

ANNUAL FINANCIAL REPORT

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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Crosslake Community Schools
Crosslake, Minnesota
Annual Financial Report
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For the Year Ended June 30, 2024

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INTRODUCTORY SECTION

CROSSLAKE COMMUNITY SCHOOLS
CHARTER SCHOOL NO. 4210
CROSSLAKE, MINNESOTA

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FOR THE YEAR ENDED
JUNE 30, 2024

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Crosslake Community Schools
Crosslake, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2024

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Josef Garcia	Chair
Colin Williams	Vice-chair
Clare Thompson	Secretary
Mindy Glazier	Treasurer
Emily Stull Richardson	Member
Belinda Yurick	Member
Mike Neumann	Member
Jared Griffin	Member

ADMINISTRATION

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

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FINANCIAL SECTION
CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

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FOR THE YEAR ENDED
JUNE 30, 2024

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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, 2024, 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, 2024 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 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The combining fund financial statements, individual fund schedules, table and schedule of expenditures of federal awards 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, table and schedule of expenditures of federal awards 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 NEED DATE 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.

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Minneapolis, Minnesota
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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, 2024.

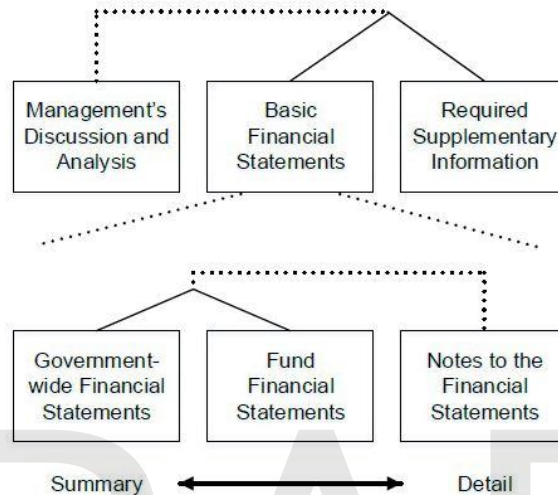
Financial Highlights

- 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 change in the net pension liability.
- 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, as well as General Fund revenues exceeding expenditures.
- At the end of the current fiscal year, total fund balance for the General fund, as shown in the financial analysis of the Charter School's funds section, increased from the prior year.
- Total General Fund revenues were \$7,648,206 as compared to \$6,882,695 of expenditures.
- Total fund balance of the General Fund increased by \$748,187. \$303,851 of this amount is made up of one-time Employee Retention Credit funds.

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.

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, food service, community service, 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 an aggregate 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 37 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 58 of this report.

Other Information. The combining and individual fund financial statements and schedules for the General fund, Food Service fund and Community Service fund starts on page 66.

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		
	2024	2023	Increase (Decrease)
Assets			
Current and other assets	\$ 3,412,768	\$ 2,414,364	\$ 998,404
Capital assets, net of depreciation/amortization	6,373,388	6,653,068	(279,680)
Total Assets	9,786,156	9,067,432	718,724
Deferred Outflows of Resources			
Deferred pension resources	823,762	1,119,613	(295,851)
Liabilities			
Current and other liabilities	950,152	688,802	261,350
Noncurrent liabilities	9,955,410	9,742,925	212,485
Total Liabilities	10,905,562	10,431,727	473,835
Deferred Inflows of Resources			
Deferred pension resources	178,836	394,463	(215,627)
Net Position			
Net investment in capital assets	66,343	139,215	(72,872)
Restricted for			
Library aid	20,000	-	20,000
Community service	-	11,133	(11,133)
Unrestricted	(560,823)	(789,493)	228,670
Total Net Position	\$ (474,480)	\$ (639,145)	\$ 164,665
Net Position as a Percent of Total			
Net investment in capital assets	14.0 %	21.8 %	
Restricted	4.2	1.7	
Unrestricted	(118.2)	(123.5)	
Total	(100.0) %	(100.0) %	

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 increase are shown in the table below.

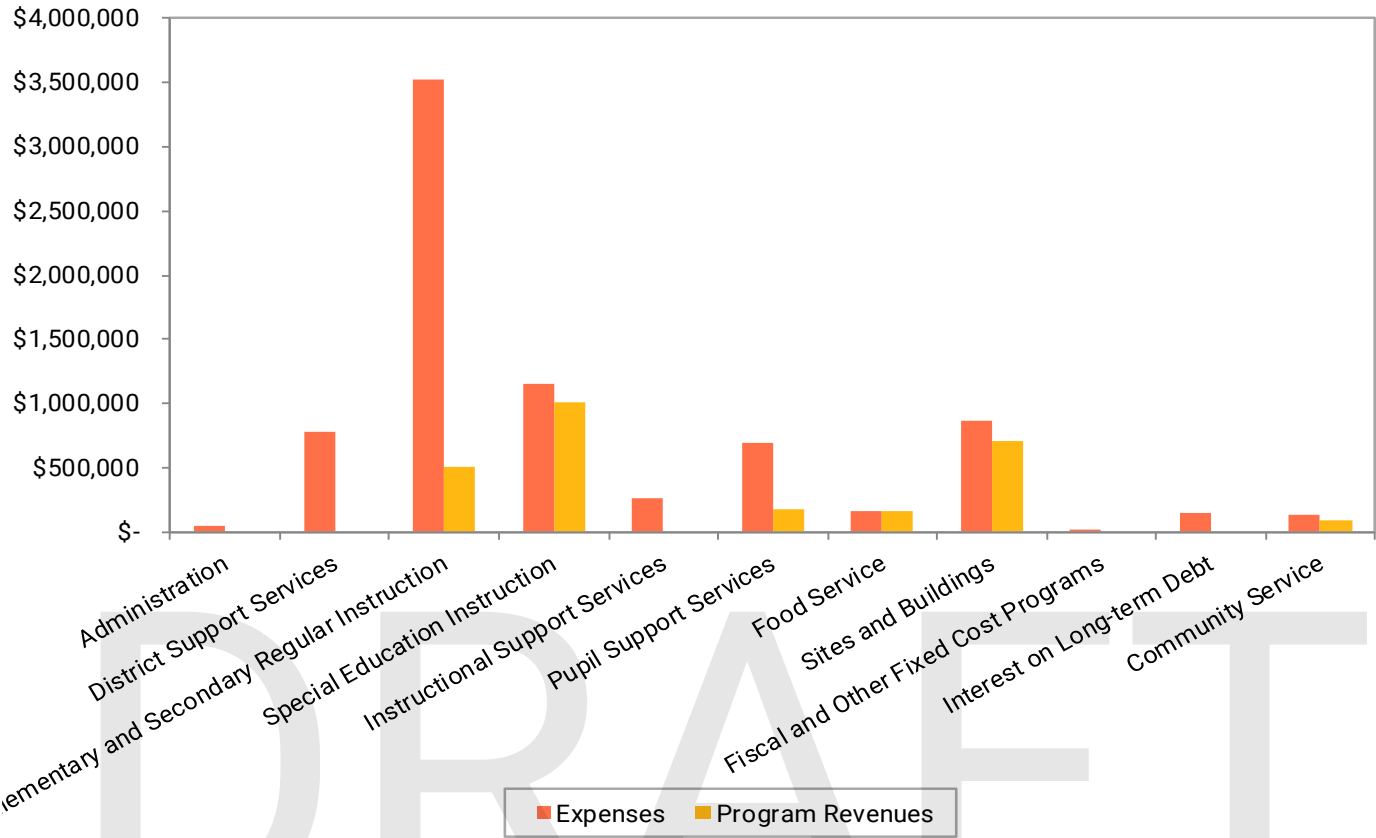
Crosslake Community Schools Changes in Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 94,296	\$ 141,496	\$ (47,200)
Operating grants and contributions	2,552,800	1,768,854	783,946
General revenues			
State aid-formula grants	4,891,374	3,950,083	941,291
Other general revenues	365,298	319,879	45,419
Unrestricted investment earnings	38,325	575	37,750
Total Revenues	<u>7,942,093</u>	<u>6,180,887</u>	<u>1,761,206</u>
Expenses			
Administration	45,541	83,155	(37,614)
District support services	776,427	564,708	211,719
Elementary and secondary regular instruction	3,523,703	2,642,415	881,288
Special education instruction	1,157,633	815,480	342,153
Instructional support services	257,448	210,252	47,196
Pupil support services	686,105	351,445	334,660
Food service	166,524	130,550	35,974
Sites and buildings	859,138	816,150	42,988
Fiscal and other fixed cost programs	21,837	21,177	660
Interest on long-term debt	145,080	137,754	7,326
Community service	137,992	99,747	38,245
Total Expenses	<u>7,777,428</u>	<u>5,872,833</u>	<u>1,859,024</u>
Change in Net Position	164,665	308,054	(143,389)
Net Position, July 1	<u>(639,145)</u>	<u>(947,199)</u>	<u>308,054</u>
Net Position, June 30	<u>\$ (474,480)</u>	<u>\$ (639,145)</u>	<u>\$ 164,665</u>

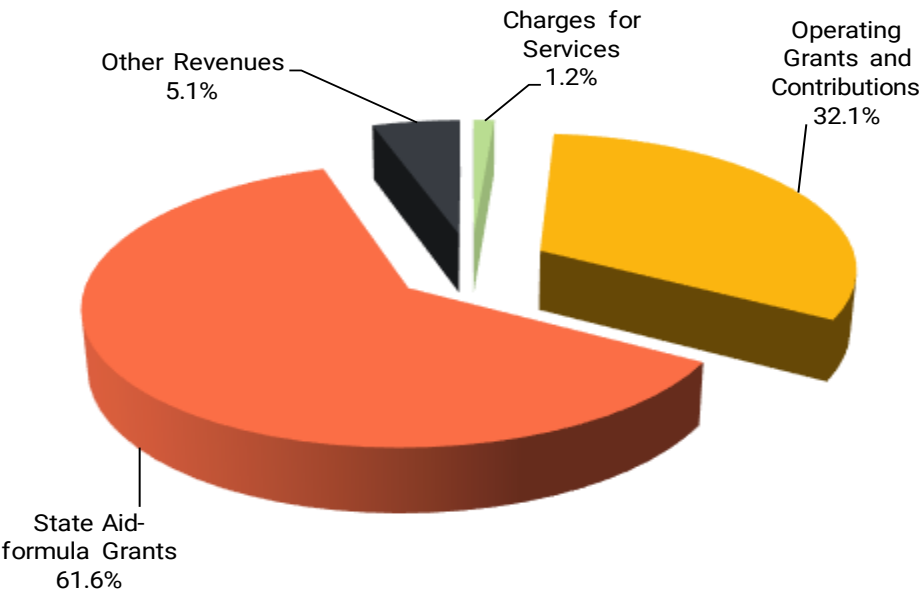
- Revenues increased \$1,761,206 as a result of one-time Employee Retention Credit funds, an increase in state-aid formula grants and operating grants and contributions due to the growth of the Charter School and spending of final ESSER grant dollars.
- Expenses increased \$1,855,299 mainly due to an increase in elementary and secondary regular instruction expenditures due to higher student counts and increased personnel costs as approved in the school budget.

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, 2024.

		Nonmajor				
	General	Food Service	Community Service	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances						
Nonspendable	\$ 70,777	\$ -	\$ -	\$ 70,777	\$ 25,742	\$ 45,035
Restricted for						
Library aid	20,000	-	-	20,000	-	20,000
Medical assistance						
Food service	-	-	-	-	-	-
Community service	-	-	-	-	11,133	(11,133)
Unassigned	2,371,839	-	-	2,371,839	1,688,687	683,152
Total	<u>\$ 2,462,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,462,616</u>	<u>\$ 1,725,562</u>	<u>\$ 737,054</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 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 total revenues being more than budgeted.

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.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 6,546,476	\$ 1,004,012	\$ 7,550,488	\$ 7,648,206	\$ 97,718
Expenditures	<u>6,425,574</u>	<u>576,103</u>	<u>7,001,677</u>	<u>6,882,695</u>	<u>118,982</u>
Excess of Revenues Over Expenditures	120,902	427,909	548,811	765,511	216,700
Other Financing Sources (Uses)					
Transfers out	<u>-</u>	<u>(23,684)</u>	<u>(23,684)</u>	<u>(17,324)</u>	<u>6,360</u>
Net Change in Fund Balances	120,902	404,225	525,127	748,187	223,060
Fund Balances, July 1	<u>1,714,429</u>	<u>-</u>	<u>1,714,429</u>	<u>1,714,429</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,835,331</u>	<u>\$ 404,225</u>	<u>\$ 2,239,556</u>	<u>\$ 2,462,616</u>	<u>\$ 223,060</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 and special education instruction. Actual revenues were over 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, 2024, 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, 2024.

	Governmental Activities		
	2024	2023	Increase (Decrease)
Leased Building (Intangible Right to Use Asset)	\$ 6,335,580	\$ 6,611,040	\$ (275,460)
Equipment	<u>37,808</u>	<u>42,028</u>	<u>(4,220)</u>
Total	<u>\$ 6,373,388</u>	<u>\$ 6,653,068</u>	<u>\$ (279,680)</u>
Percent Change			-4.2%

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		
	2024	2023	Increase (Decrease)
Lease Payable	\$ 6,307,045	\$ 6,513,853	\$ (206,808)
Percent Change			-3.2%

Total noncurrent liabilities decreased during the year mainly due to regularly scheduled lease principal repayments.

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

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FOR THE YEAR ENDED
JUNE 30, 2024

Crosslake Community Schools
Crosslake, Minnesota
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,690,297
Accounts receivable	1,987
Due from the Minnesota Department of Education	1,133,289
Due from the Federal Government	516,418
Prepaid items	70,777
Capital assets	
Depreciable assets, net of accumulated depreciation/amortization	6,373,388
Total Assets	9,786,156
Deferred Outflows of Resources	
Deferred pension resources	823,762
Liabilities	
Accounts and other payables	229,829
Accrued salaries payable	720,173
Unearned revenue	150
Noncurrent liabilities	
Due within one year	
Long-term liabilities	211,531
Due in more than one year	
Long-term liabilities	6,095,514
Net pension liability	3,648,365
Total Liabilities	10,905,562
Deferred Inflows of Resources	
Deferred pension resources	178,836
Net Position	
Net investment in capital assets	66,343
Restricted for library aid	20,000
Unrestricted	(560,823)
Total Net Position	\$ (474,480)

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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities					
Administration	\$ 45,541	\$ -	\$ -	\$ -	\$ (45,541)
District support services	776,427	-	-	-	(776,427)
Elementary and secondary					
regular instruction	3,523,703	-	507,212	-	(3,016,491)
Special education instruction	1,157,633	-	1,001,894	-	(155,739)
Instructional support services	257,448	-	-	-	(257,448)
Pupil support services	686,105	-	177,516	-	(508,589)
Food service	166,524	4,497	152,813	-	(9,214)
Community service	137,992	89,799	3,820	-	(44,373)
Sites and buildings	859,138	-	709,545	-	(149,593)
Fiscal and other fixed cost programs	21,837	-	-	-	(21,837)
Interest on long-term debt	145,080	-	-	-	(145,080)
Total Governmental Activities	<u>\$ 7,777,428</u>	<u>\$ 94,296</u>	<u>\$ 2,552,800</u>	<u>\$ -</u>	<u>(5,130,332)</u>
General Revenues					
State-aid formula grants					4,891,374
Other general revenues					365,298
Unrestricted investment earnings					38,325
Total General Revenues					<u>5,294,997</u>
Change in Net Position					164,665
Net Position, July 1					<u>(639,145)</u>
Net Position, June 30					<u>\$ (474,480)</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

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FOR THE YEAR ENDED
JUNE 30, 2024

Crosslake Community Schools
Crosslake, Minnesota
Balance Sheet
Governmental Funds
June 30, 2024

	General	Other Governmental Funds	Total
Assets			
Cash and temporary investments	\$ 1,690,297	\$ -	\$ 1,690,297
Accounts receivable	-	1,987	1,987
Due from the Minnesota Department of Education	1,133,289	-	1,133,289
Due from the Federal Government	508,105	8,313	516,418
Due from other funds	9,937	-	9,937
Prepaid items	70,777	-	70,777
	<u>70,777</u>	<u>-</u>	<u>70,777</u>
 Total Assets	 <u>\$ 3,412,405</u>	 <u>\$ 10,300</u>	 <u>\$ 3,422,705</u>
Liabilities			
Accounts and other payables	\$ 229,616	\$ 213	\$ 229,829
Accrued salaries payable	720,173	-	720,173
Due to other funds	-	9,937	9,937
Deferred revenue	-	150	150
Total Liabilities	<u>949,789</u>	<u>10,300</u>	<u>960,089</u>
Fund Balances			
Nonspendable prepaid items	70,777	-	70,777
Restricted for library aid	20,000	-	20,000
Unassigned	2,371,839	-	2,371,839
Total Fund Balances	<u>2,462,616</u>	<u>-</u>	<u>2,462,616</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,412,405</u>	 <u>\$ 10,300</u>	 <u>\$ 3,422,705</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, 2024

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

Total Fund Balances - Governmental Funds	\$ 2,462,616
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	7,471,965
Less accumulated depreciation/amortization	(1,098,577)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year end consist of	
Lease payable	(6,307,045)
Net pension liability	(3,648,365)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	823,762
Deferred inflows of pension resources	(178,836)
Total Net Position - Governmental Activities	<u><u>\$ (474,480)</u></u>

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, 2024

	General	Other Governmental Funds	Total
Revenues			
Revenue from local sources	\$ 322,340	\$ 101,562	\$ 423,902
Interest earned on investments	38,325	-	38,325
Revenue from state sources	6,525,452	67,593	6,593,045
Revenue from federal sources	762,089	89,040	851,129
Sales and other conversion of assets	-	4,497	4,497
Total Revenues	<u>7,648,206</u>	<u>262,692</u>	<u>7,910,898</u>
Expenditures			
Current			
Administration	110,391	-	110,391
District support services	728,582	-	728,582
Elementary and secondary regular instruction	3,134,167	-	3,134,167
Special education instruction	1,051,739	-	1,051,739
Instructional support services	224,515	-	224,515
Pupil support services	664,903	-	664,903
Food service	-	166,524	166,524
Community service	-	124,625	124,625
Sites and buildings	547,110	-	547,110
Fiscal and other fixed cost programs	21,837	-	21,837
Capital outlay			
District support services	10,617	-	10,617
Elementary and secondary regular instruction	31,929	-	31,929
Sites and buildings	5,017	-	5,017
Debt service			
Principal	206,808	-	206,808
Interest	145,080	-	145,080
Total Expenditures	<u>6,882,695</u>	<u>291,149</u>	<u>7,173,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>765,511</u>	<u>(28,457)</u>	<u>737,054</u>
Other Financing Sources (Uses)			
Transfers in	-	17,324	17,324
Transfers out	(17,324)	-	(17,324)
Total Other Financing Sources (Uses)	<u>(17,324)</u>	<u>17,324</u>	<u>-</u>
Net Change in Fund Balance	748,187	(11,133)	737,054
Fund Balance, July 1	<u>1,714,429</u>	<u>11,133</u>	<u>1,725,562</u>
Fund Balance, June 30	<u>\$ 2,462,616</u>	<u>\$ -</u>	<u>\$ 2,462,616</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, 2024

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

Net Change in Fund Balances - Governmental Funds	\$ 737,054
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/amortization expense.	
Capital outlays	42,187
Depreciation/amortization expense	(321,867)
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.	
Retirement of lease payable	206,808
Long-term pension activity is not reported in governmental funds.	
Pension expense	(530,712)
Pension revenue	31,195
Change in Net Position - Governmental Activities	<u>\$ 164,665</u>

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other local and county revenue	\$ 20,690	\$ 326,305	\$ 322,340	\$ (3,965)
Interest earned on investments	500	500	38,325	37,825
Revenue from state sources	6,238,535	6,510,779	6,525,452	14,673
Revenue from federal sources	286,751	712,904	762,089	49,185
Total Revenues	<u>6,546,476</u>	<u>7,550,488</u>	<u>7,648,206</u>	<u>97,718</u>
Expenditures				
Current				
Administration	102,305	112,180	110,391	1,789
District support services	684,127	737,999	728,582	9,417
Elementary and secondary regular instruction	3,011,339	3,252,404	3,134,167	118,237
Special education instruction	945,959	1,114,608	1,051,739	62,869
Instructional support services	252,552	265,365	224,515	40,850
Pupil support services	495,466	526,213	664,903	(138,690)
Sites and buildings	547,938	593,705	547,110	46,595
Fiscal and other fixed cost programs	25,000	25,000	21,837	3,163
Capital outlay				
District support services	9,000	9,000	10,617	(1,617)
Elementary and secondary regular instruction	-	-	31,929	(31,929)
Sites and buildings	-	-	5,017	(5,017)
Debt service				
Principal	193,493	206,808	206,808	-
Interest	158,395	158,395	145,080	13,315
Total Expenditures	<u>6,425,574</u>	<u>7,001,677</u>	<u>6,882,695</u>	<u>118,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,902	548,811	765,511	216,700
Other Financing Sources (Uses)				
Transfers out	-	(23,684)	(17,324)	6,360
Net Change in Fund Balances	120,902	525,127	748,187	223,060
Fund Balances, July 1	<u>1,714,429</u>	<u>1,714,429</u>	<u>1,714,429</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,835,331</u>	<u>\$ 2,239,556</u>	<u>\$ 2,462,616</u>	<u>\$ 223,060</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, 2024

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, 2024

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, 2024

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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, grouped 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 assets 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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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 5.

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional information can be found in Note 5.

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	\$ 204,580	\$ 607,433	\$ 812,013
Proportionate share of State's contribution	58	31,137	31,195
Total pension expense	<u>\$ 204,638</u>	<u>\$ 638,570</u>	<u>\$ 843,208</u>

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 assets 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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board of 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 the Business Manager.

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

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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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 \$1,004,012 and increasing expenditures by \$576,103. The Food Service fund budget was amended during the current fiscal year, decreasing revenues by \$18,124 and increasing expenditures by \$5,561. The Community Service fund budget was amended during the current fiscal year, decreasing revenues by \$6,401 and decreasing expenditures by \$6,401.

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.

B. Excess of Actual Expenditures over Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following fund:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Over Appropriations</u>
Nonmajor Fund			
Food Service	\$ 157,908	\$ 166,524	\$ 8,616
Community Service	112,510	124,625	12,115

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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.

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 \$1,690,297 and the bank balance was \$1,692,122. The bank balance was partially covered by federal depository insurance and the remaining balance was covered by collateral held by the Charter School's agent in the Charter School's name.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2024 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	42,187	(36,337)	310,005
	<u>7,466,115</u>	<u>42,187</u>	<u>(36,337)</u>	<u>7,471,965</u>
Total Capital Assets				
Being Depreciated/Amortized	<u>7,466,115</u>	<u>42,187</u>	<u>(36,337)</u>	<u>7,471,965</u>
Less Accumulated Depreciation/Amortization				
Leased Building (Intangible Right to Use Asset)	(550,920)	(275,460)	-	(826,380)
Equipment	(262,127)	(46,407)	36,337	(272,197)
Total Accumulated Depreciation/Amortization	<u>(813,047)</u>	<u>(321,867)</u>	<u>36,337</u>	<u>(1,098,577)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 6,653,068</u>	<u>\$ (279,680)</u>	<u>\$ -</u>	<u>\$ 6,373,388</u>

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

Governmental Activities	
District support services	\$ 611
Elementary and secondary regular instruction	18,813
Sites and buildings	<u>302,443</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 321,867</u>

C. Interfund Transfers

During the fiscal year 2024, the Charter School transferred \$9,214 from the General fund into the Food Service fund and \$8,110 from the General fund into the Community Service fund to cover the deficit fund balances.

D. Due to Other Funds

Receivable	Payable	Totals
General	Food Service	\$ 4,414
General	Community Service	<u>5,523</u>
Total		<u>\$ 9,937</u>

The General fund has interfund loans balances to the Food Service fund and Community Service fund to cover the cash deficits at year end.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

E. 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>\$ 6,307,045</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
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	231,525	120,363	351,888
2030 - 2034	1,239,385	520,055	1,759,440
2035 - 2039	1,387,507	371,933	1,759,440
2040 - 2044	1,553,334	206,108	1,759,442
2045 - 2048	1,019,744	35,920	1,055,664
Total	<u>\$ 6,307,045</u>	<u>\$ 1,786,381</u>	<u>\$ 8,093,426</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Lease Payable	<u>\$ 6,513,853</u>	<u>\$ -</u>	<u>\$ (206,808)</u>	<u>\$ 6,307,045</u>	<u>\$ 211,531</u>

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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 members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (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 Defined Contribution Retirement Plan (DCR) administered by Minnesota State.

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 benefits 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

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or
2. Three percent per year early retirement reduction factor 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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

Tier II:

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% 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 benefit 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 Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

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

3. Contribution Rates

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2022, June 30, 2023, June 30, 2024 were:

Plan	Ending June 30, 2022		Ending June 30, 2023		Ending June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.34%	11.00%	12.55%	11.25%	12.75%
Coordinated	7.50%	8.34%	7.50%	8.55%	7.75%	8.75%

The Charter School's contributions to TRA for the year ending June 30, 2024, 2023, and 2022 were \$249,513, \$209,960, and \$173,187, respectively. The Charter School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer Contributions Reported in TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$508,764,000
Deduct Employer Contributions not Related to Future Contribution Efforts	(87,000)
Deduct TRA's contributions not included in allocation	<u>(643,000)</u>
 Total Employer Contributions	 508,034,000
Total Non-employer Contributions	<u>35,587,000</u>
 Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	 <u><u>\$543,621,000</u></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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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, 2023
Experience Study	June 30, 2023
	June 28, 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 3.5% to 9.25% thereafter
Cost of Living Adjustment	1% 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 six years and female rates set back seven years Generational projection uses the MP - 2015 scale.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</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.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

5. Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 2023 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).

6. Net Pension Liability

On June 30, 2024, The Charter School reported a liability of \$3,178,646 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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 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 0.0385% at the end of the measurement period and 0.0336% for the beginning of the year.

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

Charter School's Proportionate Share of Net Pension Liability	\$ 3,178,646
State's Proportionate Share of Net Pension Liability Associated with the Charter School	222,745
Total	<u>\$ 3,401,391</u>

For the year ended June 30, 2024, the Charter School recognized pension expense of \$607,433. It also recognized recognized \$31,137 as an increase to pension expense for the support provided by direct aid.

On June 30, 2024, 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 Economic Experience	\$ 24,498	\$ 42,253
Changes in Actuarial Assumptions	305,771	-
Net Difference Between Projected and Actual Investment Earnings	48,802	-
Changes in Proportion	63,741	-
Contributions Paid to PERA Subsequent to the Measurement Date	249,513	-
Total	<u>\$ 692,325</u>	<u>\$ 42,253</u>

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

Deferred outflows of resources totaling \$249,513 related to pensions resulting from the Charter School's 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, 2025. Deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

2025	\$ 55,234
2026	(47,034)
2027	263,473
2028	165,241
2029	(31,509)
Thereafter	(4,846)

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7%, 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%) or one percentage point higher (8%) than the current rate.

	Charter School's Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
Teachers Retirement Association	\$ 5,069,707	\$ 3,178,646	\$ 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.

8. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

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

2. Benefits Provided

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

General Employees 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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, 2024, 2023, and 2022 were \$62,983, \$49,828 and \$38,159, respectively. The Charter School's contributions were equal to the required contributions for each year as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2024, the Charter School reported a liability of \$469,719 for its proportionate share of the General Employees 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 \$12,901. The net pension liability was measured as of June 30, 2023, 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 share 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, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The Charter School's proportionate share was 0.0084 percent at the end of the measurement period and 0.0068 percent for the beginning of the period.

Charter School's Proportionate Share of Net Pension Liability	\$ 469,719
State's Proportionate Share of Net Pension Liability Associated with the Charter School	12,901
	<hr/>
Total	\$ 482,620
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Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

For the year ended June 30, 2024, the Charter School recognized pension expense of \$204,577 for its proportionate share of the General Employees Plan's pension expense. In addition, the Charter School recognized \$58 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2024, the Charter School reported its proportionate share of the 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	\$ 14,720	\$ 2,272
Changes in Actuarial Assumptions	53,734	128,746
Net Difference Between Projected and Actual Investment Earnings	-	5,565
Contributions Paid to PERA Subsequent to the Measurement Date	62,983	-
	<u>\$ 131,437</u>	<u>\$ 136,583</u>
Total		

The \$62,983 reported as deferred outflows of resources related to pensions resulting from the Charter School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (164)
2026	(57,283)
2027	(493)
2028	(10,189)

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	<u>100.0 %</u>	
Total		

6. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 7.0 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 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

7. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 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 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:

	Charter School's Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 830,970	\$ 469,719	\$ 172,576

9. Pension Plan Fiduciary Net Position

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

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Financial Statements
June 30, 2024

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 2024.

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.

C. Economic Dependency

The Charter School has a significant amount of revenue (83.3 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, 2024, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

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FOR THE YEAR ENDED
JUNE 30, 2024

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information
June 30, 2024

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	Charter School's Proportion of the Net Pension Liability	Charter School's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Charter School's Covered Payroll (c)	Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0385 %	\$ 3,178,646	\$ 222,745	\$ 3,401,391	\$ 2,455,670	129.4 %	76.4 %
06/30/22	0.0336	2,690,510	199,499	2,890,009	2,076,583	129.6	76.2
06/30/21	0.0318	1,391,663	117,433	1,509,096	1,900,492	73.2	86.6
06/30/20	0.0280	2,068,678	-	2,068,678	1,627,854	127.1	75.5
06/30/19	0.0230	1,466,025	-	1,466,025	1,300,882	112.7	78.2
06/30/18	0.0217	1,362,877	-	1,362,877	1,202,200	113.4	78.1
06/30/17	0.0167	3,333,623	-	3,333,623	898,613	371.0	51.6
06/30/16	0.0132	3,148,515	-	3,148,515	688,760	457.1	44.9
06/30/15	0.0116	717,575	-	717,575	589,267	121.8	76.8
06/30/14	0.0115	529,912	-	529,912	261,187	202.9	81.1

Schedule of Employer's TRA Contributions

Year Ending	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)
06/30/24	\$ 249,513	\$ 249,513	\$ -	\$ 2,851,582	8.75 %
06/30/23	209,960	209,960	-	2,455,670	8.55
06/30/22	173,187	173,187	-	2,076,583	8.34
06/30/21	154,510	154,510	-	1,900,492	8.13
06/30/20	128,926	128,926	-	1,627,854	7.92
06/30/19	100,298	100,298	-	1,300,882	7.71
06/30/18	90,165	90,165	-	1,202,200	7.50
06/30/17	67,396	67,396	-	898,613	7.50
06/30/16	51,657	51,657	-	688,760	7.50
06/30/15	44,195	44,195	-	589,267	7.50

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information
June 30, 2024

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2023 - The 2023 Tax Finance and Policy Bill, effective July 1, 2025 and The 2024 Omnibus Pensions and Retirement Bill contained a number of changes

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.
- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

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

2019 - No changes noted.

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

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

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

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

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

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information
June 30, 2024

Notes to the Required Supplementary Information – TRA (Continued)

Changes in Plan Provisions

2023 - No changes noted.

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.

2017 - No changes noted.

2016 - No changes noted.

2015 - On June 30, 2015, the Duluth Teachers Retirement Fund Association was merged into TRA. This also resulted in a state-provided contribution stream of \$14.377 million until the 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
June 30, 2024

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	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 Schools's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0084 %	\$ 469,719	\$ 12,901	\$ 482,620	\$ 664,373	70.7	83.1 %
06/30/22	0.0068	538,562	15,790	554,352	508,792	105.9	76.7
06/30/21	0.0059	251,956	7,719	259,675	427,387	59.0	87.0
06/30/20	0.0056	335,746	10,402	346,148	399,987	83.9	79.0
06/30/19	0.0044	243,266	7,666	250,932	314,267	77.4	80.2
06/30/18	0.0040	221,904	7,224	229,128	268,573	82.6	79.5
06/30/17	0.0047	300,045	3,780	303,825	303,053	99.0	75.9
06/30/16	0.0038	308,541	4,082	312,623	222,160	138.9	68.9
06/30/15	0.0030	155,476	-	155,476	173,173	89.8	78.2
06/30/14	0.0030	140,925	-	140,925	31,173	452.1	78.7

Schedule of Employer's PERA Contributions

Year Ending	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)
06/30/24	\$ 62,983	\$ 62,983	\$ -	\$ 839,775	7.50 %
06/30/23	49,828	49,828	-	664,373	7.50
06/30/22	38,159	38,159	-	508,792	7.50
06/30/21	32,054	32,054	-	427,387	7.50
06/30/20	29,999	29,999	-	399,987	7.50
06/30/19	23,570	23,570	-	314,267	7.50
06/30/18	20,143	20,143	-	268,573	7.50
06/30/17	22,729	22,729	-	303,053	7.50
06/30/16	16,662	16,662	-	222,160	7.50
06/30/15	12,988	12,988	-	173,173	7.50

Crosslake Community Schools
Crosslake, Minnesota
Required Supplementary Information
June 30, 2024

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

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
June 30, 2024

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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

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

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

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

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

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

2016 - No changes noted.

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

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COMBINING STATEMENTS, INDIVIDUAL FUND SCHEDULES AND TABLE

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

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FOR THE YEAR ENDED
JUNE 30, 2024

Crosslake Community Schools
Crosslake, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue		
	Food Service	Community Service	Total
Assets			
Accounts receivable	\$ 134	\$ 1,853	\$ 1,987
Due from the Federal Government	4,493	3,820	8,313
Total Assets	<u>\$ 4,627</u>	<u>\$ 5,673</u>	<u>\$ 10,300</u>
Liabilities			
Accounts and other payables	\$ 213	\$ -	\$ 213
Unearned revenue	-	150	150
Due to other funds	4,414	5,523	9,937
Total Liabilities	<u>\$ 4,627</u>	<u>\$ 5,673</u>	<u>\$ 10,300</u>

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Crosslake Community Schools
Crosslake, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue		
	Food Service	Community Service	Total
Revenues			
Revenue from local sources	\$ -	\$ 101,562	\$ 101,562
Revenue from state sources	67,593	-	67,593
Revenue from federal sources	85,220	3,820	89,040
Sales and other conversion of assets	4,497	-	4,497
Total Revenues	<u>157,310</u>	<u>105,382</u>	<u>262,692</u>
Expenditures			
Current			
Food service	166,524	-	166,524
Community service	-	124,625	124,625
Total Expenditures	<u>166,524</u>	<u>124,625</u>	<u>291,149</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,214)	(19,243)	(28,457)
Other Financing Sources (Uses)			
Transfers in	<u>9,214</u>	<u>8,110</u>	<u>17,324</u>
Net Change in Fund Balance	-	(11,133)	(11,133)
Fund Balance, July 1	<u>-</u>	<u>11,133</u>	<u>11,133</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Revenues					
Revenue from local sources	\$ 20,690	\$ 326,305	\$ 322,340	\$ (3,965)	\$ 290,506
Interest earned on investments	500	500	38,325	37,825	575
Revenue from state sources	6,238,535	6,510,779	6,525,452	14,673	5,371,643
Revenue from federal sources	286,751	712,904	762,089	49,185	278,390
Sales and other conversion of assets	-	-	-	-	(669)
Total Revenues	<u>6,546,476</u>	<u>7,550,488</u>	<u>7,648,206</u>	<u>97,718</u>	<u>5,940,445</u>
Expenditures					
Current					
Administration					
Salaries	84,872	93,359	93,971	(612)	71,685
Fringe benefits	14,133	15,521	16,345	(824)	14,507
Purchased services	2,500	2,500	-	2,500	-
Supplies and materials	800	800	75	725	582
Total administration	<u>102,305</u>	<u>112,180</u>	<u>110,391</u>	<u>1,789</u>	<u>86,774</u>
District support services					
Salaries	268,642	313,676	317,461	(3,785)	199,180
Fringe benefits	118,985	140,323	129,207	11,116	74,881
Purchased services	200,000	175,000	194,051	(19,051)	171,389
Supplies and materials	56,500	59,000	45,650	13,350	51,444
Other	40,000	50,000	42,213	7,787	39,170
Total district support services	<u>684,127</u>	<u>737,999</u>	<u>728,582</u>	<u>9,417</u>	<u>536,064</u>
Elementary and secondary regular instruction					
Salaries	2,070,265	2,276,414	2,226,627	49,787	1,900,068
Fringe benefits	636,024	651,110	688,318	(37,208)	517,893
Purchased services	2,900	19,749	19,934	(185)	6,730
Supplies and materials	302,150	305,131	199,288	105,843	219,074
Total elementary and secondary regular instruction	<u>3,011,339</u>	<u>3,252,404</u>	<u>3,134,167</u>	<u>118,237</u>	<u>2,643,765</u>
Special education instruction					
Salaries	661,208	770,820	720,424	50,396	573,640
Fringe benefits	181,945	217,620	210,380	7,240	133,971
Purchased services	85,700	109,062	113,048	(3,986)	105,737
Supplies and materials	17,106	17,106	7,887	9,219	5,023
Total special education instruction	<u>945,959</u>	<u>1,114,608</u>	<u>1,051,739</u>	<u>62,869</u>	<u>818,371</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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	\$ 128,879	\$ 126,742	\$ 144,423	\$ (17,681)	\$ 125,319
Fringe benefits	20,682	23,523	20,372	3,151	24,672
Purchased services	100,991	92,800	48,529	44,271	67,256
Supplies and materials	2,000	22,300	11,191	11,109	577
Total instructional support services	252,552	265,365	224,515	40,850	217,824
Pupil support services					
Salaries	154,080	175,338	348,997	(173,659)	54,206
Fringe benefits	63,670	68,159	66,864	1,295	11,298
Purchased services	269,672	273,172	240,354	32,818	250,228
Supplies and materials	8,044	9,544	8,688	856	14,779
Total pupil support services	495,466	526,213	664,903	(138,690)	330,511
Sites and buildings					
Salaries	48,274	89,132	70,181	18,951	45,403
Fringe benefits	7,435	22,317	19,330	2,987	7,474
Purchased services	442,756	442,756	436,608	6,148	442,951
Supplies and materials	49,473	39,500	20,991	18,509	21,693
Total sites and buildings	547,938	593,705	547,110	46,595	517,521
Fiscal and other fixed cost programs					
Purchased services	25,000	25,000	21,837	3,163	21,177
Total current	6,064,686	6,627,474	6,483,244	144,230	5,172,007
Capital outlay					
District support services	9,000	9,000	10,617	(1,617)	7,073
Elementary and secondary regular instruction	-	-	31,929	(31,929)	-
Sites and buildings	-	-	5,017	(5,017)	-
Total capital outlay	9,000	9,000	47,563	(38,563)	7,073
Debt service					
Principal	193,493	206,808	206,808	-	202,191
Interest	158,395	158,395	145,080	13,315	137,754
Total debt service	351,888	365,203	351,888	13,315	339,945
Total Expenditures	6,425,574	7,001,677	6,882,695	118,982	5,519,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,902	548,811	765,511	216,700	421,420
Other Financing Sources (Uses)					
Transfers out	-	(23,684)	(17,324)	6,360	(9,195)
Net Change in Fund Balances	120,902	525,127	748,187	223,060	412,225
Fund Balances, July 1	1,714,429	1,714,429	1,714,429	-	1,302,204
Fund Balances, June 30	\$ 1,835,331	\$ 2,239,556	\$ 2,462,616	\$ 223,060	\$ 1,714,429

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Revenue from state sources	\$ 53,069	\$ 68,600	\$ 67,593	\$ (1,007)
Revenue from federal sources	64,278	61,873	85,220	23,347
Sales and other conversion of assets	35,000	3,750	4,497	747
Total Revenues	152,347	134,223	157,310	23,087
Expenditures				
Current				
Food service	152,347	157,908	166,524	(8,616)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(23,685)	(9,214)	14,471
Other Financing Sources (Uses)				
Transfers in	-	-	9,214	9,214
Net Change in Fund Balances	-	(23,685)	-	23,685
Fund Balances, July 1	-	-	-	-
Fund Balances, June 30	\$ -	\$ (23,685)	\$ -	\$ 23,685

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Revenue from federal sources	\$ -	\$ -	\$ 3,820	\$ 3,820
Revenue from local sources	118,911	112,510	101,562	(10,948)
Total revenue	118,911	112,510	105,382	(7,128)
Expenditures				
Current				
Community service	118,911	112,510	124,625	(12,115)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(19,243)	(19,243)
Other Financing Sources (Uses)				
Transfers in	-	-	8,110	8,110
Net Change in Fund Balances	-	-	(11,133)	(11,133)
Fund Balances, July 1	11,133	11,133	11,133	-
Fund Balances, June 30	<u>\$ 11,133</u>	<u>\$ 11,133</u>	<u>\$ -</u>	<u>\$ (11,133)</u>



Fiscal Compliance

Fiscal Compliance Report - 6/30/2024

District: CROSSLAKE COMMUNITY CHAR (4059-7)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$7,648,206	<u>\$7,648,208</u>	(\$2)
Total Expenditures	\$6,882,695	<u>\$6,882,697</u>	(\$2)
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$70,777	<u>\$70,777</u>	\$0
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0
4.12 Literacy Incentive Aid	\$0	<u>\$0</u>	\$0
4.14 Operating Debt	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0
4.20 American Indian Education Aid	\$0	<u>\$0</u>	\$0
4.24 Operating Capital	\$0	<u>\$0</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0
4.39 English Learner	\$0	<u>\$0</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0
4.43 School Library Aid	\$20,000	<u>\$20,000</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.49 Safe Schools Levy	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retiremt Levy	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0
4.67 LTFM	\$0	<u>\$0</u>	\$0
4.71 Student Support Personnel Aid	\$0	<u>\$0</u>	\$0
4.72 Medical Assistance	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$2,371,839	<u>\$2,371,840</u>	(\$1)

02 FOOD SERVICES

Total Revenue	\$157,310	<u>\$157,308</u>	\$2
Total Expenditures	\$166,524	<u>\$166,521</u>	\$3
<i>Non Spendable:</i>			

06 BUILDING CONSTRUCTION

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

07 DEBT SERVICE

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

08 TRUST

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

18 CUSTODIAL

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

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

Minnesota Department of Education

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

04 COMMUNITY SERVICE

Total Revenue	\$105,382	<u>\$105,382</u>	<u>\$0</u>
Total Expenditures	\$124,625	<u>\$124,626</u>	<u>(\$1)</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance <i>Restricted / Reserved:</i>	\$0	<u>\$0</u>	<u>\$0</u>
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 <i>Restricted:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance <i>Unassigned:</i>	\$0	<u>\$0</u>	<u>\$0</u>
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 <i>Restricted:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance <i>Unassigned:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

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OTHER REQUIRED REPORTS

CROSSLAKE COMMUNITY SCHOOLS
CROSSLAKE, MINNESOTA

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FOR THE YEAR ENDED
JUNE 30, 2024

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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, 2024, and the related notes to the financial statements, and have issued our report thereon dated NEED DATE.

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
NEED DATE

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, 2024, 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 NEED DATE.

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
NEED DATE

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The School Board
Crosslake Community Schools
Crosslake, MN

Opinion on Each Major Federal Program

We have audited the Charter School of Crosslake Community Schools, Crosslake, Minnesota (the Charter School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Charter School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Abdo
Minneapolis, Minnesota
NEED DATE



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Crosslake Community Schools
Crosslake, Minnesota
Schedule of Federal Awards
June 30, 2024

Funding Source/Program Name	Federal Domestic Assistance Number	Pass-Through Agency	Program Clusters	Subtotals	Program Expenditures
United States Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553	MN Department of Education	\$ 12,262		
National School Lunch Program	10.555	MN Department of Education	57,281		
Summer Food Service Program	10.559	MN Department of Education	<u>5,308</u>		
Total Child Nutrition Cluster					\$ 74,851
Local Food for Schools Cooperative Agreement Program	10.185	MN Department of Education			4,381
COVID-19 Pandemic EBT Administrative Costs	10.649	MN Department of Education			653
Child and Adult Care Food Program	10.558	MN Department of Education			<u>4,047</u>
Total United States Department of Agriculture					<u>83,932</u>
United States Department of Education					
Special Education Grants to States	84.027	MN Department of Education	102,539		
Special Education Preschool Grants	84.173	MN Department of Education	<u>1,004</u>		
Total Special Education Cluster					103,543
Title I Grants to Local Educational Agencies	84.010	MN Department of Education			91,989
Rural Education	84.358	MN Department of Education			12,898
Supporting Effective Instruction State Grants	84.367	MN Department of Education			12,966
Student Support and Academic Enrichment Program	84.424	MN Department of Education			8,775
COVID-19-Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act Elementary and Secondary School Relief (ESSER) Fund	84.425D	MN Department of Education		170,327	
COVID-19-Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act American Rescue Plan Elementary and Secondary Emergency Relief (ESSER)	84.425U	MN Department of Education		<u>364,256</u>	
Subtotal Education Stabilization Fund					<u>534,583</u>
Total United States Department of Education					<u>764,754</u>
Total					<u>\$ 848,686</u>

Crosslake Community Schools
Crosslake, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Charter School of Crosslake Community Schools, Crosslake, Minnesota (the Charter School). The Charter School's reporting entity is defined in Note 1A to the Charter School's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended June 30, 2024 the Charter School did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Crosslake Community Schools
Crosslake, Minnesota
Schedule of Findings and Questions Costs
June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

Identification of Major Programs/Projects

	<u>CFDA No.</u>
United States Department of Education	
COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief And Economic Security Act	
Elementary and Secondary School Relief (ESSER) Fund	84.425D
COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief And Economic Security Act	
American Rescue Plan Elementary and Secondary Emergency Relief (ESSER)	84.425U
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies or material weakness that required to be reported in accordance with the Uniform Guidance. There are no instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.