

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



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WINONA, MINNESOTA
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INTRODUCTORY SECTION

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**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
BOARD OF DIRECTORS AND ADMINISTRATION
YEAR ENDED JUNE 30, 2021**

BOARD OF DIRECTORS

Ann Marie Dunbar	Chairperson
Molly Leifeld	Vice Chair
Katie Kinneberg	Treasurer
Erich Lippman	Secretary
Meghan Booth	Member
Daniel Kirk	Member
Shelly Merchiewitz	Member

ADMINISTRATION

Henry Schantzen	Head of School
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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bluffview Montessori School
Winona, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bluffview Montessori School, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Report on Summarized Prior Year Information

We have previously audited Bluffview Montessori School's 2020 financial statements of the governmental activities and each major fund, and we expressed an unmodified opinion on those audited financial statements in our report dated November 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, TRA Schedule of the School's Proportionate Share of the Net Pension Liability, TRA Schedule of School Contributions, GERS Schedule of the School's Proportionate Share of the Net Pension Liability, and GERS Schedule of School Contributions be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

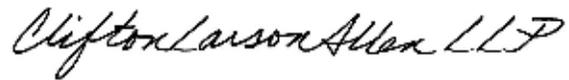
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bluffview Montessori School's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table, as required by the Minnesota Department of Education, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

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 November 29, 2021, on our consideration of 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 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

Minneapolis, Minnesota
November 29, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

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**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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, 2021. Please read it in conjunction with the School's financial statements, which immediately follow this section. Certain comparative information between the current year (2021) and the prior year (2020) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021 fiscal year include the following:

- The unassigned fund balance of the General Fund is at 44.6% of annual expenditures, after a fund balance increase of \$54,259, as of June 30, 2021.
- Overall General Fund revenues were \$2,655,697 as compared to \$2,595,143 of expenditures.
- Net position of the combined entity increased by \$288,582 from June 30, 2020.

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's *combined* net position was \$(2,042,872) on June 30, 2021 (see Table A-1).

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2021	2020	
Current and Other Assets	\$ 1,865,640	\$ 1,742,233	7.08 %
Capital Assets	2,459,887	2,565,845	(4.13)
Total Assets	<u>4,325,527</u>	<u>4,308,078</u>	0.41
Deferred Outflows of Resources	703,635	1,091,828	(35.55)
Current Liabilities	1,855,244	1,609,522	15.27
Net Pension Liability	1,441,181	1,272,088	13.29
Long-Term Liabilities	2,775,688	3,369,618	(17.63)
Total Liabilities	<u>6,072,113</u>	<u>6,251,228</u>	(2.87)
Deferred Inflows of Resources	<u>999,921</u>	<u>1,480,132</u>	(32.44)
Net Position:			
Net Investment in Capital Assets	(1,525,813)	(1,496,910)	(1.93)
Restricted	93,847	90,818	3.34
Unrestricted	<u>(610,906)</u>	<u>(925,362)</u>	33.98
Total Net Position	<u>\$ (2,042,872)</u>	<u>\$ (2,331,454)</u>	12.38

The School's financial position is the product of many factors. Total revenues on an entity-wide basis exceeded total expenses by \$288,582. Most of the increase was in unrestricted net position due to the forgiveness of the Paycheck protection program loan recognized as revenue in the current year. Another reason for the increase was the net effect of change in the School's proportionate share of 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). Therefore, total net position ended the fiscal year at \$(2,042,872).

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position

The School's total revenues were \$3,247,709 for the year ended June 30, 2021 (see Table A-2). State formula aid accounted for 48.3% of total revenue for the year. Approximately 18.5% came from other general revenues combined with investment earnings. The remaining 33.2% came from program revenues.

**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2021	2020	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 66,391	\$ 197,917	(66.46)%
Operating Grants and Contributions	1,016,627	828,746	22.67
<u>General Revenues</u>			
Unrestricted State Aid	1,564,604	1,554,578	0.64
Investment Earnings	129	4,559	(97.17)
Other	599,958	69,359	765.00
Total Revenues	<u>3,247,709</u>	<u>2,655,159</u>	22.32
Expenses			
Administration	171,000	158,811	7.68
District Support Services	185,694	149,656	24.08
Regular Instruction	1,124,415	1,076,297	4.47
Special Education Instruction	503,280	483,703	4.05
Instructional Support Services	207,837	144,874	43.46
Pupil Support Services	44,844	52,074	(13.88)
Sites and Buildings	224,495	240,230	(6.55)
Fiscal and Other Fixed Cost Programs	15,020	13,671	9.87
Food Service	162,866	128,173	27.07
Community Service	108,601	162,970	(33.36)
Interest and Fiscal Charges on Long-Term Liabilities	211,075	214,466	(1.58)
Total Expenses	<u>2,959,127</u>	<u>2,824,925</u>	4.75
Change in Net Position	288,582	(169,766)	
Beginning Net Position	<u>(2,331,454)</u>	<u>(2,161,688)</u>	
Ending Net Position	<u>\$ (2,042,872)</u>	<u>\$ (2,331,454)</u>	

The total cost of all programs and services excluding interest and fiscal charges was \$2,959,127. Total revenues exceeded expenses, increasing net position \$288,582 from the prior year.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

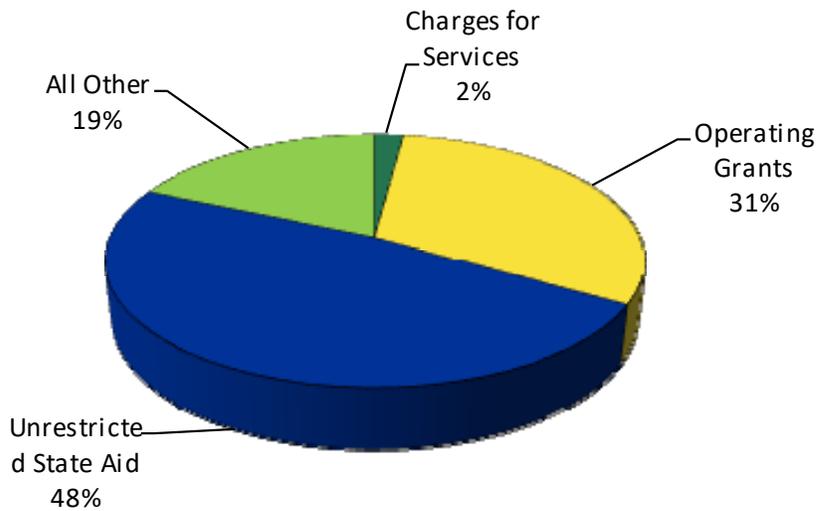
FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

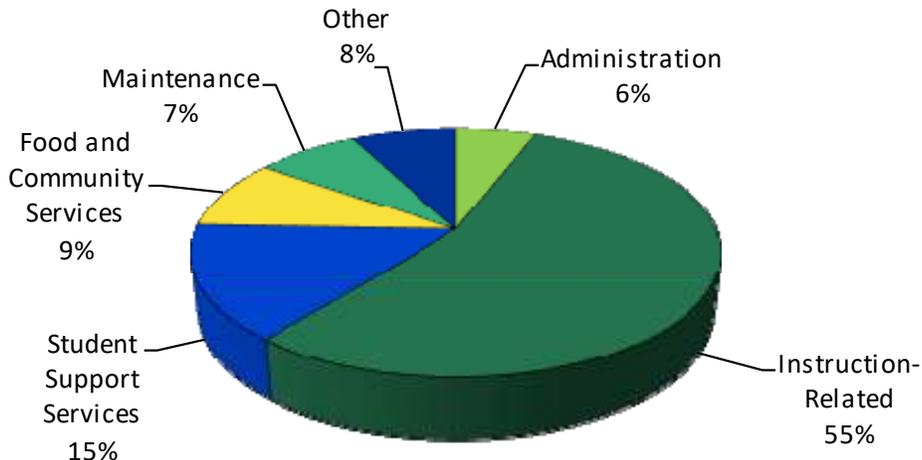
The cost of all *governmental* activities this year was \$2,959,127.

- Some of the cost was paid by the users of the School's programs (\$66,391).
- The federal government and private grant funds as well as restricted state aids subsidized certain programs with grants and contributions (\$1,016,627).
- Most of the School's costs, however, were paid for by unrestricted State Aid (\$1,564,604).

**Figure A-1
Sources of School Revenues for Fiscal 2021**



**Figure A-2
School Expenses for Fiscal 2021**



**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
Administration	\$ 171,000	\$ 158,811	7.68 %	\$ 170,854	\$ 158,318	7.92 %
District Support Services	185,694	149,656	24.08	185,694	149,656	24.08
Regular Instruction	1,124,415	1,076,297	4.47	960,213	926,217	3.67
Special Education Instruction	503,280	483,703	4.05	94,259	113,636	(17.05)
Instructional Support Services	207,837	144,874	43.46	207,836	144,474	43.86
Pupil Support Services	44,844	52,074	(13.88)	44,791	51,874	(13.65)
Sites and Buildings	224,495	240,230	(6.55)	145,254	159,315	(8.83)
Fiscal and Other Fixed Cost Programs	15,020	13,671	9.87	15,020	13,671	9.87
Food Service	162,866	128,173	27.07	(3,383)	2,868	(217.96)
Community Service	108,601	162,970	(33.36)	47,371	70,455	(32.76)
Interest and Fiscal Charges on Long-Term Liabilities	211,075	214,466	(1.58)	8,200	7,778	5.43
Total	<u>\$ 2,959,127</u>	<u>\$ 2,824,925</u>	4.75	<u>\$ 1,876,109</u>	<u>\$ 1,798,262</u>	4.33

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 \$1,567,905, which is an increase of \$51,481 from last year's ending fund balance of \$1,516,424.

Revenues for the School's governmental funds were \$3,266,612 while total expenditures were \$3,215,131.

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 92% 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.

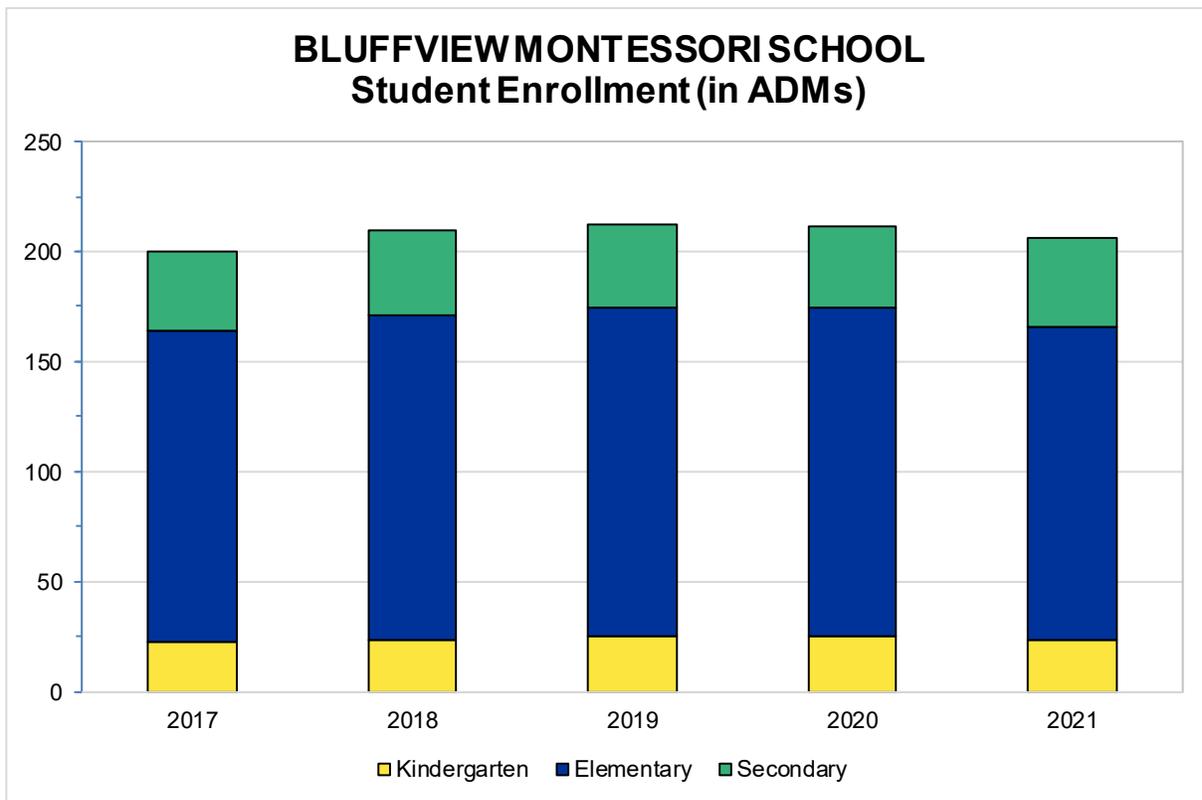
**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 2021.

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



During fiscal year 2021, the School achieved an average daily membership of 206.49 students. This was the result of a decrease of 4.97 pupil units 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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Local Sources:				
Earnings on Investments	\$ -	\$ 64	\$ (64)	(100.00)%
Other	242,051	110,038	132,013	120.0
State Sources	2,211,296	2,202,471	8,825	0.4
Federal Sources	202,350	88,762	113,588	128.0
Total General Fund Revenue	<u>\$ 2,655,697</u>	<u>\$ 2,401,335</u>	<u>\$ 254,362</u>	10.6

Total General Fund Revenue increased by \$254,362 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, 2019	June 30, 2018	Increase (Decrease)	Percent Change
Salaries	\$ 1,435,852	\$ 1,291,748	\$ 144,104	11.16 %
Employee Benefits	243,296	198,540	44,756	22.5
Purchased Services	721,801	700,097	21,704	3.1
Supplies and Materials	105,580	84,378	21,202	25.1
Capital Expenditures	53,082	43,225	9,857	22.8
Other Expenditures	35,532	27,594	7,938	28.8
Total General Fund Expenditures	<u>\$ 2,595,143</u>	<u>\$ 2,345,582</u>	<u>\$ 249,561</u>	10.6

Total General Fund Expenditures increased \$249,561 from the previous year, mostly related to salary and benefit increases.

In 2020-21, General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$54,259 therefore total fund balance increased to \$1,181,853 as of June 30, 2021.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GENERAL FUND (CONTINUED)

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance of \$1,181,853 at June 30, 2021 represents 44.6% of annual expenditures or about 23 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 2021.

Actual revenues were \$37,853 less than expected, which is a difference of 1.4%, and actual expenditures were \$55,955 under budget, which is a difference of 2.2%.

The School's final budget for the General Fund anticipated an underage in which expenditures and other financing uses would exceed revenues and other financing sources by \$45,032. However, the actual results for the year show revenues and other financing sources exceeding expenditures and other financing uses by \$54,259. This is a \$99,291 variance.

OTHER MAJOR FUNDS

The Building Company's fund balance decreased; expenditures exceeded revenues by \$8,438, ending the year with a fund balance of \$380,392. 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.

Revenues exceeded expenditures in the Food Service Fund by \$5,660, ending the year with a fund balance of \$5,660 as of June 30, 2021.

Expenditures exceeded revenues in the Community Service Fund by \$6,295 and the Community Service Fund received a transfer from the General Fund in the amount of \$6,295 ending the year with a fund balance of \$-0- as of June 30, 2021.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the School had invested \$5.13 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 \$162,990. 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**

	2021	2020	Percentage Change
Charter School			
Land Improvements	\$ 29,238	\$ 28,323	3.2 %
Buildings and Improvements	168,432	166,219	1.3
Equipment	165,082	182,953	(9.8)
Building Corporation			
Land	663,049	663,049	-
Land Improvements	11,296	11,296	-
Buildings and Improvements	4,040,831	3,985,293	1.4
Equipment	77,445	96,233	(19.5)
Less: Accumulated Depreciation	(2,695,486)	(2,567,521)	5.0
Total Capital Assets	<u>\$ 2,459,887</u>	<u>\$ 2,565,845</u>	(4.1)

Long-Term Liabilities

At year-end, the School had \$4,315,000 in lease revenue bonds outstanding – a decrease of 2.2% from last year – as shown in Note 5 to Financial Statements.

**Table A-8
Long-Term Liabilities**

	2021	2020	Percentage Change
Lease Revenue Bonds	\$ 4,315,000	\$ 4,410,000	(2.2)%
PPP Loan Payable	-	323,000	N/A
Net Pension Liability	1,441,181	1,272,088	13.3
Severance Benefits Payable	1,869	3,706	(49.6)
Total Long-Term Liabilities	<u>\$ 5,758,050</u>	<u>\$ 6,008,794</u>	(4.2)
Long-Term Liabilities:			
Due Within One Year	\$ 100,000	\$ 95,000	5.3
Due in More Than One Year	5,658,050	5,913,794	(4.3)
Total	<u>\$ 5,758,050</u>	<u>\$ 6,008,794</u>	(4.2)

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 2021 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 Brenda Kes at BerganKDV at 22488 Chippendale Avenue, Farmington, Minnesota 55024, 651-463-2233, ext. 6861.

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BASIC FINANCIAL STATEMENTS

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**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Governmental Activities	
	2021	2020
ASSETS		
Cash and Investments	\$ 1,150,223	\$ 1,090,718
Cash with Fiscal Agent	367,541	379,073
Receivables:		
Other Governments	308,569	245,463
Other	3,848	6,079
Prepaid Items	24,021	20,900
Inventories	11,438	-
Capital Assets:		
Land and Construction in Progress	663,049	663,049
Other Capital Assets, Net of Depreciation	1,796,838	1,902,796
Total Assets	4,325,527	4,308,078
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding	53,423	65,295
Pension Related	650,212	1,026,533
Total Deferred Outflows of Resources	703,635	1,091,828
LIABILITIES		
Salaries Payable	195,737	159,813
Accounts and Contracts Payable	96,784	63,193
Accrued Interest Payable	16,328	16,625
Unearned Revenue	5,214	2,803
Long-Term Liabilities:		
Net Pension Liability	1,441,181	1,272,088
Other Long-Term Liabilities Due Within One Year	100,000	95,000
Other Long-Term Liabilities Due in More Than One Year	4,216,869	4,641,706
Total Liabilities	6,072,113	6,251,228
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	999,921	1,480,132
NET POSITION		
Net Investment in Capital Assets	(1,525,813)	(1,496,910)
Restricted for:		
Food Service	5,660	-
State Mandated Reserves	-	563
Building Company Debt Service	88,187	90,255
Unrestricted	(610,906)	(925,362)
Total Net Position	\$ (2,042,872)	\$ (2,331,454)

See accompanying Notes to Financial Statements.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

Functions	2021			2020	
	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Total	Total
				Governmental Activities	Governmental Activities
Governmental Activities					
Administration	\$ 171,000	\$ -	\$ 146	\$ (170,854)	\$ (158,318)
District Support Services	185,694	-	-	(185,694)	(149,656)
Regular Instruction	1,124,415	4,913	159,289	(960,213)	(926,217)
Special Education Instruction	503,280	-	409,021	(94,259)	(113,636)
Instructional Support Services	207,837	-	1	(207,836)	(144,474)
Pupil Support Services	44,844	-	53	(44,791)	(51,874)
Sites and Buildings	224,495	-	79,241	(145,254)	(159,315)
Fiscal and Other Fixed Cost Programs	15,020	-	-	(15,020)	(13,671)
Food Service	162,866	950	165,299	3,383	(2,868)
Community Service	108,601	60,528	702	(47,371)	(70,455)
Interest and Fiscal Charges on Long-Term Liabilities	211,075	-	202,875	(8,200)	(7,778)
Total School District	<u>\$ 2,959,127</u>	<u>\$ 66,391</u>	<u>\$ 1,016,627</u>	(1,876,109)	(1,798,262)
General Revenues					
				1,564,604	1,554,578
				129	4,559
				276,958	69,359
				323,000	-
				<u>2,164,691</u>	<u>1,628,496</u>
				288,582	(169,766)
				<u>(2,331,454)</u>	<u>(2,161,688)</u>
				<u>\$ (2,042,872)</u>	<u>\$ (2,331,454)</u>

See accompanying Notes to Financial Statements.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Building Company	2021	2020
ASSETS						
Cash and Investments	\$ 1,111,071	\$ -	\$ 12,407	\$ 26,745	\$ 1,150,223	\$ 1,090,718
Cash with Fiscal Agent	-	-	-	367,541	367,541	379,073
Receivables:						
Due from Minnesota Department of Education	183,139	-	-	-	183,139	220,319
Due from Federal through Minnesota Department of Education	70,548	29,467	-	-	100,015	25,144
Due from Federal Government Received Directly	25,415	-	-	-	25,415	-
Due from Other Funds	40,709	-	-	-	40,709	13,801
Other Receivables	3,839	-	-	9	3,848	6,079
Inventory	-	11,438	-	-	11,438	-
Prepays	23,484	537	-	-	24,021	20,900
Total Assets	\$ 1,458,205	\$ 41,442	\$ 12,407	\$ 394,295	\$ 1,906,349	\$ 1,756,034
LIABILITIES AND FUND BALANCE						
Liabilities:						
Salaries Payable	\$ 104,670	\$ 6,956	\$ 12,407	\$ -	\$ 124,033	\$ 100,404
Payroll Deductions and Employer Contributions Payable	71,704	-	-	-	71,704	59,409
Accounts and Contracts Payable	96,778	6	-	-	96,784	63,193
Due to Other Funds	-	26,806	-	13,903	40,709	13,801
Unearned Revenue	3,200	2,014	-	-	5,214	2,803
Total Liabilities	276,352	35,782	12,407	13,903	338,444	239,610
Fund Balance:						
Nonspendable:						
Inventory	-	11,438	-	-	11,438	-
Prepays	23,484	537	-	-	24,021	20,900
Restricted for:						
Safe Schools	-	-	-	-	-	563
PPP Loan	-	-	-	-	-	323,000
Food Service	-	-	-	-	-	-
Building Company Debt Service	-	-	-	380,392	380,392	388,816
Unassigned	1,158,369	(6,315)	-	-	1,152,054	783,145
Total Fund Balance	1,181,853	5,660	-	380,392	1,567,905	1,516,424
Total Liabilities and Fund Balance	\$ 1,458,205	\$ 41,442	\$ 12,407	\$ 394,295	\$ 1,906,349	\$ 1,756,034

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
Total Fund Balance for Governmental Funds	\$ 1,567,905	\$ 1,516,424
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	663,049
Land Improvements, Net of Accumulated Depreciation	12,078	12,585
Buildings and Improvements, Net of Accumulated Depreciation	1,721,609	1,816,013
Equipment, Net of Accumulated Depreciation	63,151	74,198
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(16,328)	(16,625)
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	(1,441,181)	(1,272,088)
Deferred Inflows of Resources - Pensions	(999,921)	(1,480,132)
Deferred Outflows of Resources - Pensions	650,212	1,026,533
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	(4,315,000)	(4,410,000)
Refunding Loss	53,423	65,295
Paycheck Protection Program Loan Payable	-	(323,000)
Severance Payable	(1,869)	(3,706)
Total Net Position of Governmental Activities	<u>\$ (2,042,872)</u>	<u>\$ (2,331,454)</u>

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Building Company	2021	2020
REVENUES						
Local Sources:						
Earnings and Investments	\$ -	\$ -	\$ -	\$ 129	\$ 129	\$ 4,559
Other	242,051	6,245	95,053	343,620	686,969	605,475
State Sources	2,211,296	-	-	-	2,211,296	2,210,433
Federal Sources	202,350	165,299	569	-	368,218	166,417
Total Revenues	<u>2,655,697</u>	<u>171,544</u>	<u>95,622</u>	<u>343,749</u>	<u>3,266,612</u>	<u>2,986,884</u>
EXPENDITURES						
Current:						
Administration	166,712	-	-	-	166,712	147,772
District Support Services	165,080	-	-	20,640	185,720	149,656
Elementary and Secondary Regular Instruction	943,000	-	-	-	943,000	855,521
Special Education Instruction	487,604	-	-	-	487,604	449,870
Instructional Support Services	175,543	-	-	-	175,543	134,167
Pupil Support Services	43,442	-	-	-	43,442	44,436
Sites and Buildings	545,660	-	-	37,047	582,707	581,488
Fiscal and Other Fixed Cost Programs	15,020	-	-	-	15,020	13,671
Food Service	-	162,866	-	-	162,866	128,173
Community Service	-	-	101,917	-	101,917	153,734
Capital Outlay	53,082	3,018	-	-	56,100	43,225
Debt Service:						
Principal	-	-	-	95,000	95,000	90,000
Interest and Fiscal Charges	-	-	-	199,500	199,500	202,875
Total Expenditures	<u>2,595,143</u>	<u>165,884</u>	<u>101,917</u>	<u>352,187</u>	<u>3,215,131</u>	<u>2,994,588</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	60,554	5,660	(6,295)	(8,438)	51,481	(7,704)
OTHER FINANCING SOURCES (USES)						
Insurance Recovery	-	-	-	-	-	3,811
Paycheck Protection Program Loan Proceeds	-	-	-	-	-	323,000
Transfers In	-	-	6,295	-	6,295	42,863
Transfers Out	(6,295)	-	-	-	(6,295)	(42,863)
Total Other Financing Sources (Uses)	<u>(6,295)</u>	<u>-</u>	<u>6,295</u>	<u>-</u>	<u>-</u>	<u>326,811</u>
NET CHANGE IN FUND BALANCE	54,259	5,660	-	(8,438)	51,481	319,107
FUND BALANCES						
Beginning of Year	1,127,594	-	-	388,830	1,516,424	1,081,396
End of Year	<u>\$ 1,181,853</u>	<u>\$ 5,660</u>	<u>\$ -</u>	<u>\$ 380,392</u>	<u>\$ 1,567,905</u>	<u>\$ 1,400,503</u>

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021	2020																																	
Net Change in Fund Balance - Total Governmental Funds	\$ 51,481	\$ 319,107																																	
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Capital Outlays</td> <td style="text-align: right;">57,408</td> <td style="text-align: right;">73,193</td> </tr> <tr> <td>Gain (Loss) on Disposal of Capital Assets</td> <td style="text-align: right;">(376)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Depreciation Expense</td> <td style="text-align: right;">(162,990)</td> <td style="text-align: right;">(174,428)</td> </tr> </table> <p>Pension expenditures in the governmental funds are measured by current year employer 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.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">(65,203)</td> <td style="text-align: right;">(143,658)</td> </tr> </table> <p>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 expenditure 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:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Repayment of Bond Principal</td> <td style="text-align: right;">95,000</td> <td style="text-align: right;">90,000</td> </tr> <tr> <td>Paycheck Protection Program Loan Proceeds</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(323,000)</td> </tr> <tr> <td>Paycheck Protection Program Loan Forgiveness</td> <td style="text-align: right;">323,000</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Change in Accrued Interest - Lease Revenue Bonds</td> <td style="text-align: right;">297</td> <td style="text-align: right;">281</td> </tr> <tr> <td>Amortization of Bond Refunding Loss</td> <td style="text-align: right;">(11,872)</td> <td style="text-align: right;">(11,872)</td> </tr> </table> <p>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).</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Change in Severance Payable</td> <td style="text-align: right; border-top: 1px solid black;">1,837</td> <td style="text-align: right; border-top: 1px solid black;">611</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 288,582</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ (169,766)</td> </tr> </table>			Capital Outlays	57,408	73,193	Gain (Loss) on Disposal of Capital Assets	(376)	-	Depreciation Expense	(162,990)	(174,428)		(65,203)	(143,658)	Repayment of Bond Principal	95,000	90,000	Paycheck Protection Program Loan Proceeds	-	(323,000)	Paycheck Protection Program Loan Forgiveness	323,000	-	Change in Accrued Interest - Lease Revenue Bonds	297	281	Amortization of Bond Refunding Loss	(11,872)	(11,872)	Change in Severance Payable	1,837	611	Total	\$ 288,582	\$ (169,766)
Capital Outlays	57,408	73,193																																	
Gain (Loss) on Disposal of Capital Assets	(376)	-																																	
Depreciation Expense	(162,990)	(174,428)																																	
	(65,203)	(143,658)																																	
Repayment of Bond Principal	95,000	90,000																																	
Paycheck Protection Program Loan Proceeds	-	(323,000)																																	
Paycheck Protection Program Loan Forgiveness	323,000	-																																	
Change in Accrued Interest - Lease Revenue Bonds	297	281																																	
Amortization of Bond Refunding Loss	(11,872)	(11,872)																																	
Change in Severance Payable	1,837	611																																	
Total	\$ 288,582	\$ (169,766)																																	

See accompanying Notes to Financial Statements.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 636	\$ 606	\$ -	\$ (606)
Other	115,994	286,774	242,051	(44,723)
State Sources	2,275,934	2,233,880	2,211,296	(22,584)
Federal Sources	105,757	172,290	202,350	30,060
Total Revenues	<u>2,498,321</u>	<u>2,693,550</u>	<u>2,655,697</u>	<u>(37,853)</u>
EXPENDITURES				
Current:				
Administration	178,655	181,188	166,712	(14,476)
District Support Services	151,534	150,901	165,080	14,179
Elementary and Secondary Regular				
Instruction	865,912	968,843	943,000	(25,843)
Special Education Instruction	471,529	490,082	487,604	(2,478)
Instructional Support Services	132,568	186,957	175,543	(11,414)
Pupil Support Services	55,078	50,701	43,442	(7,259)
Sites and Buildings	562,999	559,560	545,660	(13,900)
Fiscal and Other Fixed Cost Programs	17,308	17,308	15,020	(2,288)
Capital Outlay	13,552	45,558	53,082	7,524
Total Expenditures	<u>2,452,135</u>	<u>2,651,098</u>	<u>2,595,143</u>	<u>(55,955)</u>
EXCESS OF REVENUES OVER EXPENDITURES	46,186	42,452	60,554	18,102
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(41,828)</u>	<u>(87,484)</u>	<u>(6,295)</u>	<u>81,189</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,358</u>	<u>\$ (45,032)</u>	54,259	<u>\$ 99,291</u>
FUND BALANCE				
Beginning of Year			<u>1,127,594</u>	
End of Year			<u>\$ 1,181,853</u>	

See accompanying Notes to Financial Statements.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 64,189	\$ 13,500	\$ 6,245	\$ (7,255)
State Sources	6,045	-	-	-
Federal Sources	44,672	135,500	165,299	29,799
Total Revenues	<u>114,906</u>	<u>149,000</u>	<u>171,544</u>	<u>22,544</u>
EXPENDITURES				
Current:				
Food Service	120,138	138,365	162,866	24,501
Capital Outlay	336	2,136	3,018	882
Total Expenditures	<u>120,474</u>	<u>140,501</u>	<u>165,884</u>	<u>25,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,568)	8,499	5,660	(2,839)
OTHER FINANCING SOURCES				
Transfers In	<u>5,569</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1</u>	<u>\$ 8,499</u>	5,660	<u>\$ (2,839)</u>
FUND BALANCE				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 5,660</u>	

See accompanying Notes to Financial Statements.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Other - Primarily Tuition and Fees	\$ 142,425	\$ 89,400	\$ 95,053	\$ 5,653
EXPENDITURES				
Current:				
Community Service	<u>181,789</u>	<u>178,489</u>	<u>101,917</u>	<u>(76,572)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,364)	(87,489)	(6,295)	81,194
OTHER FINANCING SOURCES				
Transfers In	<u>36,259</u>	<u>87,484</u>	<u>6,295</u>	<u>(81,189)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (105)</u>	<u>\$ (5)</u>	-	<u>\$ 5</u>
FUND BALANCE				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

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**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021. 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.

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

Unearned revenues are those in which resources are received by the School before it has a legal claim to them. The School has reported unearned revenues for fees paid toward fiscal 2021 activities.

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

General Fund – 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.

Food Service Special Revenue Fund – 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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgeting (Continued)

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

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 2,498,321	\$ 195,229	\$ 2,693,550
Special Revenue Funds:			
Food Service Fund	114,906	34,094	149,000
Community Service Fund	145,425	(54,425)	91,000
 <u>Expenditures</u>			
General Fund	\$ 2,452,135	\$ 198,963	\$ 2,651,098
Special Revenue Funds:			
Food Service Fund	120,474	20,027	140,501
Community Service Fund	181,789	(3,300)	178,489

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.

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$500 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.

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. Unearned Revenue

Unearned revenues are those in which resources are received by the School before it has a legal claim to them. The School has reported unearned revenues for funds received in fiscal year 2020 related to fiscal year 2021 activities.

O. 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 one item that qualifies for reporting in this category related to pensions and one item that qualifies that relates to a refunding bond issue.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. 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.

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, 2021, unpaid severance payable of \$1,869 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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Summarized Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Certain comparative information has been reclassified to conform with the current year presentation.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Interfund Transfers

The School had the following interfund transfers for the year ended June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,295
Special Revenue Funds:		
Community Service Fund	6,295	-
Total	<u>\$ 6,295</u>	<u>\$ 6,295</u>

B. Interfund Balances

The School had the following interfund balances at June 30, 2021:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$ 40,709	\$ -
Special Revenue Fund:		
Food Service Fund	-	26,806
Building Company Fund	-	13,903
Total	<u>\$ 40,709</u>	<u>\$ 40,709</u>

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)

C. Excess of Expenditures Over Budget

Expenditures exceeded the budgeted amount in the following fund at June 30, 2021.

	Budget	Expenditures	Excess
Special Revenue Funds:			
Food Service Fund	\$ 140,501	\$ 165,884	\$ 25,383

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.

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, 2021 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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- 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, 2021, the School had the following investments:

	Amortized Cost
Morgan Stanley Institutional Liquidity Funds - Govt Fund #8352	\$ 367,541

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.

Credit Risk – 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	\$ 1,150,223
Cash and Investments Held by Trustee - Statement of Net Position	367,541
Total Cash and Investments	\$ 1,517,764

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2021. The money market fund investments held by the Building Company's escrow agent are valued at amortized cost.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Building Company					
Land	\$ 663,049	\$ -	\$ -	\$ -	\$ 663,049
Capital Assets, Being Depreciated:					
Building Company					
Land Improvements	11,296	-	-	-	11,296
Buildings and Improvements	3,985,293	36,750	-	18,788	4,040,831
Furniture and Equipment	96,233	-	-	(18,788)	77,445
Charter School					
Land Improvements	28,323	915	-	-	29,238
Building and Improvements	166,219	2,213	-	-	168,432
Furniture and Equipment	182,953	17,530	(35,401)	-	165,082
Total Capital Assets, Being Depreciated	<u>4,470,317</u>	<u>57,408</u>	<u>(35,401)</u>	<u>-</u>	<u>4,492,324</u>
Accumulated Depreciation for:					
Building Company					
Land Improvements	(11,296)	-	-	-	(11,296)
Buildings and Improvements	(2,236,595)	(142,789)	-	-	(2,379,384)
Furniture and Equipment	(63,971)	(2,287)	-	-	(66,258)
Charter School					
Land Improvements	(15,738)	(1,422)	-	-	(17,160)
Building and Improvements	(98,904)	(9,366)	-	-	(108,270)
Furniture and Equipment	(141,017)	(7,126)	35,025	-	(113,118)
Total Accumulated Depreciation	<u>(2,567,521)</u>	<u>(162,990)</u>	<u>35,025</u>	<u>-</u>	<u>(2,695,486)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,902,796</u>	<u>(105,582)</u>	<u>(376)</u>	<u>-</u>	<u>1,796,838</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,565,845</u>	<u>\$ (105,582)</u>	<u>\$ (376)</u>	<u>\$ -</u>	<u>\$ 2,459,887</u>

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

Governmental Activities	
Regular Instruction	\$ 132,018
Instructional Support Services	1,716
Pupil Support Services	872
Sites and Buildings	28,384
Total Depreciation Expense, Governmental Activities	<u>\$ 162,990</u>

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021:

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
6/1/2016	3.75% - 4.75%	\$ 4,750,000	6/1/2046	\$ 100,000	\$ 4,315,000
Severance Benefits Payable				-	1,869
Total Long-Term Liabilities				<u>\$ 100,000</u>	<u>\$ 4,316,869</u>

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 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 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 Bluffview Montessori School.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 amounted to 1,827,593, of which \$343,620 (or 18.8%) was remitted during the current year as lease payments to the Building Company.

In May 2020, the School obtained a Paycheck Protection Program loan through Merchants Bank. The loan carries an interest rate of 1% and matures May 7, 2022, though part or all of the loan is eligible to be forgiven. On December 11, 2020 the loan was forgiven in its entirety.

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:

<u>Year Ending June 30,</u>	Lease Revenue Bonds Payable	
	Principal	Interest
2022	\$ 100,000	\$ 195,938
2023	105,000	192,188
2024	105,000	188,250
2025	110,000	184,313
2026	115,000	180,188
2027-2031	650,000	823,125
2032-2036	820,000	662,700
2037-2041	1,025,000	456,000
2042-2046	1,285,000	188,575
Thereafter	-	-
Total	\$ 4,315,000	\$ 3,071,277

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, 2020	Additions	Retirements	June 30, 2021	Principal Due Within One Year
Bonds Payable	\$ 4,410,000	\$ -	\$ 95,000	\$ 4,315,000	\$ 100,000
PPP Loan Payable	323,000	-	323,000	-	-
Severance Benefits Payable	3,706	-	1,837	1,869	-
Total	\$ 4,736,706	\$ -	\$ 419,837	\$ 4,316,869	\$ 100,000

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 Safe Schools

Represents amounts that unspent from the Safe Schools allocation.

Restricted for PPP Loan

Represents resources received from obtaining a Paycheck Protection Program loan to cover certain allowable expenditures.

NOTE 7 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the School are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following multiple employer, cost-sharing 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. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the IRC.

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

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

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.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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

Tier II Benefits

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).

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

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

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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 2021 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, 2021 were \$37,372. The School's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2021 were:

	2021	
	Employee	Employer
Basic	11.00 %	11.92 %
Coordinated	7.50	8.13

The School's contributions to TRA for the plan's fiscal year ended June 30, 2021 were \$74,387. The School's contributions were equal to the required contributions for each year as set by state statute.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2021, the School reported a liability of \$347,737 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 \$10,582, for a total liability associated with the School of \$358,319. The School's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the School's proportion was .0058% at the end of the measurement period and 0.0056% for the beginning of the period.

For the year ended June 30, 2021, the School recognized pension expense of \$28,058 for its proportionate share of the General Employees Fund's pension expense.

At June 30, 2021, 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	\$ 3,170	\$ 1,316
Changes in Actuarial Assumptions	-	12,892
Net Difference Between Projected and Actual Earnings on Plan Investments	6,007	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	17,606	-
District Contributions Subsequent to the Measurement Date	37,372	-
Total	<u>\$ 64,155</u>	<u>\$ 14,208</u>

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

A total of \$37,372 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, 2022. 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
2022	\$ (8,482)
2023	2,860
2024	9,797
2025	8,400
2026	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2021, the School reported a liability of \$1,093,444 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 .0148% at the end of the measurement period and .0151% 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	\$ 1,093,444
State's Proportionate Share of the Net Pension Liability Associated with the School	91,404
Total	\$ 1,184,848

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. TRA Pension Costs

For the year ended June 30, 2021, the School recognized pension expense of \$165,098. It also recognized \$8,394 as pension expense for the support provided by direct aid.

At June 30, 2021, 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	\$ 21,928	\$ 16,588
Changes in Actuarial Assumptions	392,329	917,926
Net Difference Between Projected and Actual		
Earnings on Plan Investments	16,943	-
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	80,470	51,199
District Contributions Subsequent to the		
Measurement Date	74,387	-
Total	<u>\$ 586,057</u>	<u>\$ 985,713</u>

A total of \$74,387 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, 2022. 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,	Pension Expense Amount
2022	\$ 24,162
2023	(322,739)
2024	(207,434)
2025	32,492
2026	(524)
Thereafter	-

The School recognized total pension expenses of \$198,550 for all of the pension plans in which it participates. This includes \$8,394 in TRA direct aid recognized as pension expense.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25% per Year	2.5% per Year 2.85% for 10 years and 3.25% thereafter
Active Member Payroll Growth	3.00% per Year	thereafter
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2020:

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

The following changes in actuarial assumptions for TRA occurred in 2020:

- 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 MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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	35.50 %	5.10 %
International Equity	17.50	5.30
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
Cash	2.00	-
Totals	100.00 %	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2020 was 7.50%. 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 positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2020 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).

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. 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
<u>GERF Discount Rate</u>	6.50%	7.50%	8.50%
School's Proportionate Share of the GERF Net Pension Liability	\$ 557,301	\$ 347,737	\$ 174,863
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
School's Proportionate Share of the TRA Net Pension Liability	\$ 1,674,051	\$ 1,093,444	\$ 615,053

H. 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 8 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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 COMMITMENTS AND CONTINGENCIES

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

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 \$343,620 for fiscal 2021. The total cost of all educational-related space for fiscal 2020-2021 which qualified for state lease aid was \$343,620. The annual lease aid entitlement is based on the lesser of 90% of the lease cost or an allowance per pupil unit. For fiscal 2021, the School qualified for state charter school lease aid which equaled the cap of \$1,314 per pupil unit served, amounting to \$282,090. 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:

<u>Year Ending June 30,</u>	<u>Scheduled Lease Payments</u>
2022	\$ 345,042
2023	345,859
2024	342,339
2025	343,385
2026	344,245
2027-2031	1,643,188
2032-2036	1,602,542
2037-2041	1,601,109
2042-2046	1,568,905
Total	<u>\$ 8,136,614</u>

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.

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Operating Lease Commitment and Terms – Copier Leases

On January 10, 2017, the School entered into an operating copier lease agreement for one copier with Metro Sales Inc. The lease has a five-year term and payments began in January of 2017. The lease matures in fiscal year 2022 and has \$2,634 in payments remaining as of June 30, 2021.

On August 15, 2019, the School entered into an operating copier lease agreement for one copier with Metro Sales Inc. The lease has a five-year term and payments began in August of 2019. The lease matures in fiscal year 2025 and has \$11,301 in payments remaining as of June 30, 2021.

Lease expense for the year ended June 30, 2021 was \$10,244.

REQUIRED SUPPLEMENTARY INFORMATION

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

**TRA Schedule of the District's Proportionate Share of the
Net Pension Liability**

	Measurement Date June 30,					
	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0148%	0.0151%	0.0143%	0.0138%	0.0145%	0.0150%
School's Proportionate Share of the Net Pension Liability	\$ 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	91,404	84,988	84,151	265,693	348,123	113,546
Total	<u>\$ 1,184,848</u>	<u>\$ 1,047,465</u>	<u>\$ 982,325</u>	<u>\$ 3,020,423</u>	<u>\$ 3,806,719</u>	<u>\$ 1,041,444</u>
School's Covered Payroll	\$ 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	126.72%	109.99%	114.21%	366.93%	473.17%	130.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 SEVEN FISCAL YEARS ***

TRA Schedule of District Contributions

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 74,387	\$ 68,341	\$ 67,465	\$ 58,983	\$ 56,307	\$ 54,821	\$ 53,470
Contributions in Relation to the Statutorily Required Contribution	(74,387)	(68,341)	(67,465)	(58,983)	(56,307)	(54,821)	(53,470)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's Covered Payroll	\$ 914,969	\$ 862,891	\$ 875,032	\$ 786,440	\$ 750,760	\$ 730,947	\$ 712,933
Contributions as a Percentage of Covered Payroll	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 SIX MEASUREMENT PLANS ***

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

	Measurement Date June 30,					
	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0058%	0.0056%	0.0056%	0.0051%	0.0049%	0.0049%
School's Proportionate Share of the Net Pension Liability	\$ 347,737	\$ 309,611	\$ 310,665	\$ 325,581	\$ 397,856	\$ 253,943
State's Proportionate Share of the Net Pension Liability Associated with School	10,582	9,666	10,219	4,081	5,129	-
Total	<u>\$ 358,319</u>	<u>\$ 319,277</u>	<u>\$ 320,884</u>	<u>\$ 329,662</u>	<u>\$ 402,985</u>	<u>\$ 253,943</u>
School's Covered Payroll	\$ 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	85.68%	77.73%	82.21%	99.72%	131.31%	75.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 SEVEN FISCAL YEARS ***

GERF Schedule of District Contributions

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 37,372	\$ 30,440	\$ 29,874	\$ 28,342	\$ 24,487	\$ 22,725	\$ 21,205
Contributions in Relation to the Statutorily Required Contribution	(37,372)	(30,440)	(29,874)	(28,342)	(24,487)	(22,725)	(21,205)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's Covered Payroll	\$ 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%	7.500%	7.38%

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

OTHER REQUIRED REPORTS

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**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, as of and for the year ended June 30, 2021, 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 November 29, 2021.

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.

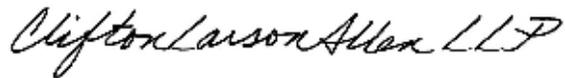
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 result 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

Minneapolis, Minnesota
November 29, 2021



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 as of and for the year ended June 30, 2021, 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 November 29, 2021.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 29, 2021

**BLUFFVIEW MONTESSORI SCHOOL
WINONA, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2021**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 2,655,697	\$ 2,655,699	\$ (2)
Total Expenditures	2,595,143	2,595,146	(3)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	23,484	23,484	-
<i>Restricted:</i>			
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	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	-	-	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	1,158,369	1,158,369	-
02 FOOD SERVICE			
Total Revenue	171,544	171,544	-
Total Expenditures	165,884	165,884	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	11,975	11,975	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	(6,315)	(6,315)	-
04 COMMUNITY SERVICE			
Total Revenue	95,622	95,622	-
Total Expenditures	101,917	101,917	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
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	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

