

Annual Financial Report

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota

For the Year Ended
June 30, 2021

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TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Annual Financial Report
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For the Year Ended June 30, 2021

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INTRODUCTORY SECTION

TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Board of Education and Administration
For the Year Ended June 30, 2021

BOARD OF EDUCATION

<u>Name</u>	<u>Position</u>
Jeff Vitali	Chairperson
Sue Frame	Vice-Chairperson
Sandy Flint	Secretary/Treasurer
Jennifer Lake	Member
Catherine Veith-Bruno	Member
Becki Olseen	Member
Greg Paine	Member
Chloe Jackson	Member

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Tracy Quarnstrom	Director
Brenda Swanson	Dean of Students
Sarah Schmidt	Authorizer Representative
Darci Peckman-Krueger	Authorizer Representative

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FINANCIAL SECTION

TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the TRIO Wolf Creek Distance Learning Charter School No. 4095 (the Charter School), Chisago City, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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.

Auditor's 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 of 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 auditor's 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 Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Charter School as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The introductory section and individual fund schedules and table are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules and table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
October 5, 2021

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Management's Discussion and Analysis

As management of the TRIO Wolf Creek Distance Learning Charter School No. 4095 (the Charter School), Chisago City, Minnesota, we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2021.

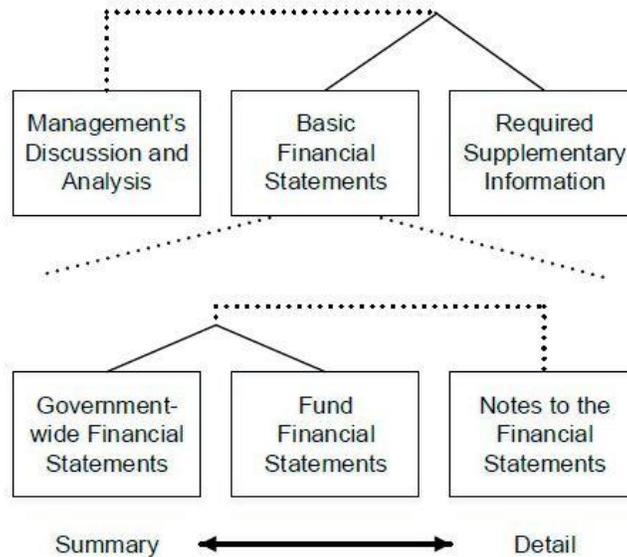
Financial Highlights

- The assets and deferred outflows of resources of the Charter School exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$415,345 (*net position*).
- The Charter School's total net position decreased \$287,943 during the year. This was primarily a result of recognizing increased pension related liabilities in accordance with GASB Statement No. 68 related to elementary and secondary regular instruction and special education instruction.
- As of the close of the current fiscal year, the Charter School's General fund reported an ending fund balance of \$1,852,498, a decrease of \$102,118 in comparison with the prior year. Approximately 63.9 percent of this total amount, (\$1,184,518) is available for spending at the Charter School's discretion (*unassigned fund balance*). The remaining fund balance is either 1) nonspendable for prepaid items (\$38,997), 2) assigned for other programs (\$529,788), or 3) restricted for LTFM (long-term facilities maintenance) (\$99,195).
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,184,518 or 58.9 percent of total current year General fund expenditures.

Overview of the Financial Statements

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

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



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

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements Governmental Funds
	Scope	Entire Charter School
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/out flow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

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

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

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

The government-wide financial statements start on page 24 of this report.

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

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

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

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

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

The basic governmental fund financial statements start on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

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

Other Information. The individual fund financial schedule that starts on page 65 presents budget and prior year comparative data for the General fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$415,345 at the close of the most recent fiscal year.

A portion of the Charter School's net position (\$214,503) reflects its net investment in capital assets (e.g. equipment, site improvements and building improvements). The Charter School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

TRIO Wolf Creek Distance Learning Charter School No. 4095's Summary of Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Assets			
Current and other assets	\$ 2,079,630	\$ 2,196,210	\$ (116,580)
Capital assets, net of depreciation	214,503	210,824	3,679
Total Assets	<u>2,294,133</u>	<u>2,407,034</u>	<u>(112,901)</u>
Deferred Outflows of Resources			
Deferred pension resources	461,494	901,577	(440,083)
Liabilities			
Current	227,132	241,594	(14,462)
Noncurrent	1,180,174	1,012,236	167,938
Total Liabilities	<u>1,407,306</u>	<u>1,253,830</u>	<u>153,476</u>
Deferred Inflows of Resources			
Deferred pension resources	932,976	1,351,493	(418,517)
Net Position			
Investment in capital assets	214,503	210,824	3,679
Restricted	99,195	74,661	24,534
Unrestricted	101,647	417,803	(316,156)
Total Net Position	<u>\$ 415,345</u>	<u>\$ 703,288</u>	<u>\$ (287,943)</u>

At the end of the current fiscal year, the Charter School is able to report a positive balance in investment in capital assets, restricted net position and unrestricted net position. Significant changes from the prior year are noted on the following page.

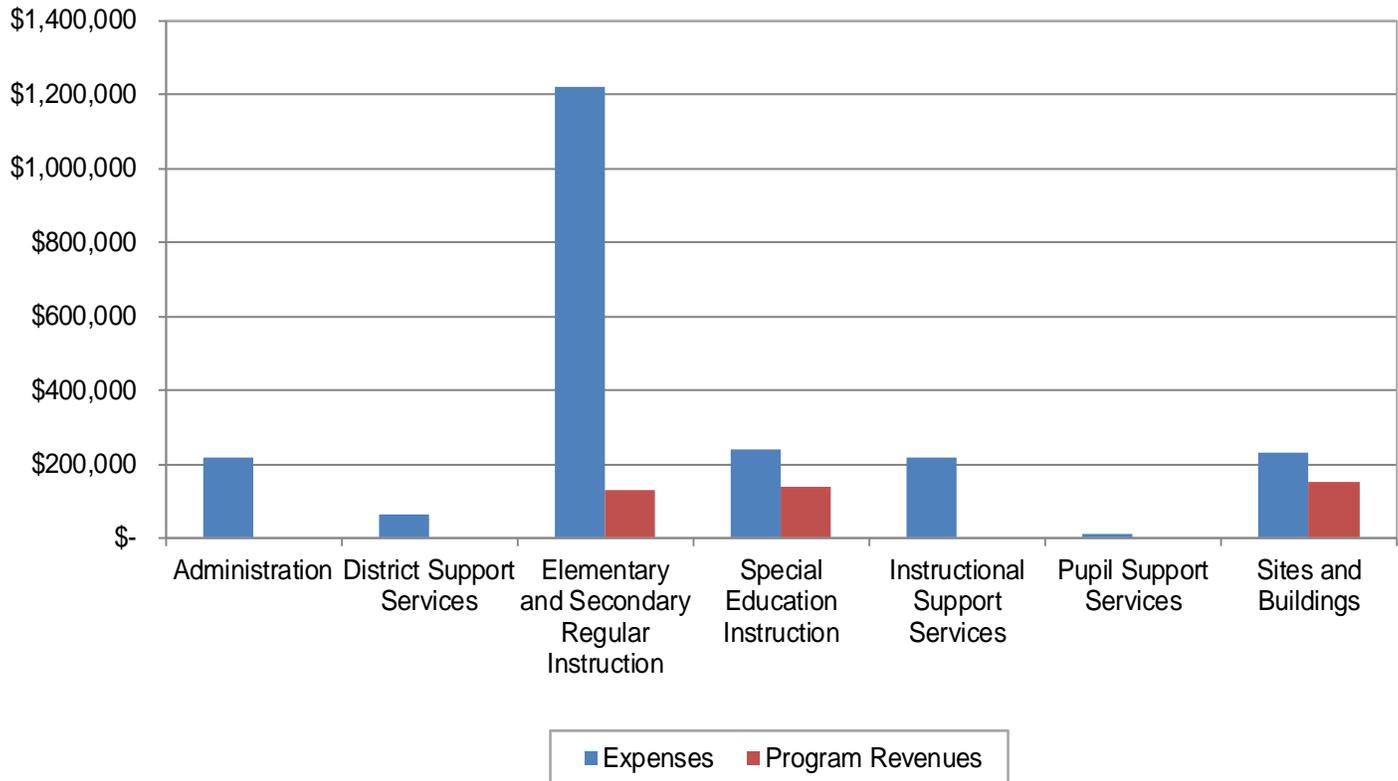
TRIO Wolf Creek Distance Learning Charter School No. 4095's Changes in Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 3,438	\$ 4,004	\$ (566)
Operating grants and contributions	412,569	395,969	16,600
General revenues			
State aid formula grants	1,493,252	1,627,049	(133,797)
Unrestricted investment earnings	7,390	33,448	(26,058)
Total Revenues	1,916,649	2,060,470	(143,821)
Expenses			
Administration	217,221	198,035	19,186
District support services	63,430	73,635	(10,205)
Elementary and secondary regular instruction	1,223,168	1,046,014	177,154
Special education instruction	238,853	270,763	(31,910)
Instructional support services	219,766	159,374	60,392
Pupil support services	9,087	45,461	(36,374)
Sites and buildings	233,067	261,587	(28,520)
Total Expenses	2,204,592	2,054,869	149,723
Change in Net Position	(287,943)	5,601	(293,544)
Net Position, July 1	703,288	697,687	5,601
Net Position, June 30	\$ 415,345	\$ 703,288	\$ (287,943)

- Total revenues decreased \$143,821 mainly due to the decrease in state aid formula grants. This was offset with an increase in operating grants and contributions.
- Total expenses increased a total of \$149,723. The elementary and secondary regular instruction had a significant increase of \$177,154 mainly due to payroll expenses.

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

Expenses and Program Revenues - Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Charter School's General fund reported a combined ending fund balance of \$1,852,498, a decrease of \$102,118 in comparison with the prior year. Approximately 63.9 percent of the total fund balance (\$1,184,518) constitutes *unassigned fund balance*, which is available for spending at the Charter School's discretion. The remainder of fund balance (\$667,980) is not available for new spending because it is either nonspendable, restricted, or assigned for purposes described in the fund balance section of the balance sheet on page 28 of this report.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58.9 percent of total General fund expenditures, while total fund balance represents 92.2 percent of that same amount.

General Fund Budgetary Highlights

The Charter school amended the FY 21 budget in January 2021. The student count used for FY 2021 was 159 ADM, or 190 pupil units. Actual ADM for FY 21 was 155.24, or 186.3 pupil units.

The decrease in fund balance is due to lower than anticipated expenditures in special education and pupil support. A new special education teacher was hired to replace a veteran teacher at a much lower cost and a replacement for the school counselor was not hired. Overall, expenditures represented 92% of budgeted amounts.

TRIO Wolf Creek staffing was reduced by one staff position for the 2020-21 school year. Student enrollment is reviewed at each monthly board meeting. For the first month of the current school year, full time student enrollment has been up. The Charter School will once again receive the REAP grant in the 2021-22 year.

Capital Assets

The Charter School's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$214,503 (net of accumulated depreciation). This investment in capital assets consists of equipment, site improvements and building improvements. The total depreciation for the year was \$35,613. The following is a schedule of capital assets as of June 30.

TRIO Wolf Creek Distance Learning Charter School No. 4095's Capital Assets (Net of Depreciation)

	Governmental Activities		
	2021	2020	Increase (Decrease)
Equipment and Furniture	\$ 110,620	\$ 102,515	\$ 8,105
Site Improvements	65,535	74,104	(8,569)
Building Improvements	38,348	34,205	4,143
Total	<u>\$ 214,503</u>	<u>\$ 210,824</u>	<u>\$ 3,679</u>

Additional information on the Charter School's capital assets can be found in Note 3B on page 40 of this report.

Factors Bearing on the Charter School's Future

- The State General Education Aid formula was increased for 2021-22 by 2.45% to \$6,728. This increase would generate approximately \$29,994 in additional revenue for the Charter School if enrollment were to remain the same as the 2020-21 school year. The 2020-21 budget is based on 159 students, or 190 APU (Adjusted Pupil Units) based on the student weighting formula of 1.2 for students in Grades 7-12. Given that 2021-22 student enrollment has been increasing in the first months of the school year compared to prior year enrollments, it will likely be necessary to revise the FY 22 budget. The Charter School continues to have a healthy fund balance. Trio Wolf Creek decreased their fund balance by \$102,118 in FY 21 to \$1,852,498 in designated/undesigned areas. The Charter School does not anticipate borrowing any funds for the 2021-22 school year for cash flow purposes.
- Trio Wolf Creek's enrollment decreased by 16.33 ADMs in 2020-21 to a total of 155.24 (186.30 APU). This enrollment is declining compared to the 2019-20 levels (171.57 ADM; 205.88 APU).
- TRIO has a very mobile student population, so it is difficult to predict enrollment trends. Minnesota students have a number of choices as to how they want to receive their education. The Administration and the Board regularly track enrollment and staffing levels. Efforts have been made to spread the word about educational opportunities available at TRIO, including advertising on billboards located along I-35 and multiple social media platforms.
- The Charter School was not eligible for a Title I grant for the 2021-22 school year. Eligibility, and funding amounts for Title I are dependent on Free/Reduced lunch eligibility. The number of eligible students at TRIO in the Fall 2020 was 27, same as the prior year. Efforts are underway in the current year to encourage students/families to complete an application for Free/Reduced lunch eligibility.
- In addition, the Charter School will continue to receive an Alternative Delivery of Specialized Instructional Services (ADSIS) grant for the 2021-22 school year from the Minnesota Department of Education (MDE). The full grant request amount was \$43,634.48, which includes .60 FTE salary for a licensed teacher to provide math interventions for a number of TRIO students and a .60 FTE of a behavior paraprofessional. This number is based on the following factors: percent of students identified as being below target scores on multiple measures of reading (MCAs and MAPs), the number of students estimated to need direct behavior services in order to become effective online learners and the type of research-based programming that will be implemented.
- The Charter School has applied for additional funds for teacher compensation from the State's Q-Comp or Alternative Teacher Professional Pay System (ATPPS) program. This program provides an additional \$260 per ADM to be used for teacher compensation. TRIO anticipates that it will receive approximately \$40,000 for this program in FY 22.

Requests for Information

This financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tracy Quarnstrom, Director, TRIO Wolf Creek Distance Learning Charter School No. 4095, 10363 Liberty Lane, Chisago City, Minnesota 55013 or mailing address at 13750 Lake Boulevard, Lindstrom, Minnesota 55045-0187.

GOVERNMENT-WIDE FINANCIAL STATEMENTS
TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash and temporary investments	\$ 1,789,490
Receivables	
Accrued interest	692
Accounts	2,500
Due from the Minnesota Department of Education	188,624
Due from the Federal government	33,547
Due from other school districts	25,780
Prepaid items	38,997
Capital assets	
Depreciable assets (net of accumulated depreciation)	<u>214,503</u>
Total Assets	<u>2,294,133</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>461,494</u>
Liabilities	
Accounts payable	8,923
Accrued salaries payable	106,707
Due to other school districts	107,980
Unearned revenue	3,522
Noncurrent Liabilities	
Due in more than one year	
Net pension liability	<u>1,180,174</u>
Total Liabilities	<u>1,407,306</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>932,976</u>
Net Position	
Investment in capital assets	214,503
Restricted for	
LTFM	92,692
Safe schools	6,503
Unrestricted	<u>101,647</u>
Total Net Position	<u>\$ 415,345</u>

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Administration	\$ 217,221	\$ -	\$ -	\$ -	\$ (217,221)
District support services	63,430	-	-	-	(63,430)
Elementary and secondary regular instruction	1,223,168	3,438	124,374	-	(1,095,356)
Special education instruction	238,853	-	137,185	-	(101,668)
Instructional support services	219,766	-	-	-	(219,766)
Pupil support services	9,087	-	-	-	(9,087)
Sites and buildings	233,067	-	151,010	-	(82,057)
Total Governmental Activities	\$ 2,204,592	\$ 3,438	\$ 412,569	\$ -	(1,788,585)
General Revenues					
State aid formula grants					1,493,252
Unrestricted investment earnings					7,390
Total General Revenues					<u>1,500,642</u>
Change in Net Position					(287,943)
Net Position, July 1					<u>703,288</u>
Net Position, June 30					<u>\$ 415,345</u>

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

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FUND FINANCIAL STATEMENTS
TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Balance Sheet
Governmental Fund
June 30, 2021

	General
Assets	
Cash and temporary investments	\$ 1,789,490
Receivables	
Accrued interest	692
Accounts	2,500
Due from the Minnesota Department of Education	188,624
Due from the Federal government	33,547
Due from other school districts	25,780
Prepaid items	38,997
Total Assets	\$ 2,079,630
Liabilities	
Accounts payable	\$ 8,923
Accrued salaries payable	106,707
Due to other school districts	107,980
Unearned revenue	3,522
Total Liabilities	227,132
Fund Balance	
Nonspendable prepaid items	38,997
Restricted for	
LTFM	92,692
Safe Schools	6,503
Assigned for	
Operating capital	342,419
Staff development	116,224
Gifted and talented	36,872
Basic skills	34,273
Unassigned	1,184,518
Total Fund Balance	1,852,498
Total Liabilities and Fund Balance	\$ 2,079,630

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

TRIO Wolf Creek
 Distance Learning Charter School No. 4095
 Chisago City, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Fund
 June 30, 2021

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

Total Fund Balance - Governmental Fund	\$ 1,852,498
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	846,680
Less: accumulated depreciation	(632,177)
<p>Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year end consist of</p>	
Net pension liability	(1,180,174)
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Deferred outflows of pension resources	461,494
Deferred inflows of pension resources	(932,976)
	(932,976)
Total Net Position - Governmental Activities	\$ 415,345

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2021

	General
Revenues	
Interest earned on investments	\$ 7,390
Revenue from state sources	1,781,447
Revenue from federal sources	110,385
Other local revenue	8,710
Total Revenues	1,907,932
Expenditures	
Current	
Administration	189,962
District support services	63,430
Elementary and secondary regular instruction	1,124,497
Special education instruction	200,272
Instructional support services	172,395
Pupil support services	413
Sites and buildings	214,847
Capital outlay	
Instructional support services	26,214
Sites and buildings	18,020
Total Expenditures	2,010,050
Net Change in Fund Balance	(102,118)
Fund Balance, July 1	1,954,616
Fund Balance, June 30	\$ 1,852,498

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

TRIO Wolf Creek
 Distance Learning Charter School No. 4095
 Chisago City, Minnesota
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balance
 to the Statement of Activities
 Governmental Fund
 For the Year Ended June 30, 2021

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

Net Change in Fund Balance - Governmental Fund	\$ (102,118)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	39,292
Depreciation expense	(35,613)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(198,221)
Pension revenue	<u>8,717</u>
Change in Net Position - Governmental Activities	<u>\$ (287,943)</u>

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest earned on investments	\$ 15,000	\$ 15,000	\$ 7,390	\$ (7,610)
Revenue from state sources	1,836,402	1,815,128	1,781,447	(33,681)
Revenue from federal sources	16,266	86,964	110,385	23,421
Other local revenue	5,500	1,000	8,710	7,710
Sales and other conversion of assets	500	-	-	-
Total Revenues	<u>1,873,668</u>	<u>1,918,092</u>	<u>1,907,932</u>	<u>(10,160)</u>
Expenditures				
Current				
Administration	198,365	199,340	189,962	9,378
District support services	65,965	69,215	63,430	5,785
Elementary and secondary regular instruction	1,140,726	1,110,848	1,124,497	(13,649)
Special education instruction	285,137	287,126	200,272	86,854
Instructional support services	186,480	187,160	172,395	14,765
Pupil support services	23,360	50,985	413	50,572
Sites and buildings	221,890	225,564	214,847	10,717
Capital outlay				
Elementary and secondary regular instruction	-	4,485	-	4,485
Instructional support services	-	21,574	26,214	(4,640)
Sites and buildings	25,000	31,849	18,020	13,829
Total Expenditures	<u>2,146,923</u>	<u>2,188,146</u>	<u>2,010,050</u>	<u>178,096</u>
Net Change in Fund Balance	(273,255)	(270,054)	(102,118)	167,936
Fund Balance, July 1	<u>1,954,616</u>	<u>1,954,616</u>	<u>1,954,616</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,681,361</u>	<u>\$ 1,684,562</u>	<u>\$ 1,852,498</u>	<u>\$ 167,936</u>

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

TRIO Wolf Creek Distance Learning Charter School No. 4095 (the Charter School), Chisago City, Minnesota was incorporated as a non-profit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, for the purpose of providing educational services to individuals within the State. The Charter School has been authorized as defined in Minnesota statute 124(d) by Independent School District 2144, Chisago City, Minnesota (ISD 2144). The Charter School is governed by a nine-member Board of Education. The first Board of Education members were appointed based on the bylaws of the Charter School. An election will be held each October to admit new Board of Education members.

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

The Charter School does not have any student activity accounts.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Description of Funds

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

Major Governmental Fund

The *General fund* is the Charter School's primary operating fund. It accounts for all financial resources of the Charter School.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Charter School's investment in the Minnesota School Charter School Liquid Asset Fund (MSDLAF) investment pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the value of the pool shares. The MSDLAF is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. Financial statements of the MSDLAF fund can be obtained by contacting PFM Asset Management, LLC at P.O. Box 11760, Harrisburg, PA 17108-11760.

The Charter School does not have a formal investment policy.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year-end. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Due from the Department of Education/Due from the Federal Government

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

Prepaid Items

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

Capital Assets

Capital assets include property and equipment. Capital assets are defined by the Charter School as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Property and equipment of the Charter School are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Site Improvements	20
Equipment and Furniture	5 - 20
Building Improvements	7 - 30

Compensated Absences

Personal Time Off (PTO) - The Charter School staff will acquire PTO as explained below. PTO will accrue on the first day of each month and will appear on the employee’s pay stub for that month. PTO leave will be granted to full time teachers on the following basis:

- Starting year of employment, eight days;
- Second year of employment, ten days;
- Third year and every year thereafter, 13 days per year.

PTO shall accrue monthly as it is earned on a proportionate basis to the teachers work year. It is assumed that Charter School staff work a six-hour day. At the end of the year the following will occur:

- PTO time will accumulate to a maximum of 150 days. Days over the 150-day (900 hours) accumulation as of June 30 will be paid at the rate of \$150.00 per day on the July 31 payroll.

Accruals are effective September 1 through June 1 of each school year.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

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

Pensions

Teachers Retirement Association (TRA)

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher’s Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 5.

Public Employees Retirement Association (PERA)

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

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

	GERP	TRA	Total Pension Expense
Pension Expense	\$ 2,639	\$ 271,101	\$ 273,740

Deferred Inflows of Resources

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned - Amounts constrained for specific purposes that are internally imposed. In the General fund, assigned amounts represent intended uses established by the Board of Education itself or by an official to which the governing body delegates the authority. The Board of Education has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Director.

Unassigned - The residual classification for the General fund.

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

The Charter School has formally adopted a fund balance policy for the General fund. The Charter School's policy is to maintain a minimum unassigned fund balance of three months of operating expenditures for cash-flow timing needs.

Net Position

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are prepared for Charter School funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the General fund. The Charter School amended the budget to account for changes from initial expectations. The amended budget increased revenues by \$44,424 and increased expenditures by \$41,223.

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

1. Prior to July 1, the budget is prepared by the Director to be adopted by the Board of Education.
2. Budgets for the General fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
3. Budgeted amounts are as originally adopted, or as amended.
4. Budget appropriations lapse at year-end.
5. The legal level of control is the fund level.
6. The Charter School does not use encumbrance accounting.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

The Charter School does not have any deposits as of June 30, 2021.

Investments

At fiscal year-end, the Charter School investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Pooled Investments at Amortized Costs			
Minnesota School District			
Liquid Asset Fund (MSDLAF)	N/A	Less than 6 months	\$ 493,490
Term Investments held by MSDLAF	N/A	Less than 6 months	800,000
Certificate of Deposit held by MSDLAF	N/A	Less than 6 months	496,000
Total Investments			\$ 1,789,490

- (1) Ratings are provided by various credit ratings agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

The investments of the Charter School are subject to the following risks:

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the Charter School's investments to the list on page 35 of the notes.
- *Custodial Credit Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment.

The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

The Charter School does not have an investment policy that addresses the above-mentioned risks.

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated				
Equipment and furniture	\$ 559,098	\$ 32,119	\$ -	\$ 591,217
Site improvements	171,377	-	-	171,377
Building improvements	76,913	7,173	-	84,086
Total Capital Assets				
Being Depreciated	807,388	39,292	-	846,680
Less Accumulated Depreciation for				
Equipment and furniture	(456,583)	(24,014)	-	(480,597)
Site improvements	(97,273)	(8,569)	-	(105,842)
Building improvements	(42,708)	(3,030)	-	(45,738)
Total Accumulated Depreciation	(596,564)	(35,613)	-	(632,177)
Total Capital Assets				
Being Depreciated, Net	\$ 210,824	\$ 3,679	\$ -	\$ 214,503

Depreciation expense was charged to functions as follows:

Elementary and Secondary Regular Instruction	\$ 18,909
Sites and Buildings	16,704
Total Depreciation Expense - Governmental Activities	\$ 35,613

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

C. Operating Leases

The Charter School leased space from Liberty Lanes during the fiscal year ended June 30, 2021. The lease began on September 1, 2008 and has a term of 60 months. The lease includes an option to renew for two additional five-year periods commencing on the termination of the initial term. The Charter School elected to renew the lease as of June 30, 2018, for an additional 120 months with a lease term date of August 31, 2028 and has the option to renew the lease for one ten-year term.

Future minimum lease payments are as follows:

Year Ending June 30,	Liberty Lanes Lease
2022	\$ 124,294
2023	124,294
2024	124,294
2025	124,294
2026	124,294
2027 - 2029	269,304
Total	\$ 890,774

The Charter School incurred lease related expenditures of \$167,764 during the fiscal year ended June 30, 2021. This consisted of \$124,294 of lease expense, \$32,817 of property taxes, \$4,947 of repair reserve, and \$5,706 of charges for insurance and other.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

D. Components of Fund Balance

The UFARS fund balance reporting standards are slightly different than the reporting standards under GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Below is a reconciliation between the fund balances reporting under GASB 54 and UFARS reporting standards:

	GASB Balance	Reconciling Items	UFARS Balance
Nonspendable Prepaid Items	\$ 38,997	\$ -	\$ 38,997
Restricted for			
LTFM	\$ 92,692	\$ -	\$ 92,692
Safe schools	6,503	-	6,503
Total Restricted	\$ 99,195	\$ -	\$ 99,195
Assigned to			
Operating capital	\$ 342,419	\$ (342,419)	\$ -
Staff development	116,224	(116,224)	-
Gifted and talented	36,872	(36,872)	-
Basic skills	34,273	(34,273)	-
Total Assigned	\$ 187,369	\$ (187,369)	\$ -
Unassigned	\$ 1,184,518	\$ 187,369	\$ 1,371,887

Restricted for Long Term Facilities Maintenance - This amount represents resources available for maintaining facilities.

Restricted for Safe Schools - This amount represents resources available for school safety.

Assigned for Operating Capital - This amount represents available resources dedicated for capital expenditure building projects, equipment purchases, vehicle and computer hardware and software. Revenues are derived from State aids and expenditures are for repair and restoration of existing facilities and construction of new facilities, purchase of equipment, computers, software, textbooks and library books.

Assigned for Staff Development - This amount represents unspent staff development revenues set aside from General Education revenues that were assigned for staff development.

Assigned for Gifted and Talented - This amount represents unspent gifted and talented revenues set aside from General Education revenues that were assigned for gifted and talented.

Assigned for Basic Skills - This amount represents assigned resources for the basic skills used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 4: Other Information

A. Income Taxes

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

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2021, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

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

B. Economic Dependency

The Charter School has a significant amount of revenue (93.4 percent) coming from the State of Minnesota.

Note 5: Defined Benefit Pension Plans - Statewide

A. Teacher Retirement Association (TRA)

1. Plan Description

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

2. Benefits Provided

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

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

Tier I:	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	1st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1st ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

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

or

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

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

3. Contribution Rate

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

Plan	Ending June 30, 2019		Ending June 30, 2020		Ending June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	11.92%	11.00%	12.13%
Coordinated	7.50%	7.71%	7.50%	7.92%	7.50%	8.13%

The Charter School contributions for the years ending June 30, 2021, 2020 and 2019 were \$67,497, \$67,108 and \$67,217, respectively, equal to the required contributions for each year as set by Minnesota statute. Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer Contributions Reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223,000
Add Employer Contributions not Related to Future Contribution Efforts	(56,000)
Deduct TRA's Contributions not Included in Allocation	<u>(508,000)</u>
Total Employer Contributions	424,659,000
Total Non-employer Contributions	<u>35,587,000</u>
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	<u>\$ 460,246,000</u>

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

4. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation Date	July 1, 2020
Experience Study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.50%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2020 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP - 2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP - 2015 scale.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6.00 years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions" and "Changes in Proportion" use the amortization period of 6.00 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5.00 years as required by GASB 68.

Changes in actuarial assumptions since the 2019 valuation:

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

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from schools will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

On June 30, 2021, the Charter School reported a liability of \$1,108,220 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The Charter School's proportionate share was 0.0150 percent at the end of the measurement period and 0.0151 percent for the beginning of the year.

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

Charter School's Proportionate Share of Net Pension Liability	\$ 1,108,220
State's Proportionate Share of Net Pension Liability Associated with the Charter School	93,117

For the year ended June 30, 2021, the Charter School recognized pension expense of \$262,571. It also recognized \$8,530 as an increase to pension expense for the support provided by direct aid.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

On June 30, 2021, Charter School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 22,411	\$ 16,583
Changes in Actuarial Assumptions	301,580	905,515
Net Difference Between Projected and Actual Earnings on Plan Investments	19,236	5,099
Changes in Proportion	26,031	-
Contributions to TRA Subsequent to the Measurement Date	67,497	-
Total	\$ 436,755	\$ 927,197

Deferred outflows of resources totaling \$67,497 related to pensions resulting from Charter School contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2022	\$ (50,568)
2023	(319,508)
2024	(216,121)
2025	23,649
2026	4,609

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 1,696,673	\$ 1,108,220	\$ 623,364

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

8. Pension Plan Fiduciary Net Position

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

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

2. Benefits Provided

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

3. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the Charter School was required to contribute 7.50 percent for Coordinated Plan members. The Charter School's contributions to the General Employees Fund for the year ended June 30, 2021, 2020 and 2019 were \$8,022, \$6,283 and \$4,776, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by state statute.

4. Pension Costs

General Employee Fund Pension Costs

At June 30, 2021, the Charter School reported a liability of \$71,954 for its proportionate share of the General Employee Fund's net pension liability. The Charter School's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Charter School totaled \$2,152. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportion was 0.0012 percent which was unchanged from its proportion measured as of June 30, 2019.

School's Proportionate Share of the Net Pension Liability	\$	71,954
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the School		2,152
Total		\$ 74,106

For the year ended June 30, 2021, the Charter School recognized pension expense of \$2,452 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$187 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

At June 30, 2021, the Charter School reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pension from the follow sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 490	\$ 272
Changes in Actuarial Assumptions	-	2,288
Net Difference Between Projected and Actual Earnings on Plan Investments	2,270	-
Changes in Proportion	13,957	3,219
Contributions to PERA Subsequent to the Measurement Date	8,022	-
Total	\$ 24,739	\$ 5,779

The \$8,022 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (1,717)
2023	4,917
2024	5,992
2025	1,746

5. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan.

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2021.

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.50 %	5.10 %
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	20.00	0.75
International Stocks	17.50	5.30
Cash	2.00	-
Total	<u>100.00 %</u>	

6. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the Charter School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 115,304	\$ 71,954	\$ 36,178

8. Pension Plan Fiduciary Net Position

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 6: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the District cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the District’s financial condition, liquidity, and future results of its revenue collections is uncertain

REQUIRED SUPPLEMENTARY INFORMATION

TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of Employer's Share of TRA Net Pension Liability

Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0150 %	\$ 1,108,220	\$ 93,117	1,201,337	\$ 847,328	130.8 %	75.5 %
06/30/19	0.0151	962,477	84,988	1,047,465	871,822	110.4	78.2
06/30/18	0.0146	917,017	86,309	1,003,326	807,368	113.6	78.1
06/30/17	0.0146	2,914,425	281,529	3,195,954	786,640	370.5	51.6
06/30/16	0.0142	3,387,039	339,420	3,726,459	738,973	458.3	44.9
06/30/15	0.0140	866,038	106,111	972,149	737,693	117.4	76.8
06/30/14	0.0145	668,150	46,943	715,093	661,143	101.1	81.1

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

Schedule of Employer's TRA Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2021	\$ 67,497	\$ 67,497	\$ -	\$ 830,221	8.13 %
6/30/2020	67,108	67,108	-	847,328	7.92
6/30/2019	67,217	67,217	-	871,822	7.71
6/30/2018	60,553	60,553	-	807,368	7.50
6/30/2017	58,998	58,998	-	786,640	7.50
6/30/2016	55,423	55,423	-	738,973	7.50
6/30/2015	55,327	55,327	-	737,693	7.50
6/30/2014	46,280	46,280	-	661,143	7.00

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - TRA

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

2019 - No changes noted.

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

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

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - TRA (Continued)

Changes in Plan Provisions

2020 - No changes noted.

2019 - No changes noted.

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

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5 percent if the funded ratio was at least 90 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.
- 7
- The employer contribution rate is increased each July 1 over the next 6 years (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes noted.

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Schedule of Employer's Share of PERA Net Pension Liability

Year	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0012 %	\$ 71,954	\$ 2,152	\$ 74,106	\$ 83,770	85.9 %	79.0 %
06/30/19	0.0009	49,759	1,667	51,426	63,676	78.1	80.2
06/30/18	0.0009	49,928	1,586	51,514	59,934	83.3	79.5
06/30/17	0.0011	70,223	851	71,074	68,307	102.8	75.9
06/30/16	0.0011	89,315	1,256	90,571	71,027	125.7	68.9
06/30/15	0.0012	62,190	-	62,190	66,920	92.9	78.2
06/30/14	0.0014	65,765	-	65,765	70,640	93.1	78.7

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

Schedule of Employer's PERA Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2021	\$ 8,022	\$ 8,022	\$ -	\$ 106,960	7.5 %
6/30/2020	6,283	6,283	-	83,770	7.5
6/30/2019	4,776	4,776	-	63,676	7.5
6/30/2018	4,495	4,495	-	59,934	7.5
6/30/2017	5,123	5,123	-	68,307	7.5
6/30/2016	5,327	5,327	-	71,027	7.5
6/30/2015	5,019	5,019	-	66,920	7.5
6/30/2014	5,298	5,298	-	70,640	7.0

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

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

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

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

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - PERA (Continued)

Changes in Plan Provisions

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

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

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

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

2016 - None

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

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INDIVIDUAL FUND SCHEDULES AND TABLE
TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
General Fund
Comparative Schedules of Assets, Liabilities and Fund Balances
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	\$ 1,789,490	\$ 1,862,837
Receivables		
Accrued interest	692	10,062
Accounts	2,500	2,674
Due from Minnesota Department of Education	188,624	232,474
Due from the Federal Government	33,547	32,356
Due from other school districts	25,780	20,908
Prepaid items	38,997	34,899
 Total Assets	 \$ 2,079,630	 \$ 2,196,210
Liabilities		
Accounts payable	\$ 8,923	\$ 7,428
Accrued salaries payable	106,707	101,464
Due to other school districts	107,980	130,614
Unearned revenue	3,522	2,088
Total Liabilities	227,132	241,594
Fund Balance		
Nonspendable prepaid items	38,997	34,899
Restricted for		
LTFM	92,692	68,158
Safe Schools	6,503	6,503
Assigned for		
Operating capital	342,419	311,485
Staff development	116,224	102,325
Gifted and talented	36,872	34,456
Basic skills	34,273	35,422
Unassigned	1,184,518	1,361,368
Total Fund Balance	1,852,498	1,954,616
 Total Liabilities and Fund Balance	 \$ 2,079,630	 \$ 2,196,210

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Continued on the Following Page)
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Interest earned on investments	\$ 15,000	\$ 15,000	\$ 7,390	\$ (7,610)	\$ 33,448
Revenue from state sources	1,836,402	1,815,128	1,781,447	(33,681)	1,987,387
Revenue from federal sources	16,266	86,964	110,385	23,421	32,356
Other local and county revenue	5,500	1,000	8,710	7,710	6,781
Sales and other conversion of assets	500	-	-	-	373
Total Revenues	1,873,668	1,918,092	1,907,932	(10,160)	2,060,345
Expenditures					
Current					
Administration					
Salaries	127,000	127,000	130,925	(3,925)	121,105
Fringe benefits	57,305	58,780	51,327	7,453	56,441
Purchased services	510	510	1,562	(1,052)	538
Supplies and materials	7,550	7,050	62	6,988	357
Other	6,000	6,000	6,086	(86)	7,283
Total administration	198,365	199,340	189,962	9,378	185,724
District support services					
Fringe benefits	9,000	9,000	-	9,000	-
Purchased services	56,750	60,000	63,055	(3,055)	73,468
Supplies and materials	215	215	375	(160)	167
Total district support services	65,965	69,215	63,430	5,785	73,635
Elementary and secondary regular instruction					
Salaries	683,531	650,669	659,925	(9,256)	557,966
Fringe benefits	289,367	269,819	266,268	3,551	254,996
Purchased services	152,155	175,425	165,592	9,833	172,222
Supplies and materials	15,538	14,800	31,512	(16,712)	16,610
Other	135	135	1,200	(1,065)	135
Total elementary and secondary regular instruction	1,140,726	1,110,848	1,124,497	(13,649)	1,001,929
Special education instruction					
Salaries	169,300	169,300	127,259	42,041	156,121
Fringe benefits	87,237	88,187	56,281	31,906	78,043
Purchased services	27,500	28,539	16,732	11,807	22,056
Supplies and materials	1,100	1,100	-	1,100	-
Total special education instruction	285,137	287,126	200,272	86,854	256,220

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ 92,000	\$ 95,255	\$ 99,950	\$ (4,695)	\$ 91,270
Fringe benefits	49,180	51,595	53,844	(2,249)	50,706
Purchased services	26,000	25,510	10,181	15,329	3,140
Supplies and materials	19,300	14,800	8,420	6,380	4,872
Total instructional support services	<u>186,480</u>	<u>187,160</u>	<u>172,395</u>	<u>14,765</u>	<u>149,988</u>
Pupil support services					
Salaries	17,500	27,500	-	27,500	27,617
Fringe benefits	5,750	5,875	-	5,875	4,996
Purchased services	-	17,500	-	17,500	9,585
Supplies and materials	50	50	413	(363)	46
Other	60	60	-	60	60
Total pupil support services	<u>23,360</u>	<u>50,985</u>	<u>413</u>	<u>50,572</u>	<u>42,304</u>
Sites and buildings					
Fringe benefits	140	-	-	-	-
Purchased services	214,750	213,500	205,907	7,593	211,226
Supplies and materials	7,000	12,064	8,940	3,124	2,316
Total sites and buildings	<u>221,890</u>	<u>225,564</u>	<u>214,847</u>	<u>10,717</u>	<u>213,542</u>
Total current	<u>2,121,923</u>	<u>2,130,238</u>	<u>1,965,816</u>	<u>164,422</u>	<u>1,923,342</u>
Capital outlay					
Elementary and secondary regular instruction	-	4,485	-	4,485	-
Instructional support services	-	21,574	26,214	(4,640)	-
Sites and buildings	25,000	31,849	18,020	13,829	41,468
Total capital outlay	<u>25,000</u>	<u>57,908</u>	<u>44,234</u>	<u>13,674</u>	<u>41,468</u>
Total Expenditures	<u>2,146,923</u>	<u>2,188,146</u>	<u>2,010,050</u>	<u>178,096</u>	<u>1,964,810</u>
Net Change in Fund Balance	(273,255)	(270,054)	(102,118)	167,936	95,535
Fund Balance, July 1	<u>1,954,616</u>	<u>1,954,616</u>	<u>1,954,616</u>	-	<u>1,859,081</u>
Fund Balance, June 30	<u>\$ 1,681,361</u>	<u>\$ 1,684,562</u>	<u>\$ 1,852,498</u>	<u>\$ 167,936</u>	<u>\$ 1,954,616</u>



Fiscal Compliance

Fiscal Compliance Report - 6/30/2021

District: TRIO WOLF CREEK DISTANCE (4095-7)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$1,907,932	<u>\$1,907,937</u>	(\$5)	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$2,010,050	<u>\$2,010,052</u>	(\$2)	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$38,997	<u>\$38,997</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>	4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>	4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>				
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>	07 DEBT SERVICE			
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>	<i>Non Spendable:</i>			
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>	4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe School Crime - Crime Levy	\$6,503	<u>\$6,503</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>				
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>	08 TRUST			
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$92,692	<u>\$92,693</u>	(\$1)	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>	18 CUSTODIAL			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>				4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance	\$1,714,306	<u>\$1,714,309</u>	(\$3)				
				20 INTERNAL SERVICE			
02 FOOD SERVICES				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>							
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	25 OPEB REVOCABLE TRUST			
<i>Restricted / Reserved:</i>				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>

Minnesota Department of Education

	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
04 COMMUNITY SERVICE			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$0	<u>\$0</u>	<u>\$0</u>
4.32 E.C.F.E	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$0	<u>\$0</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

45 OPEB IRREVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

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OTHER REQUIRED REPORTS

TRIO WOLF CREEK
DISTANCE LEARNING CHARTER SCHOOL NO. 4095
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Board of Education
TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the TRIO Wolf Creek Distance Learning Charter School No. 4095 (the Charter School), Chisago City, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated October 5, 2021.

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. In connection with our audit, nothing came to our attention that caused us to believe that the Charter School failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School's noncompliance with the above referenced provisions.

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

A handwritten signature in black ink, appearing to read "Abdo".

Abdo
Minneapolis, Minnesota
October 5, 2021



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

Board of Education
TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, 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 the major fund of the TRIO Wolf Creek Distance Learning Charter School No. 4095 (the Charter School), Chisago City, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
October 5, 2021