



2013-2014 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

*8430 Woodbury Crossing
Woodbury, Minnesota 55125
651-578-7507
www.mnmsa.org*

2013-2014 ANNUAL REPORT

**Submitted to:
Student Achievement Minnesota
(SAM) MSA's Authorizer
Glory Kibbel**

**Submitted
November 1st 2014**

Table of Contents For 2013-2014

Report Introduction.....	Page 4
School Governance.....	Page 5
Management and Administration.....	Page 7
Staffing.....	Page 7
School Enrollment Procedures	Page10
Student Demographics.....	Page 12
Student Enrollment	Page 13
Academic Performance.....	Page 13
Operational Performance.....	Page 15
Innovative Practices and Implementation.....	Page 16
Future Plans.....	Page 16
Finances.....	Page 16
Authorizer.....	Page 17
Appendix A – After School Activities	
Appendix B – Director’s Development Plan	
Appendix C – Enrollment Statistics	
Appendix D – Test Scores Annual Comparisons	
Appendix E – Parent Survey	
Appendix F – Electives	
Appendix G – Director and Authorizer Goals	
Appendix H – Audit	
Appendix I – Long Range Budget Model	
Appendix J – Strategic Plan	

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 that is curriculum based, standards driven, and collaboratively run. The curriculum places emphasis in the areas of math and science with a balance of humanities. The agreed upon standard requires that students achieve beyond current state mandates and testing criteria. Every student at MSA is required to complete a math program through calculus and a high school science program that includes biology, chemistry, and physics. In addition, all students at MSA are required to take social studies and English every year, Spanish through the 11th grade, and at least one year of high school fine arts a half year of physical education and health in the 9th grade. Thus far, after thirteen graduating classes, only five seniors have failed to graduate on time. Moreover, while the state of Minnesota has led the nation in ACT scores the last four years with an average composite of 22.9, the average composite MSA ACT score over the past five years has been 27.7.

Not only does MSA stress such core curriculum areas as math, science, English, social studies, and world language, but the school also boasts an excellent music program which includes choir, a string orchestra, and jazz band. In addition, MSA students can further enhance their learning experience by participating in a variety of after school activities (see Appendix A).

It is the MSA'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.

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. 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 three (3) parents (or legal guardians) of enrolled students, four (4) licensed teachers who are employed by MSA at .5 FTE or above, two (2) community members who are not employed by the school and do not have a child enrolled in the school, 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 by-laws were recently changed to move the election held each year to the first Tuesday in April (The actual date is set by the BOD on the recommendation of the BOD Election Committee.).

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

The 2013-2014 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
1	Sandeep Chandak	Chair	Parent	Jan 2012	June 2014 Resigned 6/6/14	Yes – 8
2	Susan Mooney	Vice-Chair	Teacher #389698	Jan 2013	Jan 2014 Resigned 1/24/14	Yes – 6, 8
2	Teri Sue Hitchcock	Treasurer	Teacher #416849	Aug 2013	June 2014	Yes – 7, 8
1	Heidi Bardwell	Secretary	Parent	Jan 2013	Jan 2015	Yes – 8
2	Lisa Anderson		Teacher #369704	Jan 2012	June 2014	Yes – 8
2	Amy Otteson		Teacher #360833	April 2014	June 2014 Resigned 6/6/14	
2	Daniel Keller		Teacher #461581	Aug 2013	Jan 2015	Yes – 8
1	Sarah Burns		Parent	Jan 2013	Jan 2015 Resigned 6/6/14	Yes – 8
3	Daniel Dawiedczyk		Community Member	Jan 2013	June 2014	Yes – 8
3	Alice Quammen		Community Member	Jan 2013	Jan 2015	Yes – 8
4	Riti Khandelwal		Representing Students	Sept 2013	June 2014	
5	Robert Kreisler	Director Ex-Officio	School District	N/A	N/A	Yes – 8
5	Judith Darling	CFO Ex-Officio	School District	N/A	N/A	Yes – 8

1 Member must be a parent

2 Member must be a teacher

3 Member must be a community member

4 Representing students

5 Ex-Officio Member, Non-Voting

6 Completed Charter School Board Training: Board Governance, Employment Law. Financial Matters - October 5, 2013

7 Completed Charter School Board Training: Board Governance, Employment Law. Financial Matters - August 7, 2013

8 Completed Charter School Finance Training - February 12, 2014

MSA School Management & Administrative Team

Administrative and Support Staff Information

Robert Kreischer	Director	
Judith Darling	Financial Manager	Beltz, Kes, Darling & Associates
Vicky Carey	Receptionist	
Joyce Lawrence	Office Manager	
Joell Pundsack	Office Manager	
Carrie Brookins	School Psychologist	File Folder # 368171

School Director Biography

Bob Kreischer was hired as Director of MSA to begin in August 2012. He also serves as an ex-officio member of the MSA Board of Directors. He has a BA, and MA in Educational Administration. Bob is a 40 year career educator with experience in public, independent and public charter schools. (See Director Development Plan, Appendix B.)

Teaching Staff Information

For the 2013-2014 school year, 100% of the MSA teaching staff were recognized as highly qualified and fully licensed. For the 2013-14 school year, the school hired 12 new staff including another EA and receptionist. Most of the new staff (which meant almost one-third of the staff was new this year) was the result of increasing the number of our 9th graders, decreasing the loss of 8th graders going into 9th and retaining more 11th/12th graders who would have otherwise chosen PSEO. The goal was not to discourage PSEO but to eliminate students from having to go PSEO, because we didn't have the course they needed (for example the next math course in sequence, i.e., Calculus II). We also added elective courses, indicated in a student/teacher survey, that might keep more students at MSA. The number of the ninth, tenth, and eleventh grade students increased significantly over the previous year.

Name	File Folder#	Licensure Area	12-13 Teaching Assignment(s)
Jeana Albers	474829	5-12 Science	6 th & 9 th Grade Science
Andrew Anderson	331860	K-12 Developmental Disabilities	8-12 Grade Special Education
Lisa Anderson	369704	7-12 Social Studies	7 th & 8 th Grade Social Studies
Marsha Rochelle Bunge	408232	K-12 Learning Disabilities	6-8 Grade Special Education
Margaret Catherine Burggraaff	376388	7-12 Grade English/Language Arts	8 th Grade English 11 th & 12 th Grade Composition
Rachael A. Erickson	443271	5-12 Communication Arts/Literature	6 th – 10 th Grade English

Teaching Staff Information (Continued)

Name	File Folder#	Licensure Area	12-13 Teaching Assignment(s)
Shannon Susan Froberg	313107	5-12 Mathematics	6 th & 7 th Grade Math
David Halstead	433703	K-12 Spanish	6 th & 7 th Grade Spanish
Norma Patricia Haynes-Guerra	306086	1-6 Elementary Education K-12 Physically Handicapped K-12 Spanish	8 th & 9 th Grade Spanish
Jennifer J. Heydt-Nelson	413292	K-12 Visual Arts	8-12 Art
Jessica E. Heydt-Nelson	453570	5-12 Social Studies	8-12 th Grade Social Studies
Teri Sue Hitchcock	416849	K-6 Elementary Education 5-12 Mathematics	7 th & 8 th Grade Mathematics
Cheryl Ann Howe	415900	K-6 Elementary Education 5-8 Science	8 th Grade Physical Science 7 th Grade Earth Science
Michelle Marie Kurkoski	416675	5-12 Social Studies –All	6 th , 7 th and 12 Grade Social Studies
Molly Elizabeth Molitor	427302	K-12 Physical Education 5-12 Health Education	6 th -12 th Physical Education 7 th and 10 th Grade Health
Susan Mooney Vare	389698	7-12 Social Studies	10 th -12 th Grade Social Studies
Amy Otteson	360833	K-12 Visual Arts/K-12	6-12 Art
Steven Lee Pullar	374091	7-12 Physical Science	10 th – 12 th Grade Chemistry & Physics
Michelle Nicole Richards	403184	7-12 English/Language Arts	7 th Grade English Language Arts
Jerry Clark Shelton	264285	K-12 Music	6 th – 12 Music
Patrick L. Stiner	470388	K-12 Physical Education 5-12 Health Education	PE/Health 6-9 th Grade
Maria Pilar Sustic	371987	7-12 Spanish K-12 Visual Arts	7 th , 10 th , & 11 th Grade Spanish
Timothy Michael Tydlacka	360146	7-12 English/Language Arts	9 th , 11 th & 12 th Grade English

Teaching Staff Information (Continued)

Name	File Folder#	Licensure Area	12-13 Teaching Assignment(s)
Cheryle Teresa Ward	446450	K-12 English	7-8 th Grade English
Lauren Renee Weum	474818	5-12 Mathematics	6-8 th Grade Mathematics
Bronwen Kendrick Williams	398286	7-12 Mathematics	7 th -11 th Grade Mathematics
Lauren June Zachman	442513	5-12 Mathematics	7 th – 12 th Mathematics

Non-Licensed Support Staff

Name	Work Assignment
Jason Jensen	Special Education Assistant
Jinan Wienhandl	Special Education Assistant
Renee Nettleton	504 Coordinator/Special Education Assistant
Deborah Webster	Special Education Assistant
Ryan Medeiros	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 2013-2014 School Year

Info taken from final end of year 13-14 MARSS report (10/8/14)

Student Population:	450	
American Indian:	2/450	0%
Asian:	93/450	21%
Hispanic:	20/450	4%
African American:	25/450	6%
Caucasian:	310/450	69%
Special Education:	30/450	7%
Free/Reduced Lunch:	8/450	2%
Limited English Proficient:	0	0%

Open Enrollment

Is this school eligible for open enrollment at any grade level? **YES**

2013-2014 Student Enrollment by Grade Level

As of May 31, 2013

Grade	6 th Grade	7 th Grade	8 th Grade	9 th Grade	10 th Grade	11 th Grade	12 th Grade	Total
Totals	88	88	87	71	50	32	22	438

2012-2013 Withdrawn Students

Grade	6 th Grade	7 th Grade	8 th Grade	9 th Grade	10 th Grade	11 th Grade	12 th Grade	Total
Totals	2	2	22	4	2	2	0	34

34 Students left during or after 2013-2014; total for all grades 6-12.

44 Students left during or after 2012-2013; total for all grades 6-12.

See Appendix B for comparison enrollment statistics.

Academic Performance and 2013-2014 Accountability Data

As of the date of this review, for the school year 2013-2014, the Math and Science Academy (MSA) ranked among the top five MCA math (84%) and reading (97%) scores in the state. On the new multiple measurement ratings, MSA was one of the top two schools in the East Metro area, excluding only one elementary school. MSA had a score of 97.45%. The Math and Science Academy (MSA) ranked first among all district high schools in Science and first among all district 8th grades. Only five other charter schools were in the top 25 high school science scores and four for 8th grade.

Other Enrollment-Related Information

MCA Results 2013-14

Subject	Grade	% Proficient	Subject	Grade	% Proficient
MATH	6 th	81%	READING	6 th	86%
	7 th	75%		7 th	84%
	8 th	77%		8 th	78%
	9 th	NA		9 th	NA
	10 th	NA		10 th	96%
	11 th	100%			
SCIENCE	High School	90%			
	8 th	71%			

In breaking down the MCA scores:

For reading in all grades 6, 7, 8, and 10; only 16 students did not meet the standard (none were in 10th grade); 114 met the expectations and 164 (143 the year before) exceeded the standard.

For math in grades 6, 7, and 8; only 26 did not meet the standard, 45 partially met, 88 met, and 116 exceeded the standards. In 11th grade, 26 exceeded (10 the previous year) the MCS math expectations; 6 met the expectations; 0 partially met the standards; and 0 did not meet the expectations.

Our most recent ACT results showed consistently high scores. The percent of ACT-tested students ready for college level course work shows that 100% of our kids tested college ready for college English composition (the third year in a row at 100%); 91% (a 9% increase of 2013) for college algebra; 74% (a large drop for us) for college social science and 87% for college biology.

In English composition, math, reading and science, each score is higher than the previous year. In college biology we got by far our highest college readiness score. (See Appendix D – comparison chart by year.)

PSAT Test

Each year MSA students in grades 9 through 11 are given the PSAT in the fall, and when the test results are reported in December, scores are compared to previous years, as well as to all sophomores and juniors nationwide. This was the ninth year the PSAT was used.

The PSAT scores, as they are listed below, represent our students across the areas of reading, writing, and math compared on a national norm, expressed in a percentile. Performance of juniors and above is compared with that of juniors nationwide; the performance of sophomores and below is compared with that of sophomores nationwide. Selection index percentile compares performance of all students, regardless of grade level, with that of juniors nationwide.

2013-2014 PSAT Test Data

Graduating	College Ready Selection Percentile
Class of 2015	94.38%
Class of 2014	76%
Class of 2013	89.7%

One student is currently a semi-finalist (eligible to be a finalist) and three were commended scholars.

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, a Nordic Ski team, a boys basketball team, a track team, MSHSL FIRST Robotics, as well as club level activities such as girl's 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. MSA's First Robotics Team won first place at the State Fair and won first place at the state level. Additionally, at the international competition, they finished in the top 25 out of 402 teams competing.

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 (approximately 411 students in grades 6-12), it has been less relevant to disaggregate our student data within the typical demographic categories of ethnicity, gender, or educational program. The advantage of our small school size is that MSA staff are able to sufficiently use the individual student data. It is our practice to specifically identify and address the needs of individual students not making adequate progress. The positive result of this is clearly reflected in the successful performance of MSA 9-11th grade students on the state-required graduation assessments.

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, the annual school play, prom, teacher conference dinners, MOL 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). This year we tried a new format to see if we could get more responses. We did but not significantly so. These are summarized by areas of concern. The data generated from this survey indicates that parents are quite pleased with MSA. MSA appeals to families because it is a small school governed by teachers and families. At MSA, parents are empowered to make a difference in their child's education. Parents also like to point out the positive social aspects for their students, in that their students are able to find friendships with others who value a good education and attend school with the expectation to learn.

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 pay considers professional development and advancing educational best practices critical. MSA 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. A substantial indication to MSA success is retention year after year. Going into the 2014-15 school year, only two teachers left – both were not asked back.

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.

At MSA, teachers drive staff development decisions in cooperation with the director and the MSA board. Last year staff development focused on Data Driven Instruction and curriculum mapping. As indicated earlier, we added many new courses – new electives, more AP and CIS classes (see Appendix F).

Future Plans and Program Challenges

See Appendix G for Director Goals and Authorizer Goals.

Our biggest challenges are:

1. Financial – we have reached maximum enrollment. Therefore, future years will bring higher salaries and benefits than what the state and federal funds will supply.
2. Finding a way to successfully integrate a second administrator over into the program in a meaningful way using the strengths of both. Having an administrator in both buildings should help with discipline and other items pertaining to each building separately.
3. Having our school day change due to bus transportation from 7:30 a.m. to 9:20 a.m. has been a huge challenge. Teachers have had to work longer without a salary increase and the logistics are still being worked out six weeks into school.

Finances

FY13 Audit was conducted during July and August 2014, and was presented at the September 2014 Board of Directors meeting. The audit results are included in Appendix H.

Fund Balance: The School had another positive year financially as the fund balance in the General Fund increased. The ending fund balance total was over one million dollars representing about 36% 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. Additionally, it is important to continuing a positive bond rating for the purchase of our new building. MSA once again had a clean audit.

See Appendix G for a copy of the 2013-2014 financial statements and Long Range Plan.

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 Glory Kibbel, 612-723-5597, gkibbel@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	BOB KREISCHER
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:

Bob Kreischer
Director: Math and Science Academy
bkreischer@mnmsa.org
651-357-6920

Activities at the Math and Science Academy

Academic Triathlon

African Club

Anime/Manga

Art Club

Asian Club

Boys Baseball

Boys Basketball

Chess Club

Choir

Computer Club

Cross Country

Debate Team

FIRST Robotics

Gaming Club

Geography Bee

Lego Robotics

Jazz

Madrigal Choir

Math Team

Middle School Orchestra

National Honor Society

Nordic Skiing

Newspaper Club (Slice of Pi)

Orchestra (Middle School and
High School)

Politics Club

Science Bowl

Spanish Club

Spelling Bee

Student Council

Symphony Orchestra

Track and Field

Writing Club

Yearbook Club

Yearly Productions

One Act Plays

NHS Variety Show

Theater Arts

MSA DIRECTOR DEVELOPMENT PLAN

Preface:

The Minnesota Department of Education requires a development plan for an administrator without a license. It is to include the following with no specific instructions as to how to address each: instruction and assessment, human resource and personnel management, financial management, legal and compliance management, effective communication, board, authorizer and community relationships.

By way of introduction, I have had over 40 years of administrative experience in public, independent and charter schools. I started a K-12 independent school that grew to 625 students during my 20 years as Head of School.

After that for at least the next six years I was a “troubleshooter” for charter schools. I successfully resolved the different issues each had. I then spent 4 years getting a charter high school set up with graduation requirements, schedules, etc. and then for the next three years was the principal, college counselor, and PSEO coordinator of that school.

In all those schools, I was fortunate to see many different organizational charts, methods for teaching, as well as a variety of learning and assessment programs. I have created and maintained budgets; helped train charter school boards and advised boards regarding the legality of some of their policies. I have learned there is no one way that works. It is the end results that matter.

I will respond to each of the following categories indicating my plan, what has happened to further my learning, and to establish possible goals for next year.

Plan	Results	Next Year's Goal
INSTRUCTION AND ASSESSMENT		
<p>When I came to the Math and Science Academy last August I found the first attempt to have teacher observations and evaluation in the school happened the previous spring. When two people were put on improvement plans, the board overturned these. The result was staff, board, H.R. and the school's lawyer hashed out a process people could live with.</p> <p>I had to adopt this plan and be the first person to put the plan into action. Additionally, there were many teachers having 10+ years of experience, who had never been evaluated, never told there was an issue with their teaching. In before-school discussions I indicated I felt good teaching included data driven instruction. I planned to weave this into observations and feedback.</p> <p>Put together curriculum maps to be presented to parents the fall of 2013.</p>	<p>One teacher wound up on an improvement plan; we worked through the process and I did not hire him back as a result. Otherwise, the evaluation process went well. A staff evaluation of me, done by the Board, indicated I promoted higher expectations for teaching and the evaluation forms effectively communicated the standards of the teacher's performance.</p>	<ol style="list-style-type: none"> 1. Analyze data from MCA and ACT tests to help inform planning and instruction. 2. Require specific teacher plans connecting their goal to staff development. 3. Have teachers visit another teacher at another school to see what, and how they do. 4. Present curriculum to 6-12 grade parents.

Plan	Results	Next Year's Goal
HUMAN RESOURCES AND PERSONNEL MANAGEMENT		
<p>This area is one I have had a great deal of experience. I have always led the hiring team, been the teacher evaluator, responsible for not rehiring; organizing staff meetings and working on individual and team relationships.</p> <p>MSA like all schools had their issues – a staff divided over the teachers whose improvement plan was overturned, a divided staff over the lack of leadership as well as a department who felt they could not meet together without a mediator.</p> <p>My goal was to provide leadership and improve the climate and culture of the school by:</p> <ul style="list-style-type: none"> • Improve “team” feeling so that 85% of staff would agree it was improved over last year. • Fairly recognize and celebrate the achievements of staff and students. (Golden Calculators – staff and many student celebrations) • Address current and potential issues in a timely manner. 	<p>Three end-of-the year director evaluations, by students, staff and board provide evidence of accomplishment. (See Addendum A)</p> <p>I also attended a board training which dealt with issues related to human resource and personnel management.</p>	<p>Next year I will continue with the goals listed as bullet points to the left. It will take at least two years of the same or better to feel comfortable that we are on the right track building community, a “together we” with mutual respect on everyone’s part.</p> <p>Adding one-third new staff will add to the changing environment and will require careful planning.</p>
FINANCIAL MANAGEMENT		
<p>My goal was to be sure we met all of our financial obligations and to have money left for the reserve, and enough to comply with our agreement with the bondholders. Additionally, I put together a budget for 2013-14 focusing on teacher salaries and adding new staff.</p>	<p>I managed the finances of the school basically through (BKDA), our contracted financial manager. I oversaw a budget that once again produced a surplus at end of the year, helped plan a new budget that met bond owner contingencies, and hired a new staff, as a result of trying to solve student retention problems (see below).</p> <p>Hiring new staff was a problem because the long range plan for the bond holders set for hiring only two new teachers, when instead we will be hiring nine new teachers. Therefore, we needed to work hard to find other places to reduce the budget in order to meet the bond holder’s agreement. Knowledge of how finances and budgets work, which I had, was helpful.</p> <p>There were also financial plans necessary for the new building construction, outfitting the new building with furniture, etc. and making needed upgrades in the old building.</p>	<p>Next year we will look at meeting the bond requirements over the next five years.</p> <p>We also determine what is still needed in the new and old buildings, and what we should be fundraising for.</p>

Plan	Results	Next Year's Goal
LEGAL AND COMPLIANCE MANAGEMENT		
Learn what is needed and comply.	<p>Several times I consulted with our H.R. as how I should deal with two people I was letting go for different reasons.</p> <p>One was for performance the other because Minnesota employees are at will, which allows termination.</p> <p>Made a calendar of all due dates of the things required by the state and authorizer.</p>	Next year the goal is to file all the required state and authorizer documents on time
EFFECTIVE COMMUNICATION		
<ol style="list-style-type: none"> 1. Work to be an effective communicator – at staff meetings, department meetings, and individual meetings with staff, such as meeting with every staff member during the summer to get to know them. 2. Work to effectively communicate to the Board of Directors and to the MSA families. 3. Be visible to students throughout the day and available to students and staff. 4. Respond to the Board of Directors request for information. 5. Involve staff as decision makers. 	<p>I met with each staff member individually during the summer to check on expectations, etc. I held regular staff meetings, sent notes as needed, as well as a "State of the School". I kept these in a notebook. Department and staff meetings have "minutes" taken, of which I receive copies.</p> <p>I attended every parent meeting and have spoken/responded to questions, and attended parent functions such as clean up the grounds day. I go to the kids' concerts, plays and fund raisers. These provide an opportunity to converse with parents and to show my support of students' efforts.</p> <p>I am in the hallways and lunchroom at least three times a day to greet students, and tell students "Congratulations" on their accomplishments.</p> <p>I have effectively communicated to the board responding to requested information.</p> <p>I involved staff with being on the scheduling committee, asking for their budget requests, requesting new furniture orders for the new building, creating a school year calendar, and a staff development committee to plan staff development for next year, etc.</p>	<p>Next year my goal is to effectively communicate with the parents to keep them informed.</p> <ol style="list-style-type: none"> 1. Next year I would continue to find ways to involve staff in decision making. 2. Find even better ways to assure all staff are communicated with regarding any issues affecting them. 3. Communicate more clearly in writing and orally.

Plan	Results	Next Year's Goal
BOARD, AUTHORIZER AND COMMUNITY RELATIONSHIPS		
<p>Ensure all reports due to the authorizer are submitted in a timely fashion.</p> <p>Attend the board meetings and make a director's report as requested.</p> <p>Come up with a plan for an issue brought up during my hiring interview, related to making the MSA high school a viable option. Essentially, it meant reducing the number of 8th graders leaving to go to other high schools for 9th grade. (Last year we lost 30 such students.) My personal goal was to cut that in half - to 15.</p> <p>The other part of this goal was to reduce the number of PSEO students, especially those going full time. Sometimes, due to the limit of courses offered at MSA, students had no choice but to go PSEO, e.g. Calculus II. The reason to try to entice more students to stay here was in part financial, as we lose the dollars of those students going PSEO. But also because we lose leaders and role models in the high school. Last year 24 of 28 seniors went full or part time PSEO, 14 were full time. For the juniors 11 went full or part time PSEO.</p> <p>Reduce the number of building and room changes for the staff. This was a major issue for staff.</p>	<p>I have made a calendar of all reports that are due in order to better submit them in a timely fashion.</p> <p>Done.</p> <p>I have kept the local paper apprised of things students have done which resulted in articles in the Woodbury Press and the St Paul paper's education section.</p> <p>There were additional goals that I set with the board, and goals that we as a staff set. I set 6 personal goals with sub goals. (See Addendum B)</p> <p>I spent time finding out what students going PSEO were taking at college and what classes they were taking here at MSA. I also asked students what classes would they want to see offered, and what classes might keep them here on campus. I then asked departments, after seeing these lists, what classes they might be willing to teach as electives. (Currently, students in elective classes did not really "elect" to take those. They were placed in classes to reduce the number in large classes.) We also, on block days, had students with 2 (a few at 3) 90 minute study halls in the same day.) So, we added some electives the students requested. Next year's seniors will have only 8 full time and 6 part time PSEO and 12 with no PSEO. That means only 53.8% of the seniors are PSEO for next year while this year we had 85.7%. For the 34 juniors 24 are staying at MSA full time next year; only 7 will be full or part time PSEO. (Three are not returning.) That means only 20% will be PSEO. Last year, 44% (11 out of 25) went full or part time PSEO</p> <p>Done.</p>	<p>Next year do a better job of getting the MSA name out in the Woodbury community.</p> <p>Continue to reduce the number leaving from 8th to 9th grade and also those full-time PSEO.</p> <p>"Survey" how the results have benefited the school.</p> <p>Continue to look at better ways to use the classrooms.</p>

Plan	Results	Next Year's Goal
STAFF GOALS		
<p>Summary below.</p> <p>The staff, which includes me, also had goals.</p> <ol style="list-style-type: none"> 1. Improve communications with all constituents, especially between staff members. 2. Manage getting bigger. 3. Make a smooth transition from last year to this one. 4. Establish who we are and check to see if we are true to our mission. 	<p>Based on teacher surveys we met to some significance all but number 4.</p>	<p>Will put together staff goals at the August workshop meeting.</p>

Enrollment Numbers from 2011-12 to 2014-15 (Updated: 10/22/14)

Student Enrollment							
2011-12		2012-13		2013-14		2014-15	
6 th Grade	85	6 th Grade	89	6 th Grade	88	6 th Grade	79
7 th Grade	87	7 th Grade	89	7 th Grade	86	7 th Grade	90
8 th Grade	80	8 th Grade	89	8 th Grade	88	8 th Grade	88
9 th Grade	43	9 th Grade	55	9 th Grade	72	9 th Grade	75
10 th Grade	30	10 th Grade	36	10 th Grade	51	10 th Grade	65
11 th Grade	28	11 th Grade	25	11 th Grade	32	11 th Grade	51
12 th Grade	25	12 th Grade	28	12 th Grade	24	12 th Grade	30

Waiting List							
2011-12		2012-13		2013-14		2014-15	
6 th Grade	96	6 th Grade	123	6 th Grade	119	6 th Grade	152
7 th Grade	36	7 th Grade	62	7 th Grade	71	7 th Grade	74
8 th Grade	0	8 th Grade	0	8 th Grade	32	8 th Grade	25
9 th Grade	24	9 th Grade	0	9 th Grade	25	9 th Grade	44
10 th Grade	7	10 th Grade	10	10 th Grade	11	10 th Grade	3
11 th Grade	1	11 th Grade	4	11 th Grade	6	11 th Grade	2
12 th Grade	0	12 th Grade	0	12 th Grade	0	12 th Grade	2

Declined Acceptance					
2012-13		2013-14		2014-15	
6 th Grade	21	6 th Grade	16	6 th Grade	23
7 th Grade	7	7 th Grade		7 th Grade	0
8 th Grade	13	8 th Grade		8 th Grade	7
9 th Grade	20	9 th Grade		9 th Grade	16
10 th Grade	0	10 th Grade	0	10 th Grade	3
11 th Grade	4	11 th Grade	0	11 th Grade	3
12 th Grade	0	12 th Grade	0	12 th Grade	3

Students Withdrawn							
2011-12		2012-13		2013-14		2014-15	
6 th Grade	6	6 th Grade	3	6 th Grade	3	6 th Grade	2
7 th Grade	2	7 th Grade	4	7 th Grade	0	7 th Grade	2
8 th Grade	27	8 th Grade	27	8 th Grade	17	8 th Grade	22
9 th Grade	3	9 th Grade	9	9 th Grade	4	9 th Grade	4
10 th Grade	6	10 th Grade	1	10 th Grade	2	10 th Grade	2
11 th Grade	1	11 th Grade	1	11 th Grade	1	11 th Grade	2
12 th Grade	0	12 th Grade	0	12 th Grade	0	12 th Grade	0
TOTAL	45	TOTAL	44	TOTAL	27	TOTAL	34

MCA

	Math (11th)	Reading (10th)	Writing (9th)	Science
2009	91.3%/73.9% E	100%.78% E	100%/100% *	83.3%/31% E <i>All H.S.</i>
2010	94.1%/94.1%*	96.6%/96.6% *	100%/100% *	89.4%/34% E <i>All H.S.</i>
2011	96.2%/96.2% *	97.1%/76.5% E	100%/100% *	82.1%.33% E <i>8th and 9th</i>
2012	75%/42.9% E	100%/71.4% E	100%/100% *	97.7%/55.8% E <i>All H.S.</i>
2013	92%/40% E	100%/68% E	100%/100% *	94.5%/55.6% E <i>All H.S.</i>
2014	100%/81%	96%/73% E	N/A	90%/54%

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 H	26.9	27.9	27.3
2014	28.2	26.5	25.0 L	25.4

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

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

MCA1st Percent Proficient

E – Exceeds

*Passed

ACT

L – Lowest

H - Highest

Parent Survey 2013-14

	2012-13	2013-14	Comments
Very Satisfied	74%	19 (31%)	From outstanding to wonderful.
Satisfied		33 (53%)	From very good to good.
Okay	15%	8 (13%)	Pretty good, better.
Not Happy		2 (3%)	Disappointing/difficult year.

Things to Work On

1. Communication – specific teacher web pages, homework, office and Board.
2. Late start.
3. Extra help more available.

Electives By Grade

6th Grade

All classes below M-F

- 6—Introduction to Band (year long)
- 6/7 Concert Band (year long)
- 6 Art and Creativity (year long)
- 6 Drumming/World of Music (year long)

7th Grade

- ~~7/8 Speech (MWF; offered 1st or 2nd semester)~~
- 7/8 Theater (T/Th; offered 1st or 2nd semester)
- ~~7/8 History of Rock and Roll (T/Th year long)~~
- 7/8 Wind Band (MWF; year long)
- 7/8 Creative Writing
- 7/8 Art & Technology
- 6/7 Concert Band (year long)
- 7/8 Debate (offered 1st or 2nd semester)
- ~~7—Art Masters (year long)~~

8th Grade

- ~~7/8 Speech (MWF; offered 1st or 2nd semester)~~
- 7/8 Theater (T/Th; offered 1st or 2nd semester)
- 7/8 Wind Band (MWF; year long)
- ~~7/8 History of Rock and Roll (T/Th year long)~~
- 7/8 Creative Writing
- 8 Engineering
- 7/8 Art & Technology
- 8-12 Geometry (M-F year long)
- ~~8-10 FabLab (M-F; offered 1st or 2nd semester)~~
- 7/8 Debate (M-F; offered 1st or 2nd semester)

9th Grade

All classes below M-F

- 9 Debate (offered 1st or 2nd semester)
- ~~9-12 Speech (offered 1st or 2nd semester)~~
- 9-12 Drawing and Painting (offered 1st or 2nd semester)
- 9-12 Digital Photography (offered 1st or 2nd semester)
- 9-12 Sculpture and Craft (offered 1st or 2nd semester)
- 9-12 Visual Communication
(offered 1st or 2nd semester)
- 9-12 Wind Ensemble (year long)
- ~~9-12 Drumming (year long)~~
- ~~9-12 Music Theory/Composition (year long)~~
- ~~9-12 Science Fiction~~
- 8-12 Geometry (year long)
- ~~8-10 FabLab (offered 1st or 2nd semester)~~

10th Grade

- ~~10-12 FACS (T/Th; offered 1st or 2nd semester)~~
- ~~10-12 Lifetime Activities
(MWF; offered 1st or 2nd semester)~~
- ~~9-12 Debate (offered 1st or 2nd semester)~~
- ~~9-12 Speech (offered 1st or 2nd semester)~~
- 9-12 Drawing and Painting (offered 1st or 2nd semester)
- 9-12 Digital Photography (offered 1st or 2nd semester)
- 9-12 Sculpture and Craft (offered 1st or 2nd semester)
- 9-12 Visual Communication
(offered 1st or 2nd semester)
- 9-12 Wind Ensemble (year long)
- ~~9-12 Drumming (year long)~~
- ~~9-12 Music Theory/Composition (year long)~~
- ~~9-12 Science Fiction~~
- 8-12 Geometry (year long)
- ~~8-10 FabLab (offered 1st or 2nd semester)~~
- 10-12 Research Writing (1st semester)
- 10-12 Composition for the Real World (2nd semester)

11th and 12th Grade

- ~~10-12 FACS (T/Th; offered 1st or 2nd semester)~~
- ~~10-12 Lifetime Activities
(MWF; offered 1st or 2nd semester)~~
- 10-12 Research Writing (1st semester)
- 10-12 Composition for the Real World
(2nd semester)
- 11/12 Spanish Literature (year long)
- ~~9-12 Debate (offered 1st or 2nd semester)~~
- ~~9-12 Speech (offered 1st or 2nd semester)~~
- 9-12 Drawing and Painting (offered 1st or 2nd semester)
- 9-12 Digital Photography (offered 1st or 2nd semester)
- 9-12 Sculpture and Craft (offered 1st or 2nd semester)
- 9-12 Visual Communication
(offered 1st or 2nd semester)
- 9-12 Wind Ensemble (year long)
- ~~9-12 Drumming (year long)~~
- ~~9-12 Music Theory/Composition (year long)~~
- ~~9-12 Science Fiction~~
- 8-12 Geometry (year long)
- 11/12 AP Statistics (year long)
- 11/12 AP Calc II (year long)
- 11/12 Anatomy/Physiology & Neuroscience
(year long)
- ~~11/12 AP Literature & Composition~~
- 11/12 AP Psychology**
- ~~11/12 Astronomy/Astrophysics and Modern Physics~~

Math and Science Academy Authorizer Goals

Goal 1 – Proficiency

Math and Science Academy (MSA) will score 90% or above in proficiency in 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 FY2018, the rates achieved in FY2017 will be exceeded.

In addition, by the conclusion of FY2018, 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 a minimum college ready percentage, by grade, as follows:

- a. 10th – 75%
- b. 11th – 85%

For Fiscal Years 2015-2018, students taking the ACT will score minimum college ready percent, by subject area, as follows:

- a. College English – 95%
- b. College Algebra – 90%
- c. College Social Studies – 90%
- d. Science – 80%

Goal 6 – Professional Development

For Fiscal Years 2015-18, 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 Math and Science Academy.
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.

Updated – 4/27/14



CliftonLarsonAllen LLP
CLAconnect.com

September 12, 2014

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

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the School Board. We encourage you to review the sections of this report, the audited financial statements and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the School for the courtesies, cooperation and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads 'Dennis Hoogeveen'.

Dennis Hoogeveen, CPA
Partner

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

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2014

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
TABLE OF CONTENTS
JUNE 30, 2014**

EXECUTIVE AUDIT SUMMARY

AUDIT FINDINGS AND RESULTS

1

I. FINANCIAL TRENDS

3

APPENDIX A

LEGISLATIVE ACTIVITY

6

APPENDIX B

FORMAL REQUIRED COMMUNICATIONS

9

**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
MATH AND SCIENCE ACADEMY
YEAR ENDED JUNE 30, 2014**

AUDIT FINDINGS AND RESULTS

Audit Opinion – The financial statements are fairly stated. We issued what is known as a “clean” audit report.

Yellow Book Opinion – No compliance issues were noted in our review of laws, regulations, contracts, grant agreements or other matters that could have significant financial implications to the School.

Internal Controls – There were no material weaknesses noted in the current year related to internal controls.

Legal Compliance – No compliance issues were reported with respect to Minnesota Statutes related to charter schools and UFARS accounting.

Enrollment – For fiscal 2013-14, Math and Science Academy served a net average daily membership of 418.82 (or 523.35 pupil units). For fiscal year 2012-13, the School had served an average daily membership of 382.09 (or 475.25 pupil units).

Fund Balance – For fiscal 2013-14 the fund balance in the General Fund increased by \$126,367. The fund balance ended at \$1,449,106 as of June 30, 2014. The ending fund balance represents 36.2% of expenditures incurred for the year and is an important aspect in the School’s financial well being since a healthy fund balance represents things such as cashflow, as a cushion against unanticipated expenditures, enrollment declines, state aid metering changes, program expansion costs, funding deficiencies and aid prorations at the state level and similar problems.

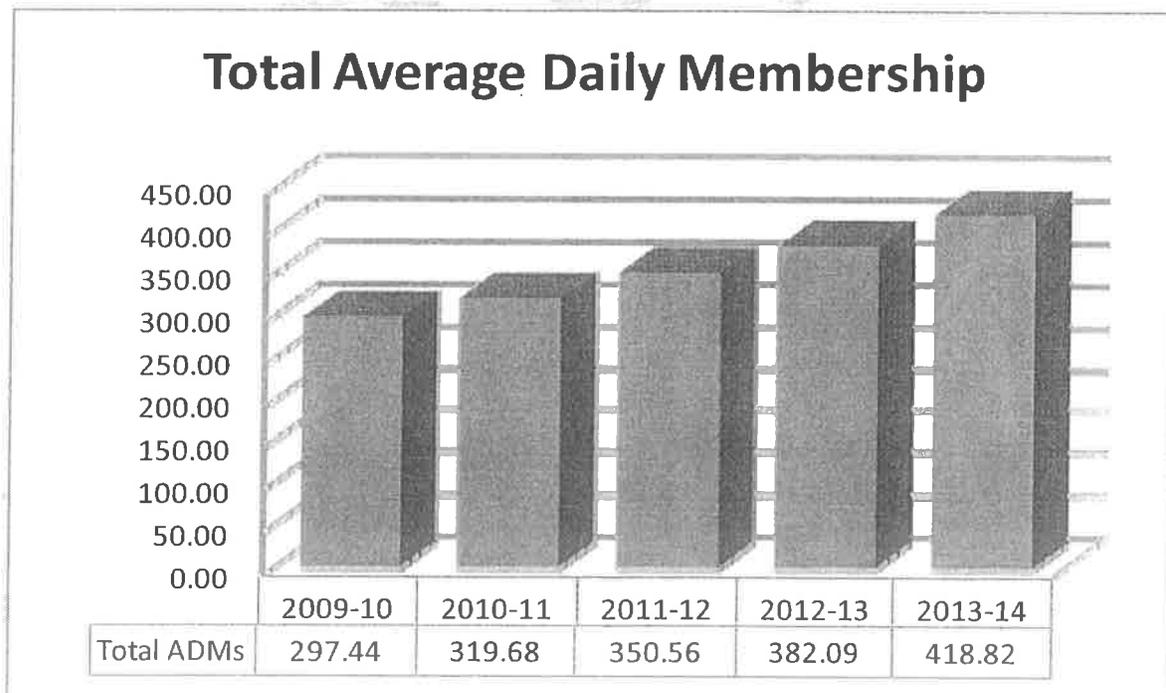
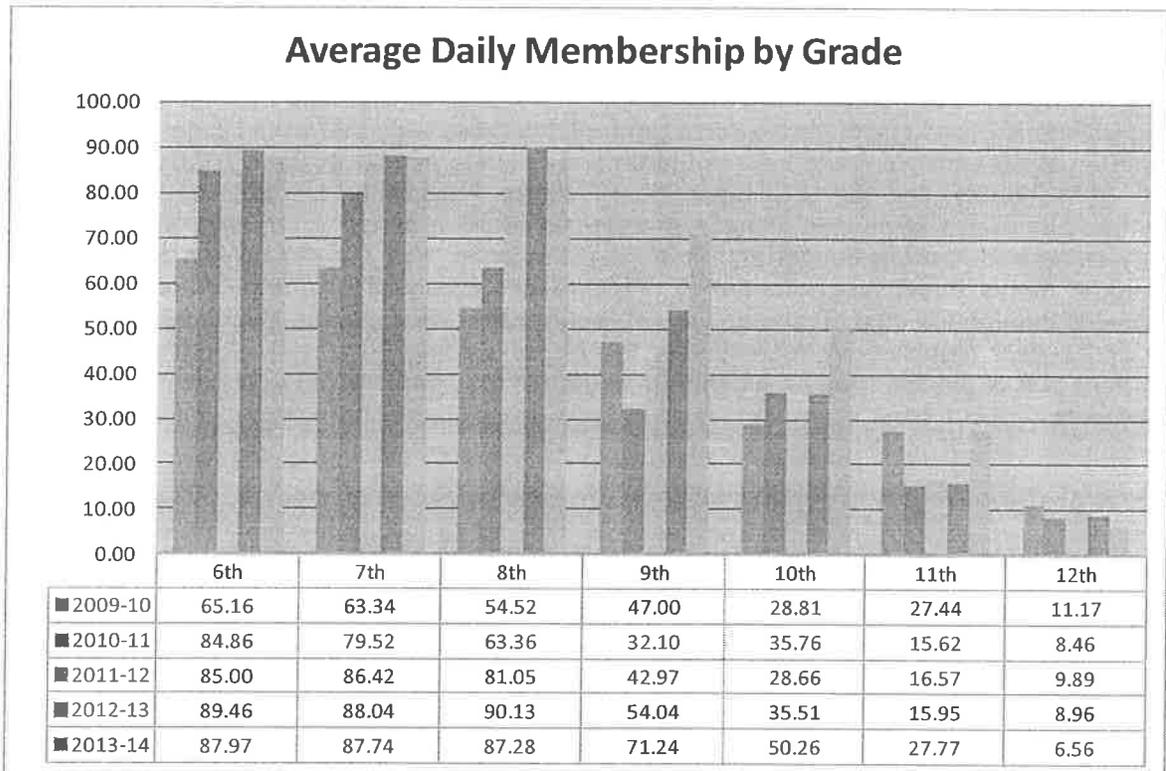
Budget to Actual – Total General Fund revenues on a net basis were \$150,737 (or 3.8%) higher than the budgeted amount while total expenditures were \$16,804 (or 0.4%) lower than had been budgeted. As part of any budget update initiated for fiscal 2014-15, the Board will want to take these variances into consideration in order to limit budget differences to every extent possible. We generally like to recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero. This may involve tightening up the budget development and monitoring process to ensure that net variances remain within those parameters and would generally include a minimum of one mid-year budget amendment to update budget assumptions.

MSA Building Company – The School’s financial statements include the activity of the Building Company as a component unit. No separate financial statements are issued for the Building Company, however, a separate Form 990 is filed.

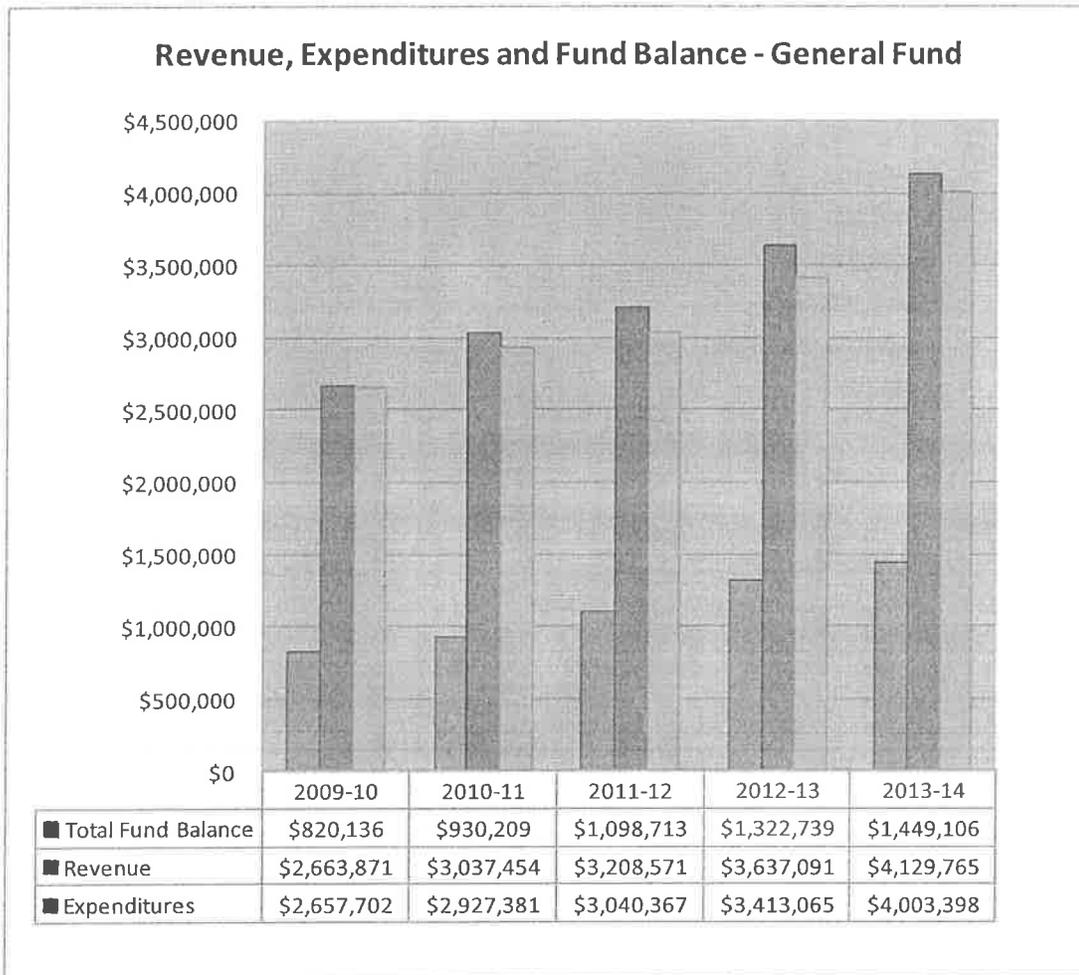
Building Company Debt Covenant Compliance – We want to take this opportunity to remind the Building Company Board that there are some general debt covenants that were agreed to as part of the Loan and Trust Agreements made between Math and Science Academy, the MSA Building Company, the City of Woodbury, and the U.S. Bank Trust National Association (as trustee). Some examples include the submission of audited financial statements within a certain timeframe, the submission of quarterly enrollment, current budget and financial information, and the submission of quarterly long-term budget model forecasting information. We are not aware of any non-compliance with such requirements through the date of our audit report, but it is important that the Board continue to monitor, review and accept responsibility for ensuring the ongoing compliance with all covenants that were agreed to as part of the financing arrangements related to the purchase of the building and subsequent improvements.



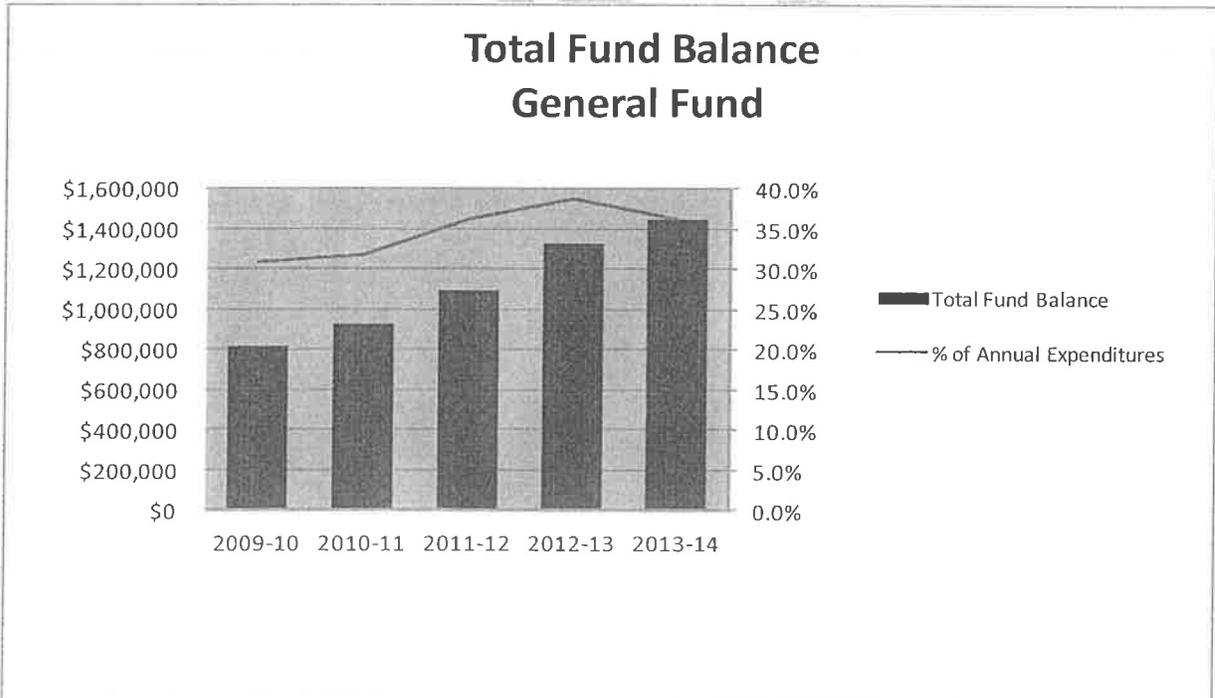
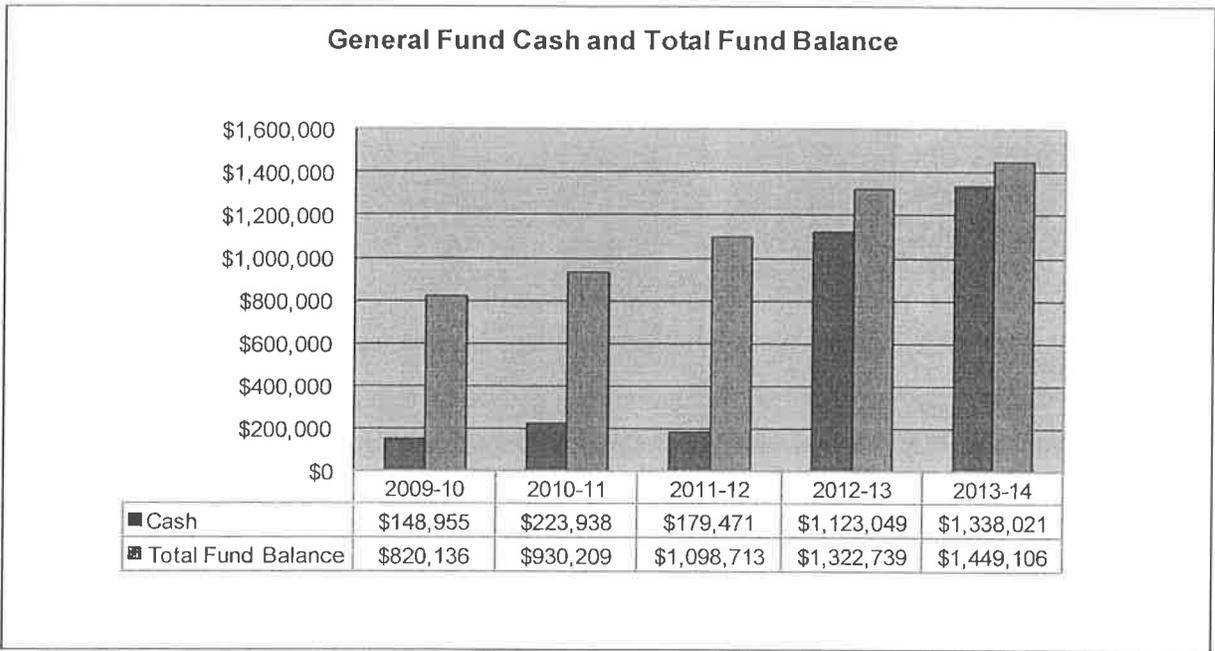
FINANCIAL TRENDS



FINANCIAL TRENDS (CONTINUED)



FINANCIAL TRENDS (CONTINUED)



APPENDIX A

LEGISLATIVE ACTIVITY

What follows are some education-related highlights of recent legislative sessions as summarized from information made available by the Minnesota Department of Education, the Minnesota School Boards Association, Office of the Legislative Auditor, and the Minnesota House of Representatives.

PUPIL ACCOUNTING CHANGES EFFECTIVE FY 2015

Pupil unit weights were simplified by the 2013 Legislature with the changes as follows:

- Pre-kindergarten Disabled: from 1.25 to 1.0
- Part-time Kindergarten: from .612 to .55
- All-Day Kindergarten: from .612 to 1.0
- Grades 1-3: from 1.115 to 1.0
- Grades 4-6: from 1.06 to 1.0
- Grades 7-12: from 1.3 to 1.2

Marginal Cost Pupil Units

Legislation from 2013 eliminated “marginal cost” calculations from the definition of pupil units. Beginning in FY 2015, establishes a new component of general education revenue, “declining enrollment revenue,” to replace funding previously provided to districts with declining enrollment through marginal cost pupil units. Sets declining enrollment revenue equal to the decline in adjusted pupil units between the prior year and the current year times 28% of the formula allowance.

All Day Kindergarten

As part of 2013 legislation, to qualify for the higher 1.0 kindergarten weight, a pupil must be enrolled in a free all-day program that is available free to all kindergarten students at the pupil's school, and the annual school calendar for the kindergarten program must have at least 850 hours of instruction.

For purposes of calculating extended time revenue, an all-day kindergarten pupil must first receive at least 850 hours of instruction during the year before generating extended time pupil units.

Early Admission to Kindergarten

The 2013 Legislature required that board-adopted policies for early admission be based on a comprehensive evaluation to determine the child's ability to meet kindergarten expectations and progress to first grade in the subsequent year. Required a school board that has adopted a policy to allow a child under the age of five to enroll in kindergarten to establish a comprehensive evaluation to be used to determine the kindergarten pupil's cognitive, social, and emotional development. Required parents and the commissioner to have access to the board's early kindergarten admission policy.

APPENDIX A – Legislative Activity (Continued)

PENSION ADJUSTMENT EFFECTIVE FY 2015

As a result of 2013 legislation, the aid reduction for the 1997 change in employer contribution rate for Teachers Retirement Association (TRA) and other pension rate changes was eliminated. Districts with a below average reduction for pension adjustment will be provided pension adjustment revenue to guarantee state average gain from elimination of pension adjustment. The basic formula was adjusted to neutralize the overall statewide impact.

GENERAL EDUCATION FORMULA ALLOWANCE

For FY 2015, the 2013 Legislature increased the formula allowance to \$5,806 (1.5% after adjusting for new pupil weights and the elimination of the aid subtraction for pension rate changes). The formula allowance was determined by: 1) Calculating the state total general education revenue for FY 2015 with an \$80 (1.5%) increase in the formula allowance and no change in pupil weights or other formula changes, and 2) Setting the formula allowance at the amount that generates the same state total general education revenue with the new pupil weights, pension adjustment change and other formula changes in place. Of the \$504 increase over FY 2014, \$80 is for inflation at 1.5%; the remaining \$424 is to adjust for the pupil weight change, pension adjustment change and other restructuring.

The General Education Revenue formula allowance was further increased by \$25 per pupil (.5% increase) for FY2015 by the 2014 Legislature. This increases funding for other revenues linked to the formula allowance (e.g., compensatory, sparsity, transportation sparsity, nonpublic transportation, nonpublic pupil, Indian tribal contract, and, beginning in FY 2015, ECFE).

Special Education Tuition Billing Effective FY 2015

Beginning in FY 2015, the 2013 Legislature required that the serving district or charter school cover 10% of unfunded special education costs, reducing the amount borne by the resident district from 100% to 90%. Intermediate districts, cooperatives and charter schools where at least 70% of students are eligible for special education are exempt from this provision and continue to be able to recover 100% of unfunded special education costs from the resident district.

CHARTER SCHOOLS SPECIFIC LEGISLATION

Supplemental Information Provided to MDE

The language on the supplemental information charter schools must submit with audited financial statements was modified. Copies must be provided of management agreements with a charter school management organization or an educational management organization and service agreements and contracts over the lesser of \$100,000 or 10% of the school's most recent audited expenditures.

Pre-School Programs

The language allowing a charter school to provide instruction to children under five was removed and replaced with authority to provide a free preschool or pre-K program. The primary focus of charter schools must still be on students aged 5 – 18.

Transportation

A charter school is prohibited from requiring parents to surrender their transportation rights.

Affiliated Building Company

The requirements for a charter school to form an affiliated building corporation (ABC) were changed. One set of requirements would apply for all projects – both new facilities and purchase/renovation of existing facilities: the school must have been in operation at least six consecutive years and have had a net positive unreserved general fund balance in the preceding three fiscal years.

Review and Comment

The language dealing with review and comment for charter school facilities projects was clarified. Any purchase agreement or construction contract finalized before a positive review and comment is null and void.

Building Leases

The requirement for charter school building leases to have a closure clause was clarified. "Closures clause" relieves the charter school of lease obligation when charter contract is terminated or not renewed.

State Aid Payment Schedule

Clarifies that the payment schedule for the 10% annual holdback for charter schools reverts back to the regular payment schedule which applies for all schools when the state is on to the 90/10 payment schedule – this change goes into effect on July 1, 2015.

Collective Bargaining Agreements

Requires that a board of directors of a charter school with employees organized under a collective bargaining agreement must comply with the Group Insurance for Governmental Units Law (471.6161) and Certain Gifts of Interested Persons Prohibited Law (471.895).

APPENDIX B

FORMAL REQUIRED COMMUNICATIONS

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

We have audited the financial statements of the governmental activities and each major fund of Math & Science Academy (the School) as of and for the year ended June 30, 2014, and have issued our report thereon dated August 19, 2014. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

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

- Due from Minnesota Department of Education
- Due from Federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets

Qualitative aspects of accounting practices (continued)

Accounting estimates (continued)

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2013-14. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the School. Student attendance is accumulated in a statewide database – MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2014 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the School for special education excess cost tuition billing and adds the amount to the School's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from Federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2013-14. Many federal entitlements require that supporting financial reporting information be provided both in the UFARS accounting system and also the SERVS reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements, specifically the statement of net position:

- | | |
|---------------------------------------|----------|
| • DR Deferral of Refunding Bond Costs | \$71,225 |
| • CR Net Investment in Capital Assets | \$71,225 |
| • DR Net Investment in Capital Assets | \$25,131 |
| • CR Student Activity Expense | \$25,131 |

Disagreements with management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 19, 2014.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

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

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 19, 2014.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the Board of Education and management of the School and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 19, 2014

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2014

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2014**

INTRODUCTORY SECTION

SCHOOL BOARD AND ADMINISTRATION	1
---------------------------------	---

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
------------------------------	---

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS	5
--------------------------------------	---

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	16
---------------------------	----

STATEMENT OF ACTIVITIES	17
-------------------------	----

BALANCE SHEET – GOVERNMENTAL FUNDS	18
------------------------------------	----

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	19
--	----

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS	20
---	----

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES	21
---	----

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	22
---	----

NOTES TO BASIC FINANCIAL STATEMENTS	23
-------------------------------------	----

SUPPLEMENTARY INFORMATION

GENERAL FUND

BALANCE SHEET	41
---------------	----

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	42
--	----

BUILDING COMPANY SPECIAL REVENUE FUND

BALANCE SHEET	45
---------------	----

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE	46
--	----

UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	47
--	----

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 <i>GOVERNMENT AUDITING STANDARDS</i>	48
--	----

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	50
--	----

INTRODUCTORY SECTION

DRAFT

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2014**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRATION	BOARD POSITION
Sandeep Chandak	June 30, 2014	Board Chair
Dan Keller	June 30, 2015	Vice Chair
Teri Sue Hitchcock	June 30, 2015	Treasurer
Heidi Bardwell	January 31, 2015	Secretary
Lisa Anderson	June 30, 2014	Teacher Member
Amy Otteson	June 30, 2015	Teacher Member
Sarah Burns	January 31, 2015	Member
Daniel Dawiedczyk	June 30, 2014	Member
Alice Quammen Lee	June 30, 2015	Member
Bob Kreischer	-	Ex Officio
Judith Darling	-	Ex Officio
Susan Mooney*	-	Vice Chair
Riti Khandelwal**	-	Student

*Resigned January 22, 2014

**Resigned June 5, 2014

MSA BUILDING COMPANY

NAME	TERM ON BOARD EXPIRATION	BOARD POSITION
David Loomis	March 31, 2015	President
Rachael Erickson	March 31, 2015	Secretary
Bob Kreischer	March 31, 2015	Member
Lisa Anderson	March 31, 2015	Member
Cheryl Howe	March 31, 2015	Member

ADMINISTRATION

Bob Kreischer

Administrator/Director

School Office:

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

FINANCIAL SECTION

DRAFT



CliftonLarsonAllen LLP
CLAconnect.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, 2014, and the related notes to the financial statements, which collectively comprise the School'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.

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

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, 2014, 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 & Science Academy's 2013 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 August 28, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 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 the School's basic financial statements. The individual fund statements and the accompanying Uniform Financial Accounting and Reporting Standards Compliance Table as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and the accompanying Uniform Financial Accounting and Reporting Standards Compliance Table are the responsibility of management and were 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 19, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 19, 2014

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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, 2014. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 fiscal years include the following:

- The fund balance of the General Fund increased \$126,367 from the prior year for an ending fund balance of \$1,449,106 at June 30, 2014.
- Total General Fund revenues and other financing sources were \$4,129,765 as compared to \$4,003,398 of expenditures.
- The fund balance of the Building Company decreased \$2,160,332 from the prior year for an ending fund balance of \$972,164 at June 30, 2014.

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.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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 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.

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 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, 2014**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's *combined* net position was \$1,205,454 on June 30, 2014 (see Table A-1).

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

	Governmental Activities as of June 30,		Percentage Change
	2014	2013	
Current and Other Assets	\$ 2,691,434	\$ 5,851,395	(54.00)%
Capital and Non-Current Assets	9,014,643	6,742,875	33.69
Total Assets	11,706,077	12,594,270	(7.05)
Current Liabilities	487,992	1,450,336	(66.35)
Long-Term Liabilities	10,012,631	10,200,059	(1.84)
Total Liabilities	10,500,623	11,650,395	(9.87)
Net Position:			
Net Investment in Capital Assets	(790,730)	(378,864)	108.71
Restricted	547,078	-	N/A
Unrestricted	1,449,106	1,322,739	9.55
Total Net Position	\$ 1,205,454	\$ 943,875	27.71

The School's net position increased by \$261,579.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Changes in Net Position

The School's total entity-wide revenues were \$4,129,989 for the year ended June 30, 2014 (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**

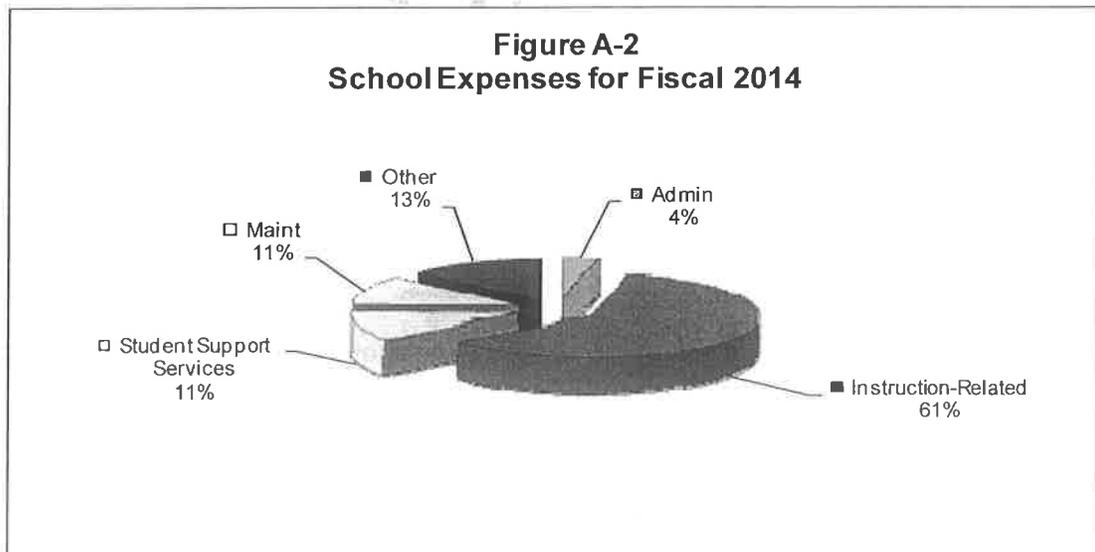
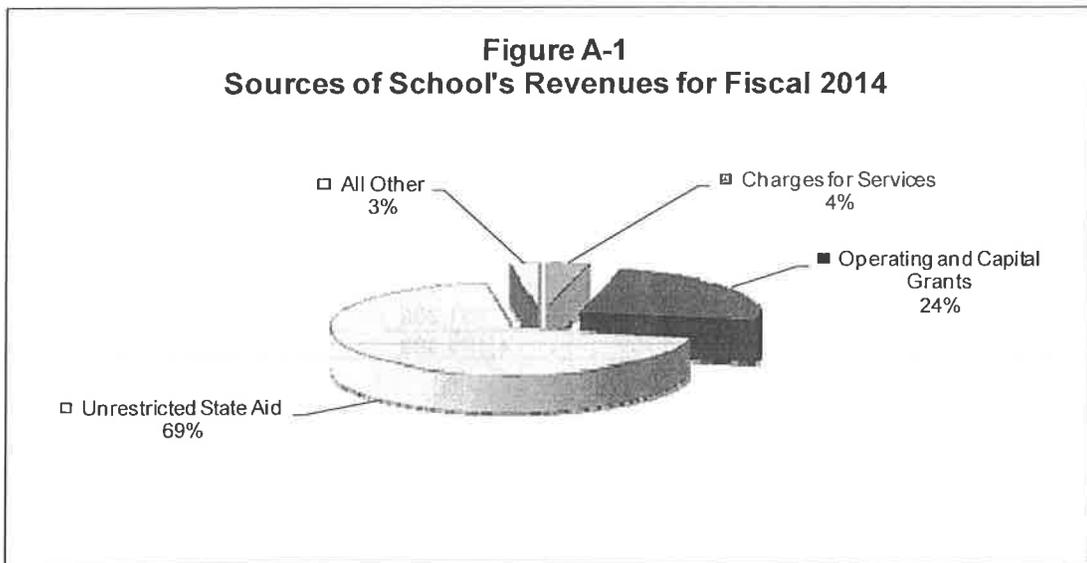
	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2014	2013	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 156,015	\$ 130,531	19.52 %
Operating Grants and Contributions	1,003,274	873,860	14.81
<u>General Revenues</u>			
Unrestricted State Aid	2,868,563	2,562,782	11.93
Investment Earnings	832	8,171	(89.82)
Other	101,305	69,284	46.22
Total Revenues	<u>4,129,989</u>	<u>3,644,628</u>	13.32
Expenses			
Administration	138,988	141,796	(1.98)
District Support Services	321,255	311,631	3.09
Regular Instruction	1,994,465	1,864,691	6.96
Special Education Instruction	373,949	294,113	27.14
Instructional Support Services	71,703	36,686	95.45
Pupil Support Services	20,347	20,702	(1.71)
Sites and Buildings	435,558	313,355	39.00
Fiscal and Other Fixed Cost Programs	51,181	95,919	(46.64)
Interest and Fiscal Charges on Long-Term Liabilities	460,964	409,940	12.45
Total Expenses	<u>3,868,410</u>	<u>3,488,833</u>	10.88
Change in Net Position	261,579	155,795	
Beginning Net Position	943,875	788,080	
Ending Net Position	<u>\$ 1,205,454</u>	<u>\$ 943,875</u>	

The total cost of all programs and services was \$3,868,410. Total revenues exceeded expenditures, increasing net position \$261,579 from the prior year. The increase in revenues is primarily due to the increase in enrollment of 37 students while the increase in expenditures is the result of additional staffing needed in order to support the increased enrollment.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

The cost of all *governmental* activities this year was \$3,868,410.

- Some of the cost was paid by the users of the School's programs (\$156,015).
- The federal government and private grant funds subsidized certain programs with grants and contributions (\$1,003,274).
- Most of the School's costs were paid for by unrestricted state aid (\$2,868,563).



**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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
	2014	2013		2014	2013	
Administration	\$ 138,988	\$ 141,796	(1.98)%	\$ 138,988	\$ 141,796	(1.98)%
District Support Services	321,255	311,631	3.09	321,255	311,631	3.09
Regular Instruction	1,994,465	1,864,691	6.96	1,838,450	1,570,983	17.03
Special Education Instruction	373,949	294,113	27.14	2,759	(6,630)	(141.61)
Instructional Support Services	71,703	36,686	95.45	71,703	36,686	95.45
Pupil Support Services	20,347	20,702	(1.71)	20,347	20,702	(1.71)
Sites and Buildings	435,558	313,355	39.00	264,438	313,355	(15.61)
Fiscal and Other Fixed Cost Programs	51,181	95,919	(46.64)	51,181	95,919	(46.64)
Interest and Fiscal Charges on Long-Term Liabilities	460,964	409,940	12.45	-	-	N/A
Total	\$ 3,868,410	\$ 3,488,833	10.88	\$ 2,709,121	\$ 2,484,442	9.04

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 \$4,813,307 while total expenditures and other financing uses were \$6,847,272. This contributed to a *combined* fund balance of \$2,421,270 which is \$2,033,965 lower than last year's ending fund balance of \$4,455,235.

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.

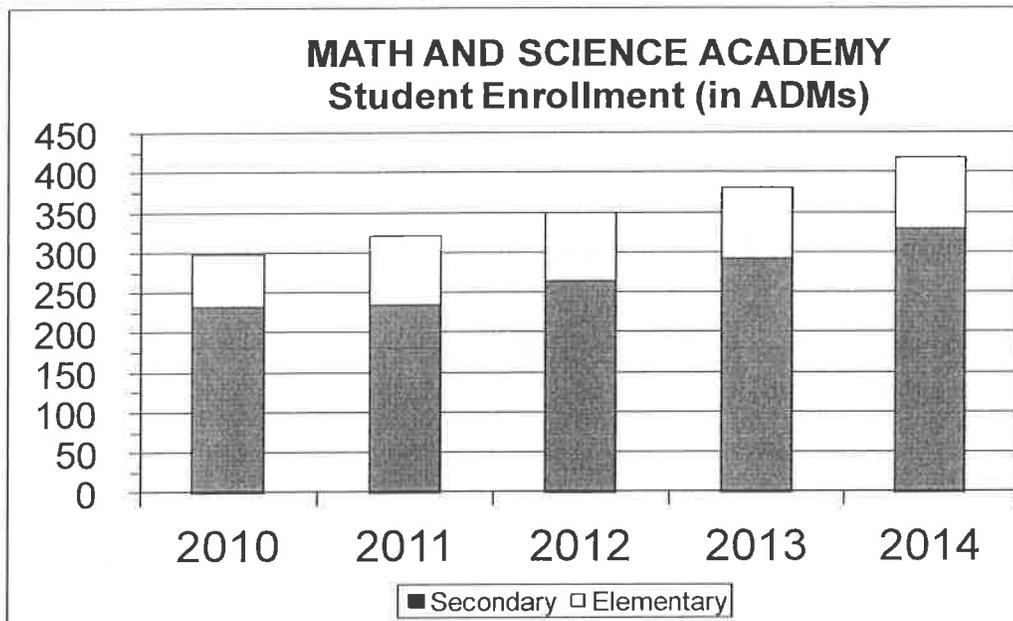
A large percentage of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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 2013-2014 was 419 students which was an increase of approximately 37 students over the prior year.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2014	June 30, 2013	Increase (Decrease)	Percent
Local Sources:				
Earnings on Investments	\$ 608	\$ 634	\$ (26)	(4.1)%
Other	241,735	199,815	41,920	21.0
State Sources	3,821,202	3,406,721	414,481	12.2
Federal Sources	50,635	29,921	20,714	69.2
Total General Fund Revenue	<u>\$ 4,114,180</u>	<u>\$ 3,637,091</u>	<u>\$ 477,089</u>	13.1

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 \$477,089 from the previous year. State revenue increased approximately \$414K with most of the increase attributable to the increase in enrollment, lease aid, and state special education revenue. Federal revenue increased approximately \$21K. Other revenues increased by \$42K and was the result of summer school, study hall fees and an increase in contributions.

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, 2014	June 30, 2013		
Salaries	\$ 1,748,192	\$ 1,479,759	\$ 268,433	18.1 %
Employee Benefits	611,763	577,516	34,247	5.9
Purchased Services	1,238,102	1,093,680	144,422	13.2
Supplies and Materials	227,085	221,676	5,409	2.4
Capital Expenditures	150,572	35,270	115,302	326.9
Other Expenditures	27,684	5,164	22,520	436.1
Total Expenditures	<u>\$ 4,003,398</u>	<u>\$ 3,413,065</u>	<u>\$ 590,333</u>	

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Total General Fund expenditures increased \$590,333 from the previous year. Much of this increase is reflected in salaries and benefits which directly correspond to the increase in student enrollment. Although salaries increased 18.1% over prior year, benefits only increased 5.9%. This was accomplished due to a change in the health insurance benefits policy.

Some of the factors that contributed to the increase in purchased services are the increases in lease expense, utilities, and janitorial costs. All of these increases relate to the addition of the second school building.

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance was \$1,346,445 at June 30, 2014. The total fund balance (which includes \$60,353 of prepaid items and \$42,308 related to student activities) of \$1,449,106 represents 36.2% of annual expenditures.

General Fund Budgetary Highlights

The budget is approved prior to the beginning of the fiscal year. The School revised 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 \$150,737 or 3.8%. The primary area where revenues were more than budgeted was in "Other" revenues. This is due to Student Activity Revenue of \$111K being recorded at year end. During the year, all the Student Activity is recorded and tracked on the Balance Sheet in the 206 accounts so that it is easy to see what the balance is in each account.

Actual expenditures were very close to budgeted amounts. Actual expenditures were approximately \$17k less than budgeted expenditures which is a variance of only 0.4%. However, this is a little misleading in that we recorded \$69K in student activities expenses that weren't budgeted. Accounting for this, expenditures came in under budget by approximately \$86K.

There were a variety of areas where less was spent than was budgeted. We were under budget in salaries and benefits by approximately \$40K. This was due to spending less than anticipated on the general education school psychologist, substitutes, staff stipends and employee insurance. We also spent less in janitorial, nursing and legal services. Finally, less was spent from the annual funds than budgeted.

The differences between budget and actual revenues and expenditures resulted in a surplus for the 2013-2014 fiscal year of \$110,782 which was \$167,541 higher than budgeted. However, it is important to understand that \$42K of this was due to a one-time adjustment in how the student activities were recorded.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

OTHER MAJOR FUNDS

Expenditures and other financing uses exceeded revenues and other financing sources in the Building Company Fund by \$2,160,332. This is due to payments being made (capital outlay) for the completion of the new school building.

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 will be a three story, 30,400 square foot building and will 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 2013-2014 fiscal year, the School and related building company had invested \$10,519,705, in a broad range of capital assets, including the school building, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$193,062.

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

	2014	2013	Percentage Change
Math and Science Academy			
Equipment	\$ 374,813	\$ 247,514	51.4 %
MSA Building Company			
Land	990,625	990,625	-
Construction in Progress	-	3,102,831	(100.0)
Land Improvements	10,866	-	N/A
Buildings and Improvements	9,056,412	3,635,814	149.1
Equipment	86,989	78,091	11.4
Less: Accumulated Depreciation	(1,505,062)	(1,312,000)	14.7
Total	<u>\$ 9,014,643</u>	<u>\$ 6,742,875</u>	33.7

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Long-Term Liabilities

At year-end, the School had a net amount of \$10,191,345 in lease revenue bonds payable outstanding.

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

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 9,935,000	\$ 9,950,000	(0.15)%
Net Bond Premium	256,345	265,059	(3.29)
Total	<u>\$ 10,191,345</u>	<u>\$ 10,215,059</u>	(0.23)
Long-Term Liabilities:			
Due Within One Year	\$ 178,714	\$ 15,000	
Due in More than One Year	10,012,631	10,200,059	
	<u>\$ 10,191,345</u>	<u>\$ 10,215,059</u>	

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the State of Minnesota for its revenue authority. For 2013-2014, there was a minimal increase of approximately \$74 or 1.5% per pupil unit to the General Education formula. Recently, the holdback was decreased to 10% which will improve the cash flow for the School and lessen or eliminate the need to rely on a line of credit.

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 4043, 8430 Woodbury Crossing, Woodbury, Minnesota, 55125.

BASIC FINANCIAL STATEMENTS

DRAFT

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)**

	Governmental Activities	
	2014	2013
ASSETS		
Cash and Investments	\$ 1,342,668	\$ 1,135,687
Cash and Investments Held by Trustee	1,000,204	4,032,234
Receivables:		
Other Governments	283,173	495,464
Other	1,907	2,996
Prepaid Items	63,482	185,014
Capital Assets:		
Land and Construction in Progress	990,625	4,093,456
Other Capital Assets, Net of Depreciation	8,024,018	2,649,419
Total Assets	11,706,077	12,594,270
LIABILITIES		
Salaries Payable	211,248	294,597
Accounts and Contracts Payable	58,916	1,095,763
Accrued Interest Payable	39,114	39,176
Unearned Revenue	-	5,800
Long-Term Liabilities:		
Portion Due Within One Year	178,714	15,000
Portion Due in More Than One Year	10,012,631	10,200,059
Total Liabilities	10,500,623	11,650,395
NET POSITION		
Net Investment in Capital Assets	(790,730)	(378,864)
Restricted for:		
Building Company Debt Service	547,078	-
Unrestricted	1,449,106	1,322,739
Total Net Position	\$ 1,205,454	\$ 943,875

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)**

Functions	2014			2013	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
			Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
Governmental Activities					
Administration	\$ 138,988	\$ -	\$ -	\$ (138,988)	\$ (141,796)
District Support Services	321,255	-	-	(321,255)	(311,631)
Regular Instruction	1,994,465	156,015	-	(1,838,450)	(1,570,983)
Special Education Instruction	373,949	-	371,190	(2,759)	6,630
Instructional Support Services	71,703	-	-	(71,703)	(36,686)
Pupil Support Services	20,347	-	-	(20,347)	(20,702)
Sites and Buildings	435,558	-	171,120	(264,438)	(313,355)
Fiscal and Other Fixed Cost Programs	51,181	-	-	(51,181)	(95,919)
Interest and Fiscal Charges on Long-Term Liabilities	460,964	-	460,964	-	-
Total School District	<u>\$ 3,868,410</u>	<u>\$ 156,015</u>	<u>\$ 1,003,274</u>	(2,709,121)	(2,484,442)
General Revenues					
State Aid Not Restricted to Specific Purposes				2,868,563	2,562,782
Earnings on Investments				832	8,171
Miscellaneous				101,305	69,284
Total General Revenues				<u>2,970,700</u>	<u>2,640,237</u>
Change in Net Position				261,579	155,795
Net Position - Beginning				<u>943,875</u>	<u>788,080</u>
Net Position - Ending				<u>\$ 1,205,454</u>	<u>\$ 943,875</u>

See accompanying Notes to Basic Financial Statements.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)**

	Major Funds		Total Governmental Funds	
	General	Building Company	2014	2013
ASSETS				
Cash and Investments	\$ 1,338,021	\$ 4,647	\$ 1,342,668	\$ 1,135,687
Cash and Investments Held by Trustee	-	1,000,204	1,000,204	4,032,234
Receivables:				
Due from Minnesota Department of Education	276,937	-	276,937	491,786
Due from Federal through Minnesota Department of Education	6,236	-	6,236	3,678
Other Receivables	1,907	-	1,907	2,996
Due from Other Funds	2,304	-	2,304	52,416
Prepaid Items	60,353	3,129	63,482	185,014
Total Assets	<u>\$ 1,685,758</u>	<u>\$ 1,007,980</u>	<u>\$ 2,693,738</u>	<u>\$ 5,903,811</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Salaries Payable	\$ 155,177	\$ -	\$ 155,177	\$ 219,652
Payroll Deductions and Employer Contributions Payable	56,071	-	56,071	74,945
Accounts and Contracts Payable	25,404	33,512	58,916	1,095,763
Due to Other Funds	-	2,304	2,304	52,416
Unearned Revenue	-	-	-	5,800
Total Liabilities	236,652	35,816	272,468	1,448,576
Fund Balance:				
Nonspendable:				
Prepaid Items	60,353	3,129	63,482	185,014
Restricted:				
Building Company	-	969,035	969,035	3,075,496
Assigned:				
Educational Materials	-	-	-	27,095
Capital Campaign Contribution	-	-	-	11,464
Student Groups	42,308	-	42,308	-
Unassigned	1,346,445	-	1,346,445	1,156,166
Total Fund Balance	1,449,106	972,164	2,421,270	4,455,235
Total Liabilities and Fund Balance	<u>\$ 1,685,758</u>	<u>\$ 1,007,980</u>	<u>\$ 2,693,738</u>	<u>\$ 5,903,811</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, 2014
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)**

	2014	2013
Total Fund Balance for Governmental Funds	\$ 2,421,270	\$ 4,455,235
<p>Total net position reported for governmental activities in the statement of net position is different because:</p> <p>Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:</p>		
Land	990,625	990,625
Construction in Progress	-	3,102,831
Land Improvements, Net of Accumulated Depreciation	10,323	-
Buildings and Improvements, Net of Accumulated Depreciation	7,816,811	2,565,644
Equipment, Net of Accumulated Depreciation	196,884	83,775
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
	(39,114)	(39,176)
<p>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:</p>		
Bonds Payable	(9,935,000)	(9,950,000)
Unamortized Premiums	(256,345)	(265,059)
Total Net Position of Governmental Activities	\$ 1,205,454	\$ 943,875

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, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	Major Funds		Total Governmental Funds	
	General	Building Company	2014	2013
REVENUES				
Local Sources:				
Earnings on Investments	\$ 608	\$ 224	\$ 832	\$ 8,171
Other	241,735	683,318	925,053	643,742
State Sources	3,821,202	-	3,821,202	3,406,721
Federal Sources	50,635	-	50,635	29,921
Total Revenues	<u>4,114,180</u>	<u>683,542</u>	<u>4,797,722</u>	<u>4,088,555</u>
EXPENDITURES				
Current:				
Administration	138,988	-	138,988	141,796
District Support Services	318,582	-	318,582	310,835
Regular Instruction	1,983,176	-	1,983,176	1,761,573
Special Education Instruction	372,858	-	372,858	291,543
Instructional Support Services	62,489	-	62,489	34,362
Pupil Support Services	20,347	-	20,347	20,702
Sites and Buildings	937,675	-	937,675	798,765
Fiscal and Other Fixed Cost Programs	18,711	32,470	51,181	342,569
Capital Outlay	150,572	2,326,664	2,477,236	3,276,367
Debt Service:				
Principal	-	15,000	15,000	-
Interest and Fiscal Charges	-	469,740	469,740	400,288
Total Expenditures	<u>4,003,398</u>	<u>2,843,874</u>	<u>6,847,272</u>	<u>7,378,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	110,782	(2,160,332)	(2,049,550)	(3,290,245)
OTHER FINANCING SOURCES (USES)				
Insurance Recovery Proceeds	15,585	-	15,585	-
Proceeds from Sale of Bonds	-	-	-	9,950,000
Bond Premium	-	-	-	270,142
Refunding Bond Payments	-	-	-	(3,970,000)
Total Other Financing Sources	<u>15,585</u>	<u>-</u>	<u>15,585</u>	<u>6,250,142</u>
Net Change in Fund Balances	126,367	(2,160,332)	(2,033,965)	2,959,897
Fund Balances - Beginning	<u>1,322,739</u>	<u>3,132,496</u>	<u>4,455,235</u>	<u>1,495,338</u>
Fund Balances - Ending	<u>\$ 1,449,106</u>	<u>\$ 972,164</u>	<u>\$ 2,421,270</u>	<u>\$ 4,455,235</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, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)**

	2014	2013
Net Change in Fund Balance-Total Governmental Funds	\$ (2,033,965)	\$ 2,959,897

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets 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.

Capital Outlays	2,464,830	3,555,243
Depreciation Expense	(193,062)	(99,551)

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:

General Obligation Bond Proceeds	-	(9,950,000)
Bond Refunding Payments	-	3,970,000
Bond Premium	-	(270,142)
Repayment of Bond Principal	15,000	-
Change in Accrued Interest Payable	62	(14,735)
Amortization of Bond Premium	8,714	5,083
Change in Net Position of Governmental Activities	\$ 261,579	\$ 155,795

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, 2014**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings on Investments	\$ 580	\$ 580	\$ 608	\$ 28
Other	42,200	115,723	241,735	126,012
State Sources	3,844,991	3,783,268	3,821,202	37,934
Federal Sources	36,600	63,872	50,635	(13,237)
Total Revenues	<u>3,924,371</u>	<u>3,963,443</u>	<u>4,114,180</u>	<u>150,737</u>
EXPENDITURES				
Current:				
Administration	140,081	136,452	138,988	2,536
District Support Services	350,414	338,302	318,582	(19,720)
Elementary and Secondary Regular Instruction	1,969,887	1,979,639	1,983,176	3,537
Special Education Instruction	291,276	347,287	372,858	25,571
Instructional Support Services	75,575	84,930	62,489	(22,441)
Pupil Support Services	19,300	30,898	20,347	(10,551)
Sites and Buildings	905,992	922,274	937,675	15,401
Fiscal and Other Fixed Cost Programs	23,600	23,600	18,711	(4,889)
Capital Outlay	68,400	155,820	150,572	(5,248)
Debt Service:				
Interest and Fiscal Charges	1,000	1,000	-	(1,000)
Total Expenditures	<u>3,845,525</u>	<u>4,020,202</u>	<u>4,003,398</u>	<u>(16,804)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,846	(56,759)	110,782	167,541
OTHER FINANCING SOURCES				
Insurance Recovery Proceeds	-	11,589	15,585	3,996
Net Change in Fund Balance	<u>\$ 78,846</u>	<u>\$ (45,170)</u>	126,367	<u>\$ 171,537</u>
FUND BALANCE				
Beginning of Year			<u>1,322,739</u>	
End of Year			<u>\$ 1,449,106</u>	

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

DRAFT

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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 Math and Science Academy 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, 2014**

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.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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.

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, 2014**

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 Math and Science Academy, 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, 2014**

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 expenditure budgets as follows:

<u>Revenues</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
General Fund	\$ 3,924,371	\$ 39,072	\$ 3,963,443
<u>Expenditures</u>			
General Fund	\$ 3,845,525	\$ 174,677	\$ 4,020,202

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.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. 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.

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.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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.

L. 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".

M. 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 or 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.

N. 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, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

Net position represents the difference between assets and liabilities 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.

P. 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, 2013, from which the summarized information was derived.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget and Fund Balance Deficits

Expenditures exceeded budgeted amounts in the following funds at June 30, 2014.

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	<u>\$ 4,020,202</u>	<u>\$ 4,003,398</u>	<u>\$ (16,804)</u>

The overages were considered by School management to be the result of necessary expenditures critical to operations and were approved by the Board.

NOTE 3 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.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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.

The School's carrying and bank balances of deposits at June 30, 2014 were \$1,338,021 and \$1,398,554, respectively. Both the carrying and bank balances of the Building Company's deposits at June 30, 2014 were \$4,647. 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, 2014**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2014, 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>Fair Value</u>
First American Treasury Obligations Money Market Fund - Class D	100.0%	-	<u>\$ 1,000,204</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	\$ 1,342,668
Cash and Investments Held by Trustee - Statement of Net Position	<u>1,000,204</u>
Total Cash and Investments	<u>\$ 2,342,872</u>

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 INTERFUND BALANCES

At June 30, 2014, the following were the interfund balances:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 2,304	\$ -
Building Company	-	2,304
	\$ 2,304	\$ 2,304

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.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
MSA Building Company				
Land	\$ 990,625	\$ -	\$ -	\$ 990,625
Construction in Progress	3,102,831	-	(3,102,831)	-
Total Capital Assets, not being depreciated	4,093,456	-	(3,102,831)	990,625
Capital Assets, Being Depreciated:				
Math and Science Academy				
Leasehold Improvements	-	10,866	-	10,866
Equipment	247,514	127,299	-	374,813
MSA Building Company				
Buildings and Improvements	3,635,814	5,420,598	-	9,056,412
Equipment	78,091	8,898	-	86,989
Total Capital Assets, Being Depreciated	3,961,419	5,567,661	-	9,529,080
Accumulated Depreciation for:				
Math and Science Academy				
Land Improvements	-	(543)	-	(543)
Equipment	(192,272)	(18,442)	-	(210,714)
MSA Building Company				
Buildings and Improvements	(1,070,170)	(169,431)	-	(1,239,601)
Equipment	(49,558)	(4,646)	-	(54,204)
Total Accumulated Depreciation	(1,312,000)	(193,062)	-	(1,505,062)
Total Capital Assets, Being Depreciated, Net	2,649,419	5,374,599	-	8,024,018
Governmental Activities Capital Assets, Net	\$ 6,742,875	\$ 5,374,599	\$ (3,102,831)	\$ 9,014,643

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

District Support Services	\$ 849
Regular Instruction	9,720
Special Education Instruction	556
Instructional Support Services	4,951
Sites and Buildings	176,986
Total Depreciation Expense, Governmental Activities	<u>\$ 193,062</u>

NOTE 6 SHORT-TERM BORROWING

In July 2012, the School extended its existing financing agreement to provide working capital advances of up to \$150,000. This loan is secured by up to \$200,000 of general education funding received from the Minnesota Department of Education by the School. The agreement was amended 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. The financing agreement expires on September 28, 2014. No borrowing took place under the terms of this line of credit during fiscal 2014.

NOTE 7 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	\$ -	\$ 9,765,000
12/1/2012	5.00%	185,000	12/1/2014	170,000	170,000
Total Lease Revenue Bonds Mortgage Loan Series 2012 Issues				170,000	9,935,000
Bond Premium - Net				-	256,345
				<u>\$ 170,000</u>	<u>\$ 10,191,345</u>

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7 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) and \$185,000 of taxable lease revenue bonds (Series 2012B). 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>
2015	\$ 170,000	\$ 465,115
2016	180,000	458,705
2017	180,000	454,160
2018	185,000	449,093
2019	190,000	443,417
2020 - 2024	1,070,000	2,106,560
2025 - 2029	1,335,000	1,829,875
2030 - 2034	1,700,000	1,452,250
2035 and On	4,925,000	1,331,375
Total	<u>\$ 9,935,000</u>	<u>\$ 8,990,550</u>

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

Changes in long-term debt are as follows:

	June 30, 2013	Additions	Retirements	June 30, 2014
MSA Building Company				
Lease Revenue Bonds Mortgage Loan:				
City of Woodbury Series 20012A Issue	\$ 9,765,000	\$ -	\$ -	\$ 9,765,000
City of Woodbury Series 20012B Issue	185,000	-	15,000	170,000
Bond Premiums	265,059	-	8,714	256,345
	<u>\$ 10,215,059</u>	<u>\$ -</u>	<u>\$ 23,714</u>	<u>\$ 10,191,345</u>

NOTE 8 RETIREMENT PLANS

Substantially all employees of the School 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. Teacher's Retirement Association (TRA)

1. Plan Description

All teachers employed by the School are covered by defined benefit pension plan administered by the Teachers Retirement Association (TRA). TRA members belong to either the Coordinated or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. The plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

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

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 RETIREMENT PLANS (CONTINUED)

A. Teacher's Retirement Association (TRA) (Continued)

1. Plan Description (Continued)

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing or calling TRA:

Teachers Retirement Association
60 Empire Drive Suite 400
St. Paul, MN 55103-1855
(651) 296-6449
800-657-3853

2. Funding Policy

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated and Basic Plan members are required to contribute 7.0% and 10.5%, respectively, of their annual covered salary during the fiscal year 2014 as employee contributions. The School is required to contribute the following percentages of annual covered payroll: 7.0% for Coordinated Plan members and 11.0% for Basic Plan members. The contribution requirements of plan members and the School are established and may be amended by State Statute. The School contributions for the years ended June 30, 2014, 2013, and 2012 were \$105,954, \$82,772, and \$69,542, respectively, equal to the required contributions for each year as set by state statute.

The 2010 Legislature approved employee and employer contribution rate increases to be phased-in over a four-year period beginning July 1, 2011. Employee and employer contribution rates will rise 0.5% each year of the four-year period. Beginning July 1, 2014, TRA Coordinated employee and employer contribution rates will each be 7.5%.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 RETIREMENT PLANS (CONTINUED)

B. Public Employees' Retirement Association (PERA)

1. Plan Description

All full-time and certain part-time employees of the School (other than teachers) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. 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. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the web at www.mnpera.org. Alternatively, a copy of the report may be obtained by writing or calling PERA:

Public Employees' Retirement Association
60 Empire Drive Suite 200
St Paul, MN 55103-2088
651-296-7460
800-652-9026

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for the employer and employee contributions. These statutes are established and amended by the state legislature. The School makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2014.

The School is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members and 7.25% for Coordinated Plan members.

The School's contributions for the years ended June 30, 2014, 2013, and 2012 were \$15,575, \$11,584, and \$8,273, respectively, equal to the contractually required contributions for each year as set by state statute.

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 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.

B. 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.

Effective August 1, 2010, the School leased an additional approximately 4,200 square feet of classroom space at 8500 Woodbury Crossing, Woodbury, Minnesota for a three-year period extending through August 31, 2013. The lease required monthly payments of \$7,328. An additional one-time payment of \$36,000 was made at the start of this lease to pay for tenant improvements on the property. The lease term expired on August 31, 2013 and was not renewed.

The total amount of rent incurred by the School to MSA Building Company under the terms of the main lease agreement was \$683,317 for fiscal 2014. The School also leased additional classroom space at 8500 Woodbury Crossing, Woodbury, Minnesota for July and August 2013 at a cost of \$14,656 for the fiscal year ended June 30, 2014. The total cost of all educational-related space for fiscal 2013-2014 which qualified for state lease aid was \$697,973. The School qualified for state charter school lease aid based on a statutory cap of \$1,200 per pupil unit, or \$628,176. 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, 2014**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. 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>
2015	\$ 690,240
2016	688,345
2017	686,679
2018	686,562
2019	688,752
2020 - 2024	3,446,358
2025 - 2029	3,447,229
2030 - 2034	3,444,750
2035 & On	6,479,187
Total	<u>\$ 20,258,102</u>

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.

SUPPLEMENTARY INFORMATION

DRAFT

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 GENERAL FUND
 BALANCE SHEET
 JUNE 30, 2014
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Investments	\$ 1,338,021	\$ 1,123,049
Receivables:		
Accounts and Interest Receivable	1,907	2,996
Due from Other Fund	2,304	-
Due from Minnesota Department of Education	276,937	491,786
Due from Federal through the Minnesota Department of Education	6,236	3,678
Prepaid Items	<u>60,353</u>	<u>128,014</u>
Total Assets	<u>\$ 1,685,758</u>	<u>\$ 1,749,523</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 155,177	\$ 219,652
Payroll Deductions and Employer Contributions Payable	56,071	74,945
Accounts and Contracts Payable	25,404	73,971
Due to Other Fund	-	52,416
Unearned Revenue	-	5,800
Total Liabilities	<u>236,652</u>	<u>426,784</u>
 Fund Balance:		
Nonspendable:		
Prepaid Items	60,353	128,014
Assigned:		
Educational Materials	-	27,095
Capital Campaign Contribution	-	11,464
Student Groups	42,308	-
Unassigned	<u>1,346,445</u>	<u>1,156,166</u>
Total Fund Balance	<u>1,449,106</u>	<u>1,322,739</u>
Total Liabilities and Fund Balance	<u>\$ 1,685,758</u>	<u>\$ 1,749,523</u>

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 580	\$ 608	\$ 28	\$ 634
Other	115,723	241,735	126,012	199,815
State Sources	3,783,268	3,821,202	37,934	3,406,721
Federal Sources	63,872	50,635	(13,237)	29,921
Total Revenues	3,963,443	4,114,180	150,737	3,637,091
EXPENDITURES				
Current:				
Administration:				
Salaries	83,100	84,940	1,840	83,791
Employee Benefits	29,569	27,810	(1,759)	33,337
Purchased Services	1,500	500	(1,000)	22,006
Supplies and Materials	1,000	3,036	2,036	2,662
Other Expenditures	21,283	22,702	1,419	-
Total Administration	136,452	138,988	2,536	141,796
District Support Services:				
Salaries	89,160	92,015	2,855	98,633
Employee Benefits	42,926	42,814	(112)	58,600
Purchased Services	154,355	140,139	(14,216)	132,955
Supplies and Materials	49,631	42,868	(6,763)	19,780
Capital Expenditures	3,500	5,001	1,501	-
Other Expenditures	2,230	746	(1,484)	867
Total District Support Services	341,802	323,583	(18,219)	310,835
Elementary and Secondary				
Regular Instruction:				
Salaries	1,329,883	1,327,383	(2,500)	1,130,040
Employee Benefits	488,641	456,757	(31,884)	408,286
Purchased Services	49,582	44,956	(4,626)	35,642
Supplies and Materials	107,978	151,327	43,349	184,711
Capital Expenditures	13,400	11,719	(1,681)	6,227
Other Expenditures	3,555	2,753	(802)	2,894
Total Elementary and Secondary Regular Instruction	1,993,039	1,994,895	1,856	1,767,800

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Special Education Instruction:				
Salaries	\$ 203,326	\$ 236,097	\$ 32,771	\$ 164,985
Employee Benefits	81,089	83,486	2,397	77,116
Purchased Services	56,872	47,081	(9,791)	45,065
Supplies and Materials	4,500	4,711	211	2,974
Capital Expenditures	2,000	535	(1,465)	10,974
Other Expenditures	1,500	1,483	(17)	1,403
Total Special Education Instruction	349,287	373,393	24,106	302,517
Instructional Support Services:				
Salaries	9,000	5,017	(3,983)	-
Employee Benefits	-	720	720	-
Purchased Services	63,755	49,929	(13,826)	30,402
Supplies and Materials	12,175	6,823	(5,352)	3,960
Capital Expenditures	101,445	91,480	(9,965)	17,324
Total Instructional Support Services	186,375	153,969	(32,406)	51,686
Pupil Support Services:				
Salaries	10,357	2,740	(7,617)	2,310
Employee Benefits	1,241	176	(1,065)	177
Purchased Services	18,800	14,724	(4,076)	17,661
Supplies and Materials	500	2,707	2,207	554
Total Pupil Support Services	30,898	20,347	(10,551)	20,702
Sites and Buildings:				
Purchased Services	910,274	922,062	11,788	791,730
Supplies and Materials	12,000	15,613	3,613	7,035
Capital Expenditures	35,475	41,837	6,362	745
Total Sites and Buildings	957,749	979,512	21,763	799,510
Fiscal and Other Fixed Cost Programs:				
Purchased Services	23,600	18,711	(4,889)	18,219

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL (CONTINUED)
 YEAR ENDED JUNE 30, 2014
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Total Expenditures	\$ 4,020,202	\$ 4,003,398	\$ (16,804)	\$ 3,413,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,759)	110,782	167,541	224,026
OTHER FINANCING SOURCES				
Insurance Recovery Proceeds	11,589	15,585	3,996	-
Net Change in Fund Balance	<u>\$ (45,170)</u>	126,367	<u>\$ 171,537</u>	224,026
FUND BALANCE				
Beginning of Year		<u>1,322,739</u>		<u>1,098,713</u>
End of Year		<u>\$ 1,449,106</u>		<u>\$ 1,322,739</u>

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 BUILDING COMPANY SPECIAL REVENUE FUND
 BALANCE SHEET
 JUNE 30, 2014
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Investments	\$ 4,647	\$ 12,638
Cash and Investments Held by Trustee	1,000,204	4,032,234
Due from Other Fund	-	52,416
Prepaid Items	<u>3,129</u>	<u>57,000</u>
Total Assets	<u>\$ 1,007,980</u>	<u>\$ 4,154,288</u>
LIABILITIES		
Accounts and Contracts Payable	\$ 33,512	\$ 1,021,792
Due to Other Fund	<u>2,304</u>	<u>-</u>
Total Liabilities	35,816	1,021,792
FUND BALANCE		
Nonspendable:		
Prepays Items	3,129	57,000
Restricted for Building Company	<u>969,035</u>	<u>3,075,496</u>
Total Fund Balances	<u>972,164</u>	<u>3,132,496</u>
Total Liabilities and Fund Balance	<u>\$ 1,007,980</u>	<u>\$ 4,154,288</u>

**MATH AND SCIENCE ACADEMY
 CHARTER SCHOOL NO. 4043
 BUILDING COMPANY SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 YEAR ENDED JUNE 30, 2014
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)**

	2014	2013
REVENUES		
Local:		
Earnings on Investments	\$ 224	\$ 7,537
Other	683,318	443,927
Total Revenues	683,542	451,464
 EXPENDITURES		
Current:		
Fiscal Agent and Other Expenditures	32,470	324,350
Capital Outlay	2,326,664	3,241,097
Principal	15,000	-
Interest and Fiscal Charges	469,740	400,288
Total Expenditures	2,843,874	3,965,735
 Deficiency of Revenues Under Expenditures	(2,160,332)	(3,514,271)
 OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Bonds	-	9,950,000
Bond Refunding Payments	-	(3,970,000)
Bond Premium	-	270,142
Total Other Financing Sources	-	6,250,142
 Net Change in Fund Balance	(2,160,332)	2,735,871
 Fund Balance - Beginning	3,132,496	396,625
 Fund Balance - Ending	\$ 972,164	\$ 3,132,496

**MATH AND SCIENCE ACADEMY
CHARTER SCHOOL NO. 4043
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2014**

	AUDIT	UFARS	Difference
01 GENERAL FUND			
Total Revenue	\$ 4,129,765	\$ 4,129,765	\$ -
Total Expenditures	\$ 4,003,398	\$ 4,003,397	\$ 1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 60,353	\$ 60,353	\$ -
<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	\$ 42,308	\$ 42,308	\$ -
<i>Unassigned:</i>			
422 Unassigned Fund Balance	\$ 1,346,445	\$ 1,346,445	\$ -
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

DRAFT



CliftonLarsonAllen LLP
CLAconnect.com

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, 2014, 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 19, 2014.

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 & 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 19, 2014

DRAFT



CliftonLarsonAllen LLP
CLAAconnect.com

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, 2014, 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 19, 2014.

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

Minneapolis, Minnesota
August 19, 2014

**Math and Science Academy
Long-Range Budget Projection Model
May 23, 2014**

Can add \$7,760 in Staff Development funds once we receive more info from MDE.

	Actual 2012-2013	Budget 2013-2014	Proposed Budget 2014-2015	2015-2016	2016-2017
470 Media/Library Resources	0	0	0	0	0
530 Furniture and Other Equipment	1,857	48,400	12,000	12,500	12,800
565 Technology Equipment	19,188	60,000	80,000	40,000	30,000
555 Technology Equipment - From Staff Development	0	2,445	0	0	0
740 Interest Expense	0	1,000	1,000	1,000	1,000
820 Dues and memberships	3,400	26,588	28,555	29,800	30,400
898 Scholarships	0	500	500	500	500
520 Bldg Improvements	31,444	11,341	0	0	0
Annual Fund (255)/Capital Campaign	0	53,581	50,000	0	0
899 Miscellaneous Expense	0	0	0	0	0
Italy Trip (915)	4,265	0	0	0	0
Additional Educational Materials (916)	22,305	24,498	0	0	0
State Special Ed Expenditures / ESY	272,180	285,415	284,576	296,000	307,800
Federal Special Ed Expenditures (Inc. ARRA)	29,921	63,872	65,100	66,400	67,700
Student Activity Expenses (offset by SA revenue, year-end entry)	97,808				
Total Expenditures	3,413,065	4,019,759	4,209,017	4,240,560	4,319,953
	3,413,065				
Annual Surplus	224,025	(45,170)	59,626	118,188	81,986
	224,025				
Beginning fund Balance	1,098,711	1,322,737	1,277,566	1,336,192	1,454,381
Ending Fund Balance	1,322,737	1,277,566	1,336,192	1,454,381	1,536,367
	1,322,737				
Fund Balance Percentage of Annual Expenditures	38.8%	31.8%	31.7%	34.3%	35.6%

The projected statements are presented on a budgetary basis and do not include the activity of the building company.
Note: Surplus in O/S for 2013-2014 was \$112,464.

**Math and Science Academy
Long-Range Budget Projection Model
May 23, 2014**

Can add \$7,760 in Staff Development funds once we receive more info from MDE.

	Actual 2012-2013	Budget 2013-2014	Proposed Budget 2014-2015	2015-2016	2016-2017
Compensatory Revenue					
A: Number of Students prior yr. (current year for 1st year)	382	409	442	440	450
B: Number of Free Lunch Students prior yr. (or current year for	3	7	4	4	4
C: Number of Reduced Lunch Students prior yr. (current yr. for 1	0	0	4	4	4
D: Adjusted Counts = 100% Free, 50% Reduced - (A)	3.00	7.00	6.00	5.97	6.11
E: Concentration Portion	0.01	0.02	0.01	0.01	0.01
F: Concentration Factor (lesser of 1 or Conc. Portion/ .8)	0.01	0.02	0.02	0.02	0.02
G: PU = .6 * D * F	0.02	0.09	0.06	0.06	0.06
H: Initial Revenue	85	439	305	307	318
Miscellaneous Adjustment (Rounding)	11		(5)		
I: Short Year Factor	1	1	1	1	1
Calculated Compensatory State Revenue ((A) x (B))	96	439	300	307	318

Building Lease Aid					
Aid at \$1,200 per p.u., change to \$1314 per p.u. 7-1-14	570,358	630,698	672,768	688,850	689,850
Aid at 90% of Lease	570,360	630,695	672,768	689,850	689,850
Lesser of per pupil unit or 90% of lease payment	1200	1200	1314	1314	1314
50% of lease payment-per pupil unit	570,358	630,695	672,768	689,850	689,850
Estimated Proration of Lease Aid Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Total Prorated Building Lease Aid Revenue	570,358	630,695	672,768	689,850	689,850
Lease Aid Revenue per pupil unit (before proration)	1200	1200	1314	1314	1314

	Estimate	Estimate	Estimate	Estimate	Estimate
Special Education Revenue					
State Special Education Aid and Tuition Billing	258,571	273,998	267,502	278,240	289,332

	0%	0%	0%	0%	0%
LEP (Limited English Proficiency) State Aid					
Prior Year LEP Eligible ADM	0	0	0	0	0
Current Year LEP Eligible ADM	0	0	0	0	0
ADM Served	382	421	440	450	450
Adjusted LEP ADM	0	0	0	0	0
LEP Marginal Cost Pupils	0	0	0	0	0
LEP Revenue	0	0	0	0	0
Concentration Portion	0.0000	0.0000	0.0000	0.0000	0.0000
Concentration Factor	0	0	0	0	0
LEP Pupil Units	0	0	0	0	0
LEP Concentration Revenue	0	0	0	0	0
Total LEP Aid	0	0	0	0	0

**Math and Science Academy
Long-Range Budget Projection Model
May 23, 2014**

Can add \$7,760 in Staff Development funds once we receive more info from MDE.

Actual 2012-2013	Budget 2013-2014	Proposed Budget 2014-2015	2015-2016	2016-2017
---------------------	---------------------	---------------------------------	-----------	-----------

Revenue Summary and Projections

	Actual 2012-2013	Budget 2013-2014	Proposed Budget 2014-2015	2015-2016	2016-2017
State Aids					
General Education Revenue	2,554,773	2,867,318	3,138,500	3,247,375	3,276,853
Compensatory Revenue	96	439	300	307	318
Subtotal	2,554,869	2,867,757	3,138,800	3,247,682	3,277,171
Technical & Operating Capital Aid	0	0	0	0	0
Building Lease Aid	570,358	630,695	672,768	689,850	689,850
Prior Year Over/Underaccruals	10,578	(10)	0	0	0
Special Education Aid	258,571	273,998	267,502	278,240	289,332
Endowment Aid	9,896	10,828	10,548	10,816	10,816
Other Miscellaneous State Aid	2,450	0	0	0	0
Total State Aids	3,406,722	3,783,269	4,089,618	4,226,588	4,267,169
Federal Revenue					
Federal Special Ed	29,921	63,872	65,100	66,400	67,700
Federal Education Job Funds	0	0	0	0	0
Federal Stabilization Funds	0	0	0	0	0
Total Federal Revenue	29,921	63,872	65,100	66,400	67,700
Other Revenue					
Fees from Patrons	4,733	18,940	19,265	20,100	20,500
Fees from Patrons/Students, Music	242	300	300	310	320
Fees from Students/ Field Trip	26,746	27,000	28,900	30,200	30,800
Interest Revenue	634	580	660	750	750
Technology Donations	5,643	0	0	0	0
Annual Fund (255)/Capital Campaign	42,908	53,581	50,000	0	0
Donations and Miscellaneous Grants	664	2,308	0	0	0
Miscellaneous Income/Sale of Equipment	9,884	250	0	0	0
Year Book Revenues	11,184	12,900	13,800	14,400	14,700
Insurance Recovery (625)	0	11,589	0	0	0
Student Activity Revenue (offset by SA expenses, year-end entry)	97,809	0	0	0	0
Total Other Revenue	200,447	127,448	112,925	65,760	67,070
Total Revenue	3,637,091	3,974,589	4,267,643	4,358,748	4,401,939

**Math and Science Academy
Long-Range Budget Projection Model
May 23, 2014**

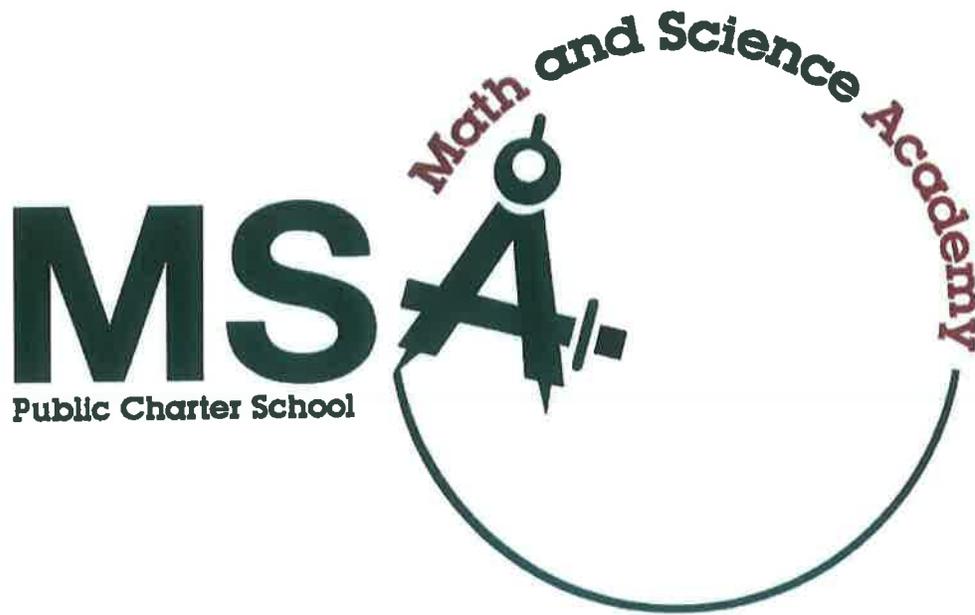
Can add \$7,760 in Staff Development funds once we receive more info from MDE.

Actual 2012-2013	Budget 2013-2014	Proposed Budget 2014-2015	2015-2016	2016-2017
---------------------	---------------------	---------------------------------	-----------	-----------

Expenditure Calculations

	2.0%	See payroll budget 2.0%	2.0%	2.0%	2.0%
Inflation Assumptions					
Salaries					
Other costs	2.0%				
Budget Calculations					
100 Salaries	40.0%	37.2%	38.2%	39.2%	40.2%
200 Benefits	1,268,836	1,502,098	1,608,530	1,641,700	1,674,500
185 Bonus Pay	505,091	559,171	614,363	643,059	672,652
100 Extracurricular Stipends	27,151	0	0	0	0
305 Contracted Services	32,985	45,858	66,858	69,200	69,600
320 Communications Services	145,083	184,892	190,880	199,100	201,100
329 Postage	22,410	26,000	26,620	27,800	28,400
330 Utilities	4,249	5,700	6,100	6,400	6,500
340 Insurance	37,687	72,185	74,350	75,800	77,300
350 Repairs and Maintenance	15,718	23,600	24,100	24,600	25,100
360 Field Trip Transportation	78,004	71,200	71,200	71,300	75,800
366 Travel and conferences	7,893	8,300	8,900	9,300	9,500
	18,403	29,155	31,100	32,400	33,000
8430 Woodbury Crossing (Per Debt Service Schedule)	154,754				
8430 Additional Rent	16,500				
Annual Trustee Fee	3,450				
8500 Woodbury Crossing (Engstrom)	87,934	14,656			
YWCA	100,147				
Lease Payments per Amended Lease (Nov 2012)	57,694	614,678	690,240	688,345	686,679
New Building (Max Lease Expense Supported by Enrollmen:	213,254	71,439	57,260	78,155	79,821
370 Total Lease Expense	633,733	700,773	747,520	766,500	766,500
370 Other Rentals and Operating Leases	15,073	16,800	12,168	12,700	13,000
391 Payments to Other ISD's - CIS Program	2,610	5,800	0	0	0
369 Field Trip Admissions	18,048	18,700	20,000	20,900	21,300
401 General Supplies/Non-Instructional	44,267	54,352	61,775	64,400	65,700
401 Maintenance Supplies	6,355	12,000	12,800	13,400	13,700
405 Non-Instructional Computer Software & Licensing		25,555	18,430	19,200	19,600
430 Instructional Supplies	13,841	37,900	36,387	38,000	38,800
460 Textbooks and Workbooks	33,561	36,600	48,405	50,500	51,500
461 Standardized Tests	4,076	5,400	5,800	6,100	6,200

Math and Science Academy Strategic Plan



Original Create Date:
October 2010

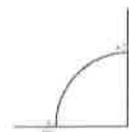
Last Modified:
June 2013

Status:
Final

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.

- 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 is expected to be completed in August 2013 and it will be in use starting with school year 2013-14. With the completion of the new building, MSA will have its own gymnasium and music room with additional classrooms.

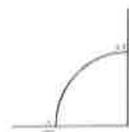
Review and Assessment

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, Budgeting, Facilities, Alternative 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. With this in mind, MSA is projecting the following enrollment figures:

2013-14 - 431 Students

2014-15 - 443 Students

2015-16 - 446 Students

2016-17 - 450 Students

2017-18 - 450 Students

MSA's building capacity, including the new building, will more than suffice for this number of students. The current building (8430) has a maximum capacity of 290 students, with the new building having a maximum capacity of 324 students. MSA's current lease on the 8500 building ends in the summer of 2013, when MSA anticipates moving into the new building.

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 2013-14 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 at 450 students, 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"> • Budget Committee • Director 	<ul style="list-style-type: none"> • BOD Enrollment Committee
<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"> • Budget Committee • Director 	<ul style="list-style-type: none"> • BOD Enrollment Committee



Facilities

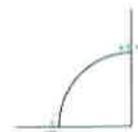
Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

MSA's original building at 8430 Woodbury Crossing is leased from the MSA Building Company. A second building is currently under construction with an expected completion date of August 2013. The new building will house the 6th and 7th graders, and the original building will include the 8th-12th 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.	Sustainable model of academic excellence Supported by: <ul style="list-style-type: none"> • Director • Teachers 	<ul style="list-style-type: none"> • BOD Building and Maintenance 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 and Maintenance 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 and Maintenance Committee



Budgeting

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, were completed in the summer of 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 Alternative Financing 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 	BOD Budget Committee



Alternative Funding Sources

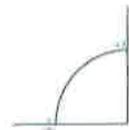
Vision: To be an innovative, sustainable model of academic excellence that creates well-rounded, lifelong learners, and global citizens.

The mission of the Math and Science Academy Alternative 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"> • Alternative Funding Committee • Budget Committee • MSA Community • Director 	<p>Alternative Funding Committee</p>

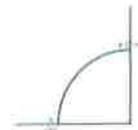


Staffing

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"> Budget Committee Departments 	<ul style="list-style-type: none"> BOD Personnel Committee 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 Personnel Committee 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 Personnel Committee Director
Ensure that teachers receive competitive pay and benefits.	Sustainable model of education Supported by: <ul style="list-style-type: none"> Budget 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"> • Budget 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"> • Budget 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">• Director	<ul style="list-style-type: none">• 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">• Director	<ul style="list-style-type: none">• Academic Advisor



Communication

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

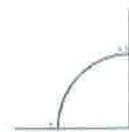
As the Math and Science Academy (MSA) completes the building expansion project, it is critical that MSA create community awareness of the expanded facility as well as increased communication of overall school successes. These efforts are primarily for public relations. In addition, increased communication 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"> Alternative Funding Committee Director 	<ul style="list-style-type: none"> BOD member and 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"> Alternative Funding 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



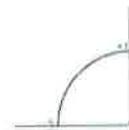
Technology

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.

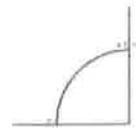
The Technology Committee will work with the Budget Committee and the Alternative Funding Committee to ensure that technology needs are communicated and a plan is in place to provide funding.

Goals	Support for the Vision	Owner
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"> Budget Committee Alternative Funding Committee 	<ul style="list-style-type: none"> Technology Committee
Enable MSA technology to support a bring-your-own-device model allowing MSA to convert to a 1:1 ratio of technology to student (desktop, laptop or tablet format).	Sustainable Model of Excellence Supported by: <ul style="list-style-type: none"> MSA Community 	<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 Curriculum Committee 	<ul style="list-style-type: none"> Technology Committee, Departments and Curriculum Committee



Technology (Continued)

Goals	Support for the Vision	Owner
Ongoing education of staff on what technology is available 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 and 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"> • Tech. Support, Tech. Committee and Communication Committee



Math and Science Academy
Summary of Budget Projection Model
September 29, 2012

	Actual	Preliminary	Projections						
			2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Enrollment	320	351	384	425	443	446	450	450	450
Revenue									
State Aids	2,291,759	2,549,858	2,810,093	3,083,431	3,246,399	3,306,008	3,373,838	3,414,069	3,414,069
Lease Aid	498,208	523,850	572,659	635,640	663,720	668,400	674,640	674,640	674,640
Federal Aids	169,333	36,880	35,731	36,400	37,100	37,800	38,600	39,400	39,400
Other	78,154	98,281	68,830	74,780	78,260	79,760	81,560	82,860	82,860
Total Revenue	3,037,454	3,208,869	3,487,313	3,830,251	4,025,479	4,091,968	4,168,638	4,210,969	4,210,969
	3,037,454	3,208,869	3,487,313	3,830,251	4,025,479	4,091,968	4,168,638	4,210,969	4,210,969
Expenditures									
Salary & Benefits	1,552,596	1,687,873	1,811,970	1,941,520	2,043,776	2,092,092	2,141,532	2,170,541	2,170,541
Lease	594,317	582,055	641,126	706,267	737,467	742,667	749,600	749,600	749,600
Purchased Services	311,790	335,049	403,300	487,200	506,800	519,700	532,100	542,700	542,700
Supplies and Materials	101,923	91,386	189,100	213,800	227,300	233,400	240,200	245,100	245,100
Capital Equipment	58,167	63,601	46,700	68,200	34,000	34,400	34,800	35,100	35,100
State Special Ed	252,025	244,830	247,627	257,500	267,800	278,500	289,600	301,200	301,200
Federal	52,997	29,651	35,731	36,400	37,100	37,800	38,600	39,400	39,400
Other	3,567	5,919	9,300	6,900	7,200	7,400	7,600	7,700	7,700
Total Expenditures	2,927,382	3,040,365	3,384,853	3,717,787	3,861,443	3,945,959	4,034,032	4,091,341	4,091,341
	2,927,382	3,040,365	3,384,853	3,717,787	3,861,443	3,945,959	4,034,032	4,091,341	4,091,341
Annual Surplus	110,072	168,504	102,459	112,464	164,036	146,010	134,606	119,628	119,628
Beginning Fund Balance	820,136	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287	1,758,287
Ending Fund Balance	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287	1,877,916	1,877,916
	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287	1,877,916	1,877,916
Fund Balance %	31.8%	36.1%	35.5%	35.3%	38.3%	41.1%	43.6%	45.9%	45.9%

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

**MATH & SCIENCE ACADEMY
FORECASTED SCHEDULES OF DEBT COVERAGE
FISCAL YEARS ENDING JUNE 30, 2013 THROUGH 2018**

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Annual Surplus	102,459	112,464	164,036	146,010	134,606	119,628
Additions						
Debt Service on 2002 Bonds	375,419					
Debt Service on 2012 Bonds*		610,446	678,279	677,640	678,082	680,397
Deposit Repair and Replacement on 2012 Bonds		12,500	25,000	25,000	25,000	25,000
Capitalized Assets**	7,005	10,230	5,100	5,160	5,220	5,265
Net Income Available for Debt Service	484,883	745,640	872,416	853,809	842,908	830,290
Debt Service Payments						
Debt Service on 2002 Bonds	375,419					
Debt Service on 2012 Bonds*	0	610,446	678,279	677,640	678,082	680,397
Total Debt Service Payments	375,419	610,446	678,279	677,640	678,082	680,397
Debt Service Coverage Ratio	1.29	1.22	1.29	1.26	1.24	1.22

* Net of Capitalized Interest

** Due to capitalization policy of \$2,000 per individual capital expenditure, the assumption is that only 15% of capital expenditures will be capitalized.

**Math and Science Academy
St. Paul, MN
Balance Sheet**

	Actual Balance June 30, 2011	Actual Balance June 30, 2012	Projected Balance June 30, 2013	Projected Balance June 30, 2014	Projected Balance June 30, 2015	Projected Balance June 30, 2016	Projected Balance June 30, 2017	Projected Balance June 30, 2018
Assets								
Current Assets								
Cash	223,937	179,471	208,929	236,927	356,159	485,718	600,481	709,647
State Aids Receivable/Due from MDE	887,962	1,076,723	1,207,642	1,327,708	1,395,913	1,418,864	1,445,307	1,459,669
Federal Aids Receivable	3,508	1,243	0	0	0	0	0	0
Accounts Receivable	0	4,190	0	0	0	0	0	0
Due From Building Company	44,436	61,511	27,000	10,000	0	0	0	0
Prepaid Expenses and Deposits	55,943	37,747	42,000	46,100	47,900	48,900	50,000	50,700
Total Current Assets	1,215,787	1,360,886	1,485,571	1,620,735	1,799,972	1,953,481	2,095,787	2,220,016
Total All Assets	1,215,787	1,360,886	1,486,571	1,620,735	1,799,972	1,953,481	2,096,787	2,220,016
Liabilities and Fund Balance								
Current Liabilities								
Salaries Payable	131,234	139,784	152,900	166,100	174,600	178,100	181,700	183,500
Payroll Deductions Payable	51,469	55,586	57,100	59,300	62,800	64,900	67,100	68,600
Accounts Payable	102,877	66,803	74,400	81,700	84,900	86,800	88,700	90,000
Total Current Liabilities	285,579	262,173	284,400	307,100	322,300	329,800	337,500	342,100
Fund Balance								
Fund Balance	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287	1,877,916
Total Fund Balance	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287	1,877,916
Total Liabilities and Fund Balance	1,216,787	1,360,886	1,486,571	1,620,735	1,799,972	1,953,481	2,096,787	2,220,016
Estimated Days of Cash on Hand	139	151	153	154	166	176	185	194

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

**Math and Science Academy
Long-Range Budget Projection Model
November 2, 2012**

	Actual		Projections					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Enrollment Projections								
Number Students Grade 6	85	85	89	95	95	95	95	95
Number Students Grade 7	80	86	89	95	95	95	95	95
Number Students Grade 8	63	81	88	85	92	95	95	95
Number Students Grade 9	32	43	56	66	66	70	70	70
Number Students Grade 10	36	29	36	53	52	52	52	52
Number Students Grade 11	16	17	18	28	38	38	38	38
Number Students Grade 12	8	10	8	3	5	5	5	5
Enrollment totals by state pupil unit weighting category								
Total Number of Students Grade K	0	0	0	0	0	0	0	0
Total Number of Students Grade 1-3	0	0	0	0	0	0	0	0
Total Number of Students Grade 4-6	85	85	89	95	95	95	95	95
Total Number of Students Grade 7-12	235	266	295	330	348	351	355	355
Total Number of Students	320	351	384	425	443	446	450	450
Total Number of Current Year Pupil Units	395.23	435.34	477.22	529.70	553.10	557.00	562.20	562.20
Total Number of Marginal Cost Pupil Units	395.23	435.34	477.22	529.70	553.10	557.00	562.20	562.20

State Revenue Assumptions and Calculations

General Education Revenue	4875.97	4923.06	4973.76	5022.79	5073.02	5123.75	5174.99	5226.74
State Averages Per Pupil Unit	0.0%	\$50	\$50	1.0%	1.0%	1.0%	1.0%	1.0%
Inflation Rate Assumption-Basic only	\$4,875.97	\$4,923.06	\$4,973.06	\$5,022.79	\$5,073.02	\$5,123.75	\$5,174.99	\$5,226.74
Basic Excluding Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
One Time	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Gifted and Talented	25.06	25.90	26.27	26.27	26.27	26.27	26.27	26.27
Sparsity	205.16	205.62	205.63	205.63	205.63	205.63	205.63	205.63
Operating Capital	0.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Training & Experience	97.35	97.71	99.19	99.19	99.19	99.19	99.19	99.19
Equity	3.90	28.27	87.46	0.00	0.00	0.00	0.00	0.00
Referendum	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.00
Transition Allowance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Per Pupil Unit State Revenue	5,219.85	5,293.18	5,404.23	5,365.88	5,416.11	5,466.84	5,518.08	5,569.93
Less Pension Adjustment	(32.68)	(32.66)	(32.75)	(32.75)	(32.75)	(32.75)	(32.75)	(32.75)
Total Per Pupil Unit State Revenue	5,187.17	5,260.52	5,371.48	5,333.13	5,383.36	5,434.09	5,485.33	5,537.18
Total General Education State Revenue	2,050,128	2,290,120	2,563,356	2,824,959	2,977,556	3,026,787	3,083,850	3,112,944

**Math and Science Academy
Long-Range Budget Projection Model
November 2, 2012**

	Actual		2012-2013		2013-2014		2014-2015		2015-2016		2016-2017		2017-2018	
	2010-2011	2011-2012	per state	1%	per state	1%	estimate	1%	estimate	1%	estimate	1%	estimate	1%
Compensatory Revenue														
A: Number of Students prior yr. (current year for 1st year)	319	354	382		384		425		443		446		450	
B: Number of Free Lunch Students prior yr. (or current year for	2	4	3		3		3		3		4		4	
C: Number of Reduced Lunch Students prior yr. (current yr. for	2	1	0		0		0		0		0		0	
D: Adjusted Counts = 100% Free, 50% Reduced - (A)	3.00	4.50	3.00		3.01		3.34		3.48		3.50		3.53	
E: Concentration Portion	0.01	0.01	0.01		0.01		0.01		0.01		0.01		0.01	
F: Concentration Factor (lesser of 1 or Conc. Portion/ .8)	0.01	0.02	0.01		0.01		0.01		0.01		0.01		0.01	
G: PU = .6 * D * F	0.02	0.04	0.02		0.02		0.02		0.02		0.02		0.02	
H: Initial Revenue = 4,809 *G	100	202	85		85		95		99		99		100	
Miscellaneous Adjustment (Rounding)	(6)	(12)	11		1		1		1		1		1	
I: Short Year Factor	1	1	1		1		1		1		1		1	
Calculated Compensatory State Revenue ((A) x (B))	94	190	96		85		95		99		99		100	

Building Lease Aid	\$1,261												
Aid at \$1,200 per pupil unit	498,208	548,769	572,659		635,640		663,720		668,400		674,640		674,640
Aid at 90% of Lease	534,885	523,850	577,013		635,640		663,720		668,400		674,640		674,640
Lesser of \$1,200.p.u. or 90% of lease payment	1353	1203	1209		1200		1200		1200		1200		1200
Estimated Proration of Lease Aid Revenue	498,208	523,850	572,659		635,640		663,720		668,400		674,640		674,640
	100.0%	100.0%	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%
Total Prorated Building Lease Aid Revenue	498,208	523,850	572,659		635,640		663,720		668,400		674,640		674,640
Lease Aid Revenue per pupil unit(before proration)	1261	1203	1200		1200		1200		1200		1200		1200

Special Education Revenue	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
State Special Education Aid and Tuition Billing	239,424	232,589	235,246	247,200	257,988	267,360
	0%	0%	0%	0%	0%	0%

	Actual		0%		0%		0%		0%		0%	
	Actual	Estimate										
LEP (Limited English Proficiency) State Aid												
Prior Year LEP Eligible ADM	0	0	0	0	0	0	0	0	0	0	0	0
Current Year LEP Eligible ADM	0	0	0	0	0	0	0	0	0	0	0	0
ADM Served	320	351	384		425		443		446		450	
Adjusted LEP ADM	0	0	0		0		0		0		0	
LEP Marginal Cost Pupils	0	0	0		0		0		0		0	
LEP Revenue	0	0	0		0		0		0		0	
Concentration Portion	0.0000	0.0000	0.0000		0.0000		0.0000		0.0000		0.0000	
Concentration Factor	0	0	0		0		0		0		0	
LEP Pupil Units	0	0	0		0		0		0		0	
LEP Concentration Revenue	0	0	0		0		0		0		0	
Total LEP Aid	0	0	0		0		0		0		0	

**Math and Science Academy
Long-Range Budget Projection Model
November 2, 2012**

Actual	Actual	Projections					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018

Revenue Summary and Projections

State Aids									
General Education Revenue	2,050,128	2,290,120	2,563,356	2,824,959	2,977,536	3,026,787	3,083,850	3,112,944	
Compensatory Revenue	<u>94</u>	<u>190</u>	<u>96</u>	<u>85</u>	<u>95</u>	<u>99</u>	<u>99</u>	<u>100</u>	
Subtotal	2,050,222	2,290,310	2,563,452	2,825,044	2,977,631	3,026,886	3,083,949	3,113,044	
Technical & Operating Capital Aid	0	0	0	0	0	0	0	0	
Building Lease Aid	498,208	523,850	572,659	635,640	663,720	668,400	674,640	674,640	
Prior Year Over/Underaccruals	1,528	20,428	(1,133)	0	0	0	0	0	
Special Education Aid	239,424	232,588	235,246	247,200	257,088	267,360	278,016	289,152	
Endowment Aid	0	4,782	10,078	11,186	11,681	11,763	11,873	11,873	
Other Miscellaneous State Aid	585	1,750	2,450	0	0	0	0	0	
Total State Aids	2,789,967	3,073,708	3,382,752	3,719,071	3,910,119	3,974,408	4,048,478	4,086,709	
Federal Revenue									
Federal Special Ed	54,639	29,651	35,731	36,400	37,100	37,800	38,600	39,400	
Federal Education Job Funds	57,876	7,229	0	0	0	0	0	0	
Federal Stabilization Funds	56,818	0	0	0	0	0	0	0	
Total Federal Revenue	169,333	36,880	35,731	36,400	37,100	37,800	38,600	39,400	
Other Revenue									
Fees from Patrons (Milk, Planners, Apparel)	18,973	6,499	10,200	11,500	12,200	12,500	12,900	13,200	
Fees from Students (Field Trip, Music)	10,410	30,430	27,800	31,400	33,400	34,300	35,300	36,000	
Interest Revenue	1,360	841	530	580	660	660	660	660	
Contributions and Gifts, Grants	10,527	10,486	300	0	0	0	0	0	
Technology Fundraiser	14,675	32,437	20,000	20,000	20,000	20,000	20,000	20,000	
Miscellaneous Income	12,009	5,882	0	0	0	0	0	0	
Year Book Revenues	10,200	11,705	10,000	11,300	12,000	12,300	12,700	13,000	
Total Other Revenue	78,154	98,281	68,830	74,780	78,260	79,760	81,560	82,860	
Total Revenue	3,037,454	3,208,869	3,487,313	3,830,251	4,025,479	4,091,968	4,168,638	4,210,969	
	3,037,454	3,208,869	3,487,313	3,830,251	4,025,479	4,091,968	4,168,638	4,210,969	

**Math and Science Academy
Long-Range Budget Projection Model
November 2, 2012**

Actual 2010-2011	Actual 2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
---------------------	---------------------	-----------	-----------	-----------	-----------	-----------	-----------

Expenditure Calculations

	31	33	41	18	3	4	0
New Staff Calc - Staff increases based on enrollment increases							
Actual/projected enrollment change from prior year	2.0	1.5	2.0	1.0	0.0	0.0	0.0
Added new teacher FTE's - calculated at 20:1 ratio (rounded)							
Other Teachers/Non-teachers Added							
Additional staff budget added	0	0	0	0	0	0	0
Projected new teacher (1FTE) Salary cost	42,000	42,840	42,000	42,840	43,697	44,571	45,016
Added salary cost - teachers (added FTE's times cost)	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Added cost - others per above	0	0	0	0	0	0	0

Inflation Assumptions

Salaries	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%
Other costs							2.0%

Budget Calculations

Salaries	1,106,994	1,161,183	1,379,800	1,450,200	1,479,200	1,508,800	1,523,900
Benefits	445,602	487,199	520,020	551,076	569,492	588,432	601,941
Extracurricular Stipends		39,491	41,700	42,500	43,400	44,300	44,700
Contracted Services	161,755	156,522	186,500	191,300	196,400	200,100	204,100
Communications Services	28,374	26,425	36,600	38,900	39,900	41,100	41,900
Postage	3,647	3,556	5,700	6,100	6,300	6,500	6,600
Utilities	46,027	34,327	75,000	76,500	78,000	79,600	81,200
Insurance	15,071	15,534	23,800	24,300	24,800	25,300	25,800
Repairs and Maintenance	1,075	48,576	91,800	97,600	100,200	103,100	105,200
Field Trip Transportation	6,023	9,244	8,100	8,600	8,800	9,100	9,300
Travel and conferences	19,565	11,200	31,200	33,200	34,100	35,100	35,800

8430 Woodbury Crossing (Per Debt Service Schedule)	376,256	375,988					
8430 Additional Rent	0	16,500					
Annual Trustee Fee	3,450	3,450					
8500 Woodbury Crossing (Engstrom)	80,606	87,934	7,328				
YWCA	96,259	98,184					
Other (Build Out)	36,000	0					
Other (Special Assessments)	1,745	0					
Lease Payments Related to Debt Service Payments on 2012 Bonds		53,510	610,446	678,279	677,640	678,082	680,397
Other Lease Related Expenses on 2012 Bonds		4,167	39,583	50,000	50,000	50,000	50,000
New Building (Max Lease Expense Supported by Enrollment)		0	48,910	9,167	15,027	21,516	19,203
Total Lease Expense	594,317	582,055	706,267	737,467	742,667	749,600	749,600

**Math and Science Academy
Long-Range Budget Projection Model
November 2, 2012**

	Actual 2010-2011	Actual 2011-2012	2012-2013	2013-2014	2014-2015	Projections		
						2015-2016	2016-2017	2017-2018
Other Rentals and Operating Leases	14,684	11,474	10,900	12,300	13,100	13,500	13,900	14,200
Payments to Other ISD's - CIS Program	4,495	1,160	2,500	2,000	2,100	2,200	2,300	2,300
Field Trip Admissions	11,074	16,031	12,600	14,200	15,100	15,500	16,000	16,300
General Supplies	44,329	50,279	69,115	78,100	83,000	85,200	87,700	89,500
Maintenance Supplies	6,296	4,264	6,700	7,600	8,100	8,300	8,500	8,700
Instructional Supplies, Inc. Director's "TBD"	21,672	19,521	76,686	86,700	92,200	94,700	97,500	99,500
Textbooks and Workbooks	25,461	13,250	31,900	36,100	38,400	39,400	40,500	41,300
Standardized Tests	4,165	4,073	4,700	5,300	5,600	5,800	6,000	6,100
Media/Library Resources	0	0	0	0	0	0	0	0
Furniture and Other Equipment	34,092	12,073	11,700	13,200	14,000	14,400	14,800	15,100
Furniture and Other Equipment - New Building			0	35,000	20,000	20,000	20,000	20,000
Technology Equipment	24,075	39,493	35,000	20,000	20,000	20,000	20,000	20,000
Technology Equipment - From Staff Development	0	12,035	0	0	0	0	0	0
Interest Expense	0	0	4,000	1,000	1,000	1,000	1,000	1,000
Dues and memberships	3,505	3,065	4,800	5,400	5,700	5,900	6,100	6,200
Scholarships	62	0	500	500	500	500	500	500
Miscellaneous Expense	0	2,834	0	0	0	0	0	0
State Special Ed Expenditures / ESY	252,025	244,830	247,627	257,500	267,800	278,500	289,600	301,200
Federal Special Ed Expenditures (Inc. ARRA)	52,997	29,661	35,731	36,400	37,100	37,800	38,600	39,400
Total Expenditures	2,927,382	3,040,365	3,384,853	3,717,787	3,861,443	3,945,959	4,034,032	4,091,341
	2,927,381	3,040,365	3,384,853					
Annual Surplus	110,072	166,504	102,459	112,464	164,036	146,010	134,606	119,628
	110,072	166,504	102,459					
Beginning fund Balance	820,136	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287
	820,136	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287
Ending Fund Balance	930,208	1,098,712	1,201,171	1,313,635	1,477,672	1,623,681	1,758,287	1,877,916
	930,209	1,098,712	1,201,171					
Fund Balance Percentage of Annual Expenditures	31.8%	36.1%	35.5%	35.3%	38.3%	41.1%	43.6%	45.9%

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