INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
OFFICIAL DIRECTORY
JUNE 30, 2023

Ann Long Voelkner	Chairperson
Dave Wall	Vice-Chairman
Jenny Frenzel	Clerk
Julie Laitala	Treasurer
Anna Manecke	Director
Justin Hoover	Director
Jeremy Olson	Superintendent
Ashley Eastridge	Director of Business Services

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No. 31
Bemidji, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bemidji Area Schools, Bemidji, Minnesota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 10 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 96 Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining statements, schedule of changes in fund balances and compliance table as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, schedule of changes in fund balances, compliance table, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 14, 2023

This section of Independent School District No. 31's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year includes the following:

- Net position revenues surpassed expenses by $12,842,501 in the current year.
- Overall, actual revenues in the Statement of Activities were $86,586,579 and expenses were $73,744,078.
- General Fund revenues and other financing sources were more than General Fund expenditures by $2,115,761.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-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 statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's general fund budget for the year, and supplementary information that is presented for additional analysis.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. 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 district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, liabilities and deferred inflows/outflows of resources – is one way to measure the District's financial health or *position*.

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

In the district-wide financial statements, the District's activities are shown in one category:

- *Governmental activities*: All of the District's basic services are included here, such as regular and special education, pupil support services, administration, sites and buildings, and community education. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the District 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 District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has two types of funds:

- Governmental funds: The District'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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations have been provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to help explain the relationship (or differences) between the governmental funds and governmental activities.

- The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data is provided in the form of combining statements elsewhere in this report.

- Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that only those to whom the assets belong use the assets reported in these funds. The District's fiduciary activities (consisting of an irrevocable trust fund) are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $9,124,732 on June 30, 2023 (see details in Table A-1). This was an increase of 334.4 percent from the prior year.

Table A-1
Statement of Net Position

	2023	2022	Total Percentage Change	
Current and Other Assets	$ 39,234,297	$ 36,471,315	7.6	%
Capital Assets	84,180,926	83,388,961	0.9	
Total Assets	123,415,223	119,860,276	3.0	
Deferred Outflows of Resources	16,195,104	19,597,862	(17.4)	
Long-Term Liabilities	96,051,544	76,537,325	25.5	
Other Liabilities	10,753,488	7,408,954	45.1	
Total Liabilities	106,805,032	83,946,279	27.2	
Deferred Inflows of Resources	23,680,563	59,404,901	(60.1)	
Net Position				
Net Investment in Capital Assets	48,634,393	48,684,173	(0.1)	
Restricted	9,765,898	10,354,909	(5.7)	
Unrestricted	(49,275,559)	(62,932,124)	(21.7)	
Total Net Position	$ 9,124,732	$ (3,893,042)	334.4	%

Change in Net Position

Table A-2 presents the change in net position of the District.

Table A-2
Change in Net Position

	2023	2022	% Change
Revenues			
Program Revenues			
Charges for Services	$ 3,837,860	$ 3,028,256	26.7 %
Operating Grants and Contributions	26,156,601	20,172,243	29.7
Capital Grants and Contributions	668,282	-	-
General Revenues			
Property Taxes	10,074,606	11,287,869	(10.7)
Unrestricted State Aid	42,987,108	47,295,286	(9.1)
Other Sources	2,862,122	318,293	799.2
Total Revenues	86,586,579	82,101,947	5.5
Expenses			
Administration	3,229,512	2,711,035	19.1
District Support Services	1,328,281	1,714,307	(22.5)
Elementary and Secondary Regular Instruction	21,506,139	27,120,851	(20.7)
Vocational Education Instruction	697,219	626,927	11.2
Special Education Instruction	16,816,639	15,877,957	5.9
Community Education and Services	2,352,449	2,111,682	11.4
Instructional Support Services	3,681,283	3,609,853	2.0
Pupil Support Services	11,976,080	11,121,954	7.7
Sites and Buildings	10,263,305	10,384,621	(1.2)
Fixed Costs	80,960	273,861	(70.4)
Interest Fees on Long-Term Debt and Lease Liabilities	1,812,211	1,193,221	51.9
Total Expenses	73,744,078	76,746,269	(3.9)
Change in Net Position	12,842,501	5,355,678	(139.8) %
Net Position - Beginning	(3,893,042)	(9,248,720)	(57.9)
GASB 96 Adjustment - See Note 10	220,402	-	
GASB 87 Adjustment - See Note 10	(45,129)	-	
Net Position - Beginning, Restated	(3,717,769)	(9,248,720)	(59.8)
Net Position - Ending	$ 9,124,732	$ (3,893,042)	334.4

The District's total revenues were $86,586,579 for the year ended June 30, 2023. Property taxes and unrestricted aid payments accounted for 61 percent of total revenue for the year.

The total cost of all programs and services was $73,744,078. The District's expenses are predominantly related to educating and caring for students.

Total revenues surpassed expenses, an increase net position $12,842,501 over last year. The net cost of governmental activities is their total costs less program revenues applicable to each category.

Table A-3 presents these net costs.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percentage	Net Cost of Services		Total Percentage
	2023	2022	Change	2023	2022	Change
Expenses						
Administration	$ 3,229,512	$ 2,711,035	19.1 %	$ 3,229,512	$ 2,710,868	19.1 %
District Support Services	1,328,281	1,714,307	(22.5)	1,328,281	1,714,307	(22.5)
Elementary and Secondary Regular Instruction	21,506,139	27,120,851	(20.7)	16,569,414	22,489,295	(26.3)
Vocational Education Instruction	697,219	626,927	11.2	683,946	629,710	8.6
Special Education Instruction	16,816,639	15,877,957	5.9	5,300,241	4,042,689	31.1
Community Education and Services	2,352,449	2,111,682	11.4	(2,933,794)	131,783	(2,326.2)
Instructional Support Services	3,681,283	3,609,853	2.0	2,539,121	3,609,853	(29.7)
Pupil Support Services	11,976,080	11,121,954	7.7	4,894,655	6,381,214	(23.3)
Sites and Buildings	10,263,305	10,384,621	(1.2)	9,576,788	10,371,761	(7.7)
Fixed Costs	80,960	273,861	(70.4)	80,960	271,069	(70.1)
Interest Fees on Long-Term Debt and Lease Liabilities	1,812,211	1,193,221	51.9	1,812,211	1,193,221	51.9
	$73,744,078	$76,746,269	(3.9) %	$43,081,335	$53,545,770	(19.5) %

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A summary of the fund balance is as follows:

Table A-4
Major Funds

	Fund Balance			Percentage
	2023	2022	Increase (Decrease)	Increase (Decrease)
Governmental Funds				
General	$ 16,389,866	$14,274,105	$ 2,115,761	14.8 %
Debt Service	706,435	955,711	(249,276)	(26.1)

General Fund

The general fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities and capital outlay projects.

Table A-5 presents a summary of general fund revenue.

Table A-5
General Fund Revenue

	2023	2022	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 6,489,467	$ 7,561,485	$ (1,072,018)	(14.2) %
Other	3,043,997	2,081,867	962,130	46.2
State Sources	56,043,611	54,278,831	1,764,780	3.3
Federal Sources	10,490,780	7,404,063	3,086,717	41.7
Other	69,480	94,330	(24,850)	(26.3)
Total General Fund Revenue	$ 76,137,335	$ 71,420,576	$ 4,716,759	6.6 %

Total general fund revenue increased by $4,716,759 or 6.6 percent from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referendum and the property tax shift, involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue. The District has also had increased federal dollars due to increased education stabilization funds expended.

Table A-6 presents a summary of general fund expenditures.

Table A-6
General Fund Expenditures

	2023	2022	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 44,098,306	$ 43,845,971	$ 252,335	0.6 %
Employee Benefits	15,399,749	14,758,233	641,516	4.3
Purchased Services	5,541,515	5,316,207	225,308	4.2
Supplies and Materials	4,732,161	3,528,174	1,203,987	34.1
Capital Expenditures	3,827,785	1,569,761	2,258,024	143.8
Other Expenditures	829,718	155,360	674,358	434.1
Total General Fund Expenditures	$ 74,429,234	$ 69,173,706	$ 5,255,528	7.6 %

Total general fund expenditures increased $5,255,528 or 7.6 percent from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. The revisions increased revenues with the largest increase being federal revenues. The District also projected an increase in expenditures.

- Although the District's final budget for the general fund anticipated that expenditures would exceed revenues by $1,315,116, the actual results show expenditures and other financing uses would exceed revenues by $2,115,761.
- Revenues were $3,413,038 more than projections, largely due to an increase in revenues from State sources.
- The actual expenditures were $389,821 more than the budgeted figure, largely due to elementary and secondary regular instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

Note 3 to the financial statements presents an analysis of capital asset transactions that occurred during the year ended June 30, 2023. Major capital asset events during the year included purchase of wheel loader, scoreboard, fire alarm upgrade, and 19 buses. The District is also in the process of updated lighting within various buildings and a roofing project.

Long-Term Debt

At year-end, the District had $38,023,036 of long-term debt. This consisted of bonds payable of $33,495,000, finance purchase obligation of $359,426, lease liabilities of $1,805,057, SBITA liabilities of $45,690, compensated absences of $217,163, severance payable of $128,254, unamortized discount and unamortized premium of $1,972,446. Notes 6, 7 and 8 to the financial statements present details and payment provisions of these items.

Factors Bearing on the District's Future

- The State of Minnesota has historically provided minimal increases to the funding formula for K-12 education. For fiscal year 2023-2024 the State has provided some relief with an increase of 4% in the basic funding formula and an increase in the special education cross-subsidy to 44% from 6.43%, previously. Although these adjustments have helped, the District still is anticipating a financial strain due to anticipated increased costs for operations.
- Costs of operations are expected to rise, namely increases in energy and transportation costs and with employee bargaining outcomes.
- The District has been experiencing a decrease in enrollment. To offset the financial impact of these enrollment losses, the District has been and will continue to reduce expenses.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of business Services at the District Office in the District Office, 502 Minnesota Ave NW, Bemidji, Minnesota 56601.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2023

GOVERNMENTAL ACTIVITIES	
ASSETS	
Cash and Investments	$ 18,501,193
Property Taxes Receivable	5,072,235
Accounts Receivable	204,428
Due From Other MN School Districts	367,823
Due From Department of Education	6,002,205
Due From Federal Govt. - DOE	6,340,808
Due From Federal Govt.	124,354
Due From Other Governmental Units	32,969
Inventory	338,715
Prepaid Items	118,481
Non Depreciable Capital Assets:	
Land	3,472,119
Construction in Progress	3,397,620
Depreciable Capital Assets:	
Land Improvements	6,509,205
Buildings	122,440,604
Machinery and Equipment	15,115,801
Less Accumulated Depreciation	(66,754,423)
Total Capital Assets, Net of Depreciation	84,180,926
Total Non-Current Assets	84,180,926
Right to Use Assets	
Lease Assets, Net of Accumulated Amortization	1,788,003
SBITA Assets, Net of Accumulated Amortization	343,083
TOTAL ASSETS	123,415,223
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	15,754,442
Deferred Outflows of Resources Related to OPEB	440,662
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,195,104
LIABILITIES	
Accounts Payable	555,400
Salaries Payable	5,889,177
Vacation Payable	217,163
Severance Payable	128,254
Due To Other Governmental Units	26,258
Due To Other MN School Districts	61,423
Unearned Revenue	138,545
Interest Payable	387,426
Long-Term Liabilities Due Within One Year	3,349,842

Bonds and Net Unamortized Premiums	35,467,446
Lease Liabilities	1,805,057
SBITA Liabilities	45,690
Finance Purchase Obligation	359,426
Net Pension Liability	54,294,397
Net Other Post Employment Benefits	7,429,370
Less Amounts Due Within One Year	(3,349,842)
Total Long-Term Liabilities	96,051,544
TOTAL LIABILITIES	106,805,032
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Years' Expenditures	10,410,374
Deferred Inflows of Resources Related to Pensions	11,690,730
Deferred Inflows of Resources Related to OPEB	1,579,459
TOTAL DEFERRED INFLOWS OF RESOURCES	23,680,563
NET POSITION	
Net Investment in Capital Assets	48,634,393
Restricted for:	
Student Activities	296,486
Staff Development	530,798
Operating Capital	5,316,308
Safe School	439,618
LTFM	1,499,156
Medical Assistance	81,893
Food Service	22,573
Community Education	753,733
ECFE	602,177
School Readiness	215,147
Adult Basic Education	8,009
Unrestricted	(49,275,559)
TOTAL NET POSITION	$ 9,124,732

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Administration	$ 3,229,512	$ -	$ -	$ -	$ (3,229,512)
District Support Services	1,328,281	-	-	-	(1,328,281)
Regular Instruction	21,506,139	409,299	4,527,426	-	(16,569,414)
Vocational Instruction	697,219	-	13,273	-	(683,946)
Special Education Instruction	16,816,639	-	11,516,398	-	(5,300,241)
Community Education and Services	2,352,449	2,003,576	3,282,667	-	2,933,794
Instructional Support Services	3,681,283	-	1,142,162	-	(2,539,121)
Pupil Support Services	11,976,080	1,406,750	5,674,675	-	(4,894,655)
Sites and Buildings	10,263,305	18,235	-	668,282	(9,576,788)
Fiscal and Other Fixed Costs	80,960	-	-	-	(80,960)
Interest on Long-Term Debt and Lease Liabilities	1,812,211	-	-	-	(1,812,211)
TOTAL GOVERNMENTAL ACTIVITIES	$ 73,744,078	$ 3,837,860	$ 26,156,601	$ 668,282	(43,081,335)

GENERAL REVENUES & EXPENSES	
Property Taxes	
Levied for General Purposes	6,493,975
Levied for Community Education and Services	400,787
Levied for Debt Service	2,651,957
Levied for OPEB	527,887
Aids and Payments from State and Federal Sources	42,987,108
Unrestricted Investment Earnings	519,287
Other Revenues	2,342,835
TOTAL GENERAL REVENUES	55,923,836
Change in Net Position	12,842,501
Net Position - Beginning	(3,893,042)
GASB 96 Adjustment - See Note 10	220,402
GASB 87 Adjustment - See Note 10	(45,129)
Net Position - Beginning as Restated	(3,717,769)
Net Position - Ending	$ 9,124,732

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 12,476,830	$ 2,466,012	$ 3,558,352	$ 18,501,194
Property Taxes Receivable	2,865,291	1,680,800	424,854	4,970,945
Delinquent Property Taxes Receivable	64,790	27,125	9,375	101,290
Accounts Receivable	204,428	-	-	204,428
Due From Other MN School Districts	367,823	-	-	367,823
Due From Department of Education	5,888,111	11,208	102,886	6,002,205
Due From Federal Govt. - DOE	6,300,442	-	40,366	6,340,808
Due From Federal Govt.	124,354	-	-	124,354
Due From Other Governmental Units	32,969	-	-	32,969
Prepaid Items	118,481	-	-	118,481
Inventory	316,142	-	22,573	338,715
TOTAL ASSETS	$ 28,759,661	$ 4,185,145	$ 4,158,406	$ 37,103,212
LIABILITIES				
Accounts Payable	$ 551,181	$ -	$ 4,219	$ 555,400
Salary Payable	5,567,953	-	321,224	5,889,177
Due To Other MN School Districts	61,423	-	-	61,423
Due to Other Governmental Units	26,258	-	-	26,258
Unearned Revenue	70,920	-	67,626	138,546
TOTAL LIABILITIES	6,277,735	-	393,069	6,670,804
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes	64,790	27,125	9,375	101,290
Property Taxes Levied - Subs. Years	6,027,270	3,451,585	931,520	10,410,375
TOTAL DEFERRED INFLOWS OF RESOURCES	6,092,060	3,478,710	940,895	10,511,665
FUND BALANCES				
Nonspendable	434,623	-	22,573	457,196
Restricted for:				
Student Activities	296,486	-	-	296,486
Staff Development	530,798	-	-	530,798
Operating Capital	5,316,308	-	-	5,316,308
St. Approved Alt Program	9,454	-	-	9,454
Safe Schools	439,618	-	-	439,618
Long Term Fac. Maint.	1,499,156	-	-	1,499,156
Medical Assistance	81,893	-	-	81,893
Teacher Benefits	64,730	-	-	64,730
Red Lake Johnson-O'Malley	41,356	-	-	41,356
Debt Service	-	706,435	-	706,435
Community Education	-	-	753,733	753,733
Early Childhood and Family Education	-	-	602,177	602,177
School Readiness	-	-	215,147	215,147
Adult Basic Education	-	-	8,009	8,009
Community Service	-	-	232,474	232,474
Food Service	-	-	867,663	867,663
OPEB Debt Service	-	-	122,666	122,666
Committed for Seperation and Retirement Benefits	577,793	-	-	577,793
Unassigned	7,097,651	-	-	7,097,651
TOTAL FUND BALANCES	16,389,866	706,435	2,824,442	19,920,743
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 28,759,661	$ 4,185,145	$ 4,158,406	$ 37,103,212

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds		$ 19,920,743
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Cost of capital assets	150,935,349	
Less accumulated depreciation	(66,754,423)	
Net Depreciation Value of Capital Assets		84,180,926
Lease assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Cost of lease assets	2,039,629	
Cost of SBITA assets	596,350	
Less: accumulated amortization	(504,894)	2,131,085
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General Obligation Bonds Payable	(33,495,000)	
Net Unamortized Bond Discount/Premium	(1,972,446)	
Finance purcahse obligation	(359,426)	
Compensated Absences Payable	(217,163)	
Net pension liability	(54,294,397)	
Lease Payable	(1,805,057)	
SBITA Payable	(45,690)	
Severance Payable	(128,254)	(92,317,433)
Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit and OPEB plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.		
Deferred Inflows of Resources	(13,270,189)	
Deferred Outflows of Resources	16,195,104	2,924,915
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		101,290
Other post-employment asset/(liability) is not a financial resource and, therefore, is not reported as an asset in the governmental funds.		(7,429,370)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the debt service fund.		(387,424)
Total Net Position - Governmental Activities		$ 9,124,732

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Property Taxes	$ 6,489,467	$ 2,651,036	$ 926,813	$ 10,067,316
Other Local and County Revenues	3,043,997	58,605	1,599,778	4,702,380
Revenue From State Sources	56,043,611	112,114	1,085,835	57,241,560
Revenue From Federal Sources	10,490,780	-	2,413,789	12,904,569
Sale and Other Conversion of Asset	69,480	-	1,347,775	1,417,255
TOTAL REVENUES	76,137,335	2,821,755	7,373,990	86,333,080
EXPENDITURES				
Current:				
Administration	3,225,792	-	-	3,225,792
District Support Services	1,328,281	-	-	1,328,281
Elementary and Secondary Regular Instruction	30,605,314	-	-	30,605,314
Vocational Instruction	683,946	-	-	683,946
Special Education Instruction	16,737,064	-	-	16,737,064
Community Education and Services	38	-	2,346,407	2,346,445
Instructional Support Services	3,615,702	-	-	3,615,702
Pupil Support Services	7,630,196	-	3,882,265	11,512,461
Sites and Buildings	6,773,617	-	-	6,773,617
Fiscal and Other Fixed Costs	296,454	-	-	296,454
Debt Service:				
Principal Retirement	311,456	1,755,000	471,035	2,537,491
Interest and Fees	102,083	1,316,031	49,293	1,467,407
Capital Outlay	3,119,291	-	2,051,983	5,171,274
TOTAL EXPENDITURES	74,429,234	3,071,031	8,800,983	86,301,248
Excess (Deficiency) of Revenues Over Expenditures	1,708,101	(249,276)	(1,426,993)	31,832
OTHER FINANCING SOURCES (USES)				
Issuance of Leases and SBITAS	348,686	-	-	348,686
Insurance Recovery	58,974	-	-	58,974
TOTAL OTHER FINANCING SOURCES (USES)	407,660	-	-	407,660
Net Change in Fund Balances	2,115,761	(249,276)	(1,426,993)	439,492
Fund Balances - Beginning	14,274,105	955,711	4,251,435	19,481,251
Fund Balances - Ending	$ 16,389,866	$ 706,435	$ 2,824,442	$ 19,920,743

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - governmental funds		$ 439,492
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays	4,602,617	
Depreciation expense	(3,810,652)	791,965
Lease payments are reported in the governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following differences:		
Capital Outlay - Lease	125,346	
Amortization expenses - leases	(189,894)	
Issuance of Lease	(84,310)	
Principal payments - leases	161,511	12,653
SBITA payments are reported in the governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following differences:		
Capital Outlay - SBITAs	210,646	
Amortization expenses - SBITAs	(87,966)	
Issuance of SBITAs	(57,994)	
Fund financial expenditures - SBITAs	12,304	76,990
Change in net pension liability		(23,579,733)
Changes in deferred outflows and inflows of resources related to the net pension and OPEB liabilities.		32,914,784
Payment of debt principal is an expenditure or other financing use in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		2,363,676
Issuance of Finance Purchase.		(206,382)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Also, governmental funds report the effect of issuance costs and premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		133,748
Payment of the following costs is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		
Severance Payable		134,115
Compensated Absences Payable		77,583
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		7,291
The change in the Other Post-Employment Benefit liability is a reduction of the Other Post-Employment Benefit expense in the statement of activities.		(323,681)
Change in net position - governmental activities		$ 12,842,501

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	OPEB Irrevocable Trust Fund
Assets	
Cash and Investments	$ 1,005,440
Net Position	
Net Position Held in Trust	$ 1,005,440

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Irrevocable Trust Fund
Additions:	
Contributions	$ 404,795
Investment Earnings	38,311
Total Additions	443,106
Deductions:	
Employee Benefits	850,151
Change in Net Position	(407,045)
Net Position - Beginning of Year	1,412,485
Net Position - End of Year	$ 1,005,440

See Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 31 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 governing body consists of a six member board elected by the voters of the District to serve four-year terms.

B. Reporting Entity

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a six-member board elected by the voters of the District to serve four-year terms.

The District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

Component units are legally separated entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

C. Basic Financial Statement Presentation

The district-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 District.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purposes 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. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

Separate fund financial statements are provided for governmental funds. All individual governmental funds are reported in 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 district-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. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for advance amounts recognized in accordance with a statutory “tax shift”. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

<u>Revenue Recognition</u> – 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. Property tax revenue is generally considered available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.

<u>Recording of Expenditures</u> – 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.

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

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund – Accounts for all financial resources and transactions except those required to be accounted for in other funds including pupil transportation and capital outlay activities, which were previously (prior to July 1, 1996) accounted for in separate special revenue funds.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Nonmajor Governmental Funds

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than expendable trust and major capital projects) that are legally restricted to expenditures for specified purposes.

Food Service – Accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

Community Service – Accounts for all resources restricted for programs other than those for elementary and secondary students.

Building Construction Fund – Accounts for the accumulation of resources for, and the payment related to construction projects and is considered a capital project fund.

OPEB Debt Service Fund – Accounts for the accumulation of resources for the payment of OPEB bonds principal, interest and related costs.

GASB Statement No. 34 also requires that budget vs. actual information be presented for the general fund and all major special revenue funds.

Fiduciary funds

Trust Funds – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those whom the assets belong.

Post-Employment Benefits Irrevocable Trust Fund – The District is the trustee, or fiduciary, for assets set aside and held in an irrevocable trust arrangement for post-employment benefits. District contributions to this fund are expensed to the General, Food Service or Community Service Funds.

All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

E. Specific Account Information

Cash and Investments – Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. The investments of the Capital Projects Fund are not pooled and earnings on those investments are allocated directly to that Fund.

Investments are carried at fair value. The District considers certificates of deposit to be cash.

Fair Value Measurements – The organization accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1:	Quoted market prices in active markets for identical assets or liabilities.
Level 2:	Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3:	Unobservable inputs that are not corroborated by market data.

Taxes Receivable – Taxes receivable represents taxes levied in 2022, which are not payable until 2023, net of the amount received prior to June 30.

Property Taxes – Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as the taxes are collected.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent years).

The majority of the revenue in the general fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the “tax shift.”

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year.

Inventory – Inventory is recorded using the consumption method of accounting and consists of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the Department of Agriculture.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

Capital Assets – Capital assets are capitalized at historical cost, or estimated historical cost. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are charged to expense as incurred.

Capital assets are recorded in the district-wide financial statements, 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 for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for machinery and equipment.

Capital assets not being depreciated include land and construction in progress, if any.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Leases - The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement. The District accounts for lease agreements with lease and nonlease components together as a single lease component for all underlying classes of assets. The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Subscription-Based Information Technology Arrangements (SBITA) - Subscription-Based Information Technology Arrangements (SBITA) are contracts that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The determination of whether a SBITA asset and liability are to be recorded in the financial statements is made at inception by evaluating the maximum possible term of the SBITA.

A SBITA contract with an initial term of more than 12 months, or that contain an option to extend the contract more than 12 months that is reasonably expected to be exercised by the District, are recognized based on the present value of subscription payments over the contract term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the SBITA contract commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the SBITA contract commencement.

The District continues to recognize short-term SBITA subscription payments as outflows of resources (expenditure) based on the payment provision of the SBITA contract. Short-term SBITA contracts have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

The amortizable life of SBITA assets are limited to the shorter of the expected agreement term or the useful life of the underlying asset.

<u>Unearned Revenue</u> – Unearned revenue represents revenues, other than property taxes, collected before they are earned.

<u>Vacation Pay</u> – Certified staff and certain administrative employees do not receive paid vacations but are paid only for the number of days they are required to work, each in accordance with their respective contracts. Non-certified and other administrative employees are allowed vacation leave in varying amounts. In the event of termination, an employee is reimbursed for any unused accumulated leave. Accrued vacation time must be taken within one year after the end of the fiscal year. Compensated absences payable for the amount representing the accumulated vacation payable at June 30, 2023 for these employees is reported in the district-wide financial statements.

<u>Sick Leave and Severance Pay</u> – Employees are allowed to accrue sick leave at varying amounts each year, and accumulate within limits. Employees are not compensated for unused sick leave upon termination of employment. Since the employees accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Upon completion of 15 years of service and notice of retirement for teaching staff and certain other employee groups, unused sick leave is convertible to severance pay upon an employee's retirement. Severance is not granted to an employee who is discharged by the District.

Under provisions of various employee and union contracts, the District provides health and dental care coverage until age 65 for retirees and if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums paid for active employees are funded on a pay-as-you-go basis. Retiree costs, net of retiree contributions, are funded through an OPEB Irrevocable Trust fund.

<u>Long-Term Obligations</u> – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing bonded debt is reported at the face value of remaining indebtedness. For any new

indebtedness that may be issued in the future, bond premiums and discounts will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

<u>Deferred Outflows/Inflows of Resources</u> – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/ expenditure) until then. The District has two items reported on the statement of net position as deferred outflows of resources. The first is *cost sharing defined benefit pension plan,* which represents actuarial differences within the PERA and TRA pension plans as well as amounts paid to the plans after the measurement date. The second is *deferred outflows* related to OPEB, which represents the amounts paid to the plan after the measurement date.

In addition to liabilities, the statement of net position 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 District has four types of items, one of which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, *property taxes levied – subs. years* is reported as a deferred inflow of resources for both the Balance Sheet – Governmental Funds and the Statement of Net Position as this amount represents property tax revenue levied for a subsequent period. The District has a third item reported on the statement of net position as *cost sharing defined benefit pension plan,* which represents actuarial differences within the PERA and TRA pension plans. The fourth item, deferred inflows of resources related to *OPEB* is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

<u>Net Position</u> – Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

<u>Net Position Flow Assumption</u> – Sometimes the government will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position

in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. Information about the fiduciary net position of the Teacher's Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Fund Balance Classifications – In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

> *Non-spendable* - consists of amounts that are not in spendable form, such as inventory and prepaid items.
>
> *Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the Minnesota Department of Education.
>
> *Committed* - consists of internally imposed constraints. These constraints are established by Resolution of the Board of Education. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
>
> *Assigned* - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management. Pursuant to Board Resolution, the District's Business Manager is authorized to establish assignments of fund balance.
>
> *Unassigned* - is the residual classification for the general fund. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

The District will strive to maintain a minimum of 10% of the General Fund operating budget in a combination of committed, assigned and unassigned fund balances. When the combination of committed, assigned and unassigned General Fund balance is projected to drop below 10%, the District shall initiate measures to either generate additional revenue or reduce expenditures through budget reductions, or a combination of both.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

The District maintains a cash account at its depository bank. Investments are carried at fair value. The District considers certificates of deposit to be cash.

The District's interest income for the year ended June 30, 2023, was $519,287.

The pooled cash and investment accounts are comprised of the following:

	Governmental Activities/ Funds	OPEB Irrevocable Trust Fund
Cash	$ 484,517	$ (304,426)
Investments	18,016,676	1,309,866
Total Cash and Investments	$ 18,501,193	$ 1,005,440

As of June 30, 2023, the District's investments were in the Minnesota School District Liquid Asset Fund Plus and the MN Trust fund, which are external investment pools.

Investment Pool:	Governmental Activities/ Funds	OPEB Irrevocable Trust Fund
MSDLAF+ - Money Market Accounts	$ 87,631	$ -
MNTrust - Money Market Accounts	17,929,045	1,309,866
Total Investments	$ 18,016,676	$ 1,309,866

The Minnesota School District Liquid Asset Fund and the MnTrust are common law trusts organized and existing under the laws of the State of Minnesota, in accordance with the provisions of the Minnesota Joint Powers Act. The general objective of the Fund is to provide a high yield for the participants while maintaining liquidity and preserving capital by investing only in instruments authorized by Minnesota Statutes, which govern the temporary investment of School District monies. In addition, the fixed rate/fixed term portion of the program is also structured with safety of principal as the major objective.

The Minnesota School District Liquid Asset Fund and the MnTrust are external investment pools not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under 2a7. The fair value of the position is the same as the value of the pool shares.

Credit Risk

The District may invest idle funds as authorized in Minnesota Statutes, as follows:

(a) Direct obligations or obligations guaranteed or insured issues by the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
(b) General obligations and revenue obligations of any state or local government with taxing powers rated “A” and “AA”, respectively, and general obligations of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and rated “A” or better.
(c) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality by at least two rating agencies, and maturing in 270 days or less.
(d) Time deposits that are fully insured by the FDIC or bankers acceptances of U.S. banks.
(e) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
(f) Repurchase or reverse repurchase agreements with banks that are qualified as a “depository” of public funds of the government entity, any other financial institution which is a member 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.
(g) Guaranteed investment contracts (GIC’s) issued or 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, or in the top three rating categories for long-term GIC’s issued by Minnesota banks.
(h) Securities lending agreements with financial institutions having its principal executive office in Minnesota and meeting the qualifications described in (f) above.

The Minnesota School District Liquid Asset Fund is rated AAAm by Standard & Poor’s, while the MnTrust is rated Aaa by Moody’s Investors Services.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk – Deposits

The District does not have a formal custodial credit risk policy. In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's board, all of which are members of the Federal Reserve System. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

At June 30, 2023, the carrying amount of the District's deposits was $161,356 and the bank balance was $2,501,132.

Custodial Credit Risk – Investments

The investment in the Minnesota School District Liquid Asset Fund and the MnTrust are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Additions	Sales and Retirements	Ending Balance
Non-depreciable Capital Assets				
Land	$ 3,472,119	$ -	$ -	$ 3,472,119
Construction in Process	427,501	2,970,119	-	3,397,620
Total Non-depreciable Capital Assets	3,899,620	2,970,119	-	6,869,739
Depreciable Capital Assets:				
Land Improvements	6,460,200	49,005	-	6,509,205
Buildings	122,336,967	103,637	-	122,440,604
Equipment	15,285,478	1,479,856	1,649,533	15,115,801
Total Depreciable Capital Assets	144,082,645	1,632,498	1,649,533	144,065,610
Less Accumulated Depreciation For:				
Land Improvements	3,525,664	223,341	-	3,749,005
Buildings	49,232,261	2,640,943		51,873,204
Machinery and Equipment	11,835,379	946,368	1,649,533	11,132,214
Total Accumulated Depreciation	64,593,304	3,810,652	1,649,533	66,754,423
Total Capital Assets, Being Depreciated, Net	79,489,341	(2,178,154)	-	77,311,187
Governmental Activities Capital Assets, Net	$ 83,388,961	$ 791,965	$ -	$ 84,180,926

In the statement of activities, depreciation expense was charged to the following governmental functions:

Elementary and Secondary Regular Instruction	$ 2,955
Special Education Instruction	78,537
Pupil Support Services	422,400
Sites and Buildings	3,306,760
Total	$ 3,810,652

NOTE 4 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Substantially, all employees of the District are required by state law to belong to pension plans administered by the 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:

Public Employees Retirement Association

A. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the District 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.

Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

B. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of 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 June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Correctional Plan Benefits
Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the plan’s funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions
Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions
Coordinated Plan Members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District’s contributions to the General Employees Fund for the year ended June 30, 2023, were $1,125,996. The District’s contributions were equal to the required contributions for each year as set by state statute.

Correctional Fund Contributions
Plan members were required to contribute 5.83 percent of their annual covered salary and the District was required to contribute 8.75 percent of pay for plan members in fiscal year 2023. The District contributions to the Correctional Fund for the year ended June 30, 2023, were $7,180. The District’s contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $15,547,025 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $455,894.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the District's proportionate share was 0.1963% at the end of the measurement period and 0.2073% for the beginning of the period.

District's proportionate share of the net pension liability	$	15,547,025
State of Minnesota's proportionate share of the net pension liability associated with the District		455,894
Total	$	16,002,919

For the year ended June 30, 2023, the District recognized pension expense of $1,864,595 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $68,121 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At June 30, 2023, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 129,861	$ 176,051
Difference between projected and actual investment earnings	-	4,313
Changes in actuarial assumptions	3,709,786	69,611
Changes in proportion	34,554	722,525
Contributions paid to PERA subsequent to the measurement date	1,125,996	-
Total	$ 5,000,197	$ 972,500

The $1,125,996 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount	
2024	$	1,111,333
2025		1,143,695
2026		(759,322)
2027		1,405,995

Correctional Plan Pension Costs
At June 30, 2023, the District reported a liability of $119,332 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0359% at the end of the measurement period and 0.0386% for the beginning of the period.

For the year ended June 30, 2023, the District recognized pension expense of $31,635 for its proportionate share of the Correctional Plan's pension expense.

At June 30, 2023, the District reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual economic experience	$	-	$	3,999
Difference between projected and actual investment earnings		735		-
Changes in actuarial assumptions		78,838		179
Changes in proportion		312		26,282
Contributions paid to PERA subsequent to the measurement date		7,180		-
Total	$	87,065	$	30,460

The $7,180 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount	
2024	$	25,689
2025		27,053
2026		(13,199)
2027		9,882

E. Long-Term Expected Return on Investments
The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a

building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

F. Actuarial Methods and Assumptions

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

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 2 percent for the Correctional Plan.

Salary growth assumptions range in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent at age 60.

Mortality rates are for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Correctional Plan were completed in 2020, were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Correctional Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum though December 31, 2054 and 1.5% per annum thereafter

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.42 percent for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

H. Pension Liability Sensitivity

The following presents the District'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 District'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:

General Employees Fund

Sensitivity Analysis - NPL at Different Discount Rates

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the General Employees Fund net pension liability:	$ 24,557,340	$ 15,547,025	$ 8,157,176

Correctional Fund

Sensitivity Analysis - NPL at Different Discount Rates

	1% Decrease in Discount Rate (4.42%)	Discount Rate (5.42%)	1% Increase in Discount Rate (6.42%)
District's proportionate share of the General Employees Fund net pension liability:	$ 210,197	$ 119,332	$ 47,891

I. Pension Plan Fiduciary Net Position

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

Teachers Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier I Benefits

Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2 percent per year
	First ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are up to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

(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 percent 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).

Or

Tier II Benefits

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

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

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

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal years ended June 30, 2021, June 30 2022, and June 30, 2023 were:

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

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

		in thousands
Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$	482,679
Add employer contributions not related to future contribution efforts		(2,178)
Deduct TRA's contributions not included in allocation		(572)
Total employer contributions		479,929
Total non-employer contributions		35,590
Employer contributions reported in schedule of employer and non-employer pension allocations	$	515,519

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

D. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2022
Measurement Date	June 30 ,2022
Experience Study	June 28, 2019 (demographic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85 to 8.85% before July 1, 2028 and 3.25 to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5 years as required by GASB 68.

Changes in actuarial assumptions since the 2021 valuation:

- For GASB Valuation:
  - There were no changes in actuarial assumptions since the previous valuation.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2023, Bemidji Area Schools reported a liability of $38,628,040 for its proportionate share of the net pension liability. The net pension liability was measured as of **June 30, 2022**, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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 District proportionate share was 0.4824% at the end of the measurement period and 0.4997% for the beginning of the year.

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

District's proportionate share of net pension liability	$ 38,628,040
State's proportionate share of the net pension liability associated with the District	2,864,201

For the year ended June 30, 2023, the District recognized pension expense of ($8,463,682). It also recognized $393,836 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 585,194	$ 353,345
Difference between projected and actual investment earnings	628,211	-
Changes in actuarial assumptions	6,410,219	8,268,822
Changes in proportion	435,478	2,065,603
Contributions paid to TRA subsequent to the measurement date	2,608,078	-
Total	$ 10,667,180	$ 10,687,770

$2,608,078 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2024	$ (7,667,441)
2025	738,687
2026	(162,970)
2027	4,735,567
2028	(272,511)

G. Pension Liability Sensitivity

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

Sensitivity Analysis - NPL at Different Discount Rates

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of NPL related to TRA	$ 60,895,002	$ 38,628,040	$ 20,376,074

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

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

Total Pension Expense
The total pension expense for all plans recognized by the District for the year ended June 30, 2023 was $(6,567,452).

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The District operates a single employer retiree benefit plan for both health and dental insurance in which retiring employees and their spouses may participate in at their expense. Retiring employees are eligible to participate only if they are a participant in the District's health and dental insurance at the time of retirement. The retired employees are responsible for reimbursing the District for 100% of the premium cost for their health and dental plans. If a retiree chooses to drop their participation in either plan they are not able to return to the plan. Upon the death of a retiree, the retiree's spouse can continue participation only if the spouse was covered under the plan at the time of the retiree's death.

Employees Covered by Benefit Terms – At July 1, 2022, the measurement date of the total OPEB liability, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	74
Active employees	842
	916

Total OPEB Liability

At June 30, 2023, the District reported a liability of $7,429,370 for the defined benefit healthcare plan. The total OPEB liability was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Salary increase rates for non-teachers were updated to reflect the latest experience study
Discount rate	3.90%
Healthcare cost trend	6.25%, gradually to 5.00% over 5 years, then 4.00%.

The discount rate was based on the 20-year AA rated municipal bond yield.

The valuation uses mortality rates based the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2021 actuarial valuation, the entry age, normal level percentage of pay actuarial cost method was used.

Retirees and their spouses contribute to the healthcare plan according to their benefit received at retirement. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy for which the District has historically funded on a pay-as-you-go basis. All of the active employees who have access to healthcare and all retirees who have elected to continue coverage on the employer's medical plan after retirement have been included in this valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	$ 8,388,259	$ 1,282,570	$ 7,105,689
Changes for the year:			
Service cost	500,500	-	500,500
Interest	321,552	-	321,552
Changes of benefit terms	(43,672)	-	(43,672)
Net investment income	-	30,782	(30,782)
Differences between expected and actual experience	-	7,779	(7,779)
Contibutions - employer	-	416,388	(416,388)
Benefit payments	(861,744)	(861,744)	-
Administrative expenses	-	(250)	250
Net changes	(83,364)	(407,045)	323,681
Balance at June 30, 2023	$ 8,304,895	$ 875,525	$ 7,429,370

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability as of June 30, 2023, calculated using the discount rate of 3.9%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.9 percent) or 1-percentage-point higher (4.9 percent) than the current rate:

1% Decrease (2.9%)	Discount Rate (3.9%)	1% Increase (4.9%)
$ 7,950,091	$ 7,429,370	$ 6,921,697

The following presents the total OPEB liability as of June 30, 2023, calculated using the healthcare cost trend rate of 6.25% grading to 5.0%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

1% Decrease (5.25% decreasing to 4%)	Current Trend Rate (6.25% decreasing to 5%)	1% Increase (7.25% decreasing to 6%)
$ 6,702,125	$ 7,429,370	$ 8,292,212

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $822,052.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 308,887	$ 581,777
Changes in actuarial assumptions	131,775	997,682
Total	$ 440,662	$ 1,579,459

amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending June 30:	OPEB Expense Amount
2024	$ (308,856)
2025	(309,386)
2026	(161,154)
2027	(189,190)
2028	(163,973)
Thereafter	(6,238)

NOTE 6 LONG-TERM LIABILITIES

The long-term debt obligations outstanding at year-end and changes in long-term debt are summarized as follows:

Summary of Long-Term Liabilities

	Beginning Balance	Additions	Retired	Ending Balance	Current Amounts Principal	Current Amounts Interest
General Obligation Bonds:						
2015A G.O. School Building Bonds	$31,975,000	$ -	$ 1,755,000	$30,220,000	$ 1,800,000	$1,195,125
2018A OPEB Refunding Bonds	1,440,000	-	465,000	975,000	480,000	33,398
2022A G.O. Capital Facilities Bonds	2,300,000	-	-	2,300,000	415,000	115,000
Total General Obligation Bonds:	35,715,000	-	2,220,000	33,495,000	2,695,000	1,343,523
Unamortized Bond Premium	2,152,980	-	177,565	1,975,415	-	-
Unamortized Bond Discount	(4,843)	-	(1,874)	(2,969)	-	-
Total G.O. Bonds, Net of Unamortized Bond Discounts/Premium	37,863,137	-	2,395,691	35,467,446	2,695,000	1,343,523
Finance Purchases						
John Deere Financial	-	206,382	50,000	156,382	36,778	8,341
Wells Fargo	296,720	-	93,676	203,044	98,813	9,666
Total Leases Liability	296,720	206,382	143,676	359,426	135,591	18,007
Compensated Absences Payable	294,746	-	77,583	217,163	217,163	-
Separation Benefits:						
Severance Payable	262,369	-	134,115	128,254	128,254	-
Total Long-Term Liabilities	$ 38,716,972	$ 206,382	$ 2,751,065	$36,172,289	$ 3,176,008	$ 1,361,530

A. General Obligation Bonds

Description	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2023	Amounts Due in 2023-2024 Principal	Amounts Due in 2023-2024 Interest
2015A G.O. School Building Bonds	2015	2.5-5.0%	4/1/2036	$ 36,280,000	$ 1,755,000	$ 30,220,000	$ 1,800,000	$ 1,195,125
2018A OPEB Refunding Bonds	2019	2.95-3.45%	2/1/2025	2,725,000	465,000	975,000	480,000	33,398
2022A G.O. Capital Facilities Bonds	2022	5.00%	2/1/2028	2,300,000	-	2,300,000	415,000	115,000
					$ 2,220,000	$ 33,495,000	$ 2,695,000	$ 1,343,523

Annual debt service requirements to maturity on the G.O. bonds are as follows:

Fiscal Year Ended	Bond Principal	Bond Interest	Total
2024	$ 2,695,000	$1,343,523	$ 4,038,523
2025	2,825,000	1,216,452	4,041,452
2026	2,440,000	1,082,875	3,522,875
2027	2,560,000	960,875	3,520,875
2028	2,660,000	864,075	3,524,075
2029-2033	11,965,000	2,997,625	14,962,625
2034-2036	8,350,000	633,375	8,983,375
Totals	$ 33,495,000	$9,098,800	$ 42,593,800

General obligation bonds of the District are reflected in the Building Construction Fund and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

There are a number of limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2023.

B. Finance Purchase Obligations

On June 1, 2010, the District entered into a finance purchase agreement with Wells Fargo Bank for the acquisition of a building. The finance purchase obligation and corresponding equipment totaled $1,100,000. The finance purchase agreement includes annual principal and interest payments of $108,479 for fifteen years.

On November 29, 2022, the District entered into a finance purchase agreement with John Deere Financial for the acquisition of a Wheel Loader. The finance purchase obligation and corresponding equipment totaled $206,382. The finance purchase agreement includes annual principal and interest payments of $45,118 for four years.

The future minimum finance purchase obligations are as follows:

Fiscal Year Ended	Principal	Interest	Total
2024	$ 135,590	$ 18,007	$ 153,597
2025	141,653	11,944	153,597
2026	39,830	5,289	45,119
2027	42,391	2,727	45,118
Totals	$ 359,464	$ 37,967	$ 397,431

NOTE 7 LEASES

The District leases a hockey arena in Bemidji, Minnesota. The term of the lease is for a period of 15 years, commencing in January 2022 and terminating in December 2037, with a yearly payment of $150,000. The District also leases a postage machine. The term of the lease is for a period of 5 years and 3 months, commencing September 2019 and terminating June 2025 with an annual payment of $6,696. The District also leases 8 copier machines. The term of the leases range for a period of 3 to 5 years, commencing between June 2020 and March 2023 and terminating July 2023 to March 2026 with an annual payments ranging from $1,453 to $11,065.

Following is the total lease expense for the year ended June 30, 2023:

Lease expense	Year Ending 6/30/2023
Amortization expense by class of underlying asset	
Building	$ 120,817
Copy Machine	62,985
Equipment	6,092
Total amortization expense	189,894
Interest on lease liabilities	54,947
Total	$ 244,841

Following is a schedule of activity of leased assets and lease liabilities for the year ended June 30, 2023:

Lease Assets	Beginning of Year as Restated	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Building	$ 1,812,262	$ -	$ -	$ -	$ 1,812,262	
Copy Machine	89,702	125,346	-	(8,495)	206,553	
Equipment	20,814	-	-	-	20,814	
	1,922,778	125,346	-	(8,495)	2,039,629	
Less: Accumulated Amortization						
Building	(30,204)	(120,817)	-	-	(151,021)	
Copy Machine	(33,931)	(62,985)	-	8,495	(88,421)	
Equipment	(6,092)	(6,092)	-	-	(12,184)	
	(70,227)	(189,894)	-	8,495	(251,626)	
Total Lease Assets, net	$ 1,852,551	$ (64,548)	$ -	$ -	$ 1,788,003	
Lease Liabilities	$ 1,882,258	$ 84,310	$ -	$ (161,511)	$ 1,805,057	$162,920

Following is a schedule by years of future minimum payments required under the lease:

Maturity Analysis	Principal	Interest	Total Payments
2024	$ 162,920	$ 54,827	$ 217,747
2025	144,700	49,909	194,609
2026	111,206	45,546	156,752
2027	109,414	42,164	151,578
2028	111,164	38,836	150,000
2029-2033	608,644	141,356	750,000
2034-2038	557,009	42,989	599,998
Total Future Payments	$ 1,805,057	$415,627	$ 2,220,684

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District entered into a subscription-based information technology arrangement (SBITA) with various vendors for the usage of curriculum and cloud storage needs. The SBITA contract commitments range from September 2019 to July 2023 and terminations range from June 2024 to June 2032. Many of the contracts were paid in full at the inception of the agreement therefore no liabilities will be set up at year end.

The District entered into a subscription-based information technology arrangement (SBITA) for the usage of cloud storage. The SBITA contract commenced in August 2022 and terminates in July 2027, with an annual payment of $12,304.

Following is a schedule of activity of SBITA assets and SBITA liabilities for the year ended June 30, 2023:

Lease Assets	Beginning of Year as Restated	Additions	Modifications & Remeasurements	Subtractions	End of Year	Due Within One Year
SBITA - GASB 96	$ 385,704	$ 210,646	$ -	$ -	$ 596,350	
Less: Accumulated Amortization						
SBITA - GASB 96	(165,302)	(87,966)	-	-	(253,268)	
Total Lease Assets, net	$ 220,402	$ 122,680	$ -	$ -	$ 343,082	
Lease Liabilities	$ -	$ 57,994	$ -	$ (12,304)	$ 45,690	$ 10,914

Following is a schedule by years of future minimum payments required under the SBITAs:

Maturity Analysis	Principal	Interest	Total Payments
2024	$ 10,914	$ 1,390	$ 12,304
2025	11,246	1,058	12,304
2026	11,588	716	12,304
2027	11,942	363	12,305
Total Future Payments	$ 45,690	$ 3,527	$ 49,217

NOTE 9 CONTINGENCIES AND COMMITMENTS

The District receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and aids. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2023.

The District has a remaining commitment of $466,958 related to a LED upgrade project, parking lot project, and roof project that was underway as of June 30, 2023.

NOTE 10 CHANGES IN ACCOUNTING PRINCIPLES AND CORRECTION OF ERROR

The District implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA's) in the fiscal year ended June 30, 2023. The implementation of SBITAs results in a right to use subscription IT asset, an intangible asset, and a corresponding liability. As a result of implementing this standard the District recognized assets of $220,402 with no corresponding liability.

The District did not record leased assets as of July 1, 2023 which resulted recognition of a right to use leased asset of $1,852,551 and lease liability of $1,882,258.

Results for periods prior to June 30, 2023 continue to be reported in accordance with the District's historical accounting treatment.

NOTE 11 RISK MANAGEMENT

The District 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 District purchases commercial insurance coverage for such risks.

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

NOTE 12 NEW PRONOUNCEMENTS

GASB Statement No. 99, *Omnibus 2022,* provides guidance on the following accounting matters:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62,* enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences,* updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

Management has not yet determined what effect these statements will have on the entity's financial statements.

NOTE 13 RECLASSIFICATION

Certain reclassifications have been made to the 2022 financial statements in order to conform with the 2023 presentation.

NOTE 14 SUBSEQUENT EVENTS

The District is not aware of any significant subsequent events. Subsequent events have been evaluated through December 14, 2023, which is the date these financial statements were available to be issued.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Local Property Taxes	$ 6,556,764	$ 6,556,764	$ 6,489,467	$ (67,297)
Other Local and County Revenues	1,990,755	2,254,755	3,043,997	789,242
Revenue From State Sources	53,701,294	53,701,294	56,043,611	2,342,317
Revenue From Federal Sources	7,146,246	10,195,484	10,490,780	295,296
Investment Earnings				
Sale and Other Conversion of Asset	16,000	16,000	69,480	53,480
TOTAL REVENUES	69,411,059	72,724,297	76,137,335	3,413,038
EXPENDITURES				
Current:				
Administration	3,341,517	3,341,517	3,225,792	(115,725)
District Support Services	1,591,103	1,610,421	1,328,281	(282,140)
Elementary and Secondary Regular Instruction	28,051,580	28,968,582	30,605,314	1,636,732
Vocational Instruction	595,448	595,448	683,946	88,498
Special Education Instruction	17,554,760	17,563,696	16,737,064	(826,632)
Community Education	-	-	38	38
Instructional Support Services	3,473,027	3,467,993	3,615,702	147,709
Pupil Support Services	7,307,038	7,057,038	7,630,196	573,158
Sites and Buildings	7,185,185	7,502,559	6,773,617	(728,942)
Fiscal and Other Fixed Costs	340,000	360,000	296,454	(63,546)
Debt Service:				
Principal Retirement	342,414	342,414	311,456	(30,958)
Interest and Fees	23,000	23,000	102,083	79,083
Capital Outlay	3,274,570	3,206,745	3,119,291	(87,454)
TOTAL EXPENDITURES	73,079,642	74,039,413	74,429,234	389,821
Excess (Deficiency) of Revenues Over Expenditures	(3,668,583)	(1,315,116)	1,708,101	3,023,217
OTHER FINANCING SOURCES (USES)				
Issuance of Leases and SBITAS	-	-	348,686	348,686
Insurance Recovery	-	-	58,974	58,974
TOTAL OTHER FINANCING SOURCES	-	-	407,660	407,660
Net Change in Fund Balances	(3,668,583)	(1,315,116)	2,115,761	3,430,877
Fund Balances - Beginning	14,274,105	14,274,105	14,274,105	-
Fund Balances - Ending	$ 10,605,522	$ 12,958,989	$ 16,389,866	$ 3,430,877

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	$ 591,706	$ 540,758	$ 583,440	$ 628,554	$ 676,511	$ 493,324	$ 500,500
Interest	340,849	346,407	309,869	292,630	232,015	203,610	321,552
Changes of assumptions or other inputs	-	(352,541)	139,911	(725,403)	126,895	(713,184)	(43,672)
Plan Changes	-	(24,157)	-	-	60,000	51,393	-
Differences between expected and actual experience	-	(892,792)	-	536,146	-	(502,011)	-
Contributions - employer	-	(360,974)	-	-	-	-	-
Benefit payments	(745,386)	(364,570)	(765,239)	(661,396)	(1,073,943)	(690,903)	(861,744)
Net Change in total OPEB Liability	187,169	(1,107,869)	267,981	70,531	21,478	(1,157,771)	(83,364)
Total OPEB Liability - beginning	10,106,740	10,293,909	9,186,040	9,454,021	9,524,552	9,546,030	8,388,259
Total OPEB Liability - ending (a)	$ 10,293,909	$ 9,186,040	$ 9,454,021	$ 9,524,552	$ 9,546,030	$ 8,388,259	$ 8,304,895
Plan Fiduciary Net Position							
Contributions - employer	$ 374,023	$ -	$ 370,076	$ 410,267	$ 460,106	$ 303,972	$ 416,388
Net investment income	51,943	20,227	68,227	59,683	54,683	40,371	30,782
Differences between Expected and Actual Experience	-	-	(42,982)	(2,657)	(37,162)	(52,748)	7,779
Benefit payments	(745,386)	(364,570)	(765,239)	(661,396)	(1,073,943)	(690,903)	(861,744)
Administrative Expense	-	-	-	-	-	(250)	(250)
Net change in plan fiduciary net position	(319,420)	(344,343)	(369,918)	(194,103)	(596,316)	(399,558)	(407,045)
Plan fiduciary net position - beginning	3,506,562	3,187,142	2,842,799	2,472,881	2,278,902	1,682,128	1,282,570
Plan fiduciary net position - ending (b)	3,187,142	2,842,799	2,472,881	2,278,778	1,682,586	1,282,570	875,525
District's net OPEB liability - ending (a) - (b)	$ 7,106,767	$ 6,343,241	$ 6,981,140	$ 7,245,774	$ 7,863,444	$ 7,105,689	$ 7,429,370
Plan fiduciary net position as a percentage of the total OPEB liability	30.96%	30.95%	26.16%	23.93%	17.63%	15.29%	10.54%
Covered employee payroll	$ 36,946,282	$ 39,093,436	$ 40,266,239	$ 43,419,502	$ 44,722,087	$ 44,123,960	$ 45,447,679
District's net OPEB Liability as a percentage of covered-employee payroll	19.24%	16.23%	17.34%	16.69%	17.58%	16.10%	16.35%

The District implemented GASB No. 75 for its fiscal year ended June 30, 2018. Information from the prior years is not available.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO PERA/TRA RETIREMENT FUNDS
LAST 10 YEARS

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
General Employees Fund:					
2015	$ 915,520	$ 915,520	$ -	$ 12,190,581	7.51%
2016	948,966	948,966	-	12,520,729	7.58%
2017	1,006,222	1,006,222	-	13,165,946	7.64%
2018	1,063,178	1,063,178	-	13,761,475	7.73%
2019	1,126,436	1,126,436	-	15,079,330	7.47%
2020	1,159,817	1,159,817	-	15,369,382	7.55%
2021	1,112,732	1,112,732	-	14,923,178	7.46%
2022	1,102,764	1,102,764	-	14,705,656	7.50%
2023	1,125,996	1,125,996	-	15,013,280	7.50%
Correctional Fund:					
2015	9,738	9,738	-	110,916	8.78%
2016	10,039	10,039	-	114,425	8.77%
2017	10,042	10,042	-	118,311	8.49%
2018	10,046	10,046	-	109,863	9.14%
2019	9,228	9,228	-	88,732	10.40%
2020	6,915	6,915	-	79,030	8.75%
2021	7,466	7,466	-	85,323	8.75%
2022	6,894	6,894	-	78,786	8.75%
2023	7,180	7,180	-	82,057	8.75%
TRA:					
2015	1,884,490	1,884,490	-	25,306,605	7.45%
2016	1,863,414	1,863,414	-	25,062,546	7.44%
2017	1,995,673	1,995,673	-	26,667,063	7.48%
2018	2,046,622	2,046,622	-	26,960,076	7.59%
2019	2,228,665	2,228,665	-	28,887,020	7.72%
2020	2,343,299	2,343,299	-	29,347,403	7.98%
2021	2,431,049	2,431,049	-	29,904,084	8.13%
2022	2,484,112	2,484,112	-	29,853,284	8.32%
2023	2,608,078	2,608,078	-	30,503,836	8.55%

The amounts presented for each fiscal year were determined as of the District's year end which is June 30.

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS (PRESENTED PROSPECTIVELY)

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (if Applicable) (b)	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Fund:							
2014	0.2237%	$ 10,508,305	$ -	$ 10,508,305	$ 11,755,972	89.39%	78.70%
2015	0.2073%	10,743,362	-	10,743,362	12,190,581	88.13%	78.19%
2016	0.2023%	16,425,757	214,482	16,640,239	12,520,729	132.90%	68.90%
2017	0.2062%	13,163,672	165,536	13,329,208	13,165,946	101.24%	75.90%
2018	0.2079%	11,533,440	378,283	11,911,723	13,761,475	86.56%	79.53%
2019	0.2136%	11,809,466	366,984	12,176,450	15,079,330	80.75%	80.23%
2020	0.2161%	12,956,183	399,408	13,355,591	15,369,382	86.90%	79.06%
2021	0.2073%	8,852,639	270,303	9,122,942	14,923,942	61.13%	87.00%
2022	0.1963%	15,547,025	455,894	16,002,919	14,705,656	105.72%	76.67%
Correctional Fund:							
2014	0.0600%	4,526	-	4,526	104,783	4.32%	98.40%
2015	0.0600%	9,276	-	9,276	110,916	8.36%	96.90%
2016	0.0600%	219,188	-	219,188	114,425	191.56%	58.20%
2017	0.0600%	171,001	-	171,001	118,311	144.54%	67.90%
2018	0.0520%	8,552	-	8,552	109,863	7.78%	97.60%
2019	0.0404%	5,593	-	5,593	88,732	6.30%	98.20%
2020	0.0363%	9,850	-	9,850	79,030	12.46%	96.70%
2021	0.0386%	(6,341)	-	(6,341)	85,323	-7.43%	101.60%
2022	0.0359%	119,332	-	119,332	78,786	151.46%	74.60%
TRA:							
2014	0.5147%	23,717,005	1,668,434	25,385,439	23,537,046	107.85%	81.50%
2015	0.4951%	30,626,832	3,756,479	34,383,311	25,306,605	135.87%	76.80%
2016	0.4811%	114,753,829	11,518,510	126,272,339	25,062,546	503.83%	44.88%
2017	0.4935%	98,511,552	9,522,707	108,034,259	26,667,063	405.12%	51.57%
2018	0.4880%	30,648,949	2,879,479	33,528,428	26,960,076	124.36%	78.07%
2019	0.5088%	32,431,019	2,869,906	35,300,925	28,889,020	122.19%	78.07%
2020	0.5051%	37,317,465	3,127,147	40,444,612	29,347,403	137.81%	75.48%
2021	0.4997%	21,868,366	1,844,201	23,712,567	29,904,084	79.30%	86.63%
2022	0.4824%	38,628,040	2,864,201	41,492,241	29,853,284	129.39%	76.17%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

NOTE 1 BUDGETARY DATA

Budgets are prepared for district funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the District.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the governing board. The legal level of budgetary control is the fund level. The annual appropriated budget is not legally binding on the District unless the District has a deficit fund balance which exceeds 2.5% of expenditures. The District's actual expenditures exceeded the budget in the general fund by $389,821.

Legal Compliance – Budgets

The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for all funds of the District. However, the general and special revenue funds are the only funds that are legally adopted through the budgetary process as documented below.

- The budget is legally enacted through passage of a School Board resolution by July 1.
- The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
- Formal budgetary integration is employed as a management control device during the year for the General fund.
- Budgets for the General fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 DEFINED BENEFIT PLANS

PERA

General Employees Fund
2022 Changes

<u>Changes in Actuarial Assumptions:</u> The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

<u>Changes in Plan Provisions:</u> There were no changes in plan provisions since the previous valuation.

Correctional Plan

Changes in Actuarial Assumptions: The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50% to 5.42%. The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum though December 31, 2054 and 1.5% per annum thereafter

Changes in Plan Provisions: There were no changes in plan provisions since the previous valuation.

TRA

Changes in Actuarial Assumptions: There were no changes in actuarial assumptions since the previous valuation.

NOTE 3 OTHER POSTEMPLOYMENT BENEFIT PLAN

Changes in Actuarial Assumptions: The discount rate was changed from 3.80% to 3.90%.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Special Revenue Funds				
	Food Service Fund	Community Service Fund	Building Construction	OPEB Debt Service	Total Nonmajor Governmental Funds
ASSETS					
Cash and Investments	$ 1,081,345	$ 2,079,018	$ -	$ 397,989	$ 3,558,352
Property Taxes Receivable	-	192,908	-	231,946	424,854
Delinquent Property Taxes Receivable	-	4,044	-	5,331	9,375
Due From Department of Education	-	102,523	-	363	102,886
Due From Federal Govt. - DOE	38,650	1,716	-	-	40,366
Inventory	22,573	-	-	-	22,573
TOTAL ASSETS	$ 1,142,568	$ 2,380,209	$ -	$ 635,629	$ 4,158,406
LIABILITIES					
Accounts Payable	$ 3,542	$ 677	$ -	$ -	$ 4,219
Salaries and Wages Payable	182,539	138,685	-	-	321,224
Unearned Revenue	66,251	1,375	-	-	67,626
TOTAL LIABILITIES	252,332	140,737	-	-	393,069
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Delinquent Taxes	-	4,044	-	5,331	9,375
Property Taxes Levied - Subs. Years	-	423,888	-	507,632	931,520
TOTAL DEFERRED INFLOWS OF RESOURCES	-	427,932	-	512,963	940,895
FUND BALANCES					
Nonspendable	22,573	-	-	-	22,573
Restricted for:					
Community Education	-	753,733	-	-	753,733
Early Childhood and Family Education	-	602,177	-	-	602,177
School Readiness	-	215,147	-	-	215,147
Adult Basic Education	-	8,009	-	-	8,009
Community Service	-	232,474	-	-	232,474
Food Service	867,663	-	-	-	867,663
OPEB Debt Service	-	-	-	122,666	122,666
TOTAL FUND BALANCES	890,236	1,811,540	-	122,666	2,824,442
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,142,568	$ 2,380,209	$ -	$ 635,629	$ 4,158,406

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	Food Service Fund	Community Service Fund	Building Construction	OPEB Debt Service	Total Nonmajor Governmental Funds
REVENUES					
Local Property Taxes	$ -	$ 400,169	$ -	$ 526,644	$ 926,813
Other Local and County Revenues	19,287	1,549,580	30,911	-	1,599,778
Revenue From State Sources	170,663	911,537	-	3,635	1,085,835
Revenue From Federal Sources	2,409,267	4,522	-	-	2,413,789
Sale and Other Conversion of Assets	1,347,775	-	-	-	1,347,775
TOTAL REVENUES	3,946,992	2,865,808	30,911	530,279	7,373,990
EXPENDITURES					
Current:					
Community Education and Services	-	2,346,407	-	-	2,346,407
Pupil Support Services	3,841,215	41,050	-	-	3,882,265
Debt Service:					
Principal Retirement	-	6,035	-	465,000	471,035
Interest and Fiscal Fees	-	-	-	49,293	49,293
Capital Outlay	-	6,003	2,045,980	-	2,051,983
TOTAL EXPENDITURES	3,841,215	2,399,495	2,045,980	514,293	8,800,983
Net Change in Fund Balances	105,777	466,313	(2,015,069)	15,986	(1,426,993)
Fund Balances - Beginning	784,459	1,345,227	2,015,069	106,680	4,251,435
Fund Balances - Ending	$ 890,236	$ 1,811,540	$ -	$ 122,666	$ 2,824,442

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Balance Beginning of Year	Revenues	Expenditures	Transfers	Insurance Proceeds	Lease/SBITA Issuance	UFARS Balance	Balance End of Year
General Fund								
Restricted for:								
Student Activities	$ 331,161	$ 365,317	$ 399,992	$ -	$ -	$ -	$ 296,486	$ 296,486
Staff Development	304,083	352,101	125,386	-	-	-	530,798	530,798
Operating Capital	5,088,248	1,143,322	1,121,644	-	-	206,382	5,316,308	5,316,308
Learning and Development	-	1,027,118	1,027,118	-	-	-	-	-
St. Approved Alt. Program	-	937,663	928,209	-	-		9,454	9,454
Gifted and Talented	-	66,696	111,950	45,254	-	-	-	-
Basic Skills Program	-	2,544,839	2,544,839	-	-	-	-	-
Career Tech Programs	-	159,265	653,594	494,329	-	-	-	-
Safe School	462,556	192,281	215,219	-	-	-	439,618	439,618
Long Term Fac. Maint.	1,181,140	1,839,028	1,521,012	-	-	-	1,499,156	1,499,156
Medical Assistance	2,126	522,368	442,601	-	-	-	81,893	81,893
Q Comp	-	823,742	902,522	78,780	-	-	-	-
Cooperative Revenue	-	-	8,000	8,000	-	-	-	-
Teacher Benefits	73,572	-	-	(8,842)	-	-	64,730	64,730
Red Lake Johnson-O'Malley	41,616	25,531	25,791		-	-	41,356	41,356
Nonspendable	412,940	-	-	21,683	-	-	434,623	434,623
Committed - Separation/Retirement Benefits	577,793	-	-	-	-	-	577,793	577,793
Assigned for Facilities	1,200,000	-	-	(1,200,000)	-	-	-	-
Unassigned	4,598,870	66,138,064	64,401,357	560,796	58,974	142,304	7,097,651	7,097,651
Food Service Fund								
Nonspendable	25,328	-	-	(2,755)	-	-	22,573	22,573
Restricted	759,131	3,946,992	3,841,215	2,755	-	-	867,663	867,663
Community Service Fund								
Restricted for:								
Community Education	455,180	1,405,934	1,107,381	-	-	-	753,733	753,733
ECFE	594,965	592,763	585,551	-	-	-	602,177	602,177
School Readiness	115,515	702,197	602,565	-	-	-	215,147	215,147
Adult Basic Education	8,009	-	-	-	-	-	8,009	8,009
Community Service	171,558	164,914	103,998	-	-	-	232,474	232,474
Building Construction Fund								
Restricted for:								
Construction	2,015,070	30,911	2,045,981	-	-	-	-	-
Debt Service Fund								
Restricted	955,711	2,821,755	3,071,031	-	-	-	706,435	706,435
OPEB Irrevocable Trust Fund								
Unassigned	1,412,485	443,106	850,151	-	-	-	1,005,440	1,005,440
OPEB Debt Service Fund								
Restricted	106,679	530,279	514,292	-	-	-	122,666	122,666

BradyMartz

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education
Independent School District No. 31
Bemidji, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bemidji Area Schools, Bemidji, Minnesota as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2023.

Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Bemidji Area Schools failed to comply with the provisions of contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 14, 2023

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

To the Board of Education
Independent School District No. 31
Bemidji, 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, each major fund, and the aggregate remaining fund information of Bemidji Area Schools, Bemidji, Minnesota as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 14, 2023

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

To the Board of Education
Independent School District No. 31
Bemidji, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bemidji Area Schools's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bemidji Area Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Bemidji Area Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompany schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003, to be significant deficiencies. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 14, 2023

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number		Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through Minnesota Department of Education:			
Epidemiology of Laboratory Capacity for Infectious Disease	93.323		$ 117,025
U.S. Department of Education			
Direct Programs:			
Indian Education Grants to Local Education Agencies	84.060		291,328
Passed-Through Minnesota Department of Education:			
Title I, Grants to Local Education Agencies - Part A	84.010	85,966	
Title I, Grants to Local Education Agencies - Part D	84.010A	1,749,388	
Total Program 84.010			1,835,354
Special Education Grants for Infants and Families	84.181		30,441
Education for Homeless Children and Youth	84.196		34,634
Supporting Effective Instruction State Grants	84.367		267,029
Student Support and Academic Enrichment Program	84.424		117,178
Federal Grantor/Pass-Through Grantor/Program Title			
Special Education Cluster:			
Special Education Grants to States	84.027	1,161,491	
Special Education - Preschool Grants	84.173	39,255	
Total Special Education Cluster			1,200,746
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Education Relief Fund (ESSER I - 90% Formula Allocation)	84.425D	207,735	
COVID-19 Elementary and Secondary School Education Relief Fund (ESSER II - 90% Formula Allocation)	84.425D	2,400,000	
COVID-19 Elementary and Secondary School Education Relief Fund Expanded Summer Learning	84.425D	1,950	
COVID-19 Elementary and Secondary School Education Relief Fund (ESSER III - 90% Formula Allocation)	84.425U	2,692,820	
COVID-19 Elementary and Secondary School Education Relief Fund (ESSER III - 90% Learning Loss)	84.425U	778,715	
COVID-19 American Rescue Plan Homeless	84.425W	21,791	
Total 84.425			6,103,011
Pass-Through North Country Vocational Cooperative Center:			
Carl Perkins Career and Technical Education	84.048		13,273
Total U.S. Department of Education			9,892,994
U.S. Department of Treasury			
Passed-Through Minnesota Department of Education:			
COVID-19 - ARP Summer Academic Enrichment and Mental Health	21.027	97,360	
COVID-19 Pandemic Enrollment Loss	21.027	362,392	
Total Program 21.027 and Department of Treasury			459,752
U.S. Department of Interior			
477 Cluster			
Pass-Through Red Lake Band of Ojibwe Indians:			
Indian Education Assistance to Schools	15.130	12,059	
Pass-Through Red Lake Band of Ojibwe Indians:			
Indian Education Assistance to Schools	15.130	13,472	
Total 477 Cluster and Department of Interior			25,531
U.S. Department of Agriculture			
Passed-Through Minnesota Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	477,600	
National School Lunch Program	10.555	1,435,281	
After School Lunch Program	10.555	7,209	
COVID-19 Supply Chain Assistance Funds	10.555C	176,944	
Commodities Cash Rebate	10.555	219,107	
Summer Food Service Program for Children	10.559	75,502	
Fresh Fruit and Vegetables Program	10.582	17,624	
Total Child Nutrition Cluster			2,409,267
Total U.S. Department of Agriculture			
TOTAL FEDERAL AWARDS			$ 12,904,569

See Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards (the "Schedule") are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

Bemidji Area Schools has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of Bemidji Area Schools under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bemidji Area Schools, it is not intended to and does not present the financial position or changes in net position of Bemidji Area Schools.

NOTE 4 COMMODITY DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

NOTE 5 PASS-THROUGH ENTITIES

All pass-through entities listed above use the same AL numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 6 SUBRECIPIENTS

During 2023, the District did not pass any federal money to subrecipients.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified?	_x_ yes ___ none
Noncompliance material to financial statements noted?	___ yes _x_ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified?	_x_ yes ___ no
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)?	_x_ yes __ no

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Education Stabilization Under the CARES Act (ESSER)
84.027 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

Section II-Financial Statement Findings

2023-001: Proposition of Journal Entries

Criteria
The District is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition
During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

Cause
The District experienced turnover in the accounting department.

Effect
The organization’s financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation
Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Action
The District will determine the proper balance in each general ledger account prior to the audit.

Section III-Federal Award Findings and Questioned Costs

2023-002: Significant Deficiency

Federal Program
21.027 – Coronavirus State and Local Fiscal Recovery Funds
Procurement, Suspension, and Debarment

Criteria
Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220.

Condition
We noted during testing that the only 2 vendors who qualified for suspension and debarment testing, were not checked for suspension or debarment.

Cause
Management oversight.

Questioned Costs
None

Context
The District did not ensure they were entering into covered transactions with vendors who do not have an active exclusion from federal status.

Effect
The District was not in compliance with Uniform Guidance and had an increased risk of entering into a covered transaction with a vendor who has an active exclusion of federal funds.

Repeat Finding
No

Recommendation
The District should document all covered vendors used to ensure suspension and debarment requirements are met.

Views of Responsible Officials
The District will ensure all covered vendors meet the requirements of suspension and debarment.

2023-003: Significant Deficiency

Federal Program
84.425 – Education Stabilization Fund
Allowable Costs/Activities Allowed

Criteria
The District is required to maintain internal controls at a level where proper review and approval of journal entries are met.

Condition
We tested 40 transactions and in the 40 transactions, 20 of these transactions, which came from 5 journal entries, which we noted were not approved by an individual outside of the journal entry preparer.

Cause
The District experienced turnover in the accounting department.

Questioned Costs
None

Context
The District did not ensure journal entries were reviewed and approved by a separate individual.

Effect
The District was had an increased risk of improper journal entries being made to federal funds.

Repeat Finding
No

Recommendation
The District should ensure all journal entries are reviewed and approved.

Views of Responsible Officials
The District will ensure all journal entries are reviewed and approved.

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2023-001 CORRECTIVE ACTION PLAN (CAP) FOR FINDING:

1. Correcting Plan
   The District has added the following procedures to mitigate the risk:
   1) Workpapers for each balance sheet account code that is reviewed by Director of Business Services.
   2) Final review of the balance sheet by the Director of Business Service to ensure that all accounts have a workpaper and the balance on the trial balance matches the workpaper.

2. Explanation of Disagreement with the Audit Finding
   There is essentially no disagreement with the finding.

3. Official Responsible for Insuring CAP
   The Director of Business Services, Ashley Eastridge is responsible for carrying out the corrective action plan.

4. Planned Completion Date for CAP
   The Director of Business Services will review on annual basis when audit preparation is completed.

5. Plan to Monitor Completion of CAP
   The Director of Business Services will have documentation available for the Superintendent and/or School Board to review if requested.

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2023-002 CORRECTIVE ACTION PLAN (CAP) FOR FINDING:

1. Correcting Plan
   The District has added the following procedure to be in compliance:
   1) A Certification for Suspension and Debarment form was created and is required for vendors to sign before entering an agreement with them if they are paid with federal funds.

2. Explanation of Disagreement with the Audit Finding
   There is essentially no disagreement with the finding.

3. Official Responsible for Insuring CAP
   The Director of Business Services, Ashley Eastridge is responsible for carrying out the corrective action plan.

4. Planned Completion Date for CAP
   On November 2, 2023, the Director of Business Services sent the Certification of Suspension and Debarment form to all program supervisors that are responsible for running programs paid with federal funds and informed the program supervisors of the new procedure.

5. Plan to Monitor Completion of CAP
   The Director of Business Services will request documentation annually from the program supervisors for all contracts falling under this requirement. This request will be made before payment is made to the vendors.

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2023-003 CORRECTIVE ACTION PLAN (CAP) FOR FINDING:

1. Correcting Plan
   The District has added the following procedure to mitigate the risk:
   1) All journal entries made by the Director of Business Services will be reviewed and approved by the Superintendent.

2. Explanation of Disagreement with the Audit Finding
   There is essentially no disagreement with the finding.

3. Official Responsible for Insuring CAP
   The Director of Business Services, Ashley Eastridge is responsible for carrying out the corrective action plan.

4. Planned Completion Date for CAP
   The Director of Business Services will review this monthly when month-end and year-end procedures are completed.

5. Plan to Monitor Completion of CAP
   The Director of Business Services will have documentation available for the Superintendent and/or School Board to review if requested.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023

There are no findings required to be reported in this section.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
AS OF JUNE 30, 2023

District Name: Bemidji Public School District

District Number: 131

	Audit	UFARS	Variance
01 GENERAL FUND			
Total Revenue	76,137,335	76,137,336	(1)
Total Expenditures	74,429,234	74,429,234	-
Non Spendable			
4.60 Non Spendable Fund Balance	434,623	434,623	-
Restricted/Reserved:			
4.01 Student Activities	296,486	296,486	-
4.02 Scholarships	-	-	-
4.03 Staff Development	530,798	530,798	-
4.07 Capital Projects Levy	-	-	-
4.08 Cooperative Revenue	-	-	-
4.13 Project Funded by COP	-	-	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maintenance	-	-	-
4.24 Operating Capital	5,316,308	5,316,308	-
4.26 $25 Taconite	-	-	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning & Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alt Programs	-	-	-
4.36 State Approved Alt Program	9,454	9,454	-
4.38 Gifted & Talented	-	-	-
4.40 Teacher Development and Eval	-	-	-
4.41 Basic Skills Programs	-	-	-
4.48 Achievement and Integration	-	-	-
4.49 Safe Schools Levy	439,618	439,618	-
4.51 QZAB Payments	-	-	-
4.52 OPEB Liab Not In Trust	-	-	-
4.53 Unfunded Sev & Retiremt Levy	-	-	-
4.59 Basic Skills Extended Time	-	-	-
4.67 Long Term Fac. Maint. (LTFM)	1,499,156	1,499,156	-
4.72 Medical Assistance	81,893	81,893	-
4.73 PPP Loan	-	-	-
4.74 EIDL Loan	-	-	-
Restricted			
4.64 Restricted Fund Balance	106,086	106,086	-
4.75 Title VII Impact Aid	-	-	-
4.76 Payment in Lieu of Taxes	-	-	-
Committed	-	-	-
4.18 Committed for Separation	577,793	577,793	-
4.61 Committed Fund Balance	-	-	-
Assigned			
462 Assigned Fund Balance	-	-	-
Unassigned:			
422 Unassigned Fund Balance	7,097,651	7,097,653	(2)
Reconciliation of General	166,956,435	166,956,438	(3)
02 FOOD SERVICE			
Total Revenue	3,946,992	3,946,992	-
Total Expenditures	3,841,215	3,841,215	-
Non Spendable			
4.60 Non Spendable Fund Balance	22,573	22,573	-
Restricted			
4.64 Restricted Fund Balance	867,663	867,664	(1)
4.52 OPEB Liab Not in Trust	-	-	-
4.74 EIDL Loan	-	-	-
Unassigned			
4.63 Unassigned Fund Balance	-	-	-
Reconciliation of Food Service	8,678,443	8,678,444	(1)
04 COMMUNITY SERVICE			
Total Revenue	2,865,808	2,865,807	1
Total Expenditures	2,399,495	2,399,495	-
Non Spendable			
4.60 Non Spendable Fund Balance	-	-	-
Restricted/Reserved:			
4.26 $25 Taconite	-	-	-
4.31 Community Education	753,733	753,733	-
4.32 E.C.F.E.	602,177	602,177	-
4.40 Teacher Development and Eval	-	-	-
4.44 School Readiness	215,147	215,147	-
4.47 Adult Basic Education	8,009	8,009	-
4.52 OPEB Liab Not In Trust	-	-	-
4.73 PPP Loan	-	-	-
4.74 EIDL Loan	-	-	-
Restricted			
4.64 Restricted Fund Balance	232,474	232,474	-
Unassigned:			
422 Unassigned Fund Balance	-	-	-

	Audit	UFARS	Variance
06 BUILDING CONSTRUCTION			
Total Revenue	30,911	30,911	-
Total Expenditures	2,045,980	2,045,980	-
Non Spendable:			
4.60 Non Spendable Fund Balance	-	-	-
Restricted/Reserved:			
4.07 Capital Projects Levy	-	-	-
4.13 Projects Funded By COP	-	-	-
4.67 Long Term Fac. Maint. (LTFM)	-	-	-
Restricted:			
4.64 Restricted Fund Balance	-	-	-
Unassigned:			
4.63 Unassigned Fund Balance	-	-	-
Reconciliation of Building Construction	2,076,891	2,076,891	-
07 DEBT SERVICE			
Total Revenue	2,821,755	2,821,755	-
Total Expenditures	3,071,031	3,071,031	-
Non Spendable			
4.60 Non Spendable Fund Balance	-	-	-
Restricted/Reserved:			
4.25 Bond Refundings	-	-	-
4.51 QZAB Payments	-	-	-
4.67 LTFM	-	-	-
4.33 Maximum Effort Loan Aid	-	-	-
Restricted			
4.64 Restricted Fund Balance	706,435	706,435	-
Unassigned:			
4.63 Unassigned Fund Balance	-	-	-
Reconciliation of Debt Service	6,599,221	6,599,221	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Restricted:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.22 Net Assets	-	-	-
Reconciliation of Trust	-	-	-
18 CUSTODIAL FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Restricted:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.48 Achievement & Integration	-	-	-
4.64 Restricted Fund Balance	-	-	-
Reconciliation of Custodial Fund	-	-	-
20 INTERNAL SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Unassigned:			
4.22 Unassigned Fund Balance	-	-	-
Reconciliation of Internal Service	-	-	-
25 OPEB REVOCABLE TRUST FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Unassigned:			
4.22 Unassigned Fund Balance	-	-	-
Reconciliation of OPEB Revocable Trust	-	-	-
45 OPEB IRREVOCABLE TRUST FUND			
Total Revenue	443,106	443,106	-
Total Expenditures	850,151	850,151	-
Unassigned:			
4.22 Unassigned Fund Balance	1,005,440	1,005,440	-
Reconciliation of OPEB Irrevocable Trust	2,298,697	2,298,697	-
47 OPEB DEBT SERVICE FUND			
Total Revenue	530,279	530,279	-
Total Expenditures	514,293	514,293	-
Non Spendable			
4.60 Non Spendable Fund Balance	-	-	-
Restricted			
4.64 Restricted Fund Balance	122,666	122,666	-
4.25 Bond Refunding	-	-	-
Unassigned			
4.63 Unassigned Fund Balance	-	-	-
Reconciliation of OPEB Debt Service	1,167,238	1,167,238	-

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
TAX LEVIES, TAX RATES, AND STUDENT CENSUS
AS OF JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Property Tax Levies										
General Referendum	$ 4,399,296	$ 4,207,212	$ 4,591,048	$ 4,385,741	$ 4,426,217	$ 4,212,906	$ 4,046,964	$ 3,634,379	$ 3,085,459	$ 2,235,880
General Maintenance	2,022,348	2,349,852	2,628,631	2,381,177	2,523,555	2,889,584	2,635,476	2,386,415	1,674,437	1,944,504
Community Service	424,036	409,227	398,231	397,253	397,361	393,632	399,515	397,736	405,970	392,049
Debt Redemption	3,451,768	2,745,190	2,981,097	2,977,781	3,269,736	3,207,508	3,236,241	2,907,070	3,411,683	3,369,247
OPEB Pension Debt	507,685	539,478	455,507	497,071	419,719	531,787	540,755	540,399	567,439	567,283
Total Property Tax Levies	$ 10,805,133	$ 10,250,959	$ 11,054,514	$ 10,639,023	$ 11,036,588	$ 11,235,417	$ 10,858,951	$ 9,865,999	$ 9,144,988	$ 8,508,963
Taxable Net Tax Capacity										
Beltrami County	$ 46,142,536	$ 37,475,615	$ 35,496,174	$ 33,514,510	$ 32,536,100	$ 33,054,455	$ 29,489,284	$ 28,354,154	$ 27,270,002	$ 26,472,612
Hubbard County	5,551,117	4,557,200	4,204,662	4,044,926	3,813,556	3,671,810	3,665,525	3,490,189	3,369,273	3,228,077
Total Net Tax Capacity	$ 51,693,653	$ 42,032,815	$ 39,700,836	$ 37,559,436	$ 36,349,656	$ 36,726,265	$ 33,154,809	$ 31,844,343	$ 30,639,275	$ 29,700,689
Property Tax Rate	12.390%	14. 379%	16. 280%	16. 649%	18. 185%	19. 122%	20. 546%	19. 569%	19. 777%	21. 121%
Referendum Market Values										
Beltrami County	$3,462,416,545	$2,837,101,753	$2,696,628,550	$2,553,449,365	$2,452,528,803	$2,452,315,627	$2,227,619,509	$2,150,115,763	$2,082,158,556	$2,036,184,585
Hubbard County	399,408,042	329,457,985	301,493,875	289,065,360	266,918,325	256,523,055	256,399,775	234,803,780	231,993,545	219,091,135
Total Referendum Market Values	$3,166,559,738	$3,166,559,738	$2,998,122,425	$2,842,514,725	$2,719,447,128	$2,708,838,682	$2,484,019,284	$2,384,919,543	$2,314,152,101	$2,255,275,720
Referendum Rate	0.11391%	0. 13286%	0. 15313%	0. 15429%	0. 16276%	0. 15553%	0. 16292%	0. 15239%	0. 13333%	0. 09914%
Students Served (Weighted ADM/PUN*'s)										
Residents	4,835.46	6,025.99	6,022.15	6,128.52	6,112.08	6,077.09	6,015.66	6,022.15	5,917.70	6,387.40
Nonresidents in District										
Tuition	48.99	43.38	39.33	51.08	49.76	55.24	51.73	55.68	70.15	68.90
Enrollment Options	277.92	309.80	305.15	325.38	296.26	319.31	327.21	342.88	321.44	333.15
Ineligible	1.34	1.22	1.47	2.95	1.98	1.22	1.35	0.72	0.25	0.01
Shared Aid	12.69	11.11	9.39	10.27	9.75	9.69	9.73	9.07	10.33	13.48
Residents Outside District										
Tuition	(14.19)	(9.03)	(13.60)	(16.72)	(16.01)	(17.69)	(22.99)	(21.92)	(15.48)	(21.65)
Charter	(70.08)	(661.47)	(628.21)	(443.38)	(527.49)	(504.41)	(492.69)	(475.88)	(502.56)	(528.32)
Enrollment Options	(525.81)	(539.04)	(482.48)	(441.18)	(399.68)	(394.65)	(338.23)	(351.72)	(342.12)	(402.42)
Total Students Served	5,181.96	5,181.96	5,253.20	5,616.92	5,526.65	5,545.80	5,551.77	5,580.98	5,459.71	5,850.55
Adjusted Weighted ADM/PUN's*	4,670.52	5,135.27	5,216.61	5,569.34	5,481.17	5,497.34	5,511.95	5,537.43	5,394.46	5,789.81
Resident ADM's	5,113.38	5,512.15	5,509.98	5,638.63	5,616.39	5,588.53	5,533.72	5,532.34	5,443.18	5,578.91