



Annual Financial Report

Crosslake Community Schools

Crosslake, Minnesota

For the year ended June 30, 2023



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 Crosslake, Minnesota
 Annual Financial Report
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INTRODUCTORY SECTION
CROSSLAKE COMMUNITY SCHOOLS
CHARTER SCHOOL NO. 4210
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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Crosslake Community Schools
Crosslake, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2023

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Jared Griffin	Chair
Chris Rhinehart	Vice-chair
Colin Williams	Secretary
Abi Swenson	Treasurer
Josef Garcia	Member
Karen Teff	Teacher
Clare Thompson	Teacher

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Annette Klang	Director - Seat Based Learning
Holly Amaya	Director - Online Learning
Kelly Bittner	Business Manager/HR

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FINANCIAL SECTION
CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Crosslake Community Schools,
Crosslake, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Crosslake Community Schools, Crosslake, Minnesota, (the charter school) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter Schools 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, the major fund and the aggregate remaining fund information 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 conformity 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 Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedules of Employer's Shares of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The combining fund financial statements, 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 relates 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 combining fund financial statements, 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 included 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 statements 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 17, 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 17, 2023



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Management's Discussion and Analysis

As management of the Crosslake Community Schools, (the Charter School), Crosslake, 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.

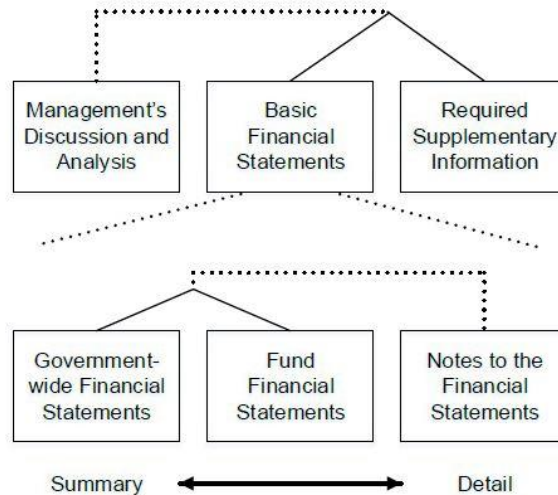
Financial Highlights

- The liabilities and deferred inflows of resources of the Charter School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.
- The Charter 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 the excess of general and program revenues over expenditures and the ERC (employee retention credit) revenues.
- As of the close of the current fiscal year, the Charter School's governmental fund balances are shown in the Financial Analysis of the Charter School's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was primarily related to expenditures less than budgeted, specifically related to elementary and secondary regular instruction in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General fund, as shown in the financial analysis of the Charter School's funds section, increased from the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Charter School's basic financial statements. The Charter School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

Required Components of the Charter School's Annual Financial Report



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
	Government-wide Statements	Governmental Funds
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not fiduciary, such as special education and building maintenance
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/outflow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

The *statement of net position* presents information on all of the Charter School's assets and deferred inflows and liabilities and deferred outflows, 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 taxes and 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, sites and buildings, fiscal and other fixed cost programs, and interest on long-term debt.

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local 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 three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Food Service special revenue fund and Community Service special revenue fund, which are the three governmental funds. The General fund is considered a major fund, while the Food Service fund and Community Service fund is presented as a nonmajor fund.

The Charter School adopts an annual appropriated budget for its General fund, Food Service special revenue fund and Community Service special revenue fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements start on page 30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 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 share of net pension liabilities (assets) for defined benefits plans, schedule of contribution, and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 56 of this report.

Other Information. The combining and individual fund financial statements and schedules that starts on page 64 presents budget and prior year comparative data for the General fund, Food Service fund and Community Service fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

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

Crosslake Community Schools Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Assets			
Current and other assets	\$ 2,414,364	\$ 2,154,023	\$ 260,341
Capital assets, net of depreciation	6,653,068	6,977,385	(324,317)
Total Assets	<u>9,067,432</u>	<u>9,131,408</u>	<u>(63,976)</u>
Deferred Outflows of Resources			
Deferred pension resources	1,119,613	1,407,227	(287,614)
Liabilities			
Current and other liabilities	688,802	832,812	(144,010)
Noncurrent liabilities	9,742,925	8,359,663	1,383,262
Total Liabilities	<u>10,431,727</u>	<u>9,192,475</u>	<u>1,239,252</u>
Deferred Inflows of Resources			
Deferred pension resources	394,463	2,293,359	(1,898,896)
Net Position			
Net investment in capital assets	139,215	261,341	(122,126)
Restricted for			
Food service	-	16,912	(16,912)
Community service	11,133	2,095	9,038
Unrestricted	(789,493)	(1,227,547)	438,054
Total Net Position	<u>\$ (639,145)</u>	<u>\$ (947,199)</u>	<u>\$ 308,054</u>
Net Position as a Percent of Total			
Net investment in capital assets	(21.8) %	(27.6) %	
Restricted	(1.7)	(2.0)	
Unrestricted	123.5	129.6	
Total	<u>100.0 %</u>	<u>100.0 %</u>	

At the end of the current fiscal year, the Charter School was able to report a positive balance in net investment in capital assets and restricted net position, but unrestricted net position was negative mainly due to the outstanding long-term pension liability related to the TRA and PERA defined contribution benefit plans.

Governmental Activities: Governmental activities increased the Charter 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.

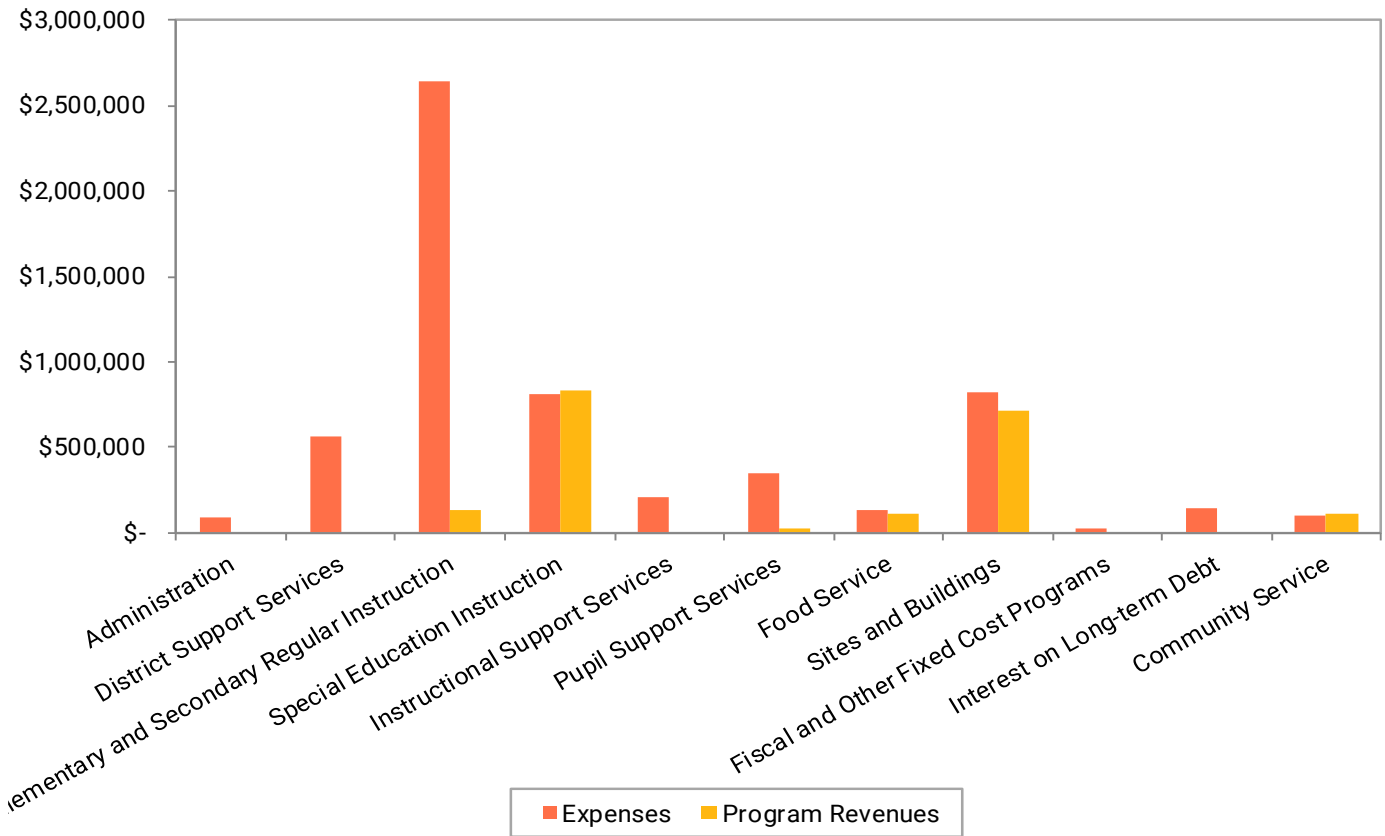
Crosslake Community Schools Changes in Net Position

	Governmental Activities		
	2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 141,496	\$ 67,017	\$ 74,479
Operating grants and contributions	1,768,854	1,599,171	169,683
General revenues			
State aid-formula grants	3,950,083	3,697,633	252,450
Other general revenues	319,879	93,933	225,946
Unrestricted investment earnings	575	569	6
Total Revenues	<u>6,180,887</u>	<u>5,458,323</u>	<u>722,564</u>
Expenses			
Administration	83,155	106,301	(23,146)
District support services	564,708	433,895	130,813
Elementary and secondary regular instruction	2,642,415	3,129,013	(486,598)
Special education instruction	815,480	810,993	4,487
Instructional support services	210,252	184,537	25,715
Pupil support services	351,445	375,681	(24,236)
Food service	130,550	129,255	1,295
Sites and buildings	816,150	438,969	377,181
Fiscal and other fixed cost programs	21,177	14,980	6,197
Interest on long-term debt	137,754	143,832	(6,078)
Community service	99,747	118,220	(18,473)
Total Expenses	<u>5,872,833</u>	<u>5,885,676</u>	<u>11,708</u>
Change in Net Position	308,054	(427,353)	735,407
Net Position, July 1	<u>(947,199)</u>	<u>(519,846)</u>	<u>(427,353)</u>
Net Position, June 30	<u>\$ (639,145)</u>	<u>\$ (947,199)</u>	<u>\$ 308,054</u>

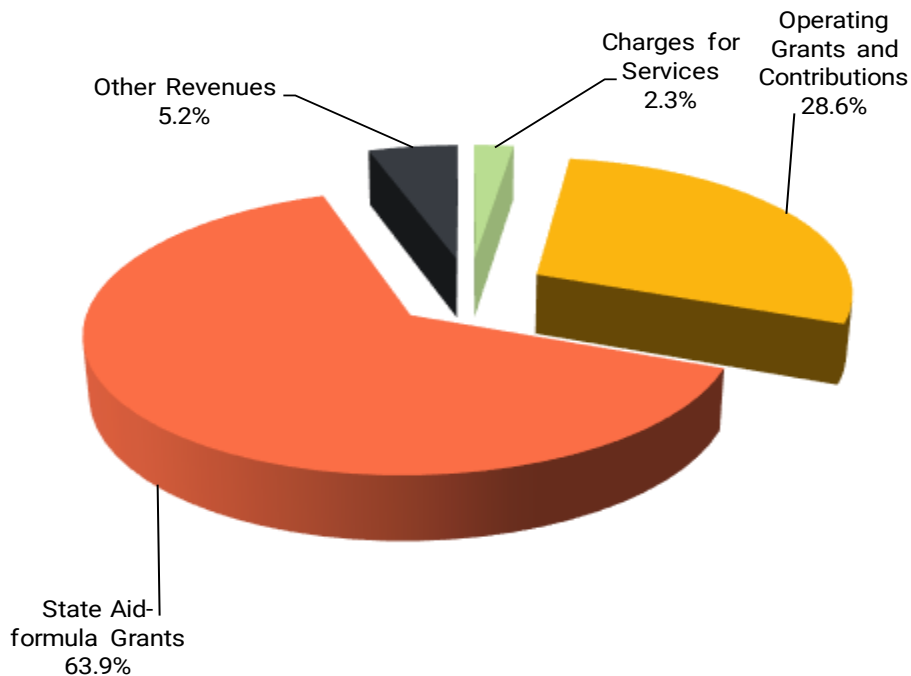
- Total revenue increased a total of \$722,564 as a result of an increase in state-aid formula grants and other general revenues due to the growth of the Charter School and added students, and the receipt of the employee retention credit.
- Total expenses decreased a total of \$11,708. The decrease is mainly due to elementary and secondary regular instruction expenditures decreasing due to the pension expense related the net pension liability decreasing.

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

Expenses and Program Revenues



Revenue 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.

	<u>General</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Total</u>	<u>Prior Year Total</u>	<u>Increase/ (Decrease)</u>
Fund Balances						
Nonspendable	\$ 25,742	\$ -	\$ -	\$ 25,742	\$ 117,876	\$ (92,134)
Restricted for						
Food service	-	-	-	-	16,912	(16,912)
Community service	-	-	11,133	11,133	2,095	9,038
Unassigned	<u>1,688,687</u>	<u>-</u>	<u>-</u>	<u>1,688,687</u>	<u>1,184,328</u>	<u>504,359</u>
Total	<u>\$ 1,714,429</u>	<u>\$ -</u>	<u>\$ 11,133</u>	<u>\$ 1,725,562</u>	<u>\$ 1,321,211</u>	<u>\$ 404,351</u>

As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances shown above. Additional information on the 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 Charter School. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

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 and the receipt of the employee retention tax credit.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 5,385,700	\$ 618,818	\$ 6,004,518	\$ 5,940,445	\$ (64,073)
Expenditures	<u>5,351,010</u>	<u>177,069</u>	<u>5,528,079</u>	<u>5,519,025</u>	<u>9,054</u>
Excess of Revenues Over Expenditures	34,690	441,749	476,439	421,420	(55,019)
Other Financing Sources (Uses) Transfers out	<u>(34,690)</u>	<u>4,209</u>	<u>(30,481)</u>	<u>(9,195)</u>	<u>21,286</u>
Net Change in Fund Balances	-	445,958	445,958	412,225	(33,733)
Fund Balances, January 1	<u>1,302,204</u>	<u>-</u>	<u>1,302,204</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,302,204</u></u>	<u><u>\$ 445,958</u></u>	<u><u>\$ 1,748,162</u></u>	<u><u>\$ 412,225</u></u>	<u><u>\$ (33,733)</u></u>

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

Capital Asset 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 includes leased buildings and equipment. The following is a schedule of capital assets as of June 30, 2023.

	Governmental Activities		
	2023	2022	Increase (Decrease)
Leased Building (Intangible Right to Use Asset)	\$ 6,611,040	\$ 6,886,500	\$ (275,460)
Equipment	<u>42,028</u>	<u>90,885</u>	<u>(48,857)</u>
Total	<u><u>\$ 6,653,068</u></u>	<u><u>\$ 6,977,385</u></u>	<u><u>\$ (324,317)</u></u>

Additional information on the Charter School's capital assets can be found in Note 3B on page 42 of this report.

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

	Governmental Activities		
	2023	2022	Increase (Decrease)
Lease Payable	<u>\$ 6,513,853</u>	<u>\$ 6,716,044</u>	<u>\$ (202,191)</u>

Factors Bearing on the Charter School’s Future

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.

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

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 Kelly Bittner, Business Manager, Crosslake Community Schools, 35808 County Road 66, Crosslake, MN 56442.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Crosslake Community Schools

Crosslake, Minnesota
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and temporary investments	\$ 1,425,479
Accounts receivable	287
Due from the Minnesota Department of Education	717,855
Due from the Federal Government	245,001
Prepaid items	25,742
Capital assets	
Depreciable assets, net of accumulated depreciation/amortization	<u>6,653,068</u>
Total Assets	<u>9,067,432</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>1,119,613</u>
Liabilities	
Accounts and other payables	161,886
Accrued salaries payable	526,866
Unearned revenue	50
Noncurrent liabilities	
Due within one year	
Long-term liabilities	206,808
Due in more than one year	
Long-term liabilities	6,307,045
Net pension liability	<u>3,229,072</u>
Total Liabilities	<u>10,431,727</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>394,463</u>
Net Position	
Net investment in capital assets	139,215
Restricted for community service	11,133
Unrestricted	<u>(789,493)</u>
Total Net Position	<u>\$ (639,145)</u>

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

Crosslake Community Schools
Crosslake, Minnesota
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Administration	\$ 83,155	\$ -	\$ -	\$ -	\$ (83,155)
District support services	564,708	-	-	-	(564,708)
Elementary and secondary regular instruction	2,642,415	-	132,469	-	(2,509,946)
Special education instruction	815,480	-	831,927	-	16,447
Instructional support services	210,252	-	-	-	(210,252)
Pupil support services	351,445	-	20,000	-	(331,445)
Food service	130,550	35,539	68,904	-	(26,107)
Community service	99,747	105,957	-	-	6,210
Sites and buildings	816,150	-	715,554	-	(100,596)
Fiscal and other fixed cost programs	21,177	-	-	-	(21,177)
Interest on long-term debt	137,754	-	-	-	(137,754)
Total Governmental Activities	<u>\$ 5,872,833</u>	<u>\$ 141,496</u>	<u>\$ 1,768,854</u>	<u>\$ -</u>	<u>(3,962,483)</u>
General Revenues					
State-aid formula grants					3,950,083
Other general revenues					319,879
Unrestricted investment earnings					575
Total General Revenues					<u>4,270,537</u>
Change in Net Position					308,054
Net Position, July 1					<u>(947,199)</u>
Net Position, June 30					<u>\$ (639,145)</u>

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

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FUND FINANCIAL STATEMENTS
CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Crosslake Community Schools
Crosslake, Minnesota
Balance Sheet
Governmental Funds
June 30, 2023

	General	Other Governmental Funds	Total
Assets			
Cash and temporary investments	\$ 1,394,037	\$ 31,442	\$ 1,425,479
Accounts receivable	287	-	287
Due from the Minnesota Department of Education	717,855	-	717,855
Due from the Federal Government	245,001	-	245,001
Prepaid items	25,742	-	25,742
	<u>2,382,922</u>	<u>31,442</u>	<u>2,414,364</u>
Total Assets	<u>\$ 2,382,922</u>	<u>\$ 31,442</u>	<u>\$ 2,414,364</u>
Liabilities			
Accounts and other payables	\$ 161,734	\$ 152	\$ 161,886
Accrued salaries payable	506,709	20,157	526,866
Deferred revenue	50	-	50
Total Liabilities	<u>668,493</u>	<u>20,309</u>	<u>688,802</u>
Fund Balances			
Nonspendable prepaid items	25,742	-	25,742
Restricted for			
Community service	-	11,133	11,133
Unassigned	1,688,687	-	1,688,687
Total Fund Balances	<u>1,714,429</u>	<u>11,133</u>	<u>1,725,562</u>
	<u>2,382,922</u>	<u>31,442</u>	<u>2,414,364</u>
Total Liabilities and Fund Balances	<u>\$ 2,382,922</u>	<u>\$ 31,442</u>	<u>\$ 2,414,364</u>

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

Crosslake Community Schools
 Crosslake, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 June 30, 2023

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

Total Fund Balances - Governmental Funds	\$ 1,725,562
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	7,466,115
Less accumulated depreciation/amortization	(813,047)
<p>Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year end consist of</p>	
Lease payable	(6,513,853)
Net pension liability	(3,229,072)
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Deferred outflows of pension resources	1,119,613
Deferred inflows of pension resources	(394,463)
	(639,145)
Total Net Position - Governmental Activities	\$ (639,145)

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

Crosslake Community Schools
Crosslake, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Other Governmental Funds	Total
Revenues			
Other local revenue	\$ 290,506	\$ 105,957	\$ 396,463
Interest earned on investments	575	-	575
Revenue from state sources	5,371,643	6,165	5,377,808
Revenue from federal sources	278,390	63,664	342,054
Sales and other conversion of assets	(669)	34,614	33,945
Total Revenues	<u>5,940,445</u>	<u>210,400</u>	<u>6,150,845</u>
Expenditures			
Current			
Administration	86,774	-	86,774
District support services	536,064	-	536,064
Elementary and secondary regular instruction	2,643,765	-	2,643,765
Special education instruction	818,371	-	818,371
Instructional support services	217,824	-	217,824
Pupil support services	330,511	-	330,511
Food service	-	130,550	130,550
Community service	-	96,919	96,919
Sites and buildings	517,521	-	517,521
Fiscal and other fixed cost programs	21,177	-	21,177
Capital outlay			
District support services	7,073	-	7,073
Debt service			
Principal	202,191	-	202,191
Interest	137,754	-	137,754
Total Expenditures	<u>5,519,025</u>	<u>227,469</u>	<u>5,746,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>421,420</u>	<u>(17,069)</u>	<u>404,351</u>
Other Financing Sources (Uses)			
Transfers in	-	9,195	9,195
Transfers out	(9,195)	-	(9,195)
Total Other Financing Sources (Uses)	<u>(9,195)</u>	<u>9,195</u>	<u>-</u>
Net Change in Fund Balance	412,225	(7,874)	404,351
Fund Balance, July 1	<u>1,302,204</u>	<u>19,007</u>	<u>1,321,211</u>
Fund Balance, June 30	<u>\$ 1,714,429</u>	<u>\$ 11,133</u>	<u>\$ 1,725,562</u>

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

Crosslake Community Schools
 Crosslake, Minnesota
 Reconciliation of the Statement of
 Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 Governmental Funds
 For the Year Ended June 30, 2023

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

Net Change in Fund Balances - Governmental Funds	\$ 404,351
<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>	
Depreciation/amortization expense	(324,317)
<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>	
Retirement of lease payable	202,191
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(4,213)
Pension revenue	30,042
	30,042
Change in Net Position - Governmental Activities	\$ 308,054

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

Crosslake Community Schools
Crosslake, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Other local and county revenue	\$ 7,132	\$ 23,129	\$ 290,506	\$ 267,377
Interest earned on investments	500	550	575	25
Revenue from state sources	5,214,927	5,682,795	5,371,643	(311,152)
Revenue from federal sources	163,141	298,044	278,390	(19,654)
Sales and other conversion of assets	-	-	(669)	(669)
Total Revenues	<u>5,385,700</u>	<u>6,004,518</u>	<u>5,940,445</u>	<u>(64,073)</u>
Expenditures				
Current				
Administration	98,896	114,316	86,774	27,542
District support services	462,755	582,021	536,064	45,957
Elementary and secondary regular instruction	2,590,649	2,428,403	2,643,765	(215,362)
Special education instruction	772,603	836,193	818,371	17,822
Instructional support services	190,724	207,654	217,824	(10,170)
Pupil support services	348,897	461,343	330,511	130,832
Sites and buildings	521,541	524,204	517,521	6,683
Fiscal and other fixed cost programs	25,000	25,000	21,177	3,823
Capital outlay				
District support services	-	9,000	7,073	1,927
Debt service				
Principal	202,191	202,191	202,191	-
Interest	137,754	137,754	137,754	-
Total Expenditures	<u>5,351,010</u>	<u>5,528,079</u>	<u>5,519,025</u>	<u>9,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	34,690	476,439	421,420	(55,019)
Other Financing Sources (Uses)				
Transfers out	<u>(34,690)</u>	<u>(30,481)</u>	<u>(9,195)</u>	<u>21,286</u>
Net Change in Fund Balances				
	-	445,958	412,225	(33,733)
Fund Balances, July 1				
	<u>1,302,204</u>	<u>1,302,204</u>	<u>1,302,204</u>	<u>-</u>
Fund Balances, June 30				
	<u>\$ 1,302,204</u>	<u>\$ 1,748,162</u>	<u>\$ 1,714,429</u>	<u>\$ (33,733)</u>

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Crosslake Community Schools (the Charter School), Crosslake, Minnesota is a charter school established in accordance with Minnesota Statutes § 124D.10. The Charter School's financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which it is considered to be financially accountable.

Component units are legally separate entities for which the Charter School (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the Charter School.

The Charter School is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school "authorizer." The authorizer monitors and evaluates the Charter School's performance, and periodically determines whether to renew the Charter School's charter. The Charter School's authorizer is Osprey Wilds Environmental Learning Center (the Center), a nonprofit organization. Aside from its responsibilities as authorizer, the Center has no authority or control over the Charter School, and is not financially accountable for it. Therefore, the Charter School is not considered a component unit of the Center.

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. Amounts reported as *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 included among program revenues are reported instead as *general revenues*.

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

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

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Description of Funds

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

Major Governmental Funds

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

Nonmajor Governmental Funds

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. The Food Service fund receives revenue from state and federal sources as well as the receipts from the Charter School's nutrition program.

The *Community Service special revenue fund* is used to account for before school care programming. Primary sources of revenue are from charges to families for participation in those care programs.

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

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

The Charter School does not have a formal investment policy.

Accounts Receivable/Due from Other Governments

Accounts receivable and due from other governments include amounts billed for services provided before year end as well as amounts for expenditures that have been incurred before year end that will be reimbursed with State and Federal funding. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded. Accounts receivable also includes any amounts remitted for deposits which will be returned to the Charter School.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Prepaid Items

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

Capital Assets

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the Charter School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 5 to 15 years for furniture and equipment and leasehold improvements. Construction in progress is not depreciated.

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 statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

Teachers Retirement Association (TRA)

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

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

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

	GERP	TRA	Total Pension Expense
Charter School's proportionate share	\$ 137,570	\$ 96,386	\$ 233,956
Proportionate share of State's contribution	2,359	27,683	30,042
Total pension expense	139,929	124,069	263,998

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 of the government-wide statements and results from actuarial calculations.

Fund Balance

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

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

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board of Directors, 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 Directors modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Directors itself or by an official to which the governing body delegates the authority. The Board of Directors has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to Executive Director.

Unassigned - The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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 will strive to budget towards and maintain a minimum unassigned general fund balance of 23 percent of the annual budget.

Net Position

In the government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is displayed in three components:

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

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

Note 2: Stewardship, Compliance and Accountability

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, Food Service fund and Community Service fund. The General fund budget was amended during the current fiscal year, increasing revenues by \$618,818 and increasing expenditures by \$177,069. The Food Service fund budget was amended during the current fiscal year, decreasing revenues by \$15,697 and increasing expenditures by \$8,039. The Community Service fund budget was amended during the current fiscal year, increasing revenues by \$52,505 and increasing expenditures by \$13,862.

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

1. Prior to July 1, the Finance Committee submits to the Charter School Board a proposed operating budget for the fiscal year commencing July 1.
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.

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

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 Over Appropriations
Nonmajor Fund			
Food Service	\$ 124,996	\$ 130,550	\$ 5,554

The excess expenditures for the Food Service fund were funded by an operating transfer in from the General fund.

Note 3: Detailed Notes on All Funds

A. Deposits

The Charter School maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the statement of net position and the balance sheet as “Cash and Investments.” In accordance with Minnesota Statutes, the Charter School maintains deposits at financial institutions which are authorized by the Charter School Board.

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

At year end, the Charter School's carrying amount of deposits was \$1,425,479 and the bank balance was \$1,449,268. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the Charter School's agent in the Charter School's name.

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				
Leased Building (Intangible Right to Use Asset)	\$ 7,161,960	\$ -	\$ -	\$ 7,161,960
Equipment	304,155	-	-	304,155
Total Capital Assets Being Depreciated/Amortized	7,466,115	-	-	7,466,115
Less Accumulated Depreciation/Amortization				
Leased Building (Intangible Right to Use Asset)	(275,460)	(275,460)	-	(550,920)
Equipment	(213,270)	(48,857)	-	(262,127)
Total Accumulated Depreciation/Amortization	(488,730)	(324,317)	-	(813,047)
Governmental Activities Capital Assets, Net	\$ 6,977,385	\$ (324,317)	\$ -	\$ 6,653,068

Depreciation/amortization expense was charged to functions/programs of the Charter School as follows:

Governmental Activities	
Elementary and secondary regular instruction	\$ 31,724
Sites and buildings	292,593
Total Depreciation and Amortization Expense - Governmental Activities	\$ 324,317

C. Interfund Transfers

During the fiscal year 2023, the Charter School transferred \$9,195 from the General fund into the Food Service fund to cover the Food Service fund's deficit fund balance.

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Liabilities

Lease Payable

Lease agreements are summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Lake Foundation Building	\$ 7,161,960	2.26 %	07/01/17	30 years	\$ 37,160 Monthly	<u>\$ 6,513,853</u>

The Lakes Foundation building was leased for use as a public charter school and related administrative and extracurricular purposes. The lease term is for thirty years, ending June 30, 2047. There are ten renewal options of five years each. The interest rate on the lease is variable based on the discount interest rate as of July 1 each fiscal year during the term of the lease.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 206,808	\$ 145,080	\$ 351,888
2025	211,531	140,357	351,888
2026	216,361	135,527	351,888
2027	221,302	130,586	351,888
2028	226,356	125,532	351,888
2029 - 2033	1,211,715	547,725	1,759,440
2034 - 2038	1,356,530	402,910	1,759,440
2039 - 2043	1,518,653	240,787	1,759,440
2044 - 2047	1,344,597	62,956	1,407,553
Total	<u>\$ 6,513,853</u>	<u>\$ 1,931,460</u>	<u>\$ 8,445,313</u>

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	<u>\$ 6,716,044</u>	<u>\$ -</u>	<u>\$ (202,191)</u>	<u>\$ 6,513,853</u>	<u>\$ 206,808</u>

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

Note 4: Defined Benefit Pension Plans - Statewide

A. Teacher Retirement Association (TRA)

1. Plan Description

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

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

2. Benefits Provided

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

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

Tier I:	Step Rate Formula	Percentage
Basic	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

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

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

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. 3.0 percent per year early retirement reduction factors for all years under normal retirement age.
3. Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

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

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

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

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's contributions to TRA for the years ending June 30, 2023, 2022 and 2021 were \$209,960, \$173,187 and \$154,510, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

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

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	
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.

4. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation date	July 1, 2022
Measurement date	June 30, 2022
Experience study	June 5, 2019 (demographic and 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 2019 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.

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

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

5. Long-Term Rate of Return

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

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

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The Difference between Expected and Actual Experience, Changes of Assumptions, and Changes in Proportion use the amortization period of six years in the schedule presented. The amortization period for Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments” is five years as required by GASB 68.

Changes in actuarial assumptions since the 2021 valuation:

- None

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

7. Net Pension Liability

On June 30, 2023, the Charter School a reported a liability of \$2,690,510 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 0.0336 which was an increase from 0.0018 percent from its proportion measured as of June 30, 2021.

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

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

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	\$ 2,690,510
State's Proportionate Share of Net Pension Liability Associated with the Charter School	199,499

For the year ended June 30, 2023, the Charter School recognized pension expense of \$96,386. It also recognized \$27,683 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, the 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 Experience	\$ 34,377	\$ 19,997
Changes in Actuarial Assumptions	407,797	367,693
Net Difference Between Projected and Actual Earnings on Plan Investments	111,600	-
Changes in Proportion	143,814	-
Contributions to TRA Subsequent to the Measurement Date	209,960	-
Total	\$ 907,548	\$ 387,690

Deferred outflows of resources totaling \$209,960 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	\$ (260,962)
2025	88,324
2026	(13,944)
2027	296,568
2028	198,331
Thereafter	1,581

Crosslake Community Schools
 Crosslake, 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 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%)
\$ 4,241,443	\$ 2,690,510	\$ 1,419,229

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

9. Pension Plan Fiduciary Net Position

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

A. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees 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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

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

General Employee Plan Benefits

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

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

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 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 years ending June 30, 2023, 2022 and 2021 were \$49,828, \$38,159 and \$32,054, 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 \$538,562 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 \$15,790.

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

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

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 proportionate 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 0.0068 percent which was an increase of 0.0009 percent from its proportion measured as of June 30, 2021.

Charter School's Proportionate Share of the Net Pension Liability	\$ 538,562
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the School	<u>15,790</u>
Total	<u><u>\$ 554,352</u></u>

For the year ended June 30, 2023, the Charter School recognized pension expense of \$137,570 for its proportionate share of General Employees Plan's pension expense. In addition, the Charter School recognized an additional \$2,359 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Plan's.

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 pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 4,498	\$ 4,969
Changes in Actuarial Assumptions	106,241	1,804
Net Difference Between Projected and Actual Earnings on Plan Investments	32,889	-
Changes in Proportion	18,609	-
Contributions to PERA Subsequent to the Measurement Date	<u>49,828</u>	<u>-</u>
Total	<u><u>\$ 212,065</u></u>	<u><u>\$ 6,773</u></u>

The \$49,828 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	\$ 65,810
2025	49,034
2026	(8,085)
2027	48,705

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

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

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:

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

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 and benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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.

Crosslake Community Schools
 Crosslake, Minnesota
 Notes to the Financial Statements
 June 30, 2023

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

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 were 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.

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%)
\$ 850,687	\$ 538,562	\$ 282,572

9. Pension Plan Fiduciary Net Position

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

Note 5: Other Information

A. Risk Management

The Charter School is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Charter School carries commercial insurance. Settled claims have not exceeded this commercial coverage in fiscal year 2023.

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

B. Commitments and Contingencies

Federal and State Programs

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2023

Note 5: Other Information (Continued)

C. Economic Dependency

The Charter School has a significant amount of revenue (87.5 percent) coming from the State of Minnesota.

D. 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.

REQUIRED SUPPLEMENTARY INFORMATION

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Crosslake Community Schools
 Crosslake, Minnesota
 Required Supplementary Information
 June 30, 2023

Schedule of Employer's Share of Teachers Retirement Association 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
6/30/2022	0.0336 %	\$ 2,690,510	\$ 199,499	\$ 2,890,009	\$ 2,076,583	129.6 %	76.2 %
6/30/2021	0.0318	1,391,663	117,433	1,509,096	1,900,492	73.2	86.6
6/30/2020	0.0280	2,068,678	-	2,068,678	1,627,854	127.1	75.5
6/30/2019	0.0230	1,466,025	-	1,466,025	1,300,882	112.7	78.2
6/30/2018	0.0217	1,362,877	-	1,362,877	1,202,200	113.4	78.1
6/30/2017	0.0167	3,333,623	-	3,333,623	898,613	371.0	51.6
6/30/2016	0.0132	3,148,515	-	3,148,515	688,760	457.1	44.9
6/30/2015	0.0116	717,575	-	717,575	589,267	121.8	76.8
6/30/2014	0.0115	529,912	-	529,912	261,187	202.9	81.1

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

Schedule of Employer's Teachers Retirement Association 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	\$ 209,960	\$ 209,960	\$ -	\$ 2,427,111	8.55 %
6/30/2022	173,187	173,187	-	2,076,583	8.34
6/30/2021	154,510	154,510	-	1,900,492	8.13
6/30/2020	128,926	128,926	-	1,627,854	7.92
6/30/2019	100,298	100,298	-	1,300,882	7.71
6/30/2018	90,165	90,165	-	1,202,200	7.50
6/30/2017	67,396	67,396	-	898,613	7.50
6/30/2016	51,657	51,657	-	688,760	7.50
6/30/2015	44,195	44,195	-	589,267	7.50

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

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Notes to the Required Supplementary Information - Teachers Retirement Association

Changes in Actuarial Assumptions

2022 – No changes noted.

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

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set

back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2018 - The investment return assumption was changed from 8.50% to 7.50%. The price inflation assumption was lowered from 3.00% to 2.50%. The payroll growth assumption was lowered from 3.50% to 3.00%. The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter. The total salary increase assumption was adjusted by the wage inflation change. The amortization date for the funding of the Unfunded Actuarial Accrued Liability (UAAL) was reset to June 30, 2048 (30 years). A mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

2017 - The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045. Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%

2016 - The assumed investment return was changed from 8.0 percent to 4.66 percent using the Single Equivalent Interest Rate calculation. The single discount rate was changed from 8.0 percent to 4.66 percent. The assumed future salary increases, payroll growth and inflation were changed by a 0.25 percent decrease for price inflation, a 0.50 percent increase for wage inflation and a 2.50 percent decrease in maximum salary increases based on years of service. Mortality assumptions were updated using the RP-2014 tables.

2015 - The assumed post-retirement benefit increase rate was changed from 2.0 percent per year through 2034 and 2.5 percent per year thereafter to 2.0 percent per year for all future years. The assumed investment return was changed from 8.25 percent to 8.0 percent. The single discount rate was changed from 8.25 percent to 8.0 percent.

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Notes to the Required Supplementary Information - Teachers Retirement Association (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% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% 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% if the funded ratio was at least 90% 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% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

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 System 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.

Crosslake Community Schools
 Crosslake, Minnesota
 Required Supplementary Information (Continued)
 June 30, 2023

Schedule of Employer's Share of Public Employees Retirement Association 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
6/30/2022	0.0068 %	\$ 538,562	\$ 15,790	\$ 554,352	\$ 508,792	105.9 %	76.7 %
6/30/2021	0.0059	251,956	7,719	259,675	427,387	59.0	87.0
6/30/2020	0.0056	335,746	10,402	346,148	399,987	83.9	79.0
6/30/2019	0.0044	243,266	7,666	250,932	314,267	77.4	80.2
6/30/2018	0.0040	221,904	7,224	229,128	268,573	82.6	79.5
6/30/2017	0.0047	300,045	3,780	303,825	303,053	99.0	75.9
6/30/2016	0.0038	308,541	4,082	312,623	222,160	138.9	68.9
6/30/2015	0.0030	155,476	-	155,476	173,173	89.8	78.2

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

Schedule of Employer's Public Employees Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered-Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
6/30/2023	\$ 49,828	\$ 49,828	\$ -	\$ 664,367	7.50 %
6/30/2022	38,159	38,159	-	508,792	7.50
6/30/2021	32,054	32,054	-	427,387	7.50
6/30/2020	29,999	29,999	-	399,987	7.50
6/30/2019	23,570	23,570	-	314,267	7.50
6/30/2018	20,143	20,143	-	268,573	7.50
6/30/2017	22,729	22,729	-	303,053	7.50
6/30/2016	16,662	16,662	-	222,160	7.50
6/30/2015	12,988	12,988	-	173,173	7.50

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

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Notes to the Required Supplementary Information - Public Employees Retirement Association

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.

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information (Continued)
June 30, 2023

Notes to the Required Supplementary Information - Public Employees Retirement Association (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.

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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COMBINING STATEMENTS, INDIVIDUAL FUND SCHEDULES AND TABLE

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Crosslake Community Schools
 Crosslake, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2023

	Special Revenue		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 9,487	\$ 21,955	\$ 31,442
Liabilities			
Accounts and other payables	\$ 152	\$ -	\$ 152
Accrued salaries payable	9,335	10,822	20,157
Total Liabilities	9,487	10,822	20,309
Fund Balances			
Restricted for community service	-	11,133	11,133
Total Liabilities and Fund Balances	\$ 9,487	\$ 21,955	\$ 31,442

Crosslake Community Schools
 Crosslake, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2023

	Special Revenue		Total
	Food Service	Community Service	
Revenues			
Other local and county revenue	\$ -	\$ 105,957	\$ 105,957
Revenue from state sources	6,165	-	6,165
Revenue from federal sources	63,664	-	63,664
Sales and other conversion of assets	34,614	-	34,614
Total Revenues	<u>104,443</u>	<u>105,957</u>	<u>210,400</u>
Expenditures			
Current			
Food service	130,550	-	130,550
Community service	-	96,919	96,919
Total Expenditures	<u>130,550</u>	<u>96,919</u>	<u>227,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,107)	9,038	(17,069)
Other Financing Sources (Uses)			
Transfers in	<u>9,195</u>	<u>-</u>	<u>9,195</u>
Net Change in Fund Balance	(16,912)	9,038	(7,874)
Fund Balance, July 1	<u>16,912</u>	<u>2,095</u>	<u>19,007</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 11,133</u>	<u>\$ 11,133</u>

Crosslake Community Schools
 Crosslake, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued on the Following Page)
 For the Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Revenues					
Other local revenue	\$ 7,132	\$ 23,129	\$ 290,506	\$ 267,377	\$ 91,344
Interest earned on investments	500	550	575	25	569
Revenue from state sources	5,214,927	5,682,795	5,371,643	(311,152)	4,933,020
Revenue from federal sources	163,141	298,044	278,390	(19,654)	225,343
Sales and other conversion of assets	-	-	(669)	(669)	-
Total Revenues	<u>5,385,700</u>	<u>6,004,518</u>	<u>5,940,445</u>	<u>(64,073)</u>	<u>5,250,276</u>
Expenditures					
Current					
Administration					
Salaries	82,400	72,400	71,685	715	64,380
Fringe benefits	13,596	41,016	14,507	26,509	17,479
Purchased services	2,500	-	-	-	87
Supplies and materials	400	900	582	318	-
Total administration	<u>98,896</u>	<u>114,316</u>	<u>86,774</u>	<u>27,542</u>	<u>81,946</u>
District support services					
Salaries	161,310	236,120	199,180	36,940	152,006
Fringe benefits	63,445	93,678	74,881	18,797	54,828
Purchased services	152,000	164,998	171,389	(6,391)	113,728
Supplies and materials	52,500	47,225	51,444	(4,219)	73,655
Other	33,500	40,000	39,170	830	32,047
Total district support services	<u>462,755</u>	<u>582,021</u>	<u>536,064</u>	<u>45,957</u>	<u>426,264</u>
Elementary and secondary					
regular instruction					
Salaries	1,846,463	1,705,313	1,900,068	(194,755)	1,988,775
Fringe benefits	455,016	468,834	517,893	(49,059)	507,178
Purchased services	2,255	4,853	6,730	(1,877)	2,493
Supplies and materials	286,915	249,403	219,074	30,329	173,516
Total elementary and secondary regular instruction	<u>2,590,649</u>	<u>2,428,403</u>	<u>2,643,765</u>	<u>(215,362)</u>	<u>2,671,962</u>
Special education instruction					
Salaries	563,594	597,517	573,640	23,877	516,194
Fringe benefits	117,953	140,870	133,971	6,899	98,606
Purchased services	70,950	80,700	105,737	(25,037)	88,613
Supplies and materials	20,106	17,106	5,023	12,083	2,687
Total special education instruction	<u>772,603</u>	<u>836,193</u>	<u>818,371</u>	<u>17,822</u>	<u>706,100</u>

Crosslake Community Schools
 Crosslake, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ 115,937	\$ 97,623	\$ 125,319	\$ (27,696)	\$ 94,089
Fringe benefits	20,987	17,040	24,672	(7,632)	14,315
Purchased services	51,800	90,991	67,256	23,735	22,761
Supplies and materials	2,000	2,000	577	1,423	5,617
Total instructional support services	<u>190,724</u>	<u>207,654</u>	<u>217,824</u>	<u>(10,170)</u>	<u>136,782</u>
Pupil support services					
Salaries	78,342	159,781	54,206	105,575	83,223
Fringe benefits	12,483	28,346	11,298	17,048	12,650
Purchased services	253,072	255,172	250,228	4,944	249,907
Supplies and materials	5,000	18,044	14,779	3,265	4,550
Total pupil support services	<u>348,897</u>	<u>461,343</u>	<u>330,511</u>	<u>130,832</u>	<u>350,330</u>
Sites and buildings					
Salaries	51,285	46,118	45,403	715	40,951
Fringe benefits	7,921	6,458	7,474	(1,016)	6,223
Purchased services	427,835	443,155	442,951	204	77,420
Supplies and materials	34,500	28,473	21,693	6,780	18,555
Total sites and buildings	<u>521,541</u>	<u>524,204</u>	<u>517,521</u>	<u>6,683</u>	<u>143,149</u>
Fiscal and other fixed cost programs					
Purchased services	25,000	25,000	21,177	3,823	14,980
Total current	<u>5,011,065</u>	<u>5,179,134</u>	<u>5,172,007</u>	<u>7,127</u>	<u>4,531,513</u>
Capital outlay					
District support services	-	9,000	7,073	1,927	8,565
Debt service					
Principal	202,191	202,191	202,191	-	445,916
Interest	137,754	137,754	137,754	-	143,832
Total debt service	<u>339,945</u>	<u>339,945</u>	<u>339,945</u>	<u>-</u>	<u>589,748</u>
Total Expenditures	<u>5,351,010</u>	<u>5,528,079</u>	<u>5,519,025</u>	<u>9,054</u>	<u>5,129,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,690	476,439	421,420	(55,019)	120,450
Other Financing Sources (Uses)					
Transfers out	<u>(34,690)</u>	<u>(30,481)</u>	<u>(9,195)</u>	<u>21,286</u>	<u>(43,097)</u>
Net Change in Fund Balances	-	445,958	412,225	(33,733)	77,353
Fund Balances, July 1	<u>1,302,204</u>	<u>1,302,204</u>	<u>1,302,204</u>	<u>-</u>	<u>1,224,851</u>
Fund Balances, June 30	<u>\$ 1,302,204</u>	<u>\$ 1,748,162</u>	<u>\$ 1,714,429</u>	<u>\$ (33,733)</u>	<u>\$ 1,302,204</u>

Crosslake Community Schools
 Crosslake, Minnesota
 Food Service Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from state sources	\$ 2,169	\$ 6,000	\$ 6,165	\$ 165
Revenue from federal sources	101,272	61,015	63,664	2,649
Sales and other conversion of assets	6,771	27,500	34,614	7,114
Total Revenues	<u>110,212</u>	<u>94,515</u>	<u>104,443</u>	<u>9,928</u>
Expenditures				
Current				
Food service	<u>116,957</u>	<u>124,996</u>	<u>130,550</u>	<u>(5,554)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,745)	(30,481)	(26,107)	4,374
Other Financing Sources (Uses)				
Transfers in	<u>6,745</u>	<u>30,481</u>	<u>9,195</u>	<u>(21,286)</u>
Net Change in Fund Balances	-	-	(16,912)	(16,912)
Fund Balances, July 1	<u>16,912</u>	<u>16,912</u>	<u>16,912</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 16,912</u>	<u>\$ 16,912</u>	<u>\$ -</u>	<u>\$ (16,912)</u>

Crosslake Community Schools
 Crosslake, Minnesota
 Community Service Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Other local revenue	\$ 64,420	\$ 116,925	\$ 105,957	\$ (10,968)
Expenditures				
Current				
Community service	92,365	106,227	96,919	9,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,945)	10,698	9,038	(1,660)
Other Financing Sources (Uses)				
Transfers in	27,945	-	-	-
Net Change in Fund Balances	-	10,698	9,038	(1,660)
Fund Balances, July 1	2,095	2,095	2,095	-
Fund Balances, June 30	<u>\$ 2,095</u>	<u>\$ 12,793</u>	<u>\$ 11,133</u>	<u>\$ (1,660)</u>



Fiscal Compliance Report - 6/30/2023
District: CROSSLAKE COMMUNITY CHAR (4059-7)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$5,940,445	<u>\$5,940,439</u>	<u>\$6</u>
Total Expenditures	\$5,519,025	<u>\$5,519,022</u>	<u>\$3</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$25,742	<u>\$25,742</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Funded by COP/FP	\$0	<u>\$0</u>	<u>\$0</u>
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe Schools Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$1,688,687	<u>\$1,688,688</u>	<u>(\$1)</u>

02 FOOD SERVICES			
Total Revenue	\$104,443	<u>\$104,442</u>	<u>\$1</u>
Total Expenditures	\$130,550	<u>\$130,551</u>	<u>(\$1)</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

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

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

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

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

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

25 OPEB REVOCABLE TRUST			
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>

Minnesota Department of Education

<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

04 COMMUNITY SERVICE

Total Revenue	\$105,957	<u>\$105,959</u>	<u>(\$2)</u>
Total Expenditures	\$96,919	<u>\$96,920</u>	<u>(\$1)</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$0	<u>\$0</u>	<u>\$0</u>
4.32 E.C.F.E	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$0	<u>\$0</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$11,133	<u>\$11,134</u>	<u>(\$1)</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
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45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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

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OTHER REQUIRED REPORTS
CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Members of the Board of Directors
Crosslake Community Schools,
Crosslake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Crosslake Community Schools, (the Charter School), Crosslake, Minnesota as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

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

This report is intended solely for the information and use of those charged with governance and management of the Charter School and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
November 17, 2023

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

Members of the Board of Directors
Crosslake Community Schools,
Crosslake, 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 governmental activities, the major fund and the aggregate remaining fund information of the Crosslake Community Schools, (the Charter School), Crosslake, 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 17, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we identified no deficiencies in internal controls.

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 17, 2023

