BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

INTRODUCTORY SECTION

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
BOARD OF DIRECTORS AND ADMINISTRATION
YEAR ENDED JUNE 30, 2023

BOARD OF DIRECTORS

Ann Marie Dunbar	Chairperson
Mariah White	Vice Chair
Shelly Merchiewitz	Treasurer
Meghan Booth	Secretary
Crystal Hegge	Member
Marcy Faircloth	Member
Anna Aarre	Member

ADMINISTRATION

Henry Schantzen	Head of School

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bluffview Montessori School
Winona, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Bluffview Montessori School (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Bluffview Montessori School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bluffview Montessori 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Bluffview Montessori 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Bluffview Montessori 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 Bluffview Montessori 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, TRA Schedule of the School's Proportionate Share of the Net Pension Liability, TRA Schedule of School Contributions, GERF Schedule of the School's Proportionate Share of the Net Pension Liability, and GERF Schedule of School Contributions. be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Bluffview Montessori School's basic financial statements. The uniform financial accounting and reporting standards compliance table is 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 GAAS. In our opinion, the uniform financial accounting and reporting standards compliance table is 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 auditors' 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.

Board of Directors
Bluffview Montessori School

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Bluffview Montessori 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 Bluffview Montessori 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 Bluffview Montessori School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 5, 2023

REQUIRED SUPPLEMENTARY INFORMATION

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

This section of Bluffview Montessori School's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2023) and the prior year (2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023 fiscal year include the following:

- The unassigned fund balance of the General Fund is at 42.3% of annual expenditures, after a fund balance increase of $96,880, as of June 30, 2023.
- Overall General Fund revenues were $3,052,555 as compared to $2,955,678 of expenditures.
- Net position of the combined entity increased by $461,331 from June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *School-wide financial statements* that provide both *short-term* and *long-term* information about the School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School, reporting the School's operations in *more detail* than the School-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

School-Wide Statements

The School-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School-wide statements report the School's *net position* and how they have changed. Net position – the difference between the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School's financial health or *position*.

- Over time, increases or decreases in the School's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's creditworthiness and the condition of the school building and other facilities.

In the School-wide financial statements the School's activities are shown in one category:

- *Governmental activities* – All of the School's basic services are included here, such as regular and special education and administration. State aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's *funds* – focusing on its most significant or "major" funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The School may establish other funds to control and manage money for a blended component unit.

The School has the following fund type:

- *Governmental funds* – All of the School's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the School-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's *combined* net position was $(1,476,939) on June 30, 2023 (see Table A-1).

Table A-1
The District's Net Position

	Governmental Activities as of June 30, 2023	Governmental Activities as of June 30, 2022	Percentage Change
Current and Other Assets	$ 2,022,467	$ 1,910,941	5.84 %
Capital Assets	2,339,165	2,335,248	0.17
Total Assets	4,361,632	4,246,189	2.72
Deferred Outflows of Resources	699,560	722,356	(3.16)
Current Liabilities	2,235,592	1,331,084	67.95
Net Pension Liability	1,842,644	942,565	95.49
Long-Term Liabilities	2,170,494	3,178,252	(31.71)
Total Liabilities	6,248,730	5,451,901	14.62
Deferred Inflows of Resources	289,401	1,454,914	(80.11)
Net Position:			
Net Investment in Capital Assets	(1,483,058)	(1,577,124)	5.96
Restricted	194,255	173,020	12.27
Unrestricted	(188,136)	(534,166)	64.78
Total Net Position	$ (1,476,939)	$ (1,938,270)	23.80

The School's financial position is the product of many factors. Total revenues on an entity-wide basis exceeded total expenses by $461,331. Most of the increase was in program revenues due to more activities occurring compared to the prior year which was impacted by Covid-19. Another reason for the increase was the actuarial assumptions involved in the accounting for the net pension liabilities, deferred inflows of resources, and deferred outflows of resources of the unfunded liabilities for the two statewide pension plans in which it participates (TRA and PERA) – particularly the investment returns of the TRA and PERA statewide pension plans, which underperformed compared to actuarial assumptions.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position

The School's total revenues were $3,732,084 for the year ended June 30, 2023 (see Table A-2). State formula aid accounted for 43.6% of total revenue for the year. Approximately 13.4% came from other general revenues combined with investment earnings. The remaining 43% came from program revenues.

Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30, 2023	Governmental Activities for the Fiscal Year Ended June 30, 2022	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 611,034	$ 500,723	22.03 %
Operating Grants and Contributions	991,223	1,153,614	(14.08)
General Revenues			
Unrestricted State Aid	1,628,421	1,602,959	1.59
Investment Earnings	14,461	244	5826.64
Other	486,945	241,029	102.03
Total Revenues	3,732,084	3,498,569	6.67
Expenses			
Administration	144,152	170,188	(15.30)
District Support Services	146,095	135,834	7.55
Regular Instruction	1,069,648	1,187,590	(9.93)
Special Education Instruction	435,561	509,491	(14.51)
Instructional Support Services	203,544	181,464	12.17
Pupil Support Services	55,714	43,668	27.59
Sites and Buildings	634,342	634,818	(0.07)
Fiscal and Other Fixed Cost Programs	22,961	18,352	25.11
Food Service	176,711	171,860	2.82
Community Service	177,857	135,165	31.59
Interest and Fiscal Charges on Long-Term Liabilities	204,168	205,537	(0.67)
Total Expenses	3,270,753	3,393,967	(3.63)
Change in Net Position	461,331	104,602	
Beginning Net Position	(1,938,270)	(2,042,872)	
Ending Net Position	$ (1,476,939)	$ (1,938,270)	

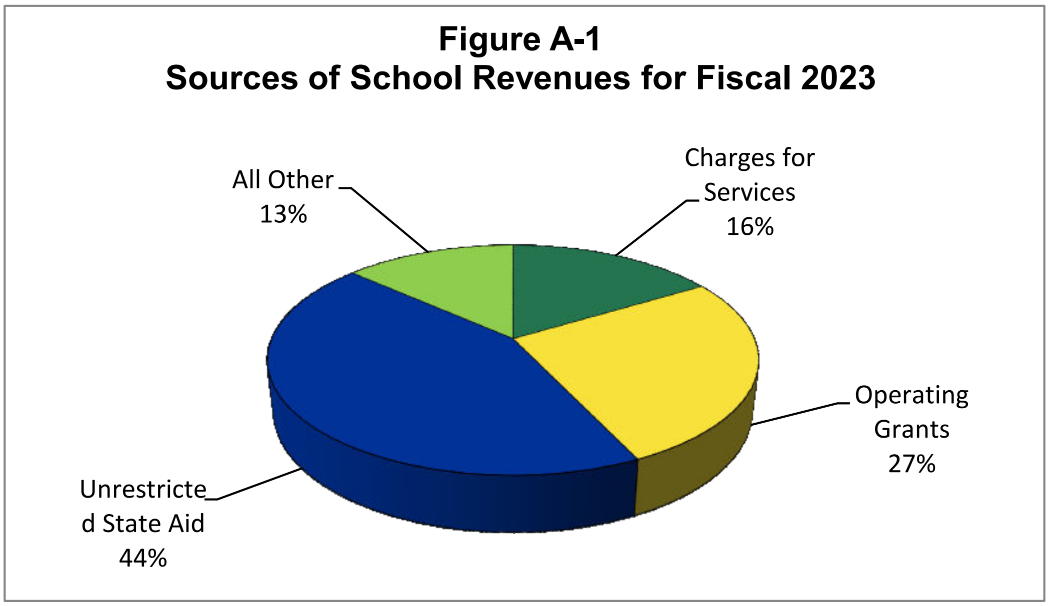
The total cost of all programs and services excluding interest and fiscal charges was $3,066,585. Total revenues exceeded expenses, increasing net position $461,331 from the prior year.

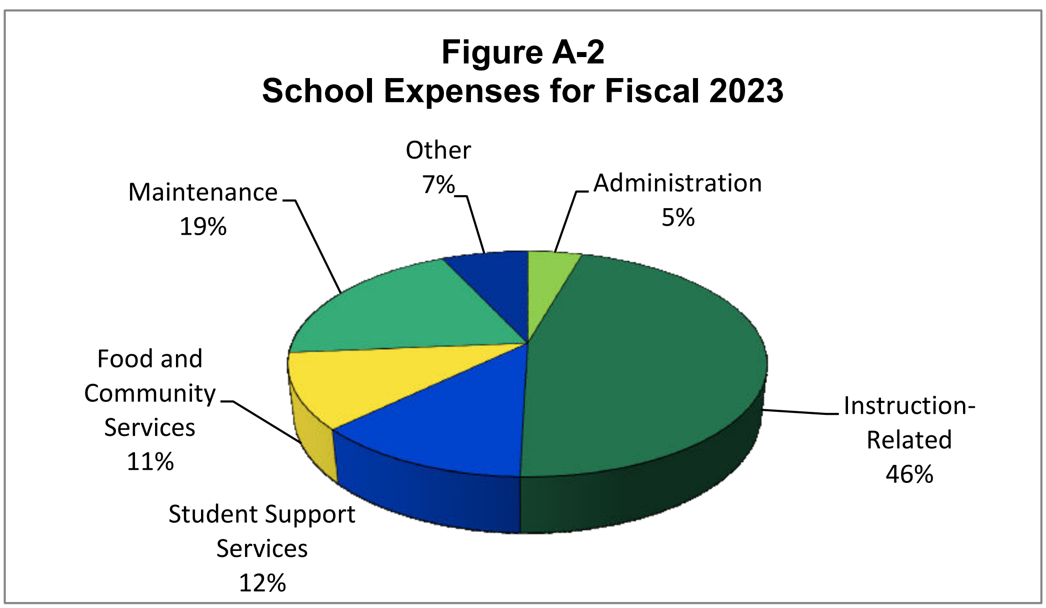
FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

The cost of all *governmental* activities this year was $3,270,753.

- Some of the cost was paid by the users of the School's programs ($611,034).
- The federal government and private grant funds as well as restricted state aids subsidized certain programs with grants and contributions ($991,223).
- Most of the School's costs, however, were paid for by unrestricted State Aid ($1,628,421).





FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

All governmental funds include funds received for the general operation of the School, which are used for classroom instruction, as well as funds to support programs such as free and reduced school lunches, and other Federal programs. Funding for the general operation of the School is controlled by the state.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services 2023	Total Cost of Services 2022	Percentage Change	Net Cost of Services 2023	Net Cost of Services 2022	Percentage Change
Administration	$ 144,152	$ 170,188	(15.30)%	$ 145,985	$ 170,188	(14.22)%
District Support Services	146,095	135,834	7.55	146,095	135,834	7.55
Regular Instruction	1,069,648	1,187,590	(9.93)	821,039	962,502	(14.70)
Special Education Instruction	435,561	509,491	(14.51)	32,274	56,093	(42.46)
Instructional Support Services	203,544	181,464	12.17	204,889	181,464	12.91
Pupil Support Services	55,714	43,668	27.59	55,698	43,533	27.94
Sites and Buildings	634,342	634,818	(0.07)	202,741	(141,405)	(243.38)
Fiscal and Other Fixed Cost Programs	22,961	18,352	25.11	22,961	18,352	25.11
Food Service	176,711	171,860	2.82	29,833	(37,065)	(180.49)
Community Service	177,857	135,165	31.59	5,688	2,430	134.07
Interest and Fiscal Charges on Long-Term Liabilities	204,168	205,537	(0.67)	1,293	347,704	(99.63)
Total	$ 3,270,753	$ 3,393,967	(3.63)	$ 1,668,496	$ 1,739,630	(4.09)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The financial performance of the School as a whole is reflected in its governmental funds as well. As the School completed the year, its governmental funds reported a *combined* fund balance of $1,754,190, which is an increase of $107,019 from last year's ending fund balance of $1,647,171.

Revenues for the School's governmental funds were $3,755,733 while total expenditures were $3,648,714.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from Kindergarten through grade 8 including activities and capital outlay projects. General Fund activities also include revenues to provide administrative support for a tuition-based preschool.

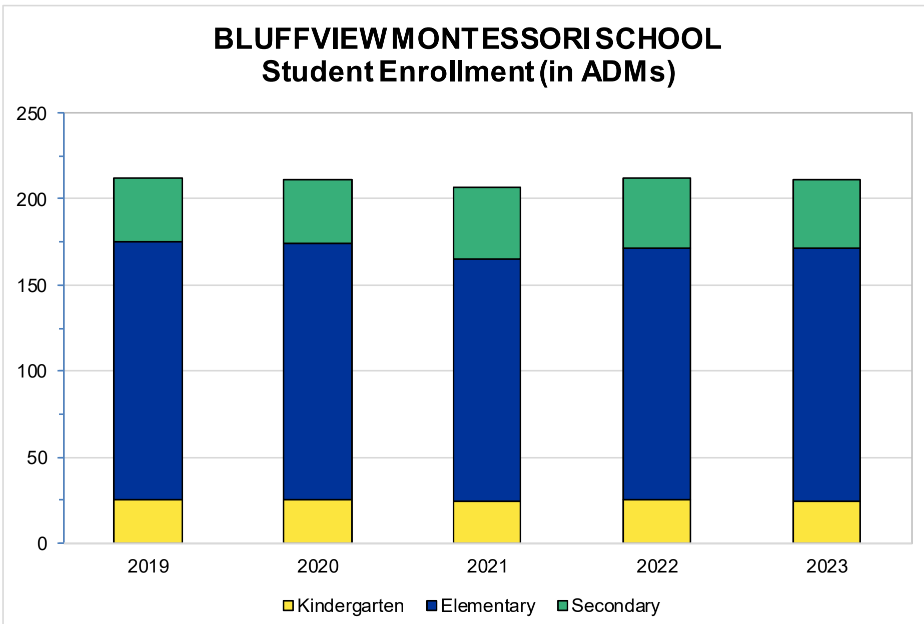
Approximately 91% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the Board of Directors having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model which typically provides roughly 2/3 of program expenditures during any given year.

GENERAL FUND (CONTINUED)

Enrollment

Enrollment is a critical factor in determining revenue with over 80% of General Fund revenue being determined by enrollment. The following chart shows that the number of students remained stable in FY 2023.

Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)



During fiscal year 2023, the School achieved an average daily membership of 211.56 students. This was the result of a decrease of .31 ADM over the prior year. This number is slightly below the adjusted capacity of 215 students. The School continues to have students on waiting lists. However, these waiting lists do not always coincide with the grade levels where the School has space.

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Local Sources:				
Earnings on Investments	$ -	$ 20	$ (20)	(100.00)%
Other	483,506	252,036	231,470	91.8
State Sources	2,374,070	2,304,840	69,230	3.0
Federal Sources	194,982	249,264	(54,282)	(21.8)
Total General Fund Revenue	$ 3,052,558	$ 2,806,160	$ 246,398	8.8

Total General Fund Revenue increased by $246,398 from the previous year. Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variables such as socioeconomic indicators driving additional funding. For Minnesota charter schools the majority of all funding is made up of general education aid, special education aid and charter school lease aid. Other revenue consists of federal and private grant funding that is often expenditure driven.

The following schedule presents a summary of General Fund Expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Salaries	$ 1,519,796	$ 1,539,022	$ (19,226)	(1.25)%
Employee Benefits	249,447	231,567	17,880	7.7
Purchased Services	825,500	827,130	(1,630)	(0.2)
Supplies and Materials	123,506	118,056	5,450	4.6
Capital Expenditures	196,611	48,885	147,726	302.2
Debt Service Expenditures	4,170	4,170	-	-
Other Expenditures	36,648	39,286	(2,638)	(6.7)
Total General Fund Expenditures	$ 2,955,678	$ 2,808,116	$ 147,562	5.3

Total General Fund Expenditures increased $147,562 from the previous year, mostly related to capital expenditure spending increasing in the current year.

In 2022-23, General Fund revenues were greater than expenditures $96,880 therefore total fund balance increased to $1,285,533 as of June 30, 2023.

GENERAL FUND (CONTINUED)

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance of $1,251,201 at June 30, 2023 represents 42.3% of annual expenditures or about 2 weeks of operations.

General Fund Budgetary Highlights

The budget is approved prior to the beginning of the fiscal year. The School may revise the annual operating budget mid-year. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passed subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.

Bluffview revised its budget during fiscal year 2023.

Actual revenues were $207,468 greater than expected, which is a difference of 7.3%, and actual expenditures were $33,686 under budget, which is a difference of 1.1%.

The School's final budget for the General Fund anticipated an overage in which expenditures and other financing uses would exceed revenues and other financing sources by $144,274 The actual results for the year show revenues and other financing sources exceeding expenditures and other financing uses by $96,880. This is a $241,154 variance.

OTHER MAJOR FUNDS

The Building Company's fund balance increased; revenues exceeded expenditures by $41,531, ending the year with a fund balance of $457,160. From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, the Building Company Fund continues to operate on a sound financial basis.

Expenditures exceeded revenues in the Food Service Fund by $31,392, ending the year with a fund balance of $11,497 as of June 30, 2023.

Expenditures equaled revenues in the Community Service ending with a fund balance of $0 as of June 30, 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023, the School had invested $5.3 million in a broad range of capital assets, including a school building, playground apparatus, and computer and audio-visual equipment (see Table A-7.) (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was $169,182. Most new capital asset costs were covered by funds collected as part of a major capital campaign that collected private donations.

Table A-7
Capital Assets

	2023	2022	Percentage Change
Charter School			
Land Improvements	$ 31,752	$ 31,752	- %
Buildings and Improvements	246,581	168,432	46.4
Equipment	244,971	166,741	46.9
Leased Assets	11,970	11,970	
Building Corporation			
Land	663,049	663,049	-
Construction in Progress	9,624	-	-
Land Improvements	11,296	11,296	-
Buildings and Improvements	4,015,925	4,015,925	-
Equipment	77,445	77,445	-
Less: Accumulated Depreciation	(2,973,448)	(2,811,362)	5.8
Total Capital Assets	$ 2,339,165	$ 2,335,248	0.2

Long-Term Liabilities

At year-end, the School had $4,110,000 in lease revenue bonds outstanding – a decrease of 2.5% from last year – as shown in Note 5 to Financial Statements.

Table A-8
Long-Term Liabilities

	2023	2022	Percentage Change
Lease Revenue Bonds	$ 4,110,000	$ 4,215,000	(2.5)%
Long-Term Lease Liability	4,672	8,406	(44.4)
Net Pension Liability	1,842,644	942,565	95.5
Severance Benefits Payable	7,450	6,145	21.2
Total Long-Term Liabilities	$ 5,964,766	$ 5,172,116	15.3
Long-Term Liabilities:			
Due Within One Year	$ 108,984	$ 108,734	0.2
Due in More Than One Year	5,855,782	5,063,382	15.6
Total	$ 5,964,766	$ 5,172,116	15.3

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have been helpful to meet instructional program needs and increased costs due to inflation. State revenues are based primarily on the number of students enrolled. The School continues to budget conservatively and reach out for donations to help offset the impact to the budget.

The School continues to strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. This goal of excellence remains in fiscal year 2023 as the board adopted a balanced budget that will continue to project a growing fund balance.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Travis Berends at Creative Planning at 5454 W 110th Street, Overland Park, Kansas 66211, 952.563.6849.

BASIC FINANCIAL STATEMENTS

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,239,180
Cash with Fiscal Agent	422,751
Receivables:	
Other Governments	306,430
Other	4,222
Prepaid Items	34,332
Inventories	15,552
Capital Assets:	
Land and Construction in Progress	672,673
Other Capital Assets, Net of Depreciation and Amortization	1,666,492
Total Assets	4,361,632
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Refunding	29,679
Pension Related	669,881
Total Deferred Outflows of Resources	699,560
LIABILITIES	
Salaries Payable	201,253
Accounts and Contracts Payable	67,024
Accrued Interest Payable	15,687
Long-Term Liabilities:	
Net Pension Liability	1,842,644
Other Long-Term Liabilities Due Within One Year	108,984
Other Long-Term Liabilities Due in More Than One Year	4,013,138
Total Liabilities	6,248,730
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	289,401
NET POSITION	
Net Investment in Capital Assets	(1,483,058)
Restricted for:	
Food Service	15,552
Building Company Debt Service	178,703
Unrestricted	(188,136)
Total Net Position (Deficit)	$ (1,476,939)

See accompanying Notes to Financial Statements.

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and Change in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Administration	$ 144,152	$ -	$ (1,833)	$ (145,985)
District Support Services	146,095	-	-	(146,095)
Regular Instruction	1,069,648	17,838	230,771	(821,039)
Special Education Instruction	435,561	-	403,287	(32,274)
Instructional Support Services	203,544	-	(1,345)	(204,889)
Pupil Support Services	55,714	-	16	(55,698)
Sites and Buildings	634,342	345,859	85,742	(202,741)
Fiscal and Other Fixed Cost Programs	22,961	-	-	(22,961)
Food Service	176,711	73,614	73,264	(29,833)
Community Service	177,857	173,723	(1,554)	(5,688)
Interest and Fiscal Charges on Long-Term Liabilities	204,168	-	202,875	(1,293)
Total School District	$ 3,270,753	$ 611,034	$ 991,223	(1,668,496)
	General Revenues			
	State Aid Not Restricted to Specific Purposes			1,628,421
	Earnings on Investments			14,461
	Gain (Loss) on Disposal of Assets			(1,223)
	Miscellaneous			488,168
	Total General Revenues			2,129,827
	Change in Net Position			461,331
	Net Position (Deficit) - Beginning			(1,938,270)
	Net Position (Deficit) - Ending			$ (1,476,939)

See accompanying Notes to Financial Statements.

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds				Total
	General	Food Service	Community Service	Building Company	Governmental Funds
ASSETS					
Cash and Investments	$ 1,188,892	$ -	$ 4,450	$ 45,838	$ 1,239,180
Cash with Fiscal Agent	-	-	-	422,751	422,751
Receivables:					
Due from Minnesota Department of Education	246,122	-	-	-	246,122
Due from Federal through Minnesota Department of Education	60,308	-	-	-	60,308
Due from Other Funds	14,092	-	-	-	14,092
Other Receivables	4,110	112	-	-	4,222
Inventory	-	15,552	-	-	15,552
Prepaids	34,332	-	-	-	34,332
Total Assets	$ 1,547,856	$ 15,664	$ 4,450	$ 468,589	$ 2,036,559
LIABILITIES AND FUND BALANCE					
Liabilities:					
Salaries Payable	$ 125,554	$ 1,501	$ 4,450	$ -	$ 131,505
Payroll Deductions and Employer Contributions Payable	69,748	-	-	-	69,748
Accounts and Contracts Payable	67,021	3	-	-	67,024
Due to Other Funds	-	2,663	-	11,429	14,092
Total Liabilities	262,323	4,167	4,450	11,429	282,369
Fund Balance:					
Nonspendable:					
Inventory	-	15,552	-	-	15,552
Prepaids	34,332	-	-	-	34,332
Restricted for:					
Building Company Debt Service	-	-	-	457,160	457,160
Unassigned	1,251,201	(4,055)	-	-	1,247,146
Total Fund Balance	1,285,533	11,497	-	457,160	1,754,190
Total Liabilities and Fund Balance	$ 1,547,856	$ 15,664	$ 4,450	$ 468,589	$ 2,036,559

See accompanying Notes to Financial Statements.

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance for Governmental Funds	$ 1,754,190
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	663,049
Construction in Progress	9,624
Land Improvements, Net of Accumulated Depreciation	6,376
Buildings and Improvements, Net of Accumulated Depreciation	1,505,833
Equipment, Net of Accumulated Depreciation	149,645
Leased Assets, Net of Accumulated Amortization	4,638
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(15,687)
The School's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:	
Net Pension Liability	(1,842,644)
Deferred Inflows of Resources - Pensions	(289,401)
Deferred Outflows of Resources - Pensions	669,881
Long-term liabilities that pertain to governmental funds, including revenue bonds and loans payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long term - are reported in the statement of net position. Balances at year-end are:	
Revenue Bonds Payable	(4,110,000)
Refunding Loss	29,679
Severance Payable	(7,450)
Long-Term Leases Payable	(4,672)
Total Net Position of Governmental Activities	$ (1,476,939)

See accompanying Notes to Financial Statements.

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Major Funds				Total
	General	Food Service	Community Service	Building Company	Governmental Funds
REVENUES					
Local Sources:					
Earnings and Investments	$ -	$ -	$ -	$ 14,461	$ 14,461
Other	483,506	73,614	196,223	345,859	1,099,202
State Sources	2,374,070	6,178	-	-	2,380,248
Federal Sources	194,982	66,840	-	-	261,822
Total Revenues	3,052,558	146,632	196,223	360,320	3,755,733
EXPENDITURES					
Current:					
Administration	157,328	-	-	8,490	165,818
District Support Services	132,597	-	-	13,111	145,708
Elementary and Secondary Regular Instruction	1,134,106	-	-	-	1,134,106
Special Education Instruction	474,701	-	-	-	474,701
Instructional Support Services	198,749	-	-	-	198,749
Pupil Support Services	46,009	-	-	-	46,009
Sites and Buildings	588,446	-	-	-	588,446
Fiscal and Other Fixed Cost Programs	22,961	-	-	-	22,961
Food Service	-	175,271	-	-	175,271
Community Service	-	-	196,223	-	196,223
Capital Outlay	196,611	2,753	-	-	199,364
Debt Service:					
Principal	3,734	-	-	105,000	108,734
Interest and Fiscal Charges	436	-	-	192,188	192,624
Total Expenditures	2,955,678	178,024	196,223	318,789	3,648,714
NET CHANGE IN FUND BALANCE	96,880	(31,392)	-	41,531	107,019
FUND BALANCES					
Beginning of Year	1,188,653	42,889	-	415,629	1,647,171
End of Year	$ 1,285,533	$ 11,497	$ -	$ 457,160	$ 1,754,190

See accompanying Notes to Financial Statements.

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance - Total Governmental Funds	$ 107,019
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:	
Capital Outlays	174,322
Gain (Loss) on Disposal of Capital Assets	(1,223)
Amortization on Leased Assets	(3,552)
Depreciation Expense	(165,630)
Pension expenditures in the governmental funds are measured by current year empployer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	254,510
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditures in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:	
Repayment of Bond Principal	105,000
Change in Accrued Interest - Lease Revenue Bonds	328
Amortization of Bond Refunding Loss	(11,872)
The governmental funds report long-term leases issued as financing sources, while lease payments are reported as expenditures. In the statement of net position, however, entering into long-term leases increases long-term liabilities and does not affect the statement of activities and payments reduce the liability. The net effect of those differences in the treatment of long-term leases is as follows?	
Payments on Long-Term Leases	3,734
In the statement of activities, certain operating expenses - severance benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
Change in Severance Payable	(1,305)
Total	$ 461,331

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Bluffview Montessori School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as GAAP for state and local governments.

B. Financial Reporting Entity

Bluffview Montessori School (the School) is a Charter School and was formed December 22, 1992 through an agreement with Independent School District No. 861 in accordance with Minnesota Statutes and began operating March 1, 1993 pursuant to applicable Minnesota laws and statutes. The School is authorized by Winona Area Public Schools – and operates under a five-year charter school contract extending through June 30, 2026. GAAP requires that the School's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the School. In addition, the School's financial statements are to include all component units – entities for which the School is financially accountable.

Bluffview Montessori School is a nonprofit corporation. Their primary objectives are to foster and promote learning through outcome-based education as well as to provide before school and after school care.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burdens on, the organization. These financial statements include all funds and account groups of the School.

Based on these criteria, there is one organization that is considered to be a component unit of the School. BMS Building Corporation (BMS) is a Minnesota nonprofit corporation holding Internal Revenue Service classification as a 501(c)(3) tax-exempt organization which owns the real estate and building that is leased by the School for its operations. BMS is governed by a separate board appointed by the board of the School. Although it is legally separate from the School, BMS is reported as if it were part of the School (as a blended component unit) because its sole purpose is to acquire, construct, and own an educational site which is leased to the School. No separate financial statements for BMS are issued. All long-term debt related to the purchase of the building and property and all fixed assets related to the school site are the responsibility of and are under the ownership of BMS.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Continued)

Aside from its authorizer role, Winona Area Public Schools, has no authority, control, power, or administrative responsibilities over Bluffview Montessori School. Therefore, the School is not considered a component unit of Winona Area Public Schools.

C. Basic Financial Statement Presentation

The School-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the School.

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

The School applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Generally, the effect of material interfund activity has been removed from the School-wide financial statements.

Separate Fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales and other miscellaneous revenue are recorded as revenues when received because they are generally not measurable until then. A six-month availability period is generally used for other fund revenue.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

E. Description of Funds

As required by state statute, the School operates as a nonprofit corporation under Minnesota Statutes §317A. However, state law also requires that the School comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. A description of the funds included in this report is as follows:

Major Governmental Funds

<u>General Fund</u> – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes all revenues and expenditures for general operation, special education programs, transportation, and capital expenditures.

<u>Food Service Special Revenue Fund</u> – The Food Service Fund is used to account for the School’s food service revenues and expenditures. The major revenue sources for this fund are state and federal meal reimbursements in addition to meal sales.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Description of Funds (Continued)

Major Governmental Funds (Continued)

Community Service Special Revenue Fund – The Community Service Fund is used to account for the revenues and expenditures of the pre-school portion of Bluffview. The major source of revenue for this fund is fees charged for providing the pre-school services.

Building Corporation Special Revenue Fund – The Building Corporation Fund accounts for all activities of the Bluffview Montessori Building Corporation. This includes accounting for the proceeds and uses of resources borrowed for the purpose of purchasing and building the school site, the receipt of lease payments from Bluffview Montessori School, as well as the debt service payments required under the terms of the related long-term Revenue Bonds.

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Income Taxes

The School is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable sections of the Minnesota income tax statutes.

H. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the Board of Directors adopts an annual budget for the following fiscal year for the General, Food Service, and Community Service Funds. The Building Corporation does not adopt an annual budget and is not required to do so. Reported budget amounts represent the amended budget as adopted by the Board of Directors. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the School Coordinator submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board of Directors action. Revisions to budgeted amounts must be approved by the Board of Directors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgeting (Continued)

Total fund expenditures in excess of the budget require approval of the Board of Directors. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budgeted amounts include a mid-year budget amendment that changed revenue and expenditure budgets as follow:

	Original Budget	Amendments	Amended Budget
Revenues			
General Fund	$ 2,839,270	$ 5,820	$ 2,845,090
Special Revenue Funds:			
Food Service Fund	175,336	102	175,438
Community Service Fund	150,855	23,456	174,311
Expenditures			
General Fund	$ 2,831,534	$ 157,830	$ 2,989,364
Special Revenue Funds:			
Food Service Fund	175,336	102	175,438
Community Service Fund	184,341	(10,030)	174,311

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the Uniform Financial Accounting and Reporting Standards for Minnesota schools which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

I. Cash and Investments

Cash and investments consist of checking accounts, certificates of deposit, savings account, and cash on hand.

J. Cash and Investments Held by Trustee

Cash and investments held by trustee consist of mutual funds, treasury funds, and money market funds held by an escrow agent for the purpose of providing debt service payments on the Revenue Bonds used to obtain the site for the school as well as the construction of the school building.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the School. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments Expense is allocated over the periods benefitted.

M. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The School maintains a threshold level of $5,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the School-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 20 years for equipment and 40 to 50 years on buildings, and 2 to 5 years for the right-to-use assets.

Capital assets not being depreciated include land.

The School does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of improvable property.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. The first item that qualifies is related to pensions. The second item that qualifies relates to a refunding bond issue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category related to pensions.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Leases

The School determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the School’s control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the School’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the net present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Leases (Continued)

The individual lease contracts provide information about the discount rate implicit in the lease. Those discount rates were utilized to calculate the net present value of expected lease payments.

Q. Severance Payable

Upon terminating employment with the School, employees receive a benefit payment equal to $10 per day for unused personal leave time, up to a maximum payment of 10% of the employee's annual salary. At June 30, 2023, unpaid severance payable of $7,450 is recorded in the statement of net position.

R. Pensions

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 Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. 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.

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association in to TRA 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERF in fiscal year 2015.

S. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact such as amounts related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Directors. The Board of Directors chose not to pass a resolution authorizing anyone to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance (Continued)

Although the School Board has not adopted a spending prioritization policy for restricted fund balance, the School applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted fund balance is available. The default spending priority per GASB Statement No. 54 for unrestricted fund balance is when an expenditure is incurred for purposes for which committed, assigned and unassigned amounts are available, committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

T. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers' compensation. The School purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

U. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the School-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the School-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

V. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of certain subscription assets and liabilities for agreements that previously were classified as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for subscription accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. Under this standard, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The School adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in the restatement of fund balances or net position.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Interfund Balances

The School had the following interfund balances at June 30, 2023:

	Due from Other Fund	Due to Other Fund
General Fund	$ 14,092	$ -
Special Revenue Fund:		
Food Service Fund	-	2,663
Building Company Fund	-	11,429
Total	$ 14,092	$ 14,092

The interfund balance between the General Fund and BMS Building Corporation Fund was related to payments by the General Fund to be reimbursed by the BMS Building Corporation Fund. All balances are expected to be repaid within one year.

B. Excess of Expenditures Over Budget

Expenditures exceeded the budgeted amount in the following fund at June 30, 2023.

	Budget	Expenditures	Excess
Special Revenue Funds:			
Food Service Fund	$ 175,438	$ 178,024	$ 2,586
Community Service Fund	174,311	196,223	21,912

The amounts in excess of budget in the Food Service Fund were covered by existing fund balance. The amounts in excess of budget in the Community Service Fund were covered by revenues, which also exceeded budget. The overages were considered by School management to be the result of necessary expenditures critical to operations and were approved by the Board.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School’s deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The School maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the balance sheet as "Cash and Investments". In accordance with applicable Minnesota Statutes, the School maintains deposits at depository banks authorized by the Board of Directors.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The School's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The School may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2023, the School had the following investments:

	Amortized Cost
Morgan Stanley Institutional Liquidity Funds - Govt Fund #8352	$ 422,751

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. investments (Continued)

The Morgan Stanley Institutional Liquidity Funds Government Portfolio #8352 is a money market fund, and the investments are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

Custodial Credit Risk – For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School does not have an investment policy that addresses custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have a formal investment policy. The weighted average time to maturity of the Morgan Stanley Institutional Liquidity Funds Government Portfolio #8352 is 35 days.

Concentration of Credit Risk – The School places no limit on the amount that the School may invest in any one issuer.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Morgan Stanley Institutional Liquidity Funds Government Portfolio #8352 is rated AAAm by Standard and Poor's.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	$ 1,239,180
Cash and Investments Held by Trustee - Statement of Net Position	422,751
Total Cash and Investments	$ 1,661,931

C. Fair Value Measurements

The School uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The School follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the School has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The School did not hold any investments measured at fair value as of June 30, 2023. The money market fund investments held by the Building Company's escrow agent are valued at amortized cost.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Building Company					
Land	$ 663,049	$ -	$ -	$ -	$ 663,049
Charter School					
Construction in Progress	-	9,624	-		9,624
Total Capital Assets, Not Being Depreciated	663,049	9,624	-		672,673
Capital Assets, Being Depreciated:					
Building Company					
Land Improvements	11,296	-	-	-	11,296
Buildings and Improvements	4,015,925	-	-	-	4,015,925
Furniture and Equipment	77,445	-	-	-	77,445
Charter School					
Land Improvements	31,752	-	-	-	31,752
Building and Improvements	168,432	80,295	(2,146)	-	246,581
Furniture and Equipment	166,741	84,403	(6,173)	-	244,971
Leased Assets, Being Amortized					
Charter School					
Furniture and Equipment	11,970	-	-	-	11,970
Total Capital Assets, Being Depreciated/Amortized	4,483,561	164,698	(8,319)	-	4,639,940
Accumulated Depreciation for:					
Building Company					
Land Improvements	(11,296)	-	-	-	(11,296)
Buildings and Improvements	(2,499,516)	(131,488)	-	-	(2,631,004)
Furniture and Equipment	(67,652)	(1,394)	-	-	(69,046)
Charter School					
Land Improvements	(18,733)	(6,643)	-	-	(25,376)
Building and Improvements	(117,431)	(9,161)	923	-	(125,669)
Furniture and Equipment	(92,954)	(16,944)	6,173	-	(103,725)
Accumulated Amortization for:					
Charter School					
Furniture and Equipment	(3,780)	(3,552)	-	-	(7,332)
Total Accumulated Depreciation/Amortization	(2,811,362)	(169,182)	7,096	-	(2,973,448)
Total Capital Assets, Being Depreciated or Amortized, Net	1,672,199	(4,484)	(1,223)	-	1,666,492
Governmental Activities Capital Assets, Net	$ 2,335,248	$ 5,140	$ (1,223)	$ -	$ 2,339,165

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities		
District Support Services	$	387
Regular Instruction		123,302
Special Education Instruction		193
Instructional Support Services		11,364
Pupil Support Services		793
Sites and Buildings		32,701
Food Service		442
Total Depreciation/Amortization Expense, Governmental Activities	$	169,182

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The following is a summary of debt outstanding during the year ended June 30, 2023:

	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding Total
Direct Borrowing:	6/1/2016	3.75% - 4.75%	$ 4,750,000	6/1/2046	$ 105,000	$ 4,110,000
Long-Term Lease					3,984	4,672
Severance Benefits Payable					-	7,450
Total Long-Term Liabilities					$ 108,984	$ 4,122,122

Lease Revenue Bond Mortgage Loan (2016 Series A & B) – On June 1, 2016, Bluffview Montessori School (BMS) Building Corporation obtained a $4,750,000 loan from lease revenue bond proceeds sold by the Port Authority of Winona, Minnesota (Port Authority) with interest rates ranging from 3.75% to 4.75% to refund $4,495,000 of outstanding 2007 Series Bonds and to finance improvements of the existing facilities, including the acquisition and installation of kitchen equipment and improvements to the School's play fields and landscaping. The Port Authority of Winona, Minnesota issued two separate bond issues as follows: $4,520,000 of nontaxable lease revenue bonds (Series 2016A) and $230,000 of taxable lease revenue bonds (Series 2016B).

The resulting loan between BMS and the Port Authority is payable in monthly installments of principal and interest beginning December 1, 2016 through June 1, 2046. The note is split to pay annual interest rates of 3.75%, 4.236%, 4.375%, 4.5%, and 4.75%, the rates of the related lease revenue bonds and is secured by a mortgage agreement covering the related land, school building, and building contents, as well as the assignment of all lease revenue. The loan is also guaranteed by BMS.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

The School has pledged certain revenues in order to provide additional security for the timely payments of amounts due under the Lease. These revenues consists of all funds received by the School from the state of Minnesota with respect to general student funding, state building lease aid payments, state distributions of federal Title I funds, or any other funding sources, after deduction of all such operating expenses of the School (including the current expenses for staff and administrative salaries and benefits) required under law to provide educational program expenditures.

The total pledged revenue reported by the School for the year ended June 30, 2023 amounted to $2,097,960, of which $345,859 (or 16.5%) was remitted during the current year as lease payments to the Building Company.

Following are maturities of general long-term debt for the School and BMS Building Corporation for each of the next five years and thereafter ended June 30:

	Direct Borrowing - Loan Payable	
Year Ending June 30,	Principal	Interest
2024	$ 105,000	$ 188,250
2025	110,000	184,313
2026	115,000	180,188
2027	120,000	175,875
2028	125,000	170,475
2029-2033	710,000	763,275
2034-2038	895,000	586,863
2039-2043	1,125,000	356,250
2044-2046	805,000	77,663
Total	$ 4,110,000	$ 2,683,152

Resources for the payment of severance payable included in long-term liabilities are provided by the General Fund.

B. Changes in Long-Term Debt

	June 30, 2022	Additions	Retirements	June 30, 2023	Principal Due Within One Year
Loans Payable	$ 4,215,000	$ -	$ 105,000	$ 4,110,000	$ 105,000
Long-Term Lease	8,406	-	3,734	4,672	3,984
Severance Benefits Payable	6,145	1,305	-	7,450	-
Total	$ 4,229,551	$ 1,305	$ 108,734	$ 4,122,122	$ 108,984

NOTE 6 RESTRICTED FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds:

Restricted for Building Company Debt Service

Represents amounts that are to be used to satisfy the debt service payments on the Lease Revenue Bond Mortgage Loan.

Restricted for Food Service

Represents amounts that are to be used within the Food Service Fund to provide meals to students and for allowable related costs.

NOTE 7 LEASES

Bluffview Montessori School leases equipment under long-term, noncancelable lease agreements. These leases expire in fiscal year 2025

The total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 3,984	$ 165	$ 4,149
2025	688	2	690
Total	$ 4,672	$ 167	$ 4,839

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities
Equipment	$ 11,970
Less: Accumulated Amortization	7,332
Total	$ 4,638

NOTE 8 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan (GERF)

All full-time and certain part-time employees of the School other than teachers 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. Teachers Retirement Fund (TRA)

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 schools, charter schools, and certain TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Schools or MN State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCP) administered by the State of Minnesota.

B. Benefits Provided

1. General Employees Plan Benefits

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

General 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 Plan members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of 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.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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 Benefits

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

or

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) 3.0% per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits

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

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the School was required to contribute 7.50% for Coordinated Plan members. The School's contributions to the General Employees Fund for the plan's fiscal year ended June 30, 2023 were $42,358. The School's contributions were equal to the required contributions for each year as set by state statute.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2023 were:

	2023	
	Employee	Employer
Basic	11.00 %	12.55 %
Coordinated	7.50	8.55

The School's contributions to TRA for the plan's fiscal year ended June 30, 2023 were $83,840. The School's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the School reported a liability of $641,523 for its proportionate share of the GERF's net pension liability. The 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 nonemployer 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 School totaled $18,949, for a total liability associated with the School of $660,472 The School's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the School's proportion was 0.0081% at the end of the measurement period and 0.0067% for the beginning of the period.

For the year ended June 30, 2023, the School recognized pension expense of $120,803 for its proportionate share of the General Employees Fund's pension expense. It also recognizes $2,831 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota contribution of $16 million to the General Employees Fund.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At June 30, 2023, the School reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 5,359	$ 6,853
Changes in Actuarial Assumptions	145,187	2,609
Net Difference Between Projected and Actual Earnings on Plan Investments	11,128	-
Changes in Proportion	88,938	-
District Contributions Subsequent to the Measurement Date	42,358	-
Total	$ 292,970	$ 9,462

A total of $42,358 reported as deferred outflows of resources related to pensions resulting from School contributions to General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ 92,401
2025	91,716
2026	(983)
2027	58,016
2028	-
Thereafter	-

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2023, the School reported a liability of $1,201,121 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the 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 School's proportionate share was .0150% at the end of the measurement period and .0150% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the 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 School were as follows:

Description	Amount
School's Proportionate Share of the TRA Net Pension Liability	$ 1,201,121
State's Proportionate Share of the Net Pension Liability Associated with the School	89,074
Total	$ 1,290,195

For the year ended June 30, 2023, the School recognized pension expense of ($248,653). It also recognized ($25,256) as pension expense for the support provided by direct aid.

At June 30, 2023, the School reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 17,568	$ 10,545
Changes in Actuarial Assumptions	192,416	254,187
Net Difference Between Projected and Actual Earnings on Plan Investments	33,533	-
Changes in Proportion	49,554	15,207
District Contributions Subsequent to the Measurement Date	83,840	-
Total	$ 376,911	$ 279,939

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

A total of $83,840 reported as deferred outflows of resources related to pensions resulting from School contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ (200,328)
2025	42,454
2026	9,584
2027	160,576
2028	846
Thereafter	-

The School recognized total pension expenses of ($150,275) for all of the pension plans in which it participates.

E. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Active Member Payroll Growth	10.25% after one year of service and 3.00% after 27 years of service	2.85% to 8.85% before July 1, 2028 and 3.25% after June 30, 2028
Investment Rate of Return	6.50%	7.00%

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

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

TRA pre-retirement mortality rates were based on the RP-2014 white-collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the 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 utilizes the RP-2014 disabled retiree mortality table, without adjustment. Post-disability utilizes the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

The following changes in actuarial assumptions for General Employees Fund occurred in 2022:

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

F. Long-Term Expected Return on Investment

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

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

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the GERF pension liability in 2022 was 6.50%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

H. Pension Liability Sensitivity

The following presents the 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 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:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	5.50%	6.50%	7.50%
School's Proportionate Share of the GERF Net Pension Liability	$ 1,013,319	$ 641,523	$ 336,593
TRA Discount Rate	6.00%	7.00%	8.00%
School's Proportionate Share of the TRA Net Pension Liability	$ 1,893,501	$ 1,201,121	$ 633,584

I. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund 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.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-4000; or by calling 651-296-2409 or 1-800-657-3669.

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Lease Commitment and Terms – School Site – BMS Building Corp.

The school leases its educational site from BMS Building Corporation (a blended component unit). Under the terms of the amended lease agreement established with the issuance of the 2016 A & B Series Lease Revenue Bonds, the lease term is for the period beginning June 1, 2016 and ending June 30, 2046. The School has an option to extend the lease term for an unlimited number of consecutive 10-year lease periods either on the same lease terms or as agreed upon with the Building Corporation.

The net annual base rent for the term of the lease agreement is directly tied to the debt service requirements of the BMS Building Corporation, including amounts held in escrow as part of the respective loan agreements. In addition, the school is responsible for all interior and exterior repair and maintenance costs as well as all utility costs.

The total amount of rent paid by the School to BMS Building Corporation under the terms of the lease agreement was $345,859 for fiscal 2023. The total cost of all educational-related space for fiscal 2022-2023 which qualified for state lease aid was $345,859. The annual lease aid entitlement is based on the lesser of 90% of the lease cost or an allowance per pupil unit. For fiscal 2023, the School qualified for state charter school lease aid which equaled the cap of $1,314 per pupil unit served, amounting to $288,436. This entitlement is subject to proration by the Minnesota Department of Education to the extent the overall funding that has been provided is insufficient to meet all amounts owed to Minnesota charter schools. Future amounts to be requested for state lease aid from the Minnesota Department of Education may vary due to financing arrangements, which are subject to change.

Total future minimum lease payments of the building lease are scheduled as follows:

Year Ending June 30,	Scheduled Lease Payments
2024	$ 342,339
2025	343,385
2026	344,245
2027	344,842
2028	344,423
2029-2033	1,593,529
2034-2038	1,601,760
2039-2043	1,600,964
2044-2048	930,226
Total	$ 7,445,713

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Lease Commitment and Terms – School Site – BMS Building Corp. (Continued)

The School's ability to make payments under this Lease agreement is dependent on its revenues which are in turn, largely dependent on sufficient enrollments at the School and on sufficient state aids per student being authorized and received from the state of Minnesota. The School believes that its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due.

REQUIRED SUPPLEMENTARY INFORMATION

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	$ 644	$ 644	$ -	$ (644)
Other	285,164	273,740	483,506	209,766
State Sources	2,322,707	2,363,849	2,374,070	10,221
Federal Sources	230,755	206,857	194,982	(11,875)
Total Revenues	2,839,270	2,845,090	3,052,558	207,468
EXPENDITURES				
Current:				
Administration	149,683	173,885	157,328	(16,557)
District Support Services	169,411	138,938	132,597	(6,341)
Elementary and Secondary Regular Instruction	1,176,546	1,165,062	1,134,106	(30,956)
Special Education Instruction	499,555	499,956	474,701	(25,255)
Instructional Support Services	160,034	176,688	198,749	22,061
Pupil Support Services	23,976	42,044	46,009	3,965
Sites and Buildings	564,869	596,276	588,446	(7,830)
Fiscal and Other Fixed Cost Programs	18,007	22,500	22,961	461
Capital Outlay	69,453	170,281	196,611	26,330
Debt Service	-	3,734	4,170	436
Total Expenditures	2,831,534	2,989,364	2,955,678	(33,686)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,736	(144,274)	96,880	241,154
OTHER FINANCING SOURCES (USES)				
Transfers Out	(51,862)	-	-	-
Total Other Financing Uses	(51,862)	-	-	-
NET CHANGE IN FUND BALANCE	$ (44,126)	$ (144,274)	96,880	$ 241,154
FUND BALANCE				
Beginning of Year			1,188,653	
End of Year			$ 1,285,533	

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	$ 7,140	$ 71,159	$ 73,614	$ 2,455
State Sources	1,020	7,352	6,178	(1,174)
Federal Sources	167,176	96,927	66,840	(30,087)
Total Revenues	175,336	175,438	146,632	(28,806)
EXPENDITURES				
Current:				
Food Service	174,103	173,225	175,271	2,046
Capital Outlay	822	2,213	2,753	540
Debt Service				
Principal	411	-	-	-
Total Expenditures	175,336	175,438	178,024	2,586
NET CHANGE IN FUND BALANCE	$ -	$ -	(31,392)	$ (31,392)
FUND BALANCE				
Beginning of Year			42,889	
End of Year			$ 11,497	

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Other - Primarily Tuition and Fees	$ 150,855	$ 174,311	$ 196,223	$ 21,912
Total Revenues	150,855	174,311	196,223	21,912
EXPENDITURES				
Current:				
Community Service	184,341	174,311	196,223	21,912
Total Expenditures	184,341	174,311	196,223	21,912
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(33,486)	-	-	-
OTHER FINANCING SOURCES				
Transfers In	51,862	-	-	-
NET CHANGE IN FUND BALANCE	$ 18,376	$ -	-	$ -
FUND BALANCE				
Beginning of Year			-	
End of Year			$ -	

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
TRA SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PLANS *

TRA Schedule of the District's Proportionate Share of the Net Pension Liability	Measurement Date June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0150%	0.0150%	0.0148%	0.0151%	0.0143%	0.0138%	0.0145%	0.0150%
School's Proportionate Share of the Net Pension Liability	$ 1,201,121	$ 656,445	$ 1,093,444	$ 962,477	$ 898,174	$ 2,754,730	$ 3,458,596	$ 927,898
State's Proportionate Share of the Net Pension Liability Associated with School	89,074	55,483	91,404	84,988	84,151	265,693	348,123	113,546
Total	$ 1,290,195	$ 711,928	$ 1,184,848	$ 1,047,465	$ 982,325	$ 3,020,423	$ 3,806,719	$ 1,041,444
School's Covered Payroll	$ 914,969	$ 914,969	$ 862,891	$ 875,032	$ 786,440	$ 750,760	$ 730,947	$ 712,933
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	131.27%	71.75%	126.72%	109.99%	114.21%	366.93%	473.17%	130.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%

* This schedule presents information for the years available, and will eventually include ten years of information.

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
TRA SCHEDULE OF SCHOOL CONTRIBUTIONS
LAST NINE FISCAL YEARS *

TRA Schedule of District Contributions	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 83,840	$ 77,094	$ 74,387	$ 68,341	$ 67,465	$ 58,983	$ 56,307	$ 54,821	$ 53,470
Contributions in Relation to the Statutorily Required Contribution	(83,840)	(77,094)	(74,387)	(68,341)	(67,465)	(58,983)	(56,307)	(54,821)	(53,470)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 980,585	$ 924,388	$ 914,969	$ 862,891	$ 875,032	$ 786,440	$ 750,760	$ 730,947	$ 712,933
Contributions as a Percentage of Covered Payroll	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%

* This schedule presents information for the years available, and will eventually include ten years of information

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
GERF SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PLANS *

GERF Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0081%	0.0067%	0.0058%	0.0056%	0.0056%	0.0051%	0.0049%	0.0049%
School's Proportionate Share of the Net Pension Liability	$ 641,523	$ 286,120	$ 347,737	$ 309,611	$ 310,665	$ 325,581	$ 397,856	$ 253,943
State's Proportionate Share of the Net Pension Liability Associated with School	18,949	8,732	10,582	9,666	10,219	4,081	5,129	-
Total	$ 660,472	$ 294,852	$ 358,319	$ 319,277	$ 320,884	$ 329,662	$ 402,985	$ 253,943
School's Covered Payroll	$ 498,293	$ 498,293	$ 405,867	$ 398,320	$ 377,893	$ 326,493	$ 303,000	$ 334,566
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	128.74%	57.42%	85.68%	77.73%	82.21%	99.72%	131.31%	75.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67%	87.00%	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%

* This schedule presents information for the years available, and will eventually include ten years of information

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
GERF SCHEDULE OF SCHOOL CONTRIBUTIONS
LAST NINE FISCAL YEARS *

GERF Schedule of District Contributions	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 42,358	$ 45,729	$ 37,372	$ 30,440	$ 29,874	$ 28,342	$ 24,487	$ 22,725	$ 21,205
Contributions in Relation to the Statutorily Required Contribution	(42,358)	(45,729)	(37,372)	(30,440)	(29,874)	(28,342)	(24,487)	(22,725)	(21,205)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 564,773	$ 609,720	$ 498,293	$ 405,867	$ 398,320	$ 377,893	$ 326,493	$ 303,000	$ 287,525
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.500%	7.38%

* This schedule presents information for the years available, and will eventually include ten years of information.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

- 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.
- 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

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased 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

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

- 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

Changes in Actuarial Assumption

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

Changes in Plan Provisions

- 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

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015 (Continued)

Changes in Plan Provisions

- 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 increase the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%.

2020

Changes in Actuarial Assumptions

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

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- 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 0% 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 five years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 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.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while 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.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

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

2014

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

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

B. Budgeting

Budgeted amounts include a mid-year budget amendment that changed revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
Revenues			
General Fund	$ 2,839,270	$ 5,820	$ 2,845,090
Special Revenue Funds:			
Food Service Fund	175,336	102	175,438
Community Service Fund	150,855	23,456	174,311
Expenditures			
General Fund	$ 2,831,534	$ 157,830	$ 2,989,364
Special Revenue Funds:			
Food Service Fund	175,336	102	175,438
Community Service Fund	184,341	(10,030)	174,311

OTHER REQUIRED REPORTS

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

Board of Directors
Bluffview Montessori School
Winona, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Bluffview Montessori School (the School), as of and for the year ended
June 30, 2023, and the related notes to the financial statements, which collectively comprise Bluffview Montessori School's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bluffview Montessori 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 Bluffview Montessori School's internal control. Accordingly, we do not express an opinion on the effectiveness of Bluffview Montessori 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 Bluffview Montessori School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors
Bluffview Montessori School

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bluffview Montessori 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 Bluffview Montessori 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 Bluffview Montessori School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 5, 2023

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Bluffview Montessori School
Winona, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Bluffview Montessori School (the School) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Bluffview Montessori School's basic financial statements, and have issued our report thereon dated December 5, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that Bluffview Montessori School failed to comply with the provisions of the charter schools and uniform financial accounting and reporting standards 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 Bluffview Montessori School's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools* and the results of that testing, and not to provide an opinion on the effectiveness of Bluffview Montessori School's compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 5, 2023

BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2023

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 3,052,558	$ 3,052,555	$ 3
Total Expenditures	$ 2,955,678	$ 2,955,671	$ 7
Nonspendable:			
460 Nonspendable Fund Balance	$ 34,332	$ 34,332	$ -
Restricted:			
403 Staff Development	$ -	$ -	$ -
405 Deferred Maintenance	$ -	$ -	$ -
406 Health and Safety	$ -	$ -	$ -
407 Capital Project Levy	$ -	$ -	$ -
408 Cooperative Programs	$ -	$ -	$ -
413 Projects Funded by COP	$ -	$ -	$ -
414 Operating Debt	$ -	$ -	$ -
416 Levy Reduction	$ -	$ -	$ -
417 Taconite Building Maintenance	$ -	$ -	$ -
424 Operating Capital	$ -	$ -	$ -
426 $25 Taconite	$ -	$ -	$ -
427 Disabled Accessibility	$ -	$ -	$ -
428 Learning and Development	$ -	$ -	$ -
434 Area Learning Center	$ -	$ -	$ -
435 Contracted Alternative Programs	$ -	$ -	$ -
436 State-Approved Alternative Programs	$ -	$ -	$ -
438 Gifted and Talented	$ -	$ -	$ -
440 Teacher Development and Evaluations	$ -	$ -	$ -
441 Basic Skills Programs	$ -	$ -	$ -
445 Career and Technical Programs	$ -	$ -	$ -
448 Achievement and Integration	$ -	$ -	$ -
449 Safe Schools Crime Levy	$ -	$ -	$ -
451 QZAB Payments	$ -	$ -	$ -
452 OPEB Liability Not Held in Trust	$ -	$ -	$ -
453 Unfunded Severance & Retirement Levy	$ -	$ -	$ -
472 Medical Assistance	$ -	$ -	$ -
473 PPP Loan	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Committed:			
418 Committed for Separation	$ -	$ -	$ -
461 Committed Fund Balance	$ -	$ -	$ -
Assigned:			
462 Assigned Fund Balance	$ -	$ -	$ -
Unassigned:			
422 Unassigned Fund Balance	$ 1,251,201	$ 1,251,203	$ (2)
02 FOOD SERVICE			
Total Revenue	$ 146,632	$ 146,631	$ 1
Total Expenditures	$ 178,024	$ 178,024	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ 15,552	$ 15,552	$ -
Restricted:			
452 OPEB Liability Not Held in Trust	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ (4,055)	$ (4,055)	$ -
04 COMMUNITY SERVICE			
Total Revenue	$ 196,223	$ 196,223	$ -
Total Expenditures	$ 196,223	$ 196,223	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
426 $25 Taconite	$ -	$ -	$ -
431 Community Education	$ -	$ -	$ -
432 E.C.F.E.	$ -	$ -	$ -
440 Teacher Development and Evaluations	$ -		
444 School Readiness	$ -	$ -	$ -
447 Adult Basic Education	$ -	$ -	$ -
452 OPEB Liability Not Held in Trust	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
407 Capital Projects Levy	$ -	$ -	$ -
409 Alternative Facility Program	$ -	$ -	$ -
413 Projects Funded by COP	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
07 DEBT SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
425 Bond Refunding	$ -	$ -	$ -
451 QZAB and QSCB Payments	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
08 TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Net Position:			
422 Net Position	$ -	$ -	$ -
20 INTERNAL SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Net Position:			
422 Net Position	$ -	$ -	$ -
25 OPEB REVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Net Position:			
422 Net Position	$ -	$ -	$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Net Position:			
422 Net Position	$ -	$ -	$ -
47 OPEB DEBT SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
425 Bond Refunding	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -