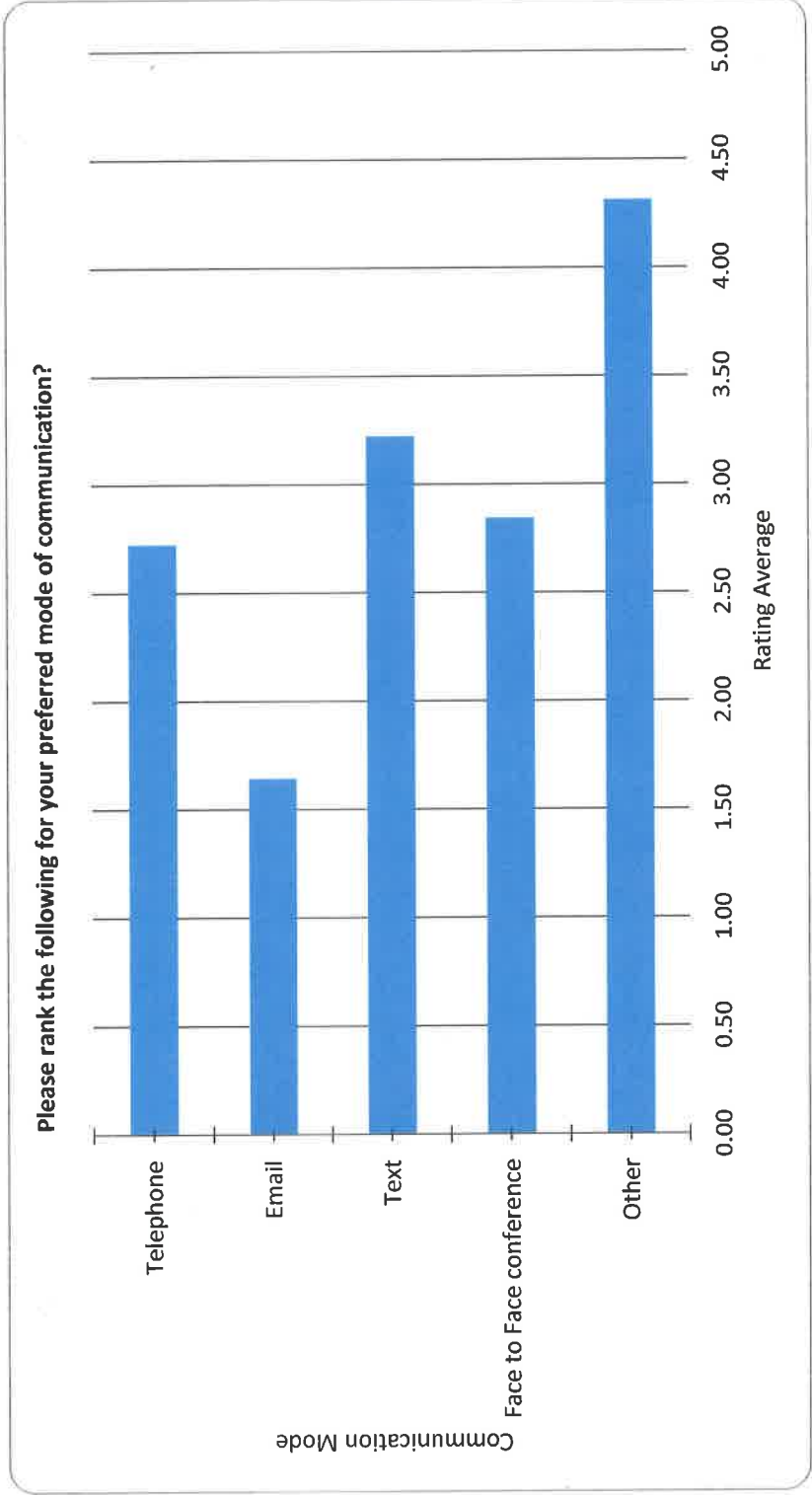
On average, how often have you communicated with school personnel (teachers or support staff)?

Answer Options	0 times per month	1-5 times per month (weekly)	6-15 times per month (biweekly)	15 - 30 times per month (daily)	more than 30 times a month (more than once a day)	Rating Average	Response Count
	30	89	24	4	3	2.07	150
<i>answered question</i>							150

Parent Survey Summer 2016

Please rank the following for your preferred mode of communication?

Answer Options	1	2	3	4	5	Rating Average	Response Count
Telephone	11	42	44	20	5	2.72	122
Email	98	20	3	6	11	1.64	138
Text	8	29	21	47	12	3.22	117
Face to Face conference	11	37	49	25	7	2.84	129
Other	6	3	6	14	57	4.31	86
							140
							answered question

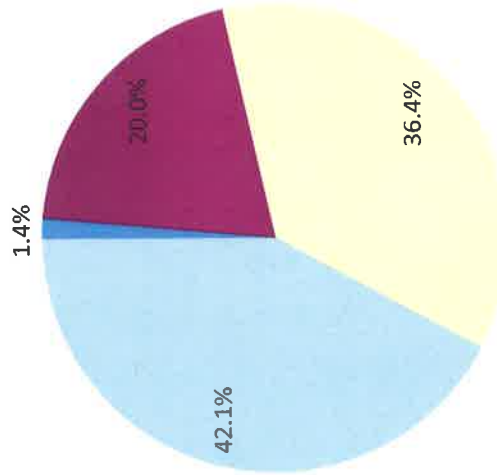


Parent Survey Summer 2016

How satisfied are you with MSA overall?

Answer Options	Response Percent	Response Count
Not satisfied, I might withdraw my child this year.	1.4%	2
Somewhat satisfied, MSA has numerous faults, I would not recommend it	20.0%	28
Satisfied, MSA is just as I expected it to be.	36.4%	51
Very Satisfied, I would encourage others to send their child here.	42.1%	59
answered question		140

How satisfied are you with MSA overall?



■ Not satisfied, I might withdraw my child this year.

■ Somewhat satisfied, MSA has numerous faults, I would not recommend it to others.

■ Satisfied, MSA is just as I expected it to be.

■ Very Satisfied, I would encourage others to send their child here.

Parent Survey Summer 2016

What additional question/comment do you have for the director? Please leave contact information at the end of your question/comment if you would like a personal followup to your question/comment.

Continue providing college guidance to all students.

Thank you very much for giving us the opportunity to voice our concerns via this survey.

We feel very lucky that our kids go there!

Keep up the good work!

Electives By Grade 2015-16

Appendix F

Year-long unless otherwise noted.

6th Grade

- 6 Art
- 6/7 Concert Band
- 6 Introduction to Band
- 6 Study Skills
- 6 World of Music

7th Grade

- 7 Art and Technology (Semester 1 or 2)
- 6/7 Concert Band
- 7/8 Engineering (Semester 1 or 2)
- 7/8 Spanish Conversation (Semester 1 or 2)
- 7/8 Speech and Storytelling (Semester 1 or 2)
- 7/8 Theater (Semester 1 or 2)
- 7/8 Wind Band

8th Grade

- 7/8 Engineering (Semester 1 or 2)
- 7/8 Spanish Conversation (Semester 1 or 2)
- 7/8 Speech and Storytelling (Semester 1 or 2)
- 7/8 Theater (Semester 1 or 2)
- 7/8 Wind Band
- 8-12 Geometry *Must have taken Alg II.*

9th Grade

- 9-12 AP Art Studio
- 9-12 AP Biology
- 9-12 Ceramics (Semester 2) *Must have instructor permission or taken Sculpture & Craft.*
- 9-10 Computer Science (Semester)
- 9-12 Digital Photography and Visual Comm. I (Semester I)
- 9-12 Digital Photography and Visual Comm. II (Semester 2)
- 9-12 Drawing (Semester)
- 8-12 Geometry
- 9-12 Painting (Semester)
- 10-12 Research Writing (Semester 2)
- 10-12 Rube Goldberg (Semester 1)
- 9-10 Science of Flight (Semester 2)
- 9-12 Sculpture & Craft (Semester)
- 9-12 Wind Ensemble

10th Grade

- 10-12 Anatomy and Physiology (Biology pre-req)
- 9-12 AP Art Studio
- 9-12 AP Biology
- 10-12 AP Calculus I
- 10-12 AP Chemistry
- 10-12 Bio Medical (semester)
- 9-12 Ceramics (Semester 2) *Must have instructor permission or taken Sculpture & Craft.*
- 10-12 Composition For Real Life (Semester 1)
- 9-10 Computer Science (Semester)
- 9-12 Digital Photography and Visual Comm. I (Semester I)
- 9-12 Digital Photography and Visual Comm. II (Semester 2)
- 9-12 Drawing (Semester)
- 8-12 Geometry
- 9-12 Painting (Semester)
- 10-12 Research Writing (Semester 2)
- 10-12 Rube Goldberg (Semester 1)
- 9-10 Science of Flight (Semester 2)
- 9-12 Sculpture & Craft (Semester)
- 9-12 Wind Ensemble

11th and 12th Grade

- 10-12 Anatomy and Physiology (Biology pre-req)
- 9-12 AP Art Studio
- 9-12 AP Biology
- 10-12 AP Calculus I
- 11/12 AP Calculus II
- 10-12 AP Chemistry
- 11/12 AP Literature and Composition
- 11/12 AP Spanish Language & Culture
- 10-12 Bio Medical (semester)
- 9-12 Ceramics (Semester 2) *Must have instructor permission or taken Sculpture & Craft.*
- 9-12 Digital Photography and Visual Comm. I (Semester I)
- 9-12 Digital Photography and Visual Comm. II (Semester 2)
- 9-12 Drawing (Semester)
- 8-12 Geometry
- 9-12 Painting (Semester)
- 10-12 Rube Goldberg (Semester 1)
- 9-12 Sculpture & Craft (Semester)
- 9-12 Wind Ensemble OR
Online – an option only for those taking PSEO (11/12th grade only or have a full schedule)

World's Best Workforce

In addition to evaluating the school's performance as identified by the Authorizer Goals, MSA also identified additional World's Best Workforce goals in the areas of graduation rate, closing the achievement gap and ensuring college and career readiness.

Graduation Rates:

100% of students who begin their senior year at Math and Science Academy will meet the minimum requirements to graduate on time.

Closing the Achievement Gap

Identify ELL students attending MSA for future goal settings.
(There were no identified ELL students last year.)

Maintain its current combined level of proficiency of 85% in Math as calculated in the MMR data.

Maintain its current combined level of proficiency of 83% in Reading as calculated in the MMR data.

College and Career Readiness

The average ACT score of graduating seniors will meet or exceed a composite score of 28.

MSA conducted numerous monthly meetings with the focus of meeting these goals through staff development and academic department meetings. A public meeting on MSA's World's Best Workforce was held on February 11, 2016 in which the goals were introduced, current progress was discussed and input was sought for continued success.

Results:

MSA graduated all its students on time.

Throughout the year, MSA was able to identify 5 students who needed additional support for learning the English language.

MSA's combined level of proficiency was 82.0%, which was lower than expected due to the lower proficiency rate in its 6th grade (79.7% proficient) and 7th grade (69.9% proficient). The 8th grade had a proficiency rate of 88.6% and the 11th grade students had a proficiency rate of 95.6%

In the area of reading, MSA had a combined proficiency rate of 88% with all grade levels meeting list level except for the 7th grade, which had a proficiency rate of 84%.

MSA students were able to maintain their ongoing success in taking the ACT exam. Even though MSA saw an increase in the number of students taking the test of 67%, its composite score average did not drop significantly as the average was 28.5.

Director's Goals

1. Instructional Leadership
 - a. Hold at least two stakeholder/community meetings on curricula (math, science, or others TBD).
 - b. Develop a template or similar document for teachers to communicate the goals of each class offered at MSA, objectives of the class, how the class meets state standards, and course content (scope and sequence of learning). This template can be in the form of a syllabus and communicated in the beginning of the school year or shown through other means.
 - c. Develop a World's Best Workforce (WBWF) plan and give quarterly updates to BOD of progress (progress should identify achievement gaps and a plan to address them with dates to be accomplished)
 - d. Develop an intervention plan for students who struggle academically (a "safety net) that is school wide (i.e. regular teacher hours for help, tutoring program, etc.). Communicate the existence of this plan to the school community and include in the student and parent handbooks.

2. Human Resources
 - a. Provide four professional development opportunities to teachers and staff per school year.
 - b. Align professional development opportunities with school wide goals.
 - c. Develop a new employee orientation program.
 - d. Implement an effective mentor program which makes sure all new teachers have a mentor.
 - e. Develop position descriptions and measurable, annual goals for the activities director and assistant director.

3. Professional and Ethical Relationship
 - a. Develop a graphic describing the "chain of command/communication" for issues arising from the school community and post on school website.
 - b. Collect school community (parents, students, and staff) satisfaction feedback (survey) to monitor school culture and climate (i.e. are needs being met, are there areas needing improvement, what is going well, etc.). Report results to the BOD and develop a plan to address any issues in a timely manner.
 - c. Attend at least three parent team meetings.

4. Resource Management
 - a. Develop an overall fundraising plan for the school.
 - b. Evaluate staff development money allocation formula.
 - c. Work with the BOD Treasurer and BOD Financial Manager to prepare and oversee school budget and year-end financial audit.

5. Administrative Performance
 - a. Report to the BOD on progress made toward meeting goals in Authorizer (SAM) contract; set benchmarks for completion if needed.
 - b. Monitor progress made to develop Advanced Placement (AP) and College in the Schools (CIS) courses in core areas. Report status to BOD.
 - c. Attend at least one event in the community to promote the school brand (Chamber of Commerce events, City events, Neighborhood events)

- d. Discover and document the reasons why students don't return to the school and share results with the BOD. (Develop form to receive feedback if one does not exist)
- e. Develop a more robust crisis management plan to ensure the safety and security of students and staff.
- f. Complete review of MSA website; make sure documents that are required to be on there are present.
- g. Complete goals in IDP.

Authorizer Goals

Goal 1 – Proficiency

The Math and Science Academy (MSA) will score 90% or above in proficiency on the 10th grade reading, and 11th grade math for Fiscal Years 2015-2018. (High school science will be included when it becomes a graduation requirement.)

Goal 2 – Comparative Proficiency

Math and Science Academy will meet or exceed South Washington County Schools, and the State for grades 6, 7, 8, 9, 10, and 11 on the Math and Reading MCA tests offered, for Fiscal Years 2015-2018.

Goal 3 - Growth

Math and Science Academy's MMR rating (Z score) will exceed, or not go below 10% of the 2013 Z score, for Fiscal Years 2015-2018. The 2013 Z score is 0.129

Goal 4 – Achievement Gap Reduction

By the conclusion of FY 2017, for both reading and math, the proficiency rate for each subgroup for which the School has publicly-reportable/sufficient counts in 2013 will be no less than:

[One-half of (100 – 2013 subgroup proficiency rate)] + 2013 subgroup proficiency rate and by the conclusion of FY 2018, the rates achieved in FY 2017 will be exceeded.

In addition, by the conclusion of FY 2018, the difference between the non-FRL proficiency rate in the School, and the FRL proficiency rate will be no greater than five percentage points for both reading and math.

Goal 5 – Nationally Normed Assessments

For Fiscal Years 2015-2018, students taking the **PSAT** will score, by grade, as follows:

- a. 10th – 75%
- b. 11th – 85%

B. For Fiscal Years 2015-2018, students taking the **ACT** will score, by subject area, as follows:

- a. College English – 95%

- b. College Algebra – 90%
- c. College Social Studies – 90%
- d. All of the above – 80%

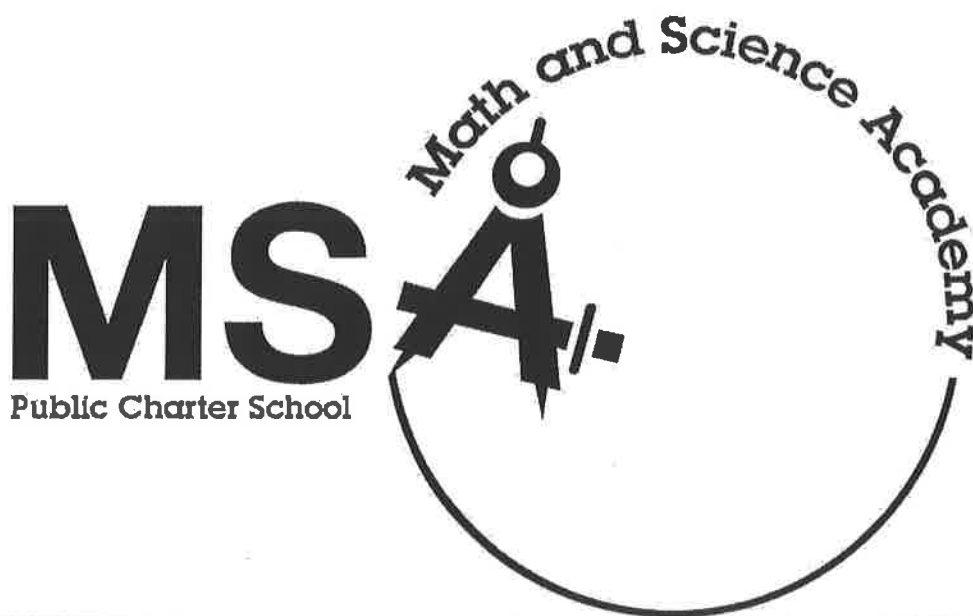
Goal 6 – Professional Development

For Fiscal Years 2015-2018, all teachers will participate in professional development, determined by the administration and staff. Staff and administration will select a minimum of one staff development day, devoted to school-wide professional development. Attainment of this goal will be documented by attendance and a survey as to applicability of the professional development.

Goal 7 – Parental Satisfaction

1. At least 85% of all parents returning the annual survey will indicate overall satisfaction with the school program.
2. At least three concerns (those noted in 10% or more of returned surveys) will have formal plans, developed by the school, to address them. Progress toward the plans will be documented on an annual basis.

Strategic Plan



Vision To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners and global citizens.

Mission To offer intense math, science and technology experiences and challenging opportunities in the arts and humanities. To develop lifelong learning skills, including critical thinking, leadership skills, volunteerism and collaboration with peers.

Original Create Date:

October 2010

Last Modified:

September 2015

Status:

Final

**Core
Values**

- MSA will foster a safe environment where every voice is heard and individuals are free to take risks.
- MSA will continue to improve performance and recognize outstanding achievement.
- MSA will empower students to develop skills in organization, time management and self-discipline.
- MSA will continuously evaluate and improve our program to ensure the highest quality of education.
- MSA will encourage networking, collaboration, and open communication between all members of our community.
- MSA will encourage students and staff to show respect for others and their views.
- MSA students and staff will exhibit fairness, cooperation, integrity and honesty.
- MSA students and staff will take responsibility for their actions.
- MSA will encourage students, their parents and staff to volunteer at school.
- MSA will set high expectations for teaching and learning.

Background

The 2010 Math and Science Academy (MSA) Board of Directors (BOD) created this Strategic Plan for the primary purpose of guiding the long-term viability of the school and to align our specific written goals with our Vision. The 2010-2011 plan had outlined two possible options for the continuous operation and sustainability of the school – continue to use the existing facilities (which would not have the ability to increase enrollment in the future) or build a new building (which would allow the ability to increase enrollment, if needed). MSA continues to have a strong enrollment waiting list of prospective students growing every year.

MSA had outgrown its original building and in 2010, signed a three year lease on an additional building across the street from the main building. After a careful and thorough review, in 2012, MSA decided to build a new building in the vacant lot adjacent to the current building and vacate the second building at the end of the three year lease. The building construction was completed in August 2013 and put into use starting with school year 2013-14. With the completion of the new building, MSA has its own gymnasium and music room with additional classrooms.

Review and Assessment

The BOD will review this strategic plan and assess and revise it as needed at the completion of each academic year.

Overview

The BOD identified eight key areas of focus: ***Enrollment, Finance, Facilities, Annual Funding Sources, Staffing, Academics, Communication, and Technology.***

The following sections will elaborate on these eight key areas.

Enrollment

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

MSA's small size could very well be its greatest asset. MSA understands that small schools can offer personalized instruction, an atmosphere of ownership (for both staff and students), and foster a safe environment. When a school population exceeds 500 students, it tends to lose the feel of a small school.

MSA's maximum building capacity, based on current fire codes for the two buildings, is set at 290 students for Building A (8430) and 324 students for Building B (8460).

Historically, some students have elected to leave MSA at the completion of 8th and 9th grade, for several reasons, the most frequently cited reasons being:

- Desire to pursue classes available at other schools.
- Involvement in athletics not available at MSA.
- Academically not successful at MSA, and therefore elect to attend a school that has different graduation requirements.

MSA's Director has been charged with the task of improving student retention in these grades. To that end, in the 2014-15 school year more electives have been offered and MSA is working toward increasing the variety of core classes, and incorporating more AP classes when viable.

As long as it is financially viable, MSA will target an average student to teacher ratio of 20-22:1, which is calculated by the number of MSA students, excluding the PSEO students, divided by the number of non-Special Education teachers.

Enrollment (Continued)

Goals	Support for the Vision	Owner
<p>Remain a small school by capping enrollment accordingly, excluding PSEO students and contingent on facilities.</p>	<p>It is MSA's opinion that academic excellence is best achieved in small schools.</p> <p>Supported by:</p> <ul style="list-style-type: none"> ● BOD ● Finance Committee ● Director 	<ul style="list-style-type: none"> ● BOD ● Director ● MSA Staff
<p>Maintain the Enrollment Forecast spreadsheet that shows the number of students in each grade for the next five years.</p>	<p>This is MSA's plan for achieving the sustainable model of academic excellence.</p> <p>Supported by:</p> <ul style="list-style-type: none"> ● Director ● Finance Committee ● Director 	<ul style="list-style-type: none"> ● BOD ● Director ● MSA Staff

Facilities

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

MSA's original building at 8430 Woodbury Crossing is leased from the MSA Building Company. A second building is also being leased by MSA Building Company was completed September 2013. The original building will houses 8th-12th graders and the second building houses 6th and 7th graders.

Challenges

Our biggest challenge will be to keep enrollment at a level that will allow us to maintain both buildings.

Goals	Support for the Vision	Owner
Ensure that the space of the two buildings is best utilized to provide adequate space for students to learn and teachers to instruct.	Sustainable model of academic excellence Supported by: <ul style="list-style-type: none"> • Director • Teachers 	<ul style="list-style-type: none"> • BOD • Building/Safety Committee
Ensure that both buildings have the necessary infrastructure and amenities that allow the facilities to be used to their full potential.	Sustainable model of academic excellence Supported by: <ul style="list-style-type: none"> • Director • Teachers 	<ul style="list-style-type: none"> • BOD • Building/Safety Committee
Ensure that funds are available to repair and update the old building to provide an adequate and safe learning environment.	Sustainable model of academic excellence Supported by: <ul style="list-style-type: none"> • Director • Teachers 	<ul style="list-style-type: none"> • BOD • Building/Safety Committee

Financing

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

Since MSA opened in 1999, enrollment has increased every year. Initially, this growth was planned to fully populate the school in grades 6 – 12. More recently, the student population was forced to grow in order to keep the school financially solvent. Enrollment eventually exceeded the existing facility’s capacity, so additional classrooms, as well as a gymnasium, was completed September 2013. The combined facilities should provide sufficient space to accommodate the enrollment needed to balance the school’s budget for at least five years. See Appendix A for budget projections.

Challenges

Unchecked Enrollment Growth

The majority of the school’s revenue comes from the State of Minnesota and is based on the number of Adjusted Pupil Units. Because increases to State aid did not keep up with inflation, MSA frequently increased enrollment to meet increased costs. If future State funding does not increase sufficiently, and if alternative sources of funding are not found, eventually, the school’s facilities will not be able hold enough students to balance its budgets. In addition, this increase in student population will cause the school to get larger than most students, teachers, or parents want. The intimacy of a small school will be lost.

Sources of Revenue for Charter Schools

Unlike traditional public schools, charter schools cannot levy taxes. This means charter schools continue to experience a disproportionate financial challenge compared to traditional public schools. The staff of MSA, along with other charter schools, will continue to lobby legislators to increase funding to charter schools. In addition, the MSA BOD has created an Annual Fund Committee to search out and obtain new sources of revenue. Either, or both, approaches must be successful if MSA expects to continue submitting annual audited financial statements that result in positive fund balances.

Goal	Support for the Vision	Owner
Ensure that each yearly budget results in a surplus, or if it must be in deficit, then a plan must be in place to ensure that the issues causing the deficit are resolved.	Sustainable model of excellence Supported by: <ul style="list-style-type: none">● Treasurer● Director	<ul style="list-style-type: none">● BOD● Finance Committee

Annual Funding Sources

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

The mission of the Math and Science Academy Annual Funding Committee is to keep MSA students focused on academics, and to rely on the gracious support of our parents, alumni and community members to participate in fundraising with the school. The results of these efforts will provide students with innovative and hands-on experiences so that MSA can continue on its path of academic excellence.

Focus

- Upgrade old and new buildings
- Course Expenses outside of budget

Goals	Support for the Vision	Owner
<p>Establish Annual Fund</p> <ul style="list-style-type: none"> • Engage MSA community in fundraising through contact with fundraising vehicle. • Continue Give to the Max as the main fundraising vehicle. • Reestablish connections with alumni. • Develop a greater community outreach. <p>Gather and analyze past and current data regarding school-related fundraising efforts to maximize MSA's overall alternative funding strategies.</p>	<p>Academic excellence</p> <p>Supported by:</p> <ul style="list-style-type: none"> • Annual Fund Committee • Finance Committee • MSA Community • Director 	<ul style="list-style-type: none"> • Annual Fund Committee • Alumni Committee

Staffing

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

From a budgeting standpoint, it is critical that MSA continues to hire teachers and administrative staff as needed to support student success.

Goals	Support for the Vision	Owner
MSA will target an average student to teacher ratio of 20-22:1.	Sustainable model of education Supported by: <ul style="list-style-type: none"> ● Finance Committee ● Departments 	<ul style="list-style-type: none"> ● BOD ● Director
Ensure that teachers' licensures will adequately cover the projected student population.	Sustainable model of education Supported by: <ul style="list-style-type: none"> ● Departments 	<ul style="list-style-type: none"> ● BOD ● Director
Ensure that teachers are qualified and meet the growing needs of MSA's expanding curriculum.	Academic excellence Supported by: <ul style="list-style-type: none"> ● Departments 	<ul style="list-style-type: none"> ● BOD ● Director
Ensure that teachers receive competitive pay and benefits.	Sustainable model of education Supported by: <ul style="list-style-type: none"> ● Finance Committee 	<ul style="list-style-type: none"> ● Director

Academics

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, life-long learners, and global citizens.

MSA's academics are both rigorous and varied. Individual teachers and departments create the curriculum, with significant changes being approved by the BOD. The curriculum emphasizes problem solving and critical thinking, as well as research and evaluation. This has created a program that encompasses a school-wide writing standard (MLA) as well as graduation requirements that exceed state and national standards in Math and Science. (See *Math & Science Academy High School Profile MSA Course Requirements* located on the school website www.mnmsa.org)

All of this has led to continuous success as evidenced by MSA students consistently scoring among the best in the state and in the country on standardized tests such as the MCAs and ACT.

Goals	Support for the Vision	Owner
Continue to provide and expand college credit options such as Advanced Placement (AP) courses and/or College in the Schools (CIS) courses in all core areas.	Academic excellence Supported by: <ul style="list-style-type: none"> ● Finance-Committee ● Academics Committee ● Director 	<ul style="list-style-type: none"> ● Departments
Maintain superior test scores on state required standardized tests.	Academic excellence Supported by: <ul style="list-style-type: none"> ● Director 	<ul style="list-style-type: none"> ● Departments
Ensure ongoing innovation in the classroom through the use of technology and current educational advancement and staff development.	Innovation Supported by: <ul style="list-style-type: none"> ● Finance Committee ● Technology Committee ● Director 	<ul style="list-style-type: none"> ● Departments

Academics (Continued)

Goals	Support for the Vision	Owner
Work to develop students into life-long learners and global citizens through curriculum selection and course offerings.	Create life-long learners Supported by: <ul style="list-style-type: none"><li data-bbox="727 562 883 594">• Director	<ul style="list-style-type: none"><li data-bbox="1101 445 1317 476">• Departments
Continue to provide support and information for students interested in enrolling in PSEO.	Academic excellence and create life-long learners Supported by: <ul style="list-style-type: none"><li data-bbox="727 779 883 810">• Director	<ul style="list-style-type: none"><li data-bbox="1101 623 1256 688">• Assistant Director

Communication

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, life-long learners, and global citizens.

Since the Math and Science Academy (MSA) completed the building expansion project, it is critical that MSA create community awareness of the expanded facility as well as increased communication of overall school successes. These efforts are primarily for public relations. In addition, increased communication with the community could create sustainable community partnerships and open new avenues for funding and beyond. Communication would be integrated into the overall strategic plan as appropriate.

Challenge: MSA is not consistently viewed as being a primary stakeholder in the community.

Goals	Support for the Vision	Owner
Create increased community awareness through a detailed communication plan.	Promote MSA's sustainable model of excellence. Supported by: <ul style="list-style-type: none"> ● Annual Fund Committee ● Director 	<ul style="list-style-type: none"> ● BOD member ● Committees as appropriate ● Director
Seek out and sustain community partnerships to provide opportunities for students and staff to grow as community leaders.	Create well-rounded life-long learners and global citizens. Supported by: <ul style="list-style-type: none"> ● Annual Fund Committee ● Director 	<ul style="list-style-type: none"> ● BOD as appropriate ● Director

Opportunities

- Local Business Internship/Mentor Programs
- Press Release / Media Relationships
- Woodbury Chamber of Commerce Partnerships

Technology

Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

The Technology Committee will work with MSA staff, students and parents in providing access and instruction on the technology needed to support MSA's curriculum. Technology is no longer just support behind the scenes. Today and in the future, prepared students must be proficient in computer programs used in college classes and the workforce. In addition MSA will strive to give students access to scientific technology such as the Fab Lab.

The Technology Committee will work with the Budget Committee and the Alternative Funding Committee to ensure that technology needs are communicated and a plan is in place to provide funding.

Goals	Support for the Vision	Owner
Sustain and enhance the 1:1 laptop program.	Sustainable Model of Excellence Supported by: <ul style="list-style-type: none"> ● MSA Community 	<ul style="list-style-type: none"> ● Technology Committee
Provide fixed asset technology for both buildings. This includes adequate Wi-Fi for concurrent use for all staff and students, whiteboards, projectors, telephone system and printers	Sustainable Model of Excellence Supported by: <ul style="list-style-type: none"> ● Finance Committee 	<ul style="list-style-type: none"> ● Technology Committee
Assist in incorporating technology within coursework whether in support of the subject, or as the subject, such as Computer Programming and Engineering.	Academic Excellence Supported by: <ul style="list-style-type: none"> ● Departments ● Academics Committee 	<ul style="list-style-type: none"> ● Technology Committee ● Departments ● Academic Committee

Technology (Continued)

Goals	Support for the Vision	Owner
Professional development for staff on what technology is applicable and how to use it.	Academic Excellence Supported by: <ul style="list-style-type: none">● MSA Staff● Departments	<ul style="list-style-type: none">● Technology Committee● MSA Staff
On-going design and upkeep of MSA website.	Sustainable Model of Excellence Supported by: <ul style="list-style-type: none">● MSA Staff● Communication Committee	<ul style="list-style-type: none">● Communication Committee

Audit

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2016

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2016

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CHARTER SCHOOL NO. 4043
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INTRODUCTORY SECTION

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2016**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRATION	BOARD POSITION
Tim Tydlacka	June 30, 2017	Board Chair
Deb Ledvina	June 30, 2017	Vice Chair
Mona Hayashi	June 30, 2016	Treasurer
Noelle Haland	June 30, 2018	Secretary
Jeana Albers	June 30, 2018	Teacher Member
Mara Bertelsen	June 30, 2016	Teacher Member
Joe Burianek	June 30, 2016	Member
Jessie Heydt	June 30, 2016	Member
Peter Irvine	June 30, 2018	Member
John Gawarecki	-	Ex Officio
Judith Darling	-	Ex Officio

MSA BUILDING COMPANY

NAME	TERM ON BOARD EXPIRATION	BOARD POSITION
John Gawarecki	June 30, 2018	President
Joell Pundsack	June 30, 2018	Secretary
Shannon Froberg	June 30, 2018	Member
Mona Hayashi	June 30, 2016	Member
Jerry Shelton	June 30, 2017	Member

ADMINISTRATION

John Gawarecki

Administrator/Director

School Office:

Charter School No. 4043
Math and Science Academy
8430 Woodbury Crossing
Woodbury, MN 55125
(651) 578-7507

FINANCIAL SECTION



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Math and Science Academy
Charter School No. 4043
Woodbury, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Math and Science Academy as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Math and Science Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Math and Science Academy as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Prior Year Information

We have previously audited Math and Science Academy's 2015 financial statements of the governmental activities and each major fund, and we expressed an unmodified opinion on those audited financial statements in our report dated September 1, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Math and Science Academy's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table as listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Uniform Financial Accounting and Reporting Standards Compliance Table is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Members of the Board of Directors
Math and Science Academy
Charter School No. 4043

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2016, on our consideration of Math and Science Academy'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 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 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 Math and Science Academy's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 25, 2016

REQUIRED SUPPLEMENTARY INFORMATION

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

This section of Math and Science Academy – Charter School No. 4043's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal years include the following:

- The fund balance of the General Fund increased \$214,227 from the prior year for an ending fund balance of \$1,883,750 at June 30, 2016.
- Total General Fund revenues and other financing sources were \$4,920,721 as compared to \$4,706,494 of expenditures.
- The fund balance of the Building Company increased \$80,755 from the prior year for an ending fund balance of \$1,087,673 at June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

School-Wide Statements

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

School-Wide Statements (Continued)

The two School-wide statements report the School's *net position* and how they have changed. Net position – the difference between the School's assets, deferred outflows of resources, deferred inflows of resources, and liabilities – is one way to measure the School's financial health or *position*.

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

In the School-wide financial statements the School's activities are shown in one category:

- *Governmental Activities* – Most of the School's basic services are included here, such as regular and special education and administration. State aids finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The School may establish other funds to control and manage money for a blended component unit such as the Math and Science Academy Building Company.

The School has the following fund type:

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's *combined* net position was \$285,254 on June 30, 2016 (see Table A-1).

**Table A-1
The School's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2016	2015	
Current and Other Assets	\$ 3,503,489	\$ 3,064,948	14.31 %
Capital and Non-Current Assets	8,901,550	8,985,441	(0.93)
Total Assets	12,405,039	12,050,389	2.94
Deferred Outflows	665,878	591,971	-
Current Liabilities	750,111	606,912	23.59
Long-Term Liabilities	11,794,787	11,564,366	1.99
Total Liabilities	12,544,898	12,171,278	3.07
Deferred Inflows	240,765	535,721	-
Net Position:			
Net Investment in Capital Assets	(549,992)	(647,822)	(15.10)
Restricted	677,253	589,145	N/A
Unrestricted	157,993	(5,962)	(2750.00)
Total Net Position	\$ 285,254	\$ (64,639)	(541.30)

The School's net position increased by \$349,893, primarily as a result of an increase in state aids due to an increase in enrollment.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Changes in Net Position

The School's total entity-wide revenues were \$4,965,259 for the year ended June 30, 2016 (see Table A-2). State formula aid accounted for 69% of total revenue for the year. The remaining 31% came from other general and program revenues.

**Table A-2
Change in Net Position**

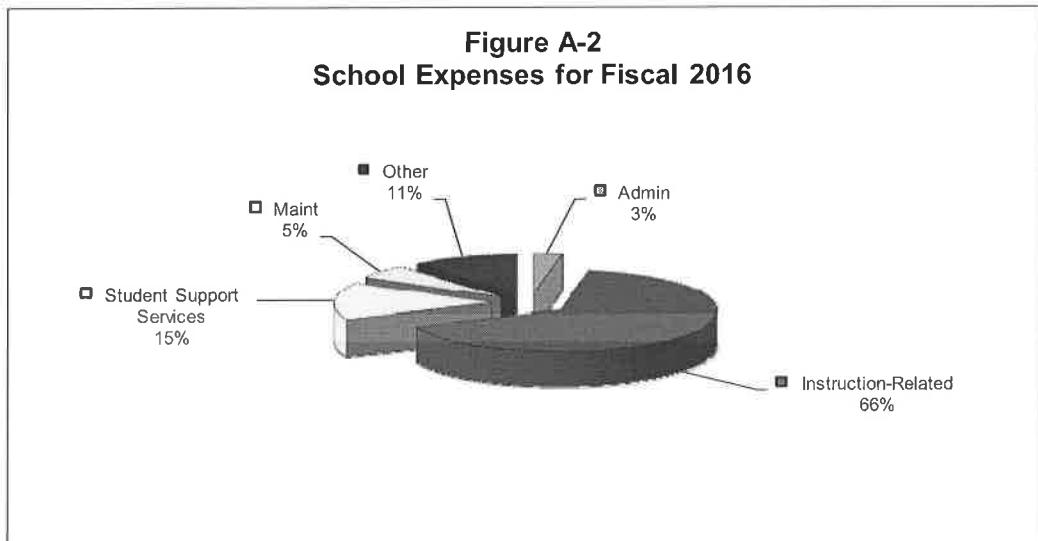
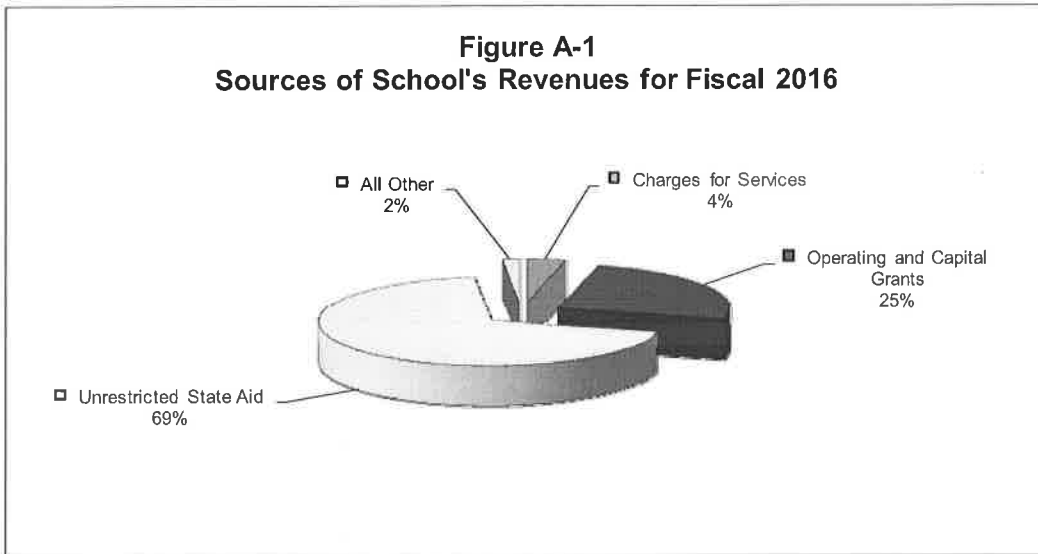
	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2016	2015	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 186,060	\$ 165,542	12.39 %
Operating Grants and Contributions	1,257,646	1,158,452	8.56
<u>General Revenues</u>			
Unrestricted State Aid	3,442,709	3,227,146	6.68
Investment Earnings	872	781	11.65
Other	77,972	79,090	(1.41)
Total Revenues	<u>4,965,259</u>	<u>4,631,011</u>	7.22
Expenses			
Administration	134,610	147,638	(8.82)
District Support Services	355,107	322,076	10.26
Regular Instruction	2,438,000	2,307,128	5.67
Special Education Instruction	596,768	490,750	21.60
Instructional Support Services	291,166	169,334	71.95
Pupil Support Services	34,218	16,662	105.37
Sites and Buildings	255,389	276,122	(7.51)
Fiscal and Other Fixed Cost Programs	60,477	53,955	12.09
Interest and Fiscal Charges on Long-Term Liabilities	449,631	455,692	(1.33)
Total Expenses	<u>4,615,366</u>	<u>4,239,357</u>	8.87
Change in Net Position	349,893	391,654	
Beginning Net Position	(64,639)	(456,293)	
Ending Net Position	<u>\$ 285,254</u>	<u>\$ (64,639)</u>	

Total revenues exceeded expenditures increasing the net position by \$349,893. The increase in revenue was largely driven by the increase in enrollment (an average of 15 students). The total cost of all programs and services was \$4,615,366. Expenditures also increased to reflect the growth in the student body as well as the expanded course offerings.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

The cost of all *governmental* activities this year was \$4,615,366.

- Some of the cost was paid by the users of the School's programs (\$186,060).
- The federal government and private grant funds subsidized certain programs with grants and contributions (\$1,257,646).
- Most of the School's costs were paid for by unrestricted state aid (\$3,442,709).



**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

All governmental funds include not only funds received for the general operation of the School which are used for classroom instruction, but also include resources from the Building Company. Funding for the general operation of the School is controlled by the state.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2016	2015		2016	2015	
Administration	\$ 134,610	\$ 147,638	(8.82)%	\$ 134,610	\$ 147,638	(8.82)%
District Support Services	355,107	322,076	10.26	355,107	322,076	10.26
Regular Instruction	2,438,000	2,307,128	5.67	2,251,940	2,141,586	5.15
Special Education Instruction	596,768	490,750	21.60	40,667	10,518	286.64
Instructional Support Services	291,166	169,334	71.95	291,166	169,334	71.95
Pupil Support Services	34,218	16,662	105.37	34,218	16,662	105.37
Sites and Buildings	255,389	276,122	(7.51)	3,475	53,594	(93.52)
Fiscal and Other Fixed Cost Programs	60,477	53,955	12.09	60,477	53,955	12.09
Interest and Fiscal Charges on Long-Term Liabilities	449,631	455,692	(1.33)	-	-	N/A
Total	<u>\$ 4,615,366</u>	<u>\$ 4,239,357</u>	8.87	<u>\$ 3,171,660</u>	<u>\$ 2,915,363</u>	8.79

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The financial performance of the School as a whole is reflected in its governmental funds. Revenues and other financing sources for the School's governmental funds were \$5,704,778 while total expenditures and other financing uses were \$5,409,796. This contributed to a *combined* fund balance of \$2,971,423 which is \$294,982 higher than last year's ending fund balance of \$2,676,441.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from grade 6 through grade 12 including activities and capital outlay projects.

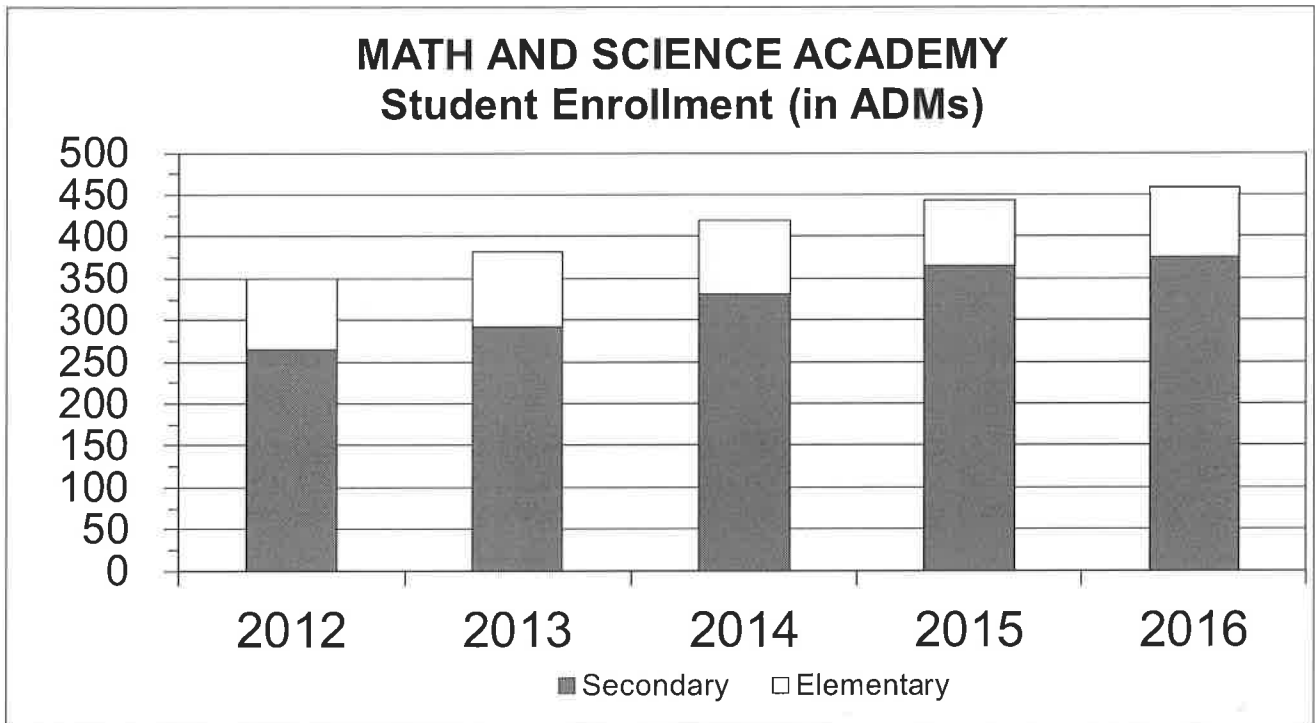
A large percentage of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

ENROLLMENT

Enrollment is a critical factor in determining revenue with a very high percentage of General Fund revenue being determined by enrollment. The following chart shows that the number of students has increased continuously over the last five years.

**Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)**



Since opening in 1999, the School has experienced excellent stability in average daily membership. The average enrollment during 2015-2016 was 459 students which was an increase of approximately 15 students over the prior year.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2016	June 30, 2015	Increase (Decrease)	Percent
Local Sources:				
Earnings on Investments	\$ 803	\$ 714	\$ 89	12.5 %
Other	261,144	244,182	16,962	6.9
State Sources	4,591,951	4,284,723	307,228	7.2
Federal Sources	66,823	96,172	(29,349)	(30.5)
Total General Fund Revenue	<u>\$ 4,920,721</u>	<u>\$ 4,625,791</u>	<u>\$ 294,930</u>	6.4

Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variables such as socioeconomic indicators driving additional funding. For Minnesota charter schools the majority of all funding is made up of general education aid, special education aid and charter school lease aid. Other revenue consists of federal and private grant funding that is often expenditure driven.

Total General Fund Revenue increased by \$294,930 from the previous year. State revenue increased approximately \$307.2K with most of the increase attributable to the increase in enrollment, lease aid, and state special education revenue. Federal revenue decreased approximately \$29.3K because in 2014-2015 the School had carryover funds from previous fiscal years to spend.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2016	June 30, 2015		
Salaries	\$ 2,115,269	\$ 1,882,599	\$ 232,670	12.4 %
Employee Benefits	695,627	674,000	21,627	3.2
Purchased Services	1,394,267	1,342,612	51,655	3.8
Supplies and Materials	319,259	315,355	3,904	1.2
Capital Expenditures	148,083	162,379	(14,296)	(8.8)
Other Expenditures	33,989	28,429	5,560	19.6
Total Expenditures	<u>\$ 4,706,494</u>	<u>\$ 4,405,374</u>	<u>\$ 301,120</u>	

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Total General Fund expenditures increased \$301,120 from the previous year. As expected, there were increases across the board due to the increase in the number of students and additional course offerings. Purchased Services increased approximately \$51.7K due to additional funds being spent in the areas of repairs and maintenance, staff development and an increase in our building lease.

Unassigned fund balance is the single best measure of overall financial health. General Fund unassigned fund balance was \$1,710,755 at June 30, 2016. The total fund balance (which includes \$129,472 of prepaid items and \$43,523 related to student activities) of \$1,883,750 represents 40.0% of annual expenditures.

General Fund Budgetary Highlights

The budget is approved prior to the beginning of the fiscal year. The School then may revise the annual operating budget in the fall and then again mid-year. These budget amendments fall into two main categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were higher than budgeted with a variance of \$66,917 or 1.4%.

Actual expenditures were lower than budgeted with a variance of \$98K or 2.0%. The majority of this variance is found in the areas of salaries and benefits where we were under budget by \$137k. Salaries were under budget due to changes in the administrative staff, study hall salaries, and less school psychologist time spent with general education students than anticipated. Benefits were impacted by salaries being under budget as well as there being some savings in the health insurance budget.

The differences between budget and actual revenues and expenditures resulted in a surplus for the year of \$214,227 which was \$164,916 higher than budgeted.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

OTHER MAJOR FUNDS

Revenues and other financing sources exceeded expenditures and other financing uses in the Building Company Fund by \$80,755. This is primarily because the amount received for lease payments exceeded the amount required for debt service payments, capital outlay expenditures, and fiscal agent and other expenditures that were required and incurred during the fiscal year.

In fiscal year 2013, the MSA Building Company issued \$9,950,000 of bonds (Series 2012A and Series 2012B). The proceeds from the sale of the bonds were used for three purposes as follows: to finance the costs of acquiring, constructing and equipping of a second site; to improve the current facility; and to refund the 2002 Series bonds. The new building is a three story, 30,400 square foot building and consists of a gymnasium and ten classrooms.

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, the Building Company Fund continues to operate on a sound financial basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2015-2016 fiscal year, the School and related building company had invested \$10,808,469, in a broad range of capital assets, including the school building, computer and other equipment (see Table A-7). More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$246,356.

**Table A-7
The School's Capital Assets**

	<u>2016</u>	<u>2015</u>	<u>Percentage Change</u>
Math and Science Academy			
Equipment	\$ 413,969	\$ 436,038	(5.1)%
Construction in Progress	-	4,627	(100.0)
Leasehold Improvements	181,388	90,977	99.4
MSA Building Company			
Land	990,625	990,625	-
Buildings and Improvements	9,135,498	9,106,846	0.3
Equipment	86,989	86,989	-
Less: Accumulated Depreciation	<u>(1,906,919)</u>	<u>(1,730,661)</u>	10.2
Total	<u>\$ 8,901,550</u>	<u>\$ 8,985,441</u>	(0.9)

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Long-Term Liabilities

At year-end, the School had a net amount of \$11,974,787 in long-term debt outstanding.

**Table A-8
The School's Long-Term Liabilities**

	2016	2015	Percentage Change
General Obligation Bonds	\$ 9,585,000	\$ 9,765,000	(1.84)%
Net Bond Premium	238,917	247,631	(3.52)
Retirement Benefits Payable	2,150,870	1,731,735	24.20
Total	<u>\$ 11,974,787</u>	<u>\$ 11,744,366</u>	1.96
Long-Term Liabilities:			
Due Within One Year	\$ 180,000	\$ 180,000	
Due in More than One Year	11,794,787	11,564,366	
Total	<u>\$ 11,974,787</u>	<u>\$ 11,744,366</u>	

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the State of Minnesota for its revenue authority. The 2015 Legislative session ended with schools receiving a 2% increase to the general education formula for both FY 2016 and FY 2017. The 2016 Legislative session did not further improve the general education formula. The holdback will continue at its current level of 10%.

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Math and Science Academy No. 4043, 8430 Woodbury Crossing, Woodbury, Minnesota, 55125.

BASIC FINANCIAL STATEMENTS

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
STATEMENT OF NET POSITION
JUNE 30, 2016**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)

	Governmental Activities	
	2016	2015
ASSETS		
Cash and Investments	\$ 1,803,902	\$ 1,567,352
Cash and Investments Held by Trustee	1,145,062	1,002,173
Receivables:		
Other Governments	415,433	438,901
Other	7,220	866
Prepaid Items	131,872	55,656
Capital Assets:		
Land and Construction in Progress	990,625	995,252
Other Capital Assets, Net of Depreciation	7,910,925	7,990,189
Total Assets	12,405,039	12,050,389
DEFERRED OUTFLOWS OF RESOURCES		
Pension Deferred Outflows - See Note 7	665,878	591,971
LIABILITIES		
Salaries Payable	321,180	250,754
Accounts and Contracts Payable	153,674	137,753
Accrued Interest Payable	38,045	38,405
Unearned Revenue	57,212	-
Long-Term Liabilities:		
Portion Due Within One Year	180,000	180,000
Portion Due in More Than One Year	11,794,787	11,564,366
Total Liabilities	12,544,898	12,171,278
DEFERRED INFLOWS OF RESOURCES		
Pension Deferred Inflows - See Note 7	240,765	535,721
NET POSITION		
Net Investment in Capital Assets	(549,992)	(647,822)
Restricted for:		
Building Company Debt Service	677,253	589,145
Unrestricted	157,993	(5,962)
Total Net Position	\$ 285,254	\$ (64,639)

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

Functions	2016			2015	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Total Governmental Activities
Governmental Activities					
Administration	\$ 134,610	\$ -	\$ -	\$ (134,610)	\$ (147,638)
District Support Services	355,107	-	-	(355,107)	(322,076)
Regular Instruction	2,438,000	186,060	-	(2,251,940)	(2,141,586)
Special Education Instruction	596,768	-	556,101	(40,667)	(10,518)
Instructional Support Services	291,166	-	-	(291,166)	(169,334)
Pupil Support Services	34,218	-	-	(34,218)	(16,662)
Sites and Buildings	255,389	-	251,914	(3,475)	(53,594)
Fiscal and Other Fixed Cost Programs	60,477	-	-	(60,477)	(53,955)
Interest and Fiscal Charges on Long-Term Liabilities	449,631	-	449,631	-	-
Total School District	<u>\$ 4,615,366</u>	<u>\$ 186,060</u>	<u>\$ 1,257,646</u>	(3,171,660)	(2,915,363)
General Revenues					
State Aid Not Restricted to Specific Purposes				3,442,709	3,227,146
Earnings on Investments				872	781
Miscellaneous				77,972	79,090
Total General Revenues				<u>3,521,553</u>	<u>3,307,017</u>
Change in Net Position				349,893	391,654
Net Position - Beginning				(64,639)	(456,293)
Net Position - Ending				<u>\$ 285,254</u>	<u>\$ (64,639)</u>

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Major Funds		Total Governmental Funds	
	General	Building Company	2016	2015
ASSETS				
Cash and Investments	\$ 1,801,912	\$ 1,990	\$ 1,803,902	\$ 1,567,352
Cash and Investments Held by Trustee	-	1,145,062	1,145,062	1,002,173
Receivables:				
Due from Minnesota Department of Education	415,433	-	415,433	430,514
Due from Federal through Minnesota Department of Education	-	-	-	8,387
Other Receivables	7,220	-	7,220	866
Due from Other Fund	2,400	-	2,400	2,400
Prepaid Items	129,472	2,400	131,872	55,656
Total Assets	<u>\$ 2,356,437</u>	<u>\$ 1,149,452</u>	<u>\$ 3,505,889</u>	<u>\$ 3,067,348</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Salaries Payable	\$ 236,480	\$ -	\$ 236,480	\$ 181,869
Payroll Deductions and Employer Contributions Payable	84,700	-	84,700	68,885
Accounts and Contracts Payable	151,507	2,167	153,674	137,753
Due to Other Fund	-	2,400	2,400	2,400
Unearned Revenue	-	57,212	57,212	-
Total Liabilities	472,687	61,779	534,466	390,907
Fund Balance:				
Nonspendable:				
Prepaid Items	129,472	2,400	131,872	55,656
Restricted:				
Building Company	-	1,085,273	1,085,273	1,004,518
Assigned:				
Technology Equipment	-	-	-	3,981
Student Groups	43,523	-	43,523	37,499
Unassigned	1,710,755	-	1,710,755	1,574,787
Total Fund Balance	<u>1,883,750</u>	<u>1,087,673</u>	<u>2,971,423</u>	<u>2,676,441</u>
Total Liabilities and Fund Balance	<u>\$ 2,356,437</u>	<u>\$ 1,149,452</u>	<u>\$ 3,505,889</u>	<u>\$ 3,067,348</u>

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	2016	2015
Total Fund Balance for Governmental Funds	\$ 2,971,423	\$ 2,676,441
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	990,625	990,625
Construction in Progress	-	4,627
Land Improvements, Net of Accumulated Depreciation	173,109	88,930
Buildings and Improvements, Net of Accumulated Depreciation	7,512,667	7,676,793
Equipment, Net of Accumulated Depreciation	225,149	224,466
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(38,045)	(38,405)
The School's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Net Pension Liability	(2,150,870)	(1,731,735)
Deferred Inflows of Resources - Pensions	(240,765)	(535,721)
Deferred Outflows of Resources - Pensions	665,878	591,971
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(9,585,000)	(9,765,000)
Unamortized Premiums	(238,917)	(247,631)
Total Net Position of Governmental Activities	\$ 285,254	\$ (64,639)

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	Major Funds		Total Governmental Funds	
	General	Building Company	2016	2015
REVENUES				
Local Sources:				
Earnings on Investments	\$ 803	\$ 69	\$ 872	\$ 781
Other	261,144	783,988	1,045,132	992,152
State Sources	4,591,951	-	4,591,951	4,284,723
Federal Sources	66,823	-	66,823	96,172
Total Revenues	<u>4,920,721</u>	<u>784,057</u>	<u>5,704,778</u>	<u>5,373,828</u>
EXPENDITURES				
Current:				
Administration	131,181	-	131,181	146,777
District Support Services	346,651	-	346,651	317,551
Regular Instruction	2,163,143	-	2,163,143	2,108,109
Special Education Instruction	580,404	-	580,404	487,033
Instructional Support Services	251,035	-	251,035	143,393
Pupil Support Services	33,889	-	33,889	16,662
Sites and Buildings	1,027,576	-	1,027,576	996,799
Fiscal and Other Fixed Cost Programs	24,532	35,945	60,477	53,955
Capital Outlay	148,083	28,652	176,735	213,263
Debt Service:				
Principal	-	180,000	180,000	170,000
Interest and Fiscal Charges	-	458,705	458,705	465,115
Total Expenditures	<u>4,706,494</u>	<u>703,302</u>	<u>5,409,796</u>	<u>5,118,657</u>
Excess of Revenues Over Expenditures	214,227	80,755	294,982	255,171
Fund Balances - Beginning	<u>1,669,523</u>	<u>1,006,918</u>	<u>2,676,441</u>	<u>2,421,270</u>
Fund Balances - Ending	<u>\$ 1,883,750</u>	<u>\$ 1,087,673</u>	<u>\$ 2,971,423</u>	<u>\$ 2,676,441</u>

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 RECONCILIATION OF THE STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2016
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016	2015
Net Change in Fund Balance-Total Governmental Funds	\$ 294,982	\$ 255,171
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlays	162,465	203,517
Depreciation Expense	(246,356)	(232,719)
<p>Pension expenses on the governmental funds are measured by current year employee contributions. Pension expenditures on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.</p>		
	(50,272)	(13,738)
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of long-term bonds and related items is as follows:</p>		
Repayment of Bond Principal	180,000	170,000
Change in Accrued Interest Payable	360	709
Amortization of Bond Premium	8,714	8,714
Change in Net Position of Governmental Activities	\$ 349,893	\$ 391,654

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings on Investments	\$ 750	\$ 750	\$ 803	\$ 53
Other	123,300	234,225	261,144	26,919
State Sources	4,442,116	4,556,656	4,591,951	35,295
Federal Sources	86,226	62,173	66,823	4,650
Total Revenues	<u>4,652,392</u>	<u>4,853,804</u>	<u>4,920,721</u>	<u>66,917</u>
EXPENDITURES				
Current:				
Administration	152,781	129,660	131,181	1,521
District Support Services	370,723	383,216	346,651	(36,565)
Elementary and Secondary Regular Instruction	2,226,611	2,258,236	2,163,143	(95,093)
Special Education Instruction	496,679	554,395	580,404	26,009
Instructional Support Services	187,385	246,804	251,035	4,231
Pupil Support Services	43,469	43,467	33,889	(9,578)
Sites and Buildings	1,020,766	1,048,752	1,027,576	(21,176)
Fiscal and Other Fixed Cost Programs	24,600	27,100	24,532	(2,568)
Capital Outlay	82,900	112,863	148,083	35,220
Total Expenditures	<u>4,605,914</u>	<u>4,804,493</u>	<u>4,706,494</u>	<u>(97,999)</u>
Excess of Revenues Over Expenditures	<u>\$ 46,478</u>	<u>\$ 49,311</u>	214,227	<u>\$ 164,916</u>
FUND BALANCE				
Beginning of Year			<u>1,669,523</u>	
End of Year			<u>\$ 1,883,750</u>	

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Charter School No. 4043 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

Charter School No. 4043, also known as Math and Science Academy (the School), is a nonprofit corporation that was formed on June 26, 1998, in accordance with Minnesota Statutes. The School is sponsored by Student Achievement Minnesota, LLC and is operating under a contract extending through June 30, 2019. The primary objectives of the School are to provide intense math and science experiences to middle and secondary students which is balanced with a strong humanities and art program. The focus of the program is to provide a hands-on, interdisciplinary and in-depth approach that demonstrates to students that more math and science concepts can be retained and understood than traditionally accepted. The governing body consists of a board of directors composed of up to nine members elected by voters of the general membership of the School (consisting of all staff members and parents of students enrolled in the School) to serve two-year staggered terms.

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

Component units are legally separate entities for which the School is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Continued)

Based on these criteria, there is one organization that is considered to be a component unit of the School. MSA Building Company (the Building Company) is a Minnesota non-profit corporation holding IRS classification as a 501(c)(3) tax exempt organization which owns the real estate and building that is leased by the School for its operations. The Building Company is governed by a separate board appointed by the Board of the School. Although it is legally separate from the School, the Building Company is reported as if it were part of the School (as a blended component unit) because its sole purpose is to acquire, construct and own an educational site which is leased to the School. No separate financial statements of the Building Company are issued. The building is leased to Math and Science Academy under the terms of a long-term agreement. All long-term debt related to the purchase of the building and property and all capital assets related to the school site are the responsibility of and are under the ownership of MSA Building Company.

Aside from its sponsorship, Student Achievement Minnesota, LLC has no authority, control, power, or administrative responsibilities over Math and Science Academy. Therefore, the School is not considered a component unit of Student Achievement Minnesota, LLC.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, school boards can elect to either control or not control extracurricular activities. The School Board has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the School's basic financial statements as part of the General Fund.

C. Basic Financial Statement Presentation

The School-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the School.

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Description of Funds

As required by state statute, the School operates as a nonprofit corporation under Minnesota Statutes §317A. However, state law also requires that the School comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. A description of the funds included in this report are as follows:

Major Governmental Funds

General Fund

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

Building Company Special Revenue Fund

Accounts for all activities of MSA Building Company. This includes accounting for the proceeds and uses of resources borrowed for the purpose of purchasing and building the school site, the receipt of lease payments from the School, as well as the debt service payments required under the terms of the related long-term mortgage loans.

Income Taxes

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General Fund. A budget is not adopted for the Special Revenue Fund. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Administrative Director submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

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

Budgeted amounts include a mid-year budget amendment that changed revenue and expenditures budgets as follows:

<u>Revenues</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
General Fund	\$ 4,652,392	\$ 201,412	\$ 4,853,804
<u>Expenditures</u>			
General Fund	\$ 4,605,914	\$ 198,579	\$ 4,804,493

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota schools which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

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

H. Prepaid Items

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet 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 School has one item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position and balance sheet 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 item that qualifies for reporting in this category.

J. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School maintains a threshold level of \$2,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets are recorded in the School-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

Capital assets not being depreciated include land and construction in process.

The School does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions

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 Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. 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.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 7.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits

Unpaid Sick and Personal Leave

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

N. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these financial statements are labeled "Cash and Investments Held by Trustee".

O. Fund Balance

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the School Board. Assigned funds are funds that are neither restricted nor committed. Unassigned fund balances are considered the remaining amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the default spending priority per GASB Statement No. 54 is to use committed, assigned, then unassigned fund balance.

P. Risk Management

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

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

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

R. Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the 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.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The School's carrying and bank balances of deposits at June 30, 2016 were \$1,801,912 and \$1,863,884, respectively. The carrying and bank balances of the Building Company's deposits at June 30, 2016 were \$1,990 and \$1,990, respectively. All deposits were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The School may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements 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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2016, the Building Company's investment balances were as follows:

Cash Investments Held by Trustee

	<u>Percentage of Total Investments</u>	<u>Maturity Date</u>	<u>Cost</u>
First American Treasury Obligations Money Market Fund - Class D	100.0%	-	<u>\$ 1,145,062</u>

These investments are held by an escrow agent in accordance with escrow agreements established with the sale of the Lease Revenue Bonds Mortgage Loan Series 2012. The interest rates on these investments range from 0% to 4.5%. The money market fund investment is invested in the First American Treasury Obligations Fund which is rated Aaa by Moody's Investors Service.

Interest Rate Risk and Credit Risk

The School does not have a formal investment policy to address these risks.

Concentration of Credit Risk

The School places no limit on the amount that the School may invest in any one issuer.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 1,803,902
Cash and Investments Held by Trustee - Statement of Net Position	1,145,062
Total Cash and Investments	<u>\$ 2,948,964</u>

C. Fair Value Measurements

The School uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The School follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the School has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The School did not hold and investments measured at fair value as of June 30, 2016. The money market fund investments held by the Building Company's escrow agent are valued at cost.

NOTE 3 INTERFUND BALANCES

At June 30, 2016, the following were the interfund balances:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 2,400	\$ -
Building Company	-	2,400
Total	\$ 2,400	\$ 2,400

During the year, the General Fund made expenditures on the Building Company's behalf. The interfund balances are a result of a timing difference between when these expenditures incurred by the General Fund are reimbursed by the Building Company.

**MATH AND SCIENCE ACADEMY
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NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Math and Science Academy				
Construction in Progress	\$ 4,627	\$ -	\$ (4,627)	\$ -
MSA Building Company				
Land	990,625	-	-	990,625
Total Capital Assets, Not Being Depreciated	995,252	-	(4,627)	990,625
Capital Assets, Being Depreciated:				
Math and Science Academy				
Leasehold Improvements	90,977	90,411	-	181,388
Equipment	436,038	48,029	(70,098)	413,969
MSA Building Company				
Buildings and Improvements	9,106,846	28,652	-	9,135,498
Equipment	86,989	-	-	86,989
Total Capital Assets, Being Depreciated	9,720,850	167,092	(70,098)	9,817,844
Accumulated Depreciation for:				
Math and Science Academy				
Land Improvements	(2,047)	(6,232)	-	(8,279)
Equipment	(239,563)	(42,552)	70,098	(212,017)
MSA Building Company				
Buildings and Improvements	(1,430,053)	(192,778)	-	(1,622,831)
Equipment	(58,998)	(4,794)	-	(63,792)
Total Accumulated Depreciation	(1,730,661)	(246,356)	70,098	(1,906,919)
Total Capital Assets, Being Depreciated, Net	7,990,189	(79,264)	-	7,910,925
Governmental Activities Capital Assets, Net	<u>\$ 8,985,441</u>	<u>\$ (79,264)</u>	<u>\$ (4,627)</u>	<u>\$ 8,901,550</u>

**MATH AND SCIENCE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities		
District Support Services		\$ 2,041
Regular Instruction		205,770
Special Education Instruction		632
Instructional Support Services		30,030
Sites and Buildings		7,883
Total Depreciation Expense, Governmental Activities		<u>\$ 246,356</u>

NOTE 5 SHORT-TERM BORROWING

The School amended an existing financing agreement on March 28, 2013, and increased the maximum working capital advances to \$300,000 and increased the amount general education funding from the Minnesota Department of Education used to secure the loan from \$200,000 to \$300,000. On October 14, 2015, the School extended the agreement through November 3, 2017. The above terms and maximum working capital advances remained the same as the previous agreement, but the variable interest rate was amended to 1% above the Wall Street Journal Prime Rate with a minimum rate of 4.25%. No borrowing took place under the terms of this line of credit during fiscal 2016.

NOTE 6 LONG-TERM LIABILITIES

Bonds Payable

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
12/1/2012	2.40% - 5.00%	\$ 9,765,000	12/1/2043	\$ 180,000	\$ 9,585,000
Bond Premium - Net				-	238,917
Pension Benefits Payable				-	2,150,870
Total				<u>\$ 180,000</u>	<u>\$ 11,974,787</u>

**MATH AND SCIENCE ACADEMY
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NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

Lease Revenue Bonds Mortgage Loan Series 2012 Issues – MSA Building Company obtained a \$9,950,000 mortgage loan from lease revenue bond proceeds sold by the City of Woodbury to refinance the remaining balance of the Lease Revenue Bonds Series 2002A which had been issued to refinance two previous mortgage loans related to the construction and equipping of the educational site owned by the Building Company and leased to Math and Science Academy. The 2012 loan proceeds were used to refinance a combined remaining principal of \$3,970,000 on the 2002 mortgage loan. The City of Woodbury issued two separate bond issues as follows: \$9,765,000 of non-taxable lease revenue bonds (Series 2012A). The bond proceeds were placed in an escrow account controlled by U.S. Bank Trust under the terms of a trust agreement between the City of Woodbury and U.S. Bank Trust used by the Building Company to: (i) refund the outstanding Lease Revenue Bonds Series 2002A bond issues, (ii) finance the costs of acquiring, constructing, and equipping of an approximately 30,400 square-foot addition to the existing school building, (iii) finance various improvements to the Schoolhouse, (iv) pay interest on the Series 2012 Bonds through June 1, 2013, and (v) pay costs of issuing the Series 2012 Bonds.

The resulting loan is payable in semi-annual installments of principal and interest beginning December 1, 2013 through December 1, 2043. The note is based on annual interest rates that increase from 2.4% to 5.0% (the rates of the related lease revenue bonds) and is secured by a mortgage agreement covering the related land, school building, and building contents as well as the assignment of all lease revenue. The loan is also guaranteed by Math and Science Academy.

Following are maturities of long-term debt for each of the next five years ending June 30 and thereafter:

<u>Year Ending June 30,</u>	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 180,000	\$ 454,160
2018	185,000	449,093
2019	190,000	443,417
2020	200,000	437,025
2021	205,000	429,844
2022 - 2026	1,160,000	2,011,276
2027 - 2031	1,470,000	1,689,750
2032 - 2036	1,870,000	1,273,750
2037 and On	4,125,000	878,375
Total	<u>\$ 9,585,000</u>	<u>\$ 8,066,690</u>

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NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

Changes in long-term debt are as follows:

	June 30, 2015	Additions	Retirements	June 30, 2016
Minnesota Math and Science Academy				
Net Pension Liability	\$ 1,731,735	\$ 595,979	\$ 176,844	\$ 2,150,870
MSA Building Company				
Lease Revenue Bonds				
Mortgage Loan:				
City of Woodbury				
Series 20012A Issue	9,765,000	-	180,000	9,585,000
Bond Premiums	247,631	-	8,714	238,917
Total	<u>\$ 11,744,366</u>	<u>\$ 595,979</u>	<u>\$ 365,558</u>	<u>\$ 11,974,787</u>

NOTE 7 DEFINED BENEFIT PENSION PLANS

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

A. Plan Description

The School participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*. PERA and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. All full-time and certain part-time employees of the School other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**MATH AND SCIENCE ACADEMY
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA)

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.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the city of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State College and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

**MATH AND SCIENCE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. GERS Benefits

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

2. TRA Benefits

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

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

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service are Up to July 1, 2006	1.2% per Year
	First Ten Years, If Service Years are July 1, 2006 or After	1.4% per Year
	All Other Years of Service If Service Years are Up to July 1, 2006	1.7% per Year
	All Other Years of Service If Services Years are July 1, 2006 or After	1.9% per Year

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II Benefits

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

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

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

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

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in fiscal year 2016. In fiscal year 2016, the School was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members. The School's contributions to the GERF for the plan's fiscal year ended June 30, 2016 were \$25,988. The School's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

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

	Ending June 30, 2015		Ending June 30, 2016	
	Employee	Employer	Employee	Employer
Basic	11.0 %	11.5 %	11.0 %	11.5 %
Coordinated	7.5	7.5	7.5	7.5

The School's contributions to TRA for the plan's fiscal year ended June 30, 2016 were \$128,423. The School's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2016, the School reported a liability of \$233,213 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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 received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the School's proportion was .0045%, which was an increase of .0003% from its proportion measured as of June 30, 2015.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

GERF benefit provision changes during the measurement period included (1) the merger of the former Minneapolis Employees Retirement Fund division into GERF, effective January 1, 2015, and (2) revisions to Minnesota Statutes to make changes to contribution rates less prescriptive and more flexible.

The discount rate used to calculate liabilities for the June 30, 2015, measurement date was 7.9%. The Legislature has since set the discount rate in statute at 8% beginning with the June 30, 2016, measurement date the discount rate used when calculating liabilities based on GASB 68 accounting requirements will be increased to 8% to be consistent with the rate set in statute used for funding purposes.

For the year ended June 30, 2016, the School recognized pension expense of \$29,209 for its proportionate share of GERF's pension expense.

At June 30, 2016, the School reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,163	\$ 11,758
Changes in Actuarial Assumptions	14,524	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	20,760
Changes in Proportion and Differences Between School Contributions and Proportionate Share of Contributions	12,174	-
School Contributions Subsequent to the Measurement Date	25,988	-
Total	<u>\$ 54,849</u>	<u>\$ 32,518</u>

**MATH AND SCIENCE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

A total of \$25,988 reported as deferred outflows of resources related to pensions resulting from School contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expenses Amount</u>
2017	\$ (278)
2018	(278)
2019	(8,621)
2020	5,520
2021	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2016, the School reported a liability of \$1,917,657 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2015, 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 District. The School's proportionate share was .0310% at the end of the measurement period and .0333% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the 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 School were as follows:

<u>Description</u>	<u>Amount</u>
School's Proportionate Share of the TRA Net Pension Liability	\$ 1,917,657
State's Proportionate Share of TRA's Net Pension Liability Associated with the School	235,202

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2016, the School recognized pension expense of \$175,174. It also recognized \$41,581 as pension expense for the support provided by direct aid.

At June 30, 2016, the School reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 98,260	\$ -
Changes in Actuarial Assumptions	147,417	-
Net Difference Between Projected and Actual		
Investment Earnings	-	146,666
Changes in Proportion and Differences Between School Contributions and Proportionate Share of Contributions	236,929	61,581
School Contributions Subsequent to the Measurement Date	128,423	-
Total	<u>\$ 611,029</u>	<u>\$ 208,247</u>

A total of \$128,423 reported as deferred outflows of resources related to pensions resulting from School contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Pension Expenses Amount
2017	\$ 39,381
2018	39,381
2019	39,381
2020	133,183
2021	23,033
Thereafter	-

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Merger of Duluth Teacher's Retirement Fund Association (DTRFA)

Legislation enacted in 2014 merged the Duluth Teachers Retirement Fund Association (DTRFA) with TRA effective June 30, 2015. The beginning balances of total pension liability and fiduciary net position were adjusted to reflect the merger of DTRFA.

	6/30/14 CAFR	Restated
Total Pension Liability (A)	\$ 24,901,612,000	\$ 25,299,564,000
Plan Fiduciary Net Position (B)	20,293,684,000	20,519,756,000
Net Pension Liability (A-B)	<u>\$ 45,195,296,000</u>	<u>\$ 45,819,320,000</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per Year	3.00%
Active Member Payroll Growth	3.50% per Year	3.5 - 12%, Based on Years of Service
Investment Rate of Return	7.90%	8.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The actuarial experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually. The actuarial experience study for TRA was for the period July 1, 2004 through June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

The following changes in actuarial assumptions for GERF occurred in 2015: the discount rate was changed from 8.0% through June 30, 2017 and 8.5% thereafter to 8.0% for all years, the inflation assumption was changed from 3.0% to 2.75%, the payroll growth assumption was changed from 3.75% to 3.5%, assumed increases in member salaries were decreased by .25% at all ages and the assumed postretirement benefit increase rate was changed from 1.0% per year through 2026 and 2.5% thereafter to 1.0% per year through 2034 and 2.5% per year thereafter.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date for TRA. Post-retirement benefit adjustments are now assumed to be 2.0% annually with no increase to 2.5% projected. The prior year valuation assumed a 2.5% increase commencing July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9% for GERF and 8.0% for TRA. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic 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	45 %	5.50%
International Equity	15	6.00%
Bonds	18	1.45%
Alternative Assets	20	6.40%
Cash	2	0.50%
Totals	<u>100 %</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.9% for GERF and 8.0% for TRA. For TRA, this was a decrease from the discount rate at the prior measurement date of 8.25%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**MATH AND SCIENCE ACADEMY
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following presents the 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 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:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.90%	7.90%	8.90%
School's Proportionate Share of the GERF Net Pension Liability	\$ 366,213	\$ 233,213	\$ 122,979
<u>TRA Discount Rate</u>	7.00%	8.00%	9.00%
School's Proportionate Share of the TRA Net Pension Liability	\$ 2,918,922	\$ 1,917,657	\$ 1,082,072

I. Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA'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, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

NOTE 8 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

**MATH AND SCIENCE ACADEMY
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NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Pledged State Revenues

The School has pledged all funds, monies, grants, or other distributions received by the School from the State of Minnesota with respect to general student funding, state building lease aid payments, state distributions of Federal Title I funds, or any other funding sources, net of operating expenses of the School required under State or Federal laws to provide required educational program expenditures, to repay the \$9,765,000 2012A lease revenue bonds issued by the Building Company in November of 2012. Proceeds from the bonds provided financing for the acquiring, construction, and equipping of the education facility located at 8430 Woodbury Crossing Woodbury, Minnesota. The bonds are payable solely from lease revenues paid by the School to the Building Company revenues and are payable through 2043. Annual principal and interest payments on the bonds during the year ending June 30, 2016 required 82% of net lease revenues. The total principal and interest remaining to be paid on the bonds is \$17,651,690. Principal and interest paid for the current year and total customer net revenues were \$638,705 and \$781,100, respectively.

C. Lease Commitments and Terms – School Site

The School leases its main educational site at 8430 Woodbury Crossing, Woodbury, Minnesota from the MSA Building Company (a blended component unit). Under the terms of the revised lease agreement, the lease term is for the period beginning June 1, 2002 and ending December 31, 2043. The School has an option to extend the lease term for an unlimited number of consecutive 10-year lease periods either on the same lease terms or as agreed upon with the Building Company.

The net annual base rent for the term of the lease agreement is directly tied to the debt service requirements of the MSA Building Company, including amounts held in escrow as part of the respective loan agreements. In addition, the School is responsible for all interior and exterior repair and maintenance costs as well as all utility costs.

The total amount of rent incurred by the School to MSA Building Company under the terms of the main lease agreement was \$781,100 for fiscal 2016. The total cost of all educational-related space for fiscal 2015-2016 which qualified for state lease aid was \$781,100. The School qualified for state charter school lease aid based on a statutory cap of \$1,314 per pupil unit, or \$701,545. This entitlement is subject to proration by the Minnesota Department of Education to the extent the overall funding that has been provided is insufficient to meet all amounts owed to Minnesota charter schools. Future amounts to be requested for state lease aid from the Minnesota Department of Education may vary due to financing arrangements, which are subject to change.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Lease Commitments and Terms – School Site (Continued)

A schedule of lease commitments is as follows:

<u>Year Ending June 30,</u>	<u>Scheduled Lease Payments 8430 Woodbury Crossing</u>
2017	\$ 686,679
2018	686,562
2019	688,752
2020	689,375
2021	690,094
2022 - 2026	3,446,035
2027 - 2031	3,447,374
2032 - 2036	3,438,459
2037 and On	5,106,187
Total	\$ 18,879,517

The School's ability to make payments under its lease agreements is dependent on its revenues which are in turn, largely dependent on sufficient enrollments being served at the School and on sufficient state aids per student being authorized and received from the State of Minnesota. The School believes that its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due.

REQUIRED SUPPLEMENTARY INFORMATION

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 TRA SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
School's Proportion of the Net Pension Liability	0.031%	0.033%
School's Proportionate Share of the Net Pension Liability	\$ 1,917,657	\$ 1,534,440
State's Proportionate Share of the Net Pension Liability Associated with School	<u>235,202</u>	<u>107,817</u>
Total	\$ 2,152,859	\$ 1,642,257
School's Covered-Employee Payroll	1,712,307	1,582,227
School's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	111.99%	96.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.80%	81.50%

*The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 TRA SCHEDULE OF SCHOOL CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Statutorily Required Contribution	\$ 128,423	\$ 118,667
Contributions in Relation to the Statutorily Required Contribution	<u>(128,423)</u>	<u>(118,667)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 School's Covered-Employee Payroll	 \$ 1,712,307	 \$ 1,582,227
 Contributions as a Percentage of Covered Employee Payroll	 7.5%	 7.5%

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 PERA SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
School's Proportion of the Net Pension Liability	0.0045%	0.0042%
School's Proportionate Share of the Net Pension Liability	\$ 233,213	\$ 197,295
School's Covered-Employee Payroll	346,507	265,356
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	67.30%	74.35%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	78.20%	78.70%

*The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 PERA SCHEDULE OF SCHOOL CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Statutorily Required Contribution	\$ 25,988	\$ 19,570
Contributions in Relation to the Statutorily Required Contribution	<u>(25,988)</u>	<u>(19,570)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 School's Covered-Employee Payroll	 \$ 346,507	 \$ 265,356
 Contributions as a Percentage of Covered Employee Payroll	 7.50%	 7.38%

SUPPLEMENTARY INFORMATION

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2016**

	AUDIT	UFARS	Difference
01 GENERAL FUND			
Total Revenue	\$ 4,920,721	\$ 4,920,720	\$ 1
Total Expenditures	\$ 4,706,494	\$ 4,706,494	\$ -
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 129,472	\$ 129,472	\$ -
<i>Restricted/Reserved:</i>			
403 Staff Development	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -
406 Health & Safety	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -
408 Cooperative Programs	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -
417 Taconite Building Maint	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -
424 Operating Capital	\$ -	\$ -	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -
428 Learning & Development	\$ -	\$ -	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -
436 State Approved Alt. Program	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ -	\$ -	\$ -
441 Basic Skills Programs	\$ -	\$ -	\$ -
445 Career and Technical Programs	\$ -	\$ -	\$ -
449 Safe Schools Crime	\$ -	\$ -	\$ -
450 Prekindergarten	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Committed:</i>			
418 Committed for Separation	\$ -	\$ -	\$ -
461 Committed Fund Balance	\$ -	\$ -	\$ -
<i>Assigned:</i>			
462 Assigned Fund Balance	\$ 43,523	\$ 43,523	\$ -
<i>Unassigned:</i>			
422 Unassigned Fund Balance	\$ 1,710,755	\$ 1,710,755	\$ -
02 FOOD SERVICE			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted:</i>			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -
431 Community Education	\$ -	\$ -	\$ -
432 E.C.F.E.	\$ -	\$ -	\$ -
444 School Readiness	\$ -	\$ -	\$ -
447 Adult Basic Education	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Unreserved:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -

OTHER REQUIRED REPORTS



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

Members of the Board of Directors
Math and Science Academy
Charter School No. 4043
Woodbury, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the governmental activities and each major fund of Math and Science Academy as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Math and Science Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Math and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Math and Science Academy'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.

Members of the Board of Directors
Math and Science Academy
Charter School No. 4043

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 25, 2016



CliftonLarsonAllen

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Members of the Board of Directors
Math and Science Academy
Charter School No. 4043
Woodbury, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Math and Science Academy as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 25, 2016.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, identifies two main categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards and charter schools. Our study included the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Math and Science Academy failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Political Subdivisions. 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 School's noncompliance with the above-referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the School's compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 25, 2016

Long Range Budget Model

Math and Science Academy Long-Range Budget Projection Model September 26, 2016

	Actual 2014-2015	Actual 2015-2016	Working Budget 2016-2017	2017-2018	2018-2019
Enrollment Projections					
Number of Students Grade 6	79	85	87	84	84
Number of Students Grade 7	90	84	88	84	84
Number of Students Grade 8	87	88	88	80	80
Number of Students Grade 9	74	72	72	80	80
Number of Students Grade 10	62	65	57	75	77
Number of Students Grade 11	50	55	60	69	71
Less Adjustment for Grade 11 PSEO	(7)	(9)	(6)	(8)	(8)
Adjusted ADM for Grade 11	43	46	54	61	63
Number of Students Grade 12	30	49	53	60	62
Less Adjustment for Grade 12 PSEO	(22)	(30)	(30)	(43)	(44)
Adjusted ADM for Grade 12	8	19	23	17	18
Total Enrollment/Headcount	472	498	505	532	538
Total ADM	444	459	469	481	485
Total Number of Current Year Pupil Units (WADM)	516.81	533.90	545.48	560.32	565.52

State Revenue Assumptions and Calculations					
General Education Revenue	5,831.00	5,947.62	6,066.57	6,157.57	6,249.93
State Averages Per Pupil Unit	1.5%	2.0%	2.0%	1.5%	1.5%
Inflation Rate Assumption-Basic only	\$5,559.28	\$5,670.82	\$5,784.24	\$5,871.00	\$5,959.06
Basic Excluding Transportation	13.00	13.00	13.00	13.00	13.00
Gifted and Talented	0.00	0.00	0.00	0.00	0.00
Transportation Sparsity	27.48	29.23	29.26	29.26	29.26
Sparsity	225.25	225.73	226.13	226.13	226.13
Operating Capital	115.09	116.46	119.98	119.98	119.98
Equity	245.16	228.15	168.74	168.74	168.74
Referendum	0.62	0.67	0.67	0.67	0.67
Transition Allowance		17.06	17.06	17.06	17.06
Extended Time					
Per Pupil Unit State Revenue	6,185.88	6,301.12	6,359.08	6,445.84	6,533.90
Less Pension Adjustment	7.40	0.00	0.00	0.00	0.00
Total Per Pupil Unit State Revenue	\$6,193.28	\$6,301.12	\$6,359.08	\$6,445.84	\$6,533.90
Total General Education State Revenue	3,200,717	3,364,143	3,468,774	3,611,716	3,695,032

**Math and Science Academy
Long-Range Budget Projection Model
September 26, 2016**

	Actual 2014-2015	Actual 2015-2016	Working Budget 2016-2017	2017-2018	2018-2019
	1%	1%	2%	2%	2%
Compensatory Revenue					
A: Number of Students prior yr. (current year for 1st year)	442	478	503	469	481
B: Number of Free Lunch Students prior yr. (or current year for 1	4	5	10	9	10
C: Number of Reduced Lunch Students prior yr. (current yr. for 1	4	4	6	6	6
D: Adjusted Counts = 100% Free, 50% Reduced - (A)	6.00	7.00	13.00	12.12	12.43
E: Concentration Portion	0.01	0.01	0.03	0.03	0.03
F: Concentration Factor (lesser of 1 or Conc. Portion/.8)	0.02	0.02	0.03	0.03	0.03
G: PU = .6 * D * F	0.06	0.08	0.25	0.23	0.24
H: Initial Revenue	305	393	1,317	1,250	1,304
Miscellaneous Adjustment (Rounding)	(5)	39	(10)	1	1
I: Short Year Factor	1	1	1	1	1
Calculated Compensatory State Revenue ((A) x (B))	300	431	1,307	1,250	1,304

Building Lease Aid					
Aid at \$1,200 per p.u., change to \$1314 per p.u. 7-1-14	679,082	701,544	716,766	736,257	743,089
Aid at 90% of Lease	672,768	702,990	716,766	736,257	743,089
Lesser of per pupil unit or 90% of lease payment	1302	1317	1314	1314	1314
90% of lease payment-per pupil unit	672,768	701,544	716,766	736,257	743,089
Estimated Proration of Lease Aid Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Total Prorated Building Lease Aid Revenue	672,768	701,544	716,766	736,257	743,089
Lease Aid Revenue per pupil unit(before proration)	1302	1314	1314	1314	1314

Long-Term Facilities Maintenance Revenue					
Revenue per Adjusted Pupil Unit			34	85	132
Total Long-Term Facilities Maintenance Revenue			18,546	47,627	74,648

Special Education Revenue					
State Special Education Aid and Tuition Billing	368,055	484,532	551,237	573,306	596,242
	94%	94%	94%	94%	94%

LEP (Limited English Proficiency) State Aid					
Prior Year LEP Eligible ADM	0	0	1	0	0
Current Year LEP Eligible ADM	0	1	0	0	0
ADM Served	444	459	469	481	485
Adjusted LEP ADM	0	1	0	0	0
LEP Marginal Cost Pupils	0	20	0	0	0
LEP Revenue	0	14,000	0	0	0
Concentration Portion	0.0000	0.0022	0.0000	0.0000	0.0000
LEP Concentration Revenue	0	5	0	0	0
Total LEP Aid	0	14,005	0	0	0

**Math and Science Academy
Long-Range Budget Projection Model
September 26, 2016**

	Actual 2014-2015	Actual 2015-2016	Working Budget 2016-2017	2017-2018	2018-2019
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Revenue Summary and Projections

State Aids					
General Education Revenue	3,200,717	3,364,143	3,468,774	3,611,716	3,695,032
Less General Ed Reduction (Offset by Stabilization Funds)	0	0	0	0	0
LEP Aid	0	14,005	0	0	0
Compensatory Revenue	300	431	1,307	1,250	1,304
Subtotal	3,201,017	3,378,579	3,470,082	3,612,966	3,696,335
Technical & Operating Capital Aid	0	0	0	0	0
Building Lease Aid	672,768	701,544	716,766	736,257	743,089
Long-Term Facilities Maintenance Revenue	0	0	18,546	47,627	74,648
Prior Year Over/Under accruals/Rounding Adjustment	21,513	7,495	0	0	0
Special Education Aid	368,055	484,532	551,237	573,306	596,242
Endowment Aid	12,944	14,666	16,067	16,504	16,657
Teacher Development & Evaluation Revenue	8,426	0	0	0	0
Other Miscellaneous State Aid	831	5,134	0	0	0
Total State Aids	4,285,564	4,591,950	4,772,698	4,986,659	5,126,971
Federal Revenue					
Federal Special Ed	96,172	66,823	62,797	64,100	65,400
Title II Funds	0	0	2,086	2,128	2,170
Total Federal Revenue	96,172	66,823	64,883	66,228	67,570
Other Revenue					
Fees from Patrons: Milk, Graduation Gear, AP Exam (005-050)	13,410	13,367	13,500	14,100	14,500
Fees From Patrons: Study Hall (920-050)	9,775	11,125	11,500	12,000	12,400
Fees from Students/ Field Trip (105-050)	24,832	35,178	36,000	37,600	38,700
Interest Revenue	714	803	850	850	850
Annual Fund (255)/Capital Campaign	63,254	61,370	100,000	50,000	50,000
Donations and Miscellaneous Grants	3,119	6,791	0	0	0
Miscellaneous Income/Sale of Equipment	325	1,470	0	0	0
Year Book Revenues	11,111	3,916	4,000	4,200	4,300
Insurance Recovery (625)	0	0	0	0	0
Student Activity Revenue (offset by SA expenses, year-end entry)	117,525	127,928	120,000	125,500	129,200
Total Other Revenue	244,065	261,948	285,850	244,250	249,950
Total Revenue	4,625,791	4,920,721	5,123,431	5,297,137	5,444,492

**Math and Science Academy
Long-Range Budget Projection Model
September 26, 2016**

Actual Actual Working Budget
2014-2015 2015-2016 2016-2017 2017-2018 2018-2019

Expenditure Calculations

New Staff Calc - Staff increases based on enrollment increases							
Actual/projected enrollment change from prior year	25	15	10	12	4		
Added new teacher FTE's - calculated at 20:1 ratio (rounded)	2.0	1.0	1.0	1.0	0.0		
Other Teachers/Non-teachers Added							
Additional staff budget added	0	0	0	46,000	0		
Total new teachers added/subtracted			43,000		44,737		
Projected new teacher (1FTE) Salary cost				43,860	0		
Added salary cost - teachers (added FTE's times cost)			see payroll budget	43,860	0		
Added cost - others per above	0	0	0	35,000	0		

Inflation Assumptions

Salaries	2.0%	2.0%	2.0%	2.0%	2.0%
Other costs	2.0%	2.0%	2.0%	2.0%	2.0%

Budget Calculations

100 Salaries	36.2%	32.6%	34.0%	36.0%	36.0%
200 Benefits	1,550,008	1,711,159	1,858,936	1,975,000	2,014,500
100 Extracurricular Stipends	561,479	558,225	632,637	691,886	725,869
100 Study Hall (920)	55,981	49,588	62,690	65,600	66,900
305 Contracted Services	14,072	13,236	0	0	0
315 Repairs and Maintenance for Computers	202,843	203,308	188,051	196,700	202,400
320 Communications Services	0	0	20,500	21,400	22,000
329 Postage	20,944	20,357	21,570	22,600	23,300
330 Utilities	3,661	2,453	2,600	2,700	2,800
340 Insurance	91,656	85,408	91,365	93,200	95,100
350 Repairs and Maintenance	26,671	24,532	27,600	28,200	28,800
360 Field Trip Transportation	77,275	76,791	73,100	76,400	78,600
366 Travel and conferences	6,009	8,521	9,800	10,200	10,500
369 Field Trip Admissions	22,060	38,794	40,000	41,800	43,000
	18,069	22,241	26,200	27,400	28,200

Lease Payments per Amended Lease (Nov 2012)	690,240	688,345	686,679	686,562	686,562
Adjustment, Max Lease Aid or Close	57,280	92,755	109,728	131,501	139,092
370 Total Lease Expense	747,520	781,100	796,407	818,063	825,654

370 Other Rentals and Operating Leases	12,997	15,866	500	500	500
380 Computer and Tech Related Hardware Rental	0	0	19,428	20,300	20,900
391 Payments to Other ISD's - CIS Program	5,655	6,815	0	0	0
401 General Supplies/Non-Instructional	48,070	63,517	67,000	70,100	72,100
401 Maintenance Supplies	16,497	15,862	16,800	17,600	18,100
405 Non-Instructional Computer Software & Licensing	18,488	20,795	20,415	21,300	21,900
406 Instructional Software Licensing			12,000	12,500	12,900
430 Instructional Supplies	36,752	48,335	34,900	36,500	37,600
460 Textbooks and Workbooks	50,354	29,323	33,700	35,200	36,200

**Math and Science Academy
Long-Range Budget Projection Model
September 26, 2016**

	Actual 2014-2015	Actual 2015-2016	Working Budget 2016-2017	2017-2018	2018-2019
461 Standardized Tests	10,893	13,476	14,000	14,600	15,000
490 Food	0	908	1,000	1,000	1,000
506 Capitalized Instructional Technology Software	0	0	5,000	5,200	5,400
520 Bldg Improvements	34,279	58,105	25,000	25,000	25,000
530 Furniture and Other Equipment	33,186	13,361	20,000	20,900	21,500
555 Technology Equipment	58,220	46,283	41,700	43,600	44,900
820 Dues and memberships	28,429	33,989	35,800	37,400	38,500
898 Scholarships	0	0	500	500	500
Annual Fund (255)/Capital Campaign	43,839	47,224	100,000	50,000	50,000
State Special Ed Expenditures / ESY	395,769	515,460	586,422	609,900	634,300
Federal Special Ed Expenditures (Inc. ARRA)	96,172	66,823	62,797	64,100	65,400
Title II Funds			2,086	2,128	2,170
Extended Time Expense			9,306	9,559	9,648
Student Activity Expenses (offset by SA revenue, year-end entry)	117,525	114,638	120,000	125,500	129,200
Total Expenditures	4,405,373	4,706,493	5,079,811	5,294,537	5,430,342
Annual Surplus	220,418	214,228	43,620	2,600	14,150
	220,418				
Beginning fund Balance	1,449,106	1,669,524	1,883,751	1,927,371	1,929,972
Ending Fund Balance	1,669,524	1,883,751	1,927,371	1,929,972	1,944,122
	1,669,524				
Fund Balance Percentage of Annual Expenditures	37.9%	40.0%	37.9%	36.5%	35.8%

The projected statements are presented on a budgetary basis and do not include the activity of the building company.