

Annual Financial Report

TRIO Wolf Creek Distance Learning Charter School No. 4095

Chisago City, Minnesota

For the year ended June 30, 2023



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TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended June 30, 2023

	<u>Page No.</u>
Introductory Section	
Board of Education and Administration	7
Financial Section	
Independent Auditor’s Report	11
Management’s Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements	
Governmental Fund	
Balance Sheet	30
Reconciliation of the Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balance	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	33
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	34
Notes to the Financial Statements	35
Required Supplementary Information	
Schedule of Employer’s Share of Teachers Retirement Association Net Pension Liability	58
Schedule of Employer’s Teachers Retirement Association Contributions	58
Notes to the Required Supplementary Information - Teachers Retirement Association	59
Schedule of Employer’s Share of Public Employees Retirement Association Net Pension Liability	61
Schedule of Employer’s Public Employees Retirement Association Contributions	61
Notes to the Required Supplementary Information - Public Employees Retirement Association	62
Individual Fund Schedules and Table	
General Fund	
Comparative Schedules of Assets, Liabilities and Fund Balance	67
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	68
Uniform Financial Accounting and Reporting Standards Compliance Table	70
Other Required Reports	
Independent Auditor’s Report on Minnesota Legal Compliance	75
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 <i>Government Auditing Standards</i>	76

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INTRODUCTORY SECTION

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

FOR THE YEAR ENDED
JUNE 30, 2023

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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, 2023

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
Lori Nelson	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
Robin Vosberg-Torgerson	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, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of 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, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Charter School as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the TRIO Wolf Creek Distance Learning Charter School No. 4095 (the Charter School), Chisago City, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 58 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the School's basic financial statements. The accompanying individual fund schedules and table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
November 13, 2023



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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, 2023.

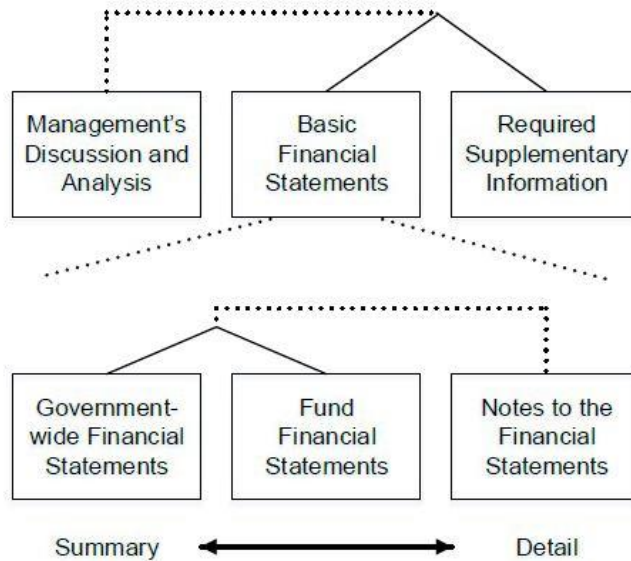
Financial Highlights

- The assets and deferred outflows of resources of the School exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.
- The School's total net position increased as shown in the summary of changes in net position on the following pages. This was primarily a result of expenditures overall decreasing from prior year, while revenues, lead by operating grants and contributions, increased.
- As of the close of the current fiscal year, the School's governmental fund balances are shown in the Financial Analysis of the School's funds section of the MD&A. The total fund balance increased in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund, as shown in the financial analysis of the School's funds section, increased from the prior year.

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 26 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other State and local 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 30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 35 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 58 of this report.

Other Information. The individual fund financial schedule that starts on page 67 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 School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

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

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

	Governmental Activities		
	2023	2022	Increase (Decrease)
Assets			
Current and other assets	\$ 2,654,170	\$ 2,312,699	\$ 341,471
Capital assets, net of depreciation	755,922	196,100	559,822
Total Assets	<u>3,410,092</u>	<u>2,508,799</u>	<u>901,293</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>339,035</u>	<u>395,829</u>	<u>(56,794)</u>
Liabilities			
Current	410,698	248,669	162,029
Noncurrent	<u>1,697,207</u>	<u>720,502</u>	<u>976,705</u>
Total Liabilities	<u>2,107,905</u>	<u>969,171</u>	<u>1,138,734</u>
Net Position			
Investment in capital assets	157,144	196,100	(38,956)
Restricted	161,887	129,853	32,034
Unrestricted	<u>1,053,822</u>	<u>401,669</u>	<u>652,153</u>
Total Net Position	<u>\$ 1,372,853</u>	<u>\$ 727,622</u>	<u>\$ 645,231</u>
Net Position as a Percent of Total			
Net Investment in			
Capital Assets	11.4%	27.0%	
Restricted	11.8%	17.8%	
Unrestricted	<u>76.8%</u>	<u>55.2%</u>	
	<u>100.0%</u>	<u>100.0%</u>	

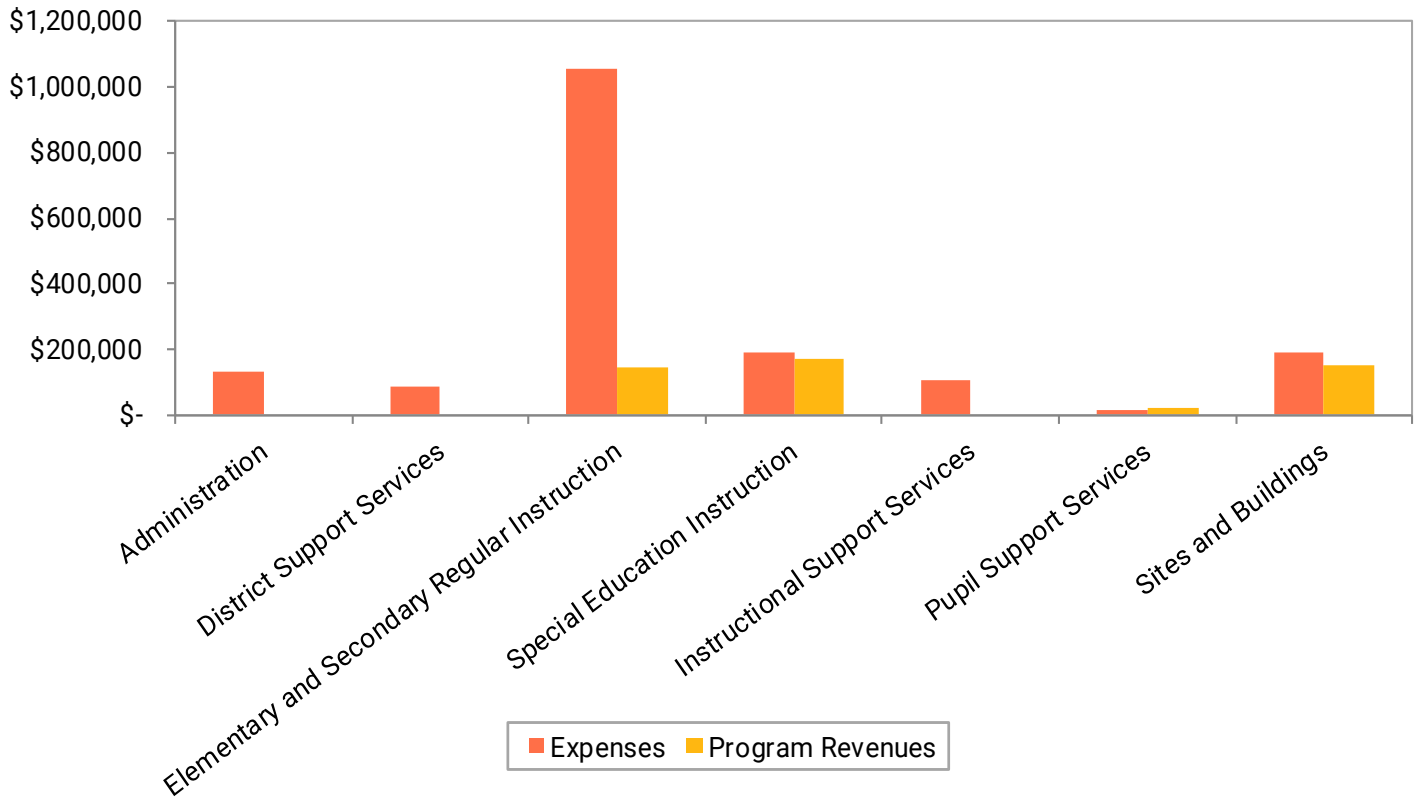
At the end of the current fiscal year, the Charter School is able to report a positive balance in investment in capital assets, restricted net position and unrestricted net position. Significant changes from the prior year are noted on the following page.

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

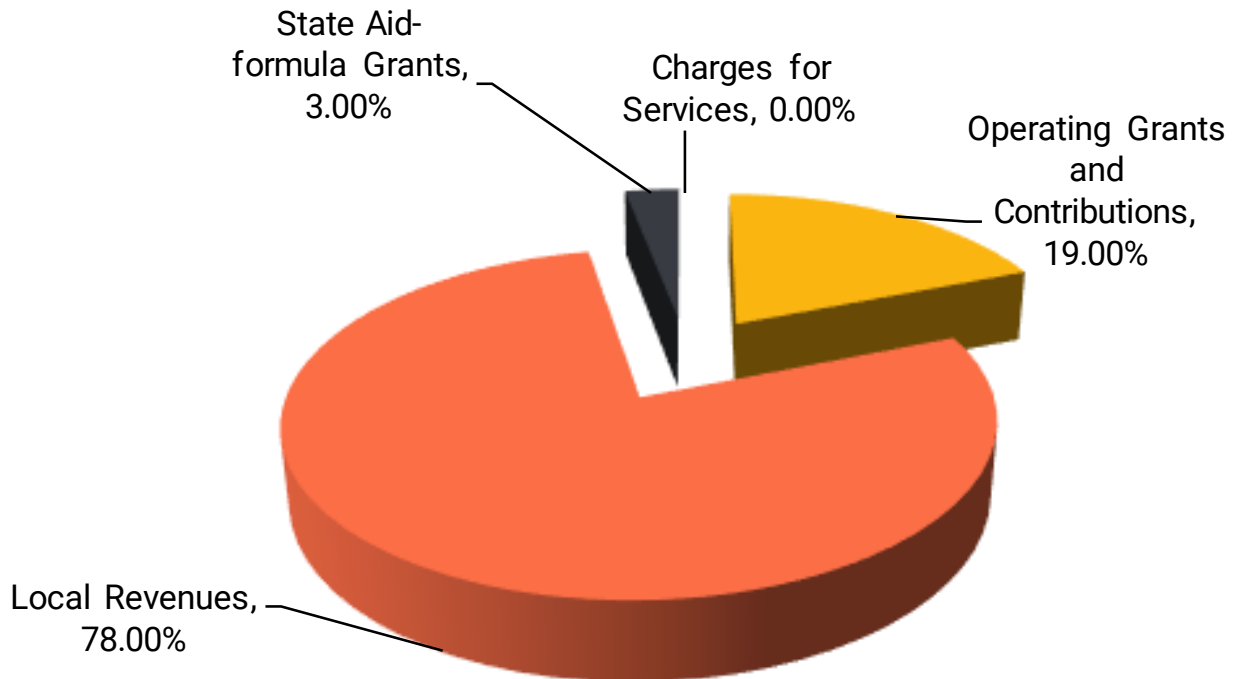
TRIO Wolf Creek Distance Learning Charter School No. 4095’s Changes in Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 2,120	\$ 3,642	\$ (1,522)
Operating grants and contributions	476,546	41,280	435,266
General revenues			
State aid formula grants	1,920,582	1,769,892	150,690
Unrestricted investment earnings	76,073	5,802	70,271
Total Revenues	<u>2,475,321</u>	<u>1,820,616</u>	<u>654,705</u>
Expenses			
Administration	132,281	153,773	(21,492)
District support services	88,338	87,658	680
Elementary and secondary regular instruction	1,056,630	1,000,484	56,146
Special education instruction	190,339	208,026	(17,687)
Instructional support services	108,625	166,837	(58,212)
Pupil support services	12,533	31,775	(19,242)
Sites and buildings	187,091	231,376	(44,285)
Interest on long-term debt	54,253	-	54,253
Total Expenses	<u>1,830,090</u>	<u>1,879,929</u>	<u>(49,839)</u>
Change in Net Position	645,231	312,277	332,954
Net Position, July 1	<u>727,622</u>	<u>415,345</u>	<u>312,277</u>
Net Position, June 30	<u>\$ 1,372,853</u>	<u>\$ 727,622</u>	<u>\$ 645,231</u>

Expenses and Program Revenues - Governmental Activities



Revenues by Source - 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. The table below outlines the governmental fund balances for the year ending June 30, 2023.

	General Fund 2023	General Fund 2022	Increase/ (Decrease)
Fund Balances			
Nonspendable	\$ 7,386	\$ 46,535	\$ (39,149)
Restricted for			
LTFM	155,384	123,350	32,034
Safe School	6,503	6,503	-
Assigned for			
Operating capital	328,487	384,091	(55,604)
Staff development	170,365	142,705	27,660
Gifted and talented	43,040	39,886	3,154
Basic skills	31,616	27,167	4,449
Unassigned	<u>1,610,166</u>	<u>1,293,793</u>	<u>316,373</u>
	<u>\$ 2,352,947</u>	<u>\$ 2,064,030</u>	<u>\$ 288,917</u>
General Fund expenditures	\$ 2,880,908	\$ 1,979,900	
Unassigned as a percent of expenditures	55.9%	65.3%	
Total Fund Balance as a percent of expenditures	81.7%	104.2%	

As of the close of the current fiscal year, the Charter School's Governmental fund balances are shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 35 of this report.

The General fund is the chief operating fund of the School. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is also shown in the chart above along with total fund balance as a percent of total expenditures.

The fund balance of the Charter School's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to total expenditures being less than budgeted, primary related to the instructional support services expenditures.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,193,337	\$ 249,762	\$ 2,443,099	\$ 2,463,528	\$ 20,429
Expenditures	2,218,775	104,707	2,323,482	2,880,908	(557,426)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,438)	145,055	119,617	(417,380)	(536,997)
Other Financing Sources (Uses)					
Lease Proceeds	-	-	-	706,297	706,297
Net Change in Fund Balances	(25,438)	145,055	119,617	288,917	169,300
Fund Balances, July 1	2,064,030	-	2,064,030	2,064,030	-
Fund Balances, June 30	<u>\$ 2,038,592</u>	<u>\$ 145,055</u>	<u>\$ 2,183,647</u>	<u>\$ 2,352,947</u>	<u>\$ 169,300</u>

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

Capital Assets and Debt Administration

Capital Assets

The Charter School's investment in capital assets for its governmental activities as of June 30, 2023, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets consists of equipment, site improvements and building improvements. The total depreciation and amortization expense for the year was \$149,547. The following is a schedule of capital assets as of June 30, 2023.

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

	Governmental Activities		
	2023	2022	Increase (Decrease)
Equipment and Furniture	\$ 75,711	\$ 95,132	\$ (19,421)
Site Improvements	48,397	56,966	(8,569)
Building Improvements	39,524	44,002	(4,478)
Leased Building	592,290	-	592,290
Total	<u>\$ 755,922</u>	<u>\$ 196,100</u>	<u>\$ 559,822</u>
Percent increase (decrease)			285%

Additional information on the Charter School's capital assets can be found in Note 3B on page 43 of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the School had the following noncurrent liabilities outstanding.

	Governmental Activities		
	2023	2022	(Decrease)
Lease payable	\$ 598,778	\$ 706,927	\$ (108,149)
Percent increase (decrease)			-15%

Factors Bearing on the Charter School's Future

The State General Education Aid formula was increased for 2023-24 by 4% to \$7,138. This increase would generate approximately \$67,128 in additional revenue for the Charter School if enrollment were to remain the same as the 2022-23 school year. The 2023-24 budget is based on 200 students, or 240 APU (Adjusted Pupil Units) based on the student weighting formula of 1.2 for students in Grades 7-12. Given that 2023-24 student enrollment has been decreasing in the first months of the school year compared to prior year enrollments, it will likely be necessary to revise the FY 24 budget. The Charter School continues to have a healthy fund balance. Trio Wolf Creek increased their fund balance by \$180,549 in FY 23 to \$2,244,579 in designated/undesignated areas. The Charter School does not anticipate borrowing any funds for the 2023-24 school year for cash flow purposes.

Trio Wolf Creek's enrollment increased by 10.21 ADMs in 2022-23 to a total of 203.42 (244.10 APU). This enrollment is increasing compared to the 2021-22 levels (193.21 ADM; 231.85 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 eligible for a Title I grant for the 2022-23 school year, and are eligible again in the 2023-2024 school year.

In addition, the Charter School will continue to receive an Alternative Delivery of Specialized Instructional Services (ADSIS) grant for the 2023-24 school year from the Minnesota Department of Education (MDE). The full grant request amount was \$49,920, 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 \$50,000 for this program in FY 24.

The Charter School is dependent on the State of Minnesota (the State) for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. Thus far the Charter School has been able to meet their instructional program needs by budgeting conservatively. As a result, the Charter School has been able to adequately maintain a sufficient fund balance which will allow the Charter School to maintain normal operations.

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FOR THE YEAR ENDED
JUNE 30, 2023

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and temporary investments	\$ 2,236,444
Receivables	
Accrued interest	29,659
Accounts	2,500
Due from the Minnesota Department of Education	273,833
Due from the Federal government	93,347
Due from other school districts	11,001
Prepaid items	7,386
Capital assets - leased, net of amortization	592,290
Capital assets	
Depreciable assets (net of accumulated depreciation)	163,632
Total Assets	3,410,092
Deferred Outflows of Resources	
Deferred pension resources	339,035
Liabilities	
Accounts payable	10,035
Accrued salaries payable	104,048
Due to other school districts	182,818
Unearned revenue	4,322
Noncurrent Liabilities	
Due within one year	
Long-term liabilities	109,475
Due in more than one year	
Long-term liabilities	489,303
Net pension liability	1,207,904
Total Liabilities	2,107,905
Deferred Inflows of Resources	
Deferred pension resources	268,369
Net Position	
Investment in capital assets	157,144
Restricted for	
Long Term Facilities Maintenance	155,384
Safe schools	6,503
Unrestricted	1,053,822
Total Net Position	\$ 1,372,853

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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 132,281	\$ -	\$ -	\$ -	\$ (132,281)
District support services	88,338	-	-	-	(88,338)
Elementary and secondary regular instruction	1,056,630	2,120	139,661	-	(914,849)
Special education instruction	190,339	-	170,679	-	(19,660)
Instructional support services	108,625	-	-	-	(108,625)
Pupil support services	12,533	-	17,776	-	5,243
Sites and buildings	187,091	-	148,430	-	(38,661)
Interest on long-term debt	54,253	-	-	-	(54,253)
Total Governmental Activities	\$ 1,830,090	\$ 2,120	\$ 476,546	\$ -	(1,351,424)
General Revenues					
State aid formula grants					1,920,582
Unrestricted investment earnings					76,073
Total General Revenues					1,996,655
Change in Net Position					645,231
Net Position, July 1					727,622
Net Position, June 30					\$ 1,372,853

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, 2023

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Balance Sheet
Governmental Fund
June 30, 2023

	General
Assets	
Cash and temporary investments	\$ 2,236,444
Receivables	
Accrued interest	29,659
Accounts	2,500
Due from the Minnesota Department of Education	273,833
Due from the Federal government	93,347
Due from other school districts	11,001
Prepaid items	7,386
Total Assets	\$ 2,654,170
Liabilities	
Accounts payable	\$ 10,035
Accrued salaries payable	104,048
Due to other school districts	182,818
Unearned revenue	4,322
Total Liabilities	301,223
Fund Balance	
Nonspendable prepaid items	7,386
Restricted for	
Long Term Facilities Maintenance	155,384
Safe Schools	6,503
Assigned for	
Operating capital	328,487
Staff development	170,365
Gifted and talented	43,040
Basic skills	31,616
Unassigned	1,610,166
Total Fund Balance	2,352,947
Total Liabilities and Fund Balance	\$ 2,654,170

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, 2023

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

Total Fund Balance - Governmental Fund	\$ 2,352,947
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	869,603
Leased assets	706,927
Less: accumulated depreciation	(705,971)
Less: accumulated amortization	(114,637)
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	
Lease payable	(598,778)
Net pension liability	(1,207,904)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	339,035
Deferred inflows of pension resources	(268,369)
	(268,369)
Total Net Position - Governmental Activities	\$ 1,372,853

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, 2023

	General
Revenues	
Interest earned on investments	\$ 76,073
Revenue from state sources	2,231,866
Revenue from federal sources	148,505
Other local revenue	6,619
Sales and other conversion of assets	465
Total Revenues	2,463,528
Expenditures	
Current	
Administration	183,943
District support services	88,338
Elementary and secondary regular instruction	1,267,839
Special education instruction	243,570
Instructional support services	149,167
Pupil support services	17,772
Sites and buildings	55,767
Capital outlay	
Elementary and secondary regular instruction	1,575
Instructional support services	1,796
Sites and buildings	708,739
Debt Service	
Principal	108,149
Interest and other charges	54,253
Total Expenditures	2,880,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(417,380)
Other Financing Sources (Uses)	
Lease proceeds	706,297
Net Change in Fund Balance	288,917
Fund Balance, July 1	2,064,030
Fund Balance, June 30	\$ 2,352,947

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, 2023

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

Net Change in Fund Balance - Governmental Fund	\$	288,917
<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		709,369
Depreciation expense		(34,910)
Amortization expense		(114,637)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>		
Lease issued		(706,927)
Lease principal repayments		108,149
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension expense		383,477
Pension revenue		11,793
		11,793
Change in Net Position - Governmental Activities	\$	645,231

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 - Budget and Actual
 General Fund
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest earned on investments	\$ 2,000	\$ 46,000	\$ 76,073	\$ 30,073
Revenue from state sources	2,136,337	2,279,846	2,231,866	(47,980)
Revenue from federal sources	47,000	107,153	148,505	41,352
Other local revenue	8,000	9,650	6,619	(3,031)
Sales and other conversion of assets	-	450	465	15
Total Revenues	<u>2,193,337</u>	<u>2,443,099</u>	<u>2,463,528</u>	<u>20,429</u>
Expenditures				
Current				
Administration	193,627	186,627	183,943	2,684
District support services	58,883	63,883	88,338	(24,455)
Elementary and secondary				
regular instruction	1,189,524	1,303,178	1,267,839	35,339
Special education instruction	326,122	279,915	243,570	36,345
Instructional support services	163,202	188,400	149,167	39,233
Pupil support services	63,504	28,366	17,772	10,594
Sites and buildings	43,913	90,113	55,767	34,346
Capital outlay				
Elementary and secondary				
regular instruction	-	-	1,575	(1,575)
Instructional support services	-	3,000	1,796	1,204
Sites and buildings	10,000	10,000	708,739	(698,739)
Debt Service				
Principal	170,000	170,000	108,149	61,851
Interest and other charges	-	-	54,253	(54,253)
Total Expenditures	<u>2,218,775</u>	<u>2,323,482</u>	<u>2,880,908</u>	<u>(57,426)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,438)	119,617	(417,380)	(536,997)
Other Financing Sources (Uses)				
Lease proceeds	-	-	706,297	706,297
Net Change in Fund Balance	(25,438)	119,617	288,917	169,300
Fund Balance, July 1	<u>2,064,030</u>	<u>2,064,030</u>	<u>2,064,030</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,038,592</u>	<u>\$ 2,183,647</u>	<u>\$ 2,352,947</u>	<u>\$ 169,300</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, 2023

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 revenue*. 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, 2023

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. Description of the fund included in the report is 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.

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.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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
School's proportionate share	\$ 15,377	\$ (319,920)	\$ (304,543)
Proportionate share of State's contribution	506	11,287	11,793
Total Pension Expense	\$ 15,883	\$ (308,633)	\$ (292,750)

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, 2023

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, 2023

Note 2: Stewardship, Compliance and Accountability

A. 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 \$249,762 and increased expenditures by \$104,707.

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.

B. Excess of Actual Expenditures over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General Fund	\$ 2,323,482	\$ 2,880,908	\$ 557,426

The excess expenditures were funded by actual revenues and lease proceeds in excess of budget.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

The Charter School does not have any deposits as of June 30, 2023.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

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	\$ 802,444
Certificate of Deposit held by MSDLAF	N/A	Less than 6 months	<u>1,434,000</u>
 Total Investments			 <u>\$ 2,236,444</u>

(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.

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.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated/Amortized				
Equipment and furniture	\$ 601,566	\$ 2,442	\$ -	\$ 604,008
Site improvements	171,377	-	-	171,377
Building improvements	94,218	-	-	94,218
Leased Building (Intangible Right to Use Asset)	-	706,927	-	706,927
Total Capital Assets Being Depreciated/Amortized	867,161	709,369	-	1,576,530
Less Accumulated Depreciation for				
Equipment and furniture	(506,434)	(21,863)	-	(528,297)
Site improvements	(114,411)	(8,569)	-	(122,980)
Building improvements	(50,216)	(4,478)	-	(54,694)
Leased Building (Intangible Right to Use Asset)	-	(114,637)	-	(114,637)
Total Accumulated Depreciation/Amortization	(671,061)	(149,547)	-	(820,608)
Total Capital Assets Being Depreciated, Net	\$ 196,100	\$ 559,822	\$ -	\$ 755,922
Depreciation expense was charged to functions as follows:				
Elementary and Secondary Regular Instruction				\$ 20,665
Sites and Buildings				128,882
Total Depreciation/Amortization Expense - Governmental Activities				\$ 149,547

C. Lease Payable

The Charter School leased space from Liberty Lanes during the fiscal year ended June 30, 2023. 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. During fiscal year 2022 it was determined that the school would purchase their current building in fiscal year 2023, that at the time of the audit that purchase had not been completed. Currently the school is in the process of forming their building company.

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Balance at Year End
Building Lease	\$ 706,927	2.70 %	07/01/22	6 years	<u>\$ 598,778</u>

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

Future minimum lease payments are as follows:

The Charter School incurred lease related expenditures of \$162,465 during the fiscal year ended June 30, 2023. This consisted of \$124,294 of lease expense, \$29,184 of property taxes, \$4,947 of repair reserve, and \$4,040 of charges for insurance and other.

Year Ending June 30,	Liberty Lanes Lease
2024	\$ 109,475
2025	112,468
2026	115,542
2027 - 2029	261,293
Total	\$ 598,778

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Lease Payable	\$ 706,927	\$ -	\$ (108,149)	\$ 598,778	\$ 109,475

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:

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

	GASB Balance	Reconciling Items	UFARS Balance
Nonspendable Prepaid Items	\$ 7,386	\$ -	\$ 7,386
Restricted for			
LTFM	\$ 155,384	\$ -	\$ 155,384
Safe schools	6,503	-	6,503
Total Restricted	\$ 161,887	\$ -	\$ 161,887
Assigned to			
Operating capital	\$ 328,487	\$ (328,487)	\$ -
Staff development	170,365	(170,365)	-
Gifted and talented	43,040	(43,040)	-
Basic skills	31,616	(31,616)	-
Total Assigned	\$ 245,021	\$ (245,021)	\$ -
Unassigned	\$ 1,610,166	\$ 245,021	\$ 1,855,187

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, 2023

Note 4: Defined Benefit Pension Plans - Statewide

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, 2023, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

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

B. Economic Dependency

The Charter School has a significant amount of revenue (91 percent) coming from the State of Minnesota.

C. Teacher Retirement Association (TRA)

1. Plan Description

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

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

2. Benefits Provided

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

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

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

With these provisions:

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

or

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.

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.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

3. Contribution Rate

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

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

The Charter School contributions for the years ending June 30, 2023, 2022 and 2021 were \$81,546, \$68,176, and \$67,497, 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 fiscal year 2022 Annual Comprehensive Financial Report "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer Contributions Reported in TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679,000
Add Employer Contributions Not Related to Future Contribution Efforts	(2,178,000)
Deduct TRA's Contributions Not Included in Allocation	<u>(572,000)</u>
Total Employer Contributions	479,929,000
Total Non-employer Contributions	<u>35,590,000</u>
Total Contributions Reported in Schedule of Employer and Non-Employer Pension Allocations	<u>\$ 515,519,000</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, 2023

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

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

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

5. Long-Term Rate of Return

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

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

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2021 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 2021 valuation:

- None.

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from Charter 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).

7. Net Pension Liability

On June 30, 2023, the Charter School reported a liability of \$1,097,024 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The Charter School's proportionate share was 0.0137 percent at the end of the measurement period and 0.0150 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	\$ 1,097,024
State's Proportionate Share of Net Pension Liability Associated with the Charter School	81,649

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

For the year ended June 30, 2023, the Charter School recognized negative pension expense of \$292,750. It also recognized \$11,287 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, 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	\$ 17,201	\$ 10,562
Changes in Actuarial Assumptions	192,416	247,403
Net Difference Between Projected and Actual Earnings on Plan Investments	-	4,496
Changes in Proportion	6,280	2,549
Contributions to TRA Subsequent to the Measurement Date	81,546	-
Total	\$ 297,443	\$ 265,010

Deferred outflows of resources totaling \$81,546 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2024	\$ (239,444)
2025	326
2026	(18,711)
2027	127,203
2028	80,867
Thereafter	646

8. Pension Liability Sensitivity

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

1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
\$ 1,729,398	\$ 1,097,024	\$ 578,674

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.

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

9. Pension Plan Fiduciary Net Position

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 4: 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 2021 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, 2023, 2022 and 2021 were \$9,181, \$8,098, and \$8,022, 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, 2023, the Charter School reported a liability of \$110,880 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 \$3,384.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportion was 0.0014 percent which was a decrease of 0.00010 percent from the beginning of the measurement period.

School's Proportionate Share of the Net Pension Liability	\$ 110,880
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the School	<u>3,384</u>
Total	<u><u>\$ 114,264</u></u>

For the year ended June 30, 2023, the Charter School recognized pension expense of \$15,377 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$506 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, 2023

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 925	\$ 1,245
Changes in Actuarial Assumptions	26,833	387
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,726
Changes in Proportion	4,653	1
Contributions to PERA Subsequent to the Measurement Date	9,181	-
Total	\$ 41,592	\$ 3,359

The \$9,181 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 13,910
2025	9,656
2026	(4,541)
2027	10,027

5. Long-Term Expected Return on Investment

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

6. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

7. Discount Rate

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2023

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

8. Pension Liability Sensitivity

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

1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
\$ 175,141	\$ 110,880	\$ 58,176

9. Pension Plan Fiduciary Net Position

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

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED
JUNE 30, 2023

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2023

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
06/30/22	0.0137 %	\$ 1,097,024	\$ 81,649	\$ 1,178,673	\$ 817,458	134.2 %	76.2 %
06/30/21	0.0150	656,445	55,483	711,928	830,221	79.1	86.6
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)
6/30/2023	\$ 81,546	\$ 81,546	\$ -	\$ 953,757	8.55 %
6/30/2022	68,176	68,176	-	817,458	8.34
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	7.00
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, 2023

Notes to the Required Supplementary Information – TRA

2022 – No changes noted.

2021 - The investment return assumption was changed from 7.50 percent to 7.00 percent

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

2019 - No changes noted.

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

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

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2023

Notes to the Required Supplementary Information - TRA (Continued)

Changes in Plan Provisions

2022 – No changes noted.

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

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

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent in January 1, 2028.
 - Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
 - The COLA trigger provision, which would have increased the COLA to 2.5 percent if the funded ratio was at least 90 percent for two consecutive years, was eliminated.
 - Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
 - Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.
- 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, 2023

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
06/30/22	0.0014 %	\$ 110,880	\$ 3,384	\$ 114,264	\$ 107,968	102.7 %	76.7 %
06/30/21	0.0015	64,057	1,898	65,955	106,962	59.9	87.0
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	74,106	63,676	85.9	80.2
06/30/18	0.0009	49,928	1,586	51,426	59,934	78.1	79.5
06/30/17	0.0011	70,223	851	51,514	68,307	83.3	75.9
06/30/16	0.0011	89,315	1,256	71,074	71,027	102.8	68.9
06/30/15	0.0012	62,190	-	90,571	66,920	125.7	78.2
06/30/14	0.0014	65,765	-	62,190	70,640	92.9	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)
6/30/2023	\$ 9,181	\$ 9,181	\$ -	\$ 122,417	7.5 %
6/30/2022	8,098	8,098	-	107,968	7.5
6/30/2021	8,022	8,022	-	106,962	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	7.5

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, 2023

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

TRIO Wolf Creek
Distance Learning Charter School No. 4095
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2023

Notes to the Required Supplementary Information - PERA (Continued)

Changes in Plan Provisions

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

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

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

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

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

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

2016 - 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, 2023

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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, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	\$ 2,236,444	\$ 1,813,464
Receivables		
Accrued interest	29,659	3,557
Accounts	2,500	2,515
Due from Minnesota Department of Education	273,833	413,537
Due from the Federal government	93,347	11,565
Due from other school districts	11,001	21,526
Prepaid items	7,386	46,535
 Total Assets	 \$ 2,654,170	 \$ 2,312,699
Liabilities		
Accounts payable	\$ 10,035	\$ 8,021
Accrued salaries payable	104,048	104,664
Due to other school districts	182,818	133,062
Unearned revenue	4,322	2,922
 Total Liabilities	 301,223	 248,669
Fund Balance		
Nonspendable prepaid items	7,386	46,535
Restricted for		
LTFM	155,384	123,350
Safe Schools	6,503	6,503
Assigned for		
Operating capital	328,487	384,091
Staff development	170,365	142,705
Gifted and talented	43,040	39,886
Basic skills	31,616	27,167
Unassigned	1,610,166	1,293,793
 Total Fund Balance	 2,352,947	 2,064,030
 Total Liabilities and Fund Balance	 \$ 2,654,170	 \$ 2,312,699

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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Interest earned on investments	\$ 2,000	\$ 46,000	\$ 76,073	\$ 30,073	\$ 5,802
Revenue from state sources	2,136,337	2,279,846	2,231,866	(47,980)	2,073,115
Revenue from federal sources	47,000	107,153	148,505	41,352	103,039
Other local and county revenue	8,000	9,650	6,619	(3,031)	9,111
Sales and other conversion of assets	-	450	465	15	365
Total Revenues	2,193,337	2,443,099	2,463,528	20,429	2,191,432
Expenditures					
Current					
Administration					
Salaries	130,000	131,000	129,095	1,905	116,743
Fringe benefits	57,577	49,577	50,552	(975)	47,526
Purchased services	-	-	978	(978)	929
Supplies and materials	50	50	-	50	579
Other	6,000	6,000	3,318	2,682	5,876
Total administration	193,627	186,627	183,943	2,684	171,653
District support services					
Fringe benefits	9,000	6,000	(1,808)	7,808	-
Purchased services	44,500	52,500	83,255	(30,755)	81,252
Supplies and materials	450	450	2,356	(1,906)	119
Other	4,933	4,933	4,535	398	6,287
Total district support services	58,883	63,883	88,338	(24,455)	87,658
Elementary and secondary regular instruction					
Salaries	693,824	752,134	691,815	60,319	580,836
Fringe benefits	282,650	310,212	321,703	(11,491)	253,573
Purchased services	155,500	184,982	209,506	(24,524)	168,928
Supplies and materials	57,550	55,850	41,856	13,994	47,765
Other	-	-	2,959	(2,959)	2,589
Total elementary and secondary regular instruction	1,189,524	1,303,178	1,267,839	35,339	1,053,691
Special education instruction					
Salaries	217,579	171,079	151,059	20,020	148,094
Fringe benefits	89,443	87,036	73,044	13,992	62,740
Purchased services	18,000	20,700	18,380	2,320	16,794
Supplies and materials	1,100	1,100	1,087	13	1,237
Total special education instruction	326,122	279,915	243,570	36,345	228,865

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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ 100,520	\$ 118,795	\$ 96,608	\$ 22,187	\$ 95,948
Fringe benefits	52,682	55,605	49,361	6,244	52,572
Purchased services	9,000	10,000	1,079	8,921	2,498
Supplies and materials	1,000	4,000	2,119	1,881	17,963
Total instructional support services	<u>163,202</u>	<u>188,400</u>	<u>149,167</u>	<u>39,233</u>	<u>168,981</u>
Pupil support services					
Salaries	50,000	15,000	15,000	-	18,000
Fringe benefits	3,038	2,400	2,398	2	2,836
Purchased services	10,466	10,466	-	10,466	12,000
Supplies and materials	-	500	374	126	372
Total pupil support services	<u>63,504</u>	<u>28,366</u>	<u>17,772</u>	<u>10,594</u>	<u>33,208</u>
Sites and buildings					
Purchased services	27,000	73,200	54,747	18,453	45,921
Supplies and materials	16,913	16,913	1,020	15,893	1,587
Total sites and buildings	<u>43,913</u>	<u>90,113</u>	<u>55,767</u>	<u>34,346</u>	<u>47,508</u>
Total current	<u>2,038,775</u>	<u>2,140,482</u>	<u>2,006,396</u>	<u>134,086</u>	<u>1,791,564</u>
Capital outlay					
Elementary and secondary regular instruction	-	-	1,575	(1,575)	-
Instructional support services	-	3,000	1,796	1,204	12,488
Sites and buildings	10,000	10,000	708,739	(698,739)	10,881
Total capital outlay	<u>10,000</u>	<u>13,000</u>	<u>712,110</u>	<u>(699,110)</u>	<u>23,369</u>
Debt service					
Principal	170,000	170,000	108,149	61,851	164,967
Interest and other charges	-	-	54,253	(54,253)	-
Total debt service	<u>170,000</u>	<u>170,000</u>	<u>162,402</u>	<u>7,598</u>	<u>164,967</u>
Total Expenditures	<u>2,218,775</u>	<u>2,323,482</u>	<u>2,880,908</u>	<u>(557,426)</u>	<u>1,979,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,438)	119,617	(417,380)	(536,997)	211,532
Other Financing Sources (Uses)					
Lease proceeds	-	-	706,297	706,297	-
Net Change in Fund Balance	(25,438)	119,617	288,917	169,300	211,532
Fund Balance, July 1	2,064,030	2,064,030	2,064,030	-	1,852,498
Fund Balance, June 30	<u>\$ 2,038,592</u>	<u>\$ 2,183,647</u>	<u>\$ 2,352,947</u>	<u>\$ 169,300</u>	<u>\$ 2,064,030</u>

Fiscal Compliance Report - 6/30/2023
District: TRIO WOLF CREEK DISTANCE (4095-7)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$2,463,528	<u>\$2,463,532</u>	(\$4)
Total Expenditures	\$2,880,908	<u>\$2,880,908</u>	\$0
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$7,386	<u>\$7,386</u>	\$0
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0
4.13 Funded by COP/FP	\$0	<u>\$0</u>	\$0
4.14 Operating Debt	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0
4.24 Operating Capital	\$0	<u>\$0</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.49 Safe Schools Levy	\$6,503	<u>\$6,503</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0
4.67 LTFM	\$155,384	<u>\$155,383</u>	\$1
4.72 Medical Assistance	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$2,183,674	<u>\$2,183,677</u>	(\$3)

02 FOOD SERVICES

Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0

06 BUILDING CONSTRUCTION

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

07 DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.67 LTFM	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0

08 TRUST

Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0

18 CUSTODIAL

Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	\$0
70 Total Expenditures	\$0	<u>\$0</u>	\$0

4.63 Unassigned Fund Balance \$0 \$0

04 COMMUNITY SERVICE

Total Revenue \$0 \$0

Total Expenditures \$0 \$0

Non Spendable:

4.60 Non Spendable Fund Balance \$0 \$0

Restricted / Reserved:

4.26 \$25 Taconite \$0 \$0

4.31 Community Education \$0 \$0

4.32 E.C.F.E \$0 \$0

4.40 Teacher Development and Evaluation \$0 \$0

4.44 School Readiness \$0 \$0

4.47 Adult Basic Education \$0 \$0

4.52 OPEB Liab Not In Trust \$0 \$0

Restricted:

4.64 Restricted Fund Balance \$0 \$0

Unassigned:

4.63 Unassigned Fund Balance \$0 \$0

45 OPEB IRREVOCABLE TRUST

Total Revenue \$0 \$0

Total Expenditures \$0 \$0

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

47 OPEB DEBT SERVICE

Total Revenue \$0 \$0

Total Expenditures \$0 \$0

Non Spendable:

4.60 Non Spendable Fund Balance \$0 \$0

Restricted:

4.25 Bond Refundings \$0 \$0

4.64 Restricted Fund Balance \$0 \$0

Unassigned:

4.63 Unassigned Fund Balance \$0 \$0

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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, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 13, 2023.

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 contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Charter Schools sections of the Minnesota Legal Compliance Audit Guide for Charter School promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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



Abdo
Minneapolis, Minnesota
November 13, 2023

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

Board of 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, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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
November 13, 2023

