

**INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
OFFICIAL DIRECTORY
JUNE 30, 2024

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

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2023-2024 fiscal year includes the following:

- Net position revenues surpassed expenses by \$10,714,522 in the current year.
- Overall, actual revenues in the Statement of Activities were \$92,108,457 and expenses were \$81,393,935.
- General Fund revenues and other financing sources were more than General Fund expenditures by \$5,022,442.

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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

- 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 \$19,839,254 on June 30, 2024 (see details in Table A-1). This was an increase of 117.4 percent from the prior year.

Table A-1
Statement of Net Position

	2024	2023	Total Percentage Change
Current and Other Assets	\$ 43,434,238	\$ 39,234,297	10.7 %
Capital Assets	<u>84,299,548</u>	<u>84,180,926</u>	0.1
Total Assets	<u>127,733,786</u>	<u>123,415,223</u>	3.5
Deferred Outflows of Resources	<u>11,903,178</u>	<u>16,195,104</u>	(26.5)
Long-Term Liabilities	88,559,713	96,051,544	(7.8)
Other Liabilities	<u>11,400,585</u>	<u>10,753,488</u>	6.0
Total Liabilities	<u>99,960,298</u>	<u>106,805,032</u>	(6.4)
Deferred Inflows of Resources	<u>19,837,412</u>	<u>23,680,563</u>	(16.2)
Net Position			
Net Investment in Capital Assets	50,029,005	48,634,393	2.9
Restricted	12,166,197	9,765,898	24.6
Unrestricted	<u>(42,355,948)</u>	<u>(49,275,559)</u>	(14.0)
Total Net Position	<u>\$ 19,839,254</u>	<u>\$ 9,124,732</u>	117.4 %

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Change in Net Position

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

Table A-2
Change in Net Position

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Revenues			
Program Revenues			
Charges for Services	\$ 3,709,119	\$ 3,837,860	(3.4) %
Operating Grants and Contributions	29,542,233	26,156,601	12.9
Capital Grants and Contributions	527,599	668,282	(21.1)
General Revenues			
Property Taxes	10,555,299	10,074,606	4.8
Unrestricted State Aid	45,252,820	42,987,108	5.3
Other Sources	<u>2,521,387</u>	<u>2,862,122</u>	(11.9)
Total Revenues	<u>92,108,457</u>	<u>86,586,579</u>	6.4
Expenses			
Administration	3,295,281	3,229,512	2.0
District Support Services	1,385,853	1,328,281	4.3
Elementary and Secondary Regular Instruction	25,842,644	21,506,139	20.2
Vocational Education Instruction	606,359	697,219	(13.0)
Special Education Instruction	18,040,620	16,816,639	7.3
Community Education and Services	2,377,759	2,352,449	1.1
Instructional Support Services	3,924,516	3,681,283	6.6
Pupil Support Services	12,474,325	11,976,080	4.2
Sites and Buildings	11,663,300	10,263,305	13.6
Fixed Costs	39,530	80,960	(51.2)
Interest Fees on Long-Term Debt and Lease Liabilities	<u>1,743,748</u>	<u>1,812,211</u>	(3.8)
Total Expenses	<u>81,393,935</u>	<u>73,744,078</u>	10.4
Change in Net Position	<u>10,714,522</u>	<u>12,842,501</u>	(16.6) %
Net Position - Beginning	9,124,732	(3,893,042)	334.4
GASB 96 Adjustment	-	220,402	
GASB 87 Adjustment	-	(45,129)	
Net Position - Beginning, Restated	<u>9,124,732</u>	<u>(3,717,769)</u>	345.4
Net Position - Ending	<u>\$ 19,839,254</u>	<u>\$ 9,124,732</u>	117.4

The District's total revenues were \$92,108,457 for the year ended June 30, 2024. Property taxes and unrestricted aid payments accounted for 61 percent of total revenue for the year.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

The total cost of all programs and services was \$81,393,935. The District's expenses are predominantly related to educating and caring for students.

Total revenues surpassed expenses, an increase net position of \$10,714,522 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
	2024	2023	Change	2024	2023	Change
Expenses						
Administration	\$ 3,295,281	\$ 3,229,512	2.0 %	\$ 3,295,281	\$ 3,229,512	2.0 %
District Support Services	1,385,853	1,328,281	4.3	1,385,853	1,328,281	4.3
Elementary and Secondary						
Regular Instruction	25,842,644	21,506,139	20.2	16,321,749	16,569,414	(1.5)
Vocational Education Instruction	606,359	697,219	(13.0)	245,455	683,946	(64.1)
Special Education Instruction	18,040,620	16,816,639	7.3	4,084,866	5,300,241	(22.9)
Community Education and Services	2,377,759	2,352,449	1.1	(1,186,910)	(2,933,794)	(59.5)
Instructional Support Services	3,924,516	3,681,283	6.6	2,800,829	2,539,121	10.3
Pupil Support Services	12,474,325	11,976,080	4.2	7,768,545	4,894,655	58.7
Sites and Buildings	11,663,300	10,263,305	13.6	11,116,038	9,576,788	16.1
Fixed Costs	39,530	80,960	(51.2)	39,530	80,960	(51.2)
Interest Fees on Long-Term Debt and Lease Liabilities	1,743,748	1,812,211	(3.8)	1,743,748	1,812,211	(3.8)
	<u>\$ 81,393,935</u>	<u>\$ 73,744,078</u>	<u>10.4 %</u>	<u>\$ 47,614,984</u>	<u>\$ 43,081,335</u>	<u>10.5 %</u>

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	
	2024	2023	Increase (Decrease)	Increase (Decrease)
Governmental Funds				
General	\$ 21,412,308	\$ 16,389,866	\$ 5,022,442	30.6 %
Debt Service	797,775	706,435	91,340	12.9

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

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

	2024	2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	\$ 6,423,077	\$ 6,489,467	\$ (66,390)	(1.0) %
Other	4,009,581	3,043,997	965,584	31.7
State Sources	60,403,634	56,043,611	4,360,023	7.8
Federal Sources	9,653,706	10,490,780	(837,074)	(8.0)
Other	63,083	69,480	(6,397)	(9.2)
Total General Fund Revenue	<u>\$ 80,553,081</u>	<u>\$ 76,137,335</u>	<u>\$ 4,415,746</u>	5.8 %

Total general fund revenue increased by \$4,415,746 or 5.8 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

	2024	2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	\$ 44,785,892	\$ 44,098,306	\$ 687,586	1.6 %
Employee Benefits	16,434,566	15,399,749	1,034,817	6.7
Purchased Services	6,844,506	5,541,515	1,302,991	23.5
Supplies and Materials	3,922,810	4,732,161	(809,351)	(17.1)
Debt Service	297,466	413,539	(116,073)	(28.1)
Capital Expenditures	3,034,427	3,827,785	(793,358)	(20.7)
Other Expenditures	442,625	416,179	26,446	6.4
Total General Fund Expenditures	<u>\$ 75,762,292</u>	<u>\$ 74,429,234</u>	<u>\$ 1,333,058</u>	1.8 %

Total general fund expenditures increased \$1,333,058 or 1.8 percent from the previous year.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

General Fund Budgetary Highlights

During the course of the year, the District did not revise the annual operating budget.

- Although the District's final budget for the general fund anticipated that revenues would exceed expenditures and other financing uses by \$2,207,366, the actual results show revenues exceeded expenditures and other financing uses by \$5,022,442.
- Revenues were \$1,302,350 more than projections, largely due to an increase in revenues from Other Local and County sources. This was mainly interest earnings and medical assistance revenue that exceeded the budget.
- The actual expenditures were \$1,281,073 less than the budgeted figure, largely due to elementary and secondary regular instruction expenditures. A large portion of this is due to ongoing contract negotiations with secretarial and paraprofessional employees. The budget had reflected a settlement increase which did not occur in fiscal year 2024.

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, 2024. Major capital asset events during the year included purchase of parking lot repaving, new roof on the high school, LED lighting project in multiple buildings, and 3 buses. The District is also in the process of updated lighting within the high school and warehouses and a chiller project.

Long-Term Debt

At year-end, the District had \$35,060,231 of long-term debt. This consisted of bonds payable of \$30,800,000, finance purchase obligation of \$275,160, lease liabilities of \$1,858,852, SBITA liabilities of \$34,776, compensated absences of \$243,742, severance payable of \$50,946, unamortized discount and unamortized premium of \$1,796,755. Note 6 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 2024-2025 the State has provided an increase of 2% in the basic funding formula. The District 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, 2024

GOVERNMENTAL ACTIVITIES

ASSETS

Cash and Investments	\$ 24,351,619
Property Taxes Receivable	5,147,181
Accounts Receivable	91,006
Due From Other MN School Districts	329,462
Due From Department of Education	5,982,751
Due From Federal Govt. - DOE	6,903,502
Due From Federal Govt.	74,464
Due From Other Governmental Units	70,158
Inventory	336,633
Prepaid Items	147,462
Non Depreciable Capital Assets:	
Land	3,472,119
Construction in Progress	482,896
Depreciable Capital Assets:	
Land Improvements	6,790,799
Buildings	126,528,438
Machinery and Equipment	15,462,691
Lease Assets	2,268,214
Subscription Based Information Technology Arrangements	617,289
Less Accumulated Depreciation and Amortization	<u>(71,322,898)</u>
Total Capital Assets, Net of Depreciation and Amortization	<u>84,299,548</u>
Total Non-Current Assets	<u>84,299,548</u>

TOTAL ASSETS 127,733,786

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	11,570,347
Deferred Outflows of Resources Related to OPEB	<u>332,831</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES 11,903,178

LIABILITIES

Accounts Payable	505,047
Salaries Payable	6,497,060
Vacation Payable	243,742
Severance Payable	50,946
Due To Other Governmental Units	1,210
Due To Other MN School Districts	92,896
Unearned Revenue	216,362
Interest Payable	352,621
Long-Term Liabilities Due Within One Year	3,440,701

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF NET POSITION - CONTINUED
JUNE 30, 2024

Long-Term Liabilities:	
Bonds and Net Unamortized Premiums	32,596,755
Lease Liabilities	1,858,852
SBITA Liabilities	34,776
Finance Purchase Obligation	275,160
Net Pension Liability	50,375,826
Net Other Post Employment Benefits	6,859,045
Less Amounts Due Within One Year	<u>(3,440,701)</u>
Total Long-Term Liabilities	<u>88,559,713</u>
TOTAL LIABILITIES	<u>99,960,298</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Years' Expenditures	10,773,105
Deferred Inflows of Resources Related to Pensions	6,974,622
Deferred Inflows of Resources Related to OPEB	<u>2,089,685</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>19,837,412</u>
NET POSITION	
Net Investment in Capital Assets	50,029,005
Restricted for:	
Student Activities	311,858
Staff Development	542,633
Literacy Incentive Aid	94,555
American Indian Ed	154,228
Operating Capital	5,478,919
Safe School	308,439
LTFM	548,003
Medical Assistance	824,118
Food Service	1,255,860
Red Lake Johnson-O'Malley	41,356
Teacher Benefits	58,867
Community Service	323,755
Debt Service	452,270
Community Education	917,964
ECFE	289,150
School Readiness	556,213
Adult Basic Education	8,009
Unrestricted	<u>(42,355,948)</u>
TOTAL NET POSITION	<u>\$ 19,839,254</u>

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Administration	\$ 3,295,281	\$ -	\$ -	\$ -	\$ (3,295,281)
District Support Services	1,385,853	-	-	-	(1,385,853)
Regular Instruction	25,842,644	422,542	9,098,353	-	(16,321,749)
Vocational Instruction	606,359	-	360,904	-	(245,455)
Special Education Instruction	18,040,620	-	13,955,754	-	(4,084,866)
Community Education and Services	2,377,759	2,835,151	729,518	-	1,186,910
Instructional Support Services	3,924,516	-	1,123,687	-	(2,800,829)
Pupil Support Services	12,474,325	431,763	4,274,017	-	(7,768,545)
Sites and Buildings	11,663,300	19,663	-	527,599	(11,116,038)
Fiscal and Other Fixed Costs	39,530	-	-	-	(39,530)
Interest on Long-Term Debt and Lease Liabilities	1,743,748	-	-	-	(1,743,748)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 81,393,935	\$ 3,709,119	\$ 29,542,233	\$ 527,599	(47,614,984)
GENERAL REVENUES & EXPENSES					
Property Taxes					
Levied for General Purposes					6,438,870
Levied for Community Education and Services					415,555
Levied for Debt Service					3,205,477
Levied for OPEB					495,397
Aids and Payments from State and Federal Sources					45,252,820
Unrestricted Investment Earnings					970,262
Other Revenues					1,551,125
TOTAL GENERAL REVENUES					58,329,506
Change in Net Position					10,714,522
Net Position - Beginning					9,124,732
Net Position - Ending					\$ 19,839,254

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 17,854,608	\$ 2,529,999	\$ 3,967,012	\$ 24,351,619
Property Taxes Receivable	3,149,487	1,499,353	362,751	5,011,591
Delinquent Property Taxes Receivable	80,583	43,315	11,692	135,590
Accounts Receivable	91,006	-	-	91,006
Due From Other MN School Districts	329,462	-	-	329,462
Due From Department of Education	5,878,066	33,320	71,365	5,982,751
Due From Federal Govt. - DOE	6,860,930	-	42,572	6,903,502
Due From Federal Govt.	74,464	-	-	74,464
Due From Other Governmental Units	70,158	-	-	70,158
Prepaid Items	147,462	-	-	147,462
Inventory	312,963	-	23,670	336,633
TOTAL ASSETS	<u>\$ 34,849,189</u>	<u>\$ 4,105,987</u>	<u>\$ 4,479,062</u>	<u>\$ 43,434,238</u>
LIABILITIES				
Accounts Payable	\$ 350,952	\$ -	\$ 154,095	\$ 505,047
Salary Payable	6,151,989	-	345,071	6,497,060
Due To Other MN School Districts	92,896	-	-	92,896
Due to Other Governmental Units	1,210	-	-	1,210
Unearned Revenue	77,129	-	139,233	216,362
TOTAL LIABILITIES	<u>6,674,176</u>	<u>-</u>	<u>638,399</u>	<u>7,312,575</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes	80,583	43,315	11,692	135,590
Property Taxes Levied - Subs. Years	6,682,122	3,264,897	826,086	10,773,105
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,762,705</u>	<u>3,308,212</u>	<u>837,778</u>	<u>10,908,695</u>
FUND BALANCES				
Nonspendable	460,425	-	23,670	484,095
Restricted for:				
Student Activities	311,858	-	-	311,858
Staff Development	542,633	-	-	542,633
Literacy Incentive Aid	94,555	-	-	94,555
American Indian Ed	154,228	-	-	154,228
Operating Capital	5,478,919	-	-	5,478,919
St. Approved Alt Program	-	-	-	-
Safe Schools	308,439	-	-	308,439
Long Term Fac. Maint.	548,003	-	-	548,003
Medical Assistance	824,118	-	-	824,118
Teacher Benefits	58,867	-	-	58,867
Red Lake Johnson-O'Malley	41,356	-	-	41,356
Debt Service	-	797,775	-	797,775
Community Education	-	-	917,964	917,964
Early Childhood and Family Education	-	-	289,150	289,150
School Readiness	-	-	556,213	556,213
Adult Basic Education	-	-	8,009	8,009
Community Service	-	-	323,755	323,755
Food Service	-	-	1,232,190	1,232,190
OPEB Debt Service	-	-	106,059	106,059
Committed for Separation and Retirement Benefits	577,793	-	-	577,793
Unassigned	12,011,114	-	(454,125)	11,556,989
TOTAL FUND BALANCES	<u>21,412,308</u>	<u>797,775</u>	<u>3,002,885</u>	<u>25,212,968</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 34,849,189</u>	<u>\$ 4,105,987</u>	<u>\$ 4,479,062</u>	<u>\$ 43,434,238</u>

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, 2024

Total Fund Balances - Governmental Funds		\$ 25,212,968
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	152,736,943	
Less accumulated depreciation	<u>(70,538,521)</u>	
Net Depreciation Value of Capital Assets		82,198,422
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	2,268,214	
Cost of SBITA assets	617,289	
Less: accumulated amortization	<u>(784,377)</u>	
		2,101,126
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	(30,800,000)	
Net Unamortized Bond Discount/Premium	(1,796,755)	
Finance purchase obligation	(275,160)	
Compensated Absences Payable	(243,742)	
Net pension liability	(50,375,826)	
Lease Payable	(1,858,852)	
SBITA Payable	(34,776)	
Severance Payable	<u>(50,946)</u>	
		(85,436,057)
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	(9,064,307)	
Deferred Outflows of Resources	<u>11,903,178</u>	
		2,838,871
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		135,590
Other post-employment asset/(liability) is not a financial resource and, therefore, is not reported as an asset in the governmental funds.		
		(6,859,045)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the debt service fund.		
		<u>(352,621)</u>
Total Net Position - Governmental Activities		<u>\$ 19,839,254</u>

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Property Taxes	\$ 6,423,077	\$ 3,189,288	\$ 908,634	\$ 10,520,999
Other Local and County Revenues	4,009,581	97,026	1,540,453	5,647,060
Revenue From State Sources	60,403,634	333,201	2,435,241	63,172,076
Revenue From Federal Sources	9,653,706	-	2,355,932	12,009,638
Sale and Other Conversion of Asset	63,083	-	431,763	494,846
TOTAL REVENUES	<u>80,553,081</u>	<u>3,619,515</u>	<u>7,672,023</u>	<u>91,844,619</u>
EXPENDITURES				
Current:				
Administration	3,295,281	-	-	3,295,281
District Support Services	1,385,853	-	-	1,385,853
Elementary and Secondary Regular Instruction	29,974,604	-	-	29,974,604
Vocational Instruction	593,812	-	-	593,812
Special Education Instruction	17,921,271	-	-	17,921,271
Community Education and Services	2,720	-	2,371,644	2,374,364
Instructional Support Services	3,831,188	-	-	3,831,188
Pupil Support Services	7,914,121	-	4,144,474	12,058,595
Sites and Buildings	7,162,787	-	-	7,162,787
Fiscal and Other Fixed Costs	348,762	-	-	348,762
Debt Service:				
Principal Retirement	263,978	2,215,000	485,993	2,964,971
Interest and Fees	33,488	1,313,175	33,948	1,380,611
Capital Outlay	3,034,427	-	457,521	3,491,948
TOTAL EXPENDITURES	<u>75,762,292</u>	<u>3,528,175</u>	<u>7,493,580</u>	<u>86,784,047</u>
Excess (Deficiency) of Revenues Over Expenditures	4,790,789	91,340	178,443	5,060,572
OTHER FINANCING SOURCES (USES)				
Issuance of Leases and SBITAS	228,586	-	-	228,586
Insurance Recovery	3,067	-	-	3,067
TOTAL OTHER FINANCING SOURCES (USES)	<u>231,653</u>	<u>-</u>	<u>-</u>	<u>231,653</u>
Net Change in Fund Balances	5,022,442	91,340	178,443	5,292,225
Fund Balances - Beginning	16,389,866	706,435	2,824,442	19,920,743
Fund Balances - Ending	<u>\$21,412,308</u>	<u>\$ 797,775</u>	<u>\$ 3,002,885</u>	<u>\$ 25,212,968</u>

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, 2024**

Net change in fund balances - governmental funds \$ 5,292,225

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	2,082,325	
Depreciation expense	<u>(4,064,829)</u>	(1,982,504)

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	300,845	
Amortization expenses - leases	(255,377)	
Issuance of Lease	(228,586)	
Principal payments - leases	174,791	(8,327)

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	20,939	
Amortization expenses - SBITAs	(96,365)	
Fund financial expenditures - SBITAs	<u>10,914</u>	(64,512)

Change in net pension liability 3,918,571

Changes in deferred outflows and inflows of resources related to the net pension and OPEB liabilities. (86,044)

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. 2,779,266

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. 210,494

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		77,308
Compensated Absences Payable		(26,579)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 34,299

The change in the Other Post-Employment Benefit liability is a reduction of the Other Post-Employment Benefit expense in the statement of activities. 570,325

Change in net position - governmental activities \$ 10,714,522

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	<u>OPEB Irrevocable Trust Fund</u>
Assets	
Cash and Investments	<u>\$ 1,026,848</u>
Net Position	
Net Position Held in Trust	<u>\$ 1,026,848</u>

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, 2024

	<u>OPEB Irrevocable Trust Fund</u>
Additions:	
Contributions	\$ 245,333
Investment Earnings	<u>55,984</u>
Total Additions	301,317
Deductions:	
Employee Benefits	<u>279,909</u>
Change in Net Position	21,408
Net Position - Beginning of Year	<u>1,005,440</u>
Net Position - End of Year	<u><u>\$ 1,026,848</u></u>

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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:

Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

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

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:

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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 2023, which are not payable until 2024, 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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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 amortizable 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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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.

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

Vacation Pay – 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, 2024 for these employees is reported in the district-wide financial statements.

Sick Leave and Severance Pay – 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.

Long-Term Obligations – 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

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of 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.

Net Position – 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/amortization, 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.

Net Position Flow Assumption – 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

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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.

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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, 2024, was \$1,026,246.

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

	Governmental Activities/ Funds	OPEB Irrevocable Trust Fund
Cash	\$ 1,959,583	\$ 1,000
Investments	<u>22,392,036</u>	<u>1,025,848</u>
Total Cash and Investments	<u><u>\$ 24,351,619</u></u>	<u><u>\$ 1,026,848</u></u>

As of June 30, 2024, the District's investments were in the Minnesota School District Liquid Asset Fund Plus and the MN Trust fund, which are external investment pools.

	Governmental Activities/ Funds	OPEB Irrevocable Trust Fund
Investment Pool:		
MSDLAF+ - Money Market Accounts	\$ 92,057	\$ -
MNTrust - Money Market Accounts	<u>22,299,979</u>	<u>1,025,848</u>
Total Investments	<u><u>\$ 22,392,036</u></u>	<u><u>\$ 1,025,848</u></u>

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.

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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

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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, 2024, the carrying amount of the District's deposits was \$2,986,108 and the bank balance was \$4,794,281.

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, 2024, 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	3,397,620	482,896	3,397,620	482,896
Total Non-depreciable Capital Assets	<u>6,869,739</u>	<u>482,896</u>	<u>3,397,620</u>	<u>3,955,015</u>
Depreciable Capital Assets:				
Land Improvements	6,509,205	281,594	-	6,790,799
Buildings	122,440,604	4,087,834	-	126,528,438
Equipment	15,115,801	627,621	280,731	15,462,691
Right-to-use Leased Assets	2,039,629	300,845	72,260	2,268,214
Right-to-use Subscription Based Information Technology Arrangement Assets	596,350	20,939	-	617,289
Total Depreciable Capital Assets	<u>146,701,589</u>	<u>5,318,833</u>	<u>352,991</u>	<u>151,667,431</u>
Less Accumulated Depreciation For:				
Land Improvements	3,749,005	240,723	-	3,989,728
Buildings	51,873,204	2,842,987	-	54,716,191
Machinery and Equipment	11,132,214	981,119	280,731	11,832,602
Right-to-use Leased Assets	251,627	255,377	72,260	434,744
Right-to-use Subscription Based Information Technology Arrangement Assets	253,268	96,365	-	349,633
Total Accumulated Depreciation	<u>67,259,318</u>	<u>4,416,571</u>	<u>352,991</u>	<u>71,322,898</u>
Total Capital Assets, Being Depreciated, Net	<u>79,442,271</u>	<u>902,262</u>	<u>-</u>	<u>80,344,533</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,312,010</u>	<u>\$ 1,385,158</u>	<u>\$ 3,397,620</u>	<u>\$ 84,299,548</u>

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

Elementary and Secondary Regular Instruction	\$ 8,864
Special Education Instruction	78,557
Pupil Support Services	406,943
Sites and Buildings	<u>3,922,207</u>
Total	<u>\$ 4,416,571</u>

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

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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.

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. In 2023, legislation clarified that if the annual increase cap was reduced to 1 percent, there is a way to return to the 2.5 percent increase if certain criteria are met. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

In 2023, the legislature allocated funding for a one-time lump-sum payment to General Employee and Police and Fire Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is non-compounding towards future benefits.

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 2024 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, 2024, were \$1,136,250. The District's contributions were equal to the required contributions for each year as set by state statute.

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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 2024. The District contributions to the Correctional Fund for the year ended June 30, 2024, were \$5,672. 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, 2024, the District reported a liability of \$10,490,382 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 \$289,226.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the District's proportionate share was 0.1876% at the end of the measurement period and 0.1963% for the beginning of the period.

District's proportionate share of the net pension liability	\$	10,490,382
State of Minnesota's proportionate share of the net pension liability associated with the District		289,226
Total	\$	10,779,608

For the year ended June 30, 2024, the District recognized pension expense of \$1,256,240 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$1,300 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2024, the 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	\$ 348,345	\$	79,856
Difference between projected and actual investment earnings	-		561,528
Changes in actuarial assumptions	1,872,608		2,875,326
Changes in proportion	-		831,883
Contributions paid to PERA subsequent to the measurement date	1,136,250		-
Total	\$ 3,357,203	\$	4,348,593

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The \$1,136,250 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, 2025. 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
2025	\$ (86,451)
2026	(1,989,467)
2027	175,850
2028	(227,572)

Correctional Plan Pension Costs

At June 30, 2024, the District reported a liability of \$16,138 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0357% at the end of the measurement period and 0.0359% for the beginning of the period.

For the year ended June 30, 2024, the District recognized pension expense of \$4,592 for its proportionate share of the Correctional Plan's pension expense.

At June 30, 2024, 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	\$ 6,216	\$ 1,451
Difference between projected and actual investment earnings	-	3,656
Changes in actuarial assumptions	39,419	73,624
Changes in proportion	156	17,724
Contributions paid to PERA subsequent to the measurement date	5,672	-
Total	\$ 51,463	\$ 96,455

The \$5,672 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending June 30:	Pension Expense Amount
2025	\$ (8,414)
2026	(48,666)
2027	8,119
2028	(1,703)

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, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 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.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.0 percent,

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5 percent. The maximum increase is 1.5 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees 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.

For the Correctional Fund, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the Fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the long-term expected rate of return is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required.

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The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this calculation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.86%; and the resulting single discount rate is 7.00%.

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 (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the General Employees Fund net pension liability:	\$ 18,558,328	\$ 10,490,382	\$ 3,854,189

Correctional Fund

Sensitivity Analysis - NPL at Different Discount Rates

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the Correctional Fund net pension liability:	\$ 85,066	\$ 16,138	\$ (38,858)

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.

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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

Tier 1	Step Rate Formula	Percentage
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

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

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

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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, 2022, June 30 2023, and June 30, 2024 were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.00%	12.34%	11.00%	12.55%	11.00%	12.75%
Coordinated	7.50%	8.34%	7.50%	8.55%	7.50%	8.75%

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.

	<i>in thousands</i>	
Employer contributions reported in TRA's ACFR		
Statement of Changes in Fiduciary Net Position	\$	508,764
Add employer contributions not related to future contribution efforts		(87)
Deduct TRA's contributions not included in allocation		<u>(643)</u>
Total employer contributions		508,034
Total non-employer contributions		<u>35,587</u>
Employer contributions reported in schedule of employer and non-employer pension allocations	\$	<u><u>543,621</u></u>

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

D. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
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:

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2024 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

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Between Projected and Actual Investment Earnings on Pension Plan Investments” is 5 years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation:

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

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

The 2024 Omnibus Pensions and Retirement Bill:

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

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 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2024, Bemidji Area Schools reported a liability of \$39,869,306 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 0.4829% at the end of the measurement period and 0.4824% 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	\$ 39,869,306
State’s proportionate share of the net pension liability associated with the District	2,739,138

For the year ended June 30, 2024, the District recognized pension expense of (\$1,694,691). It also recognized \$385,692 as an increase to pension expense for the support provided by direct aid.

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On June 30, 2024, the District had deferred resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 408,289	\$ 589,162
Difference between projected and actual investment earnings	-	463,332
Changes in actuarial assumptions	4,806,257	-
Changes in proportion	251,693	1,477,080
Contributions paid to TRA subsequent to the measurement date	<u>2,695,442</u>	<u>-</u>
Total	<u>\$ 8,161,681</u>	<u>\$ 2,529,574</u>

\$2,695,442 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ending	Pension Expense Amount
June 30:	
2025	\$ 229,706
2026	(671,951)
2027	4,226,586
2028	(781,492)
2029	(66,184)

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.

	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	\$ 63,588,610	\$ 39,869,306	\$ 20,452,167

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.

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Total Pension Expense

The total pension expense for all plans recognized by the District for the year ended June 30, 2024 was \$ (433,859).

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, 2023, the measurement date of the total OPEB liability, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	68	
Active employees	842	
	910	
	910	

Total OPEB Liability

At June 30, 2024, the District reported a liability of \$6,859,045 for the defined benefit healthcare plan. The total OPEB liability was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2023 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	4.10%	
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, 2023 actuarial valuation, the entry age, normal level percentage of pay actuarial cost method was used.

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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, 2023	\$ 8,304,895	\$ 875,525	\$ 7,429,370
Changes for the year:			
Service cost	464,530	-	464,530
Interest	336,391	-	336,391
Changes of benefit terms	31,731	-	31,731
Net investment income	1,712	34,145	(32,433)
Differences between expected and actual experience	(1,092,477)	22,129	(1,114,606)
Contributions - employer	-	256,228	(256,228)
Benefit payments	(290,805)	(290,805)	-
Administrative expenses	-	(290)	290
Net changes	<u>(548,918)</u>	<u>21,407</u>	<u>(570,325)</u>
Balance at June 30, 2024	<u>\$ 7,755,977</u>	<u>\$ 896,932</u>	<u>\$ 6,859,045</u>

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability as of June 30, 2024, calculated using the discount rate of 4.1%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.1 percent) or 1-percentage-point higher (5.1 percent) than the current rate:

1% Decrease (3.1%)	Discount Rate (4.1%)	1% Increase (5.1%)
\$ 7,357,417	\$ 6,859,045	\$ 6,375,429

The following presents the total OPEB liability as of June 30, 2024, 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%)
\$ 6,226,784	\$ 6,859,045	\$ 7,609,438

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$303,960.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 201,051	\$ 1,334,870
Difference between projected and actual investment earnings	6,158	-
Changes in actuarial assumptions	<u>125,622</u>	<u>754,815</u>
Total	<u>\$ 332,831</u>	<u>\$ 2,089,685</u>

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

	OPEB Expense
<u>Year ending June 30:</u>	<u>Amount</u>
2025	\$(465,348)
2026	(317,116)
2027	(345,152)
2028	(319,934)
2029	(157,774)
Thereafter	(151,530)

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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	Interest
General Obligation Bonds:						
2015A G.O. School Building Bonds	\$ 30,220,000	\$ -	\$ 1,800,000	\$28,420,000	\$ 1,890,000	\$ 1,105,125
2018A OPEB Refunding Bonds	975,000	-	480,000	495,000	495,000	17,078
2022A G.O. Capital Facilities Bonds	2,300,000	-	415,000	1,885,000	440,000	94,250
Total General Obligation Bonds:	33,495,000	-	2,695,000	30,800,000	2,825,000	1,216,453
Unamortized Bond Premium	1,975,415	-	177,565	1,797,850	-	-
Unamortized Bond Discount	(2,969)	-	(1,874)	(1,095)	-	-
Total G.O. Bonds, Net of Unamortized Bond Discounts/Premium	35,467,446	-	2,870,691	32,596,755	2,825,000	1,216,453
Leases	1,805,057	228,586	174,791	1,858,852	222,279	56,501
Subscription Based Information Technology Arrangements	45,690	-	10,914	34,776	11,246	1,058
Total Lease/SBITA Liability	1,850,747	228,586	185,705	1,893,628	233,525	57,559
Finance Purchases						
John Deere Financial	156,382	-	35,519	120,863	37,422	7,696
Wells Fargo	203,044	-	48,747	154,297	50,066	4,174
Total Finance Purchases Liability	359,426	-	84,266	275,160	87,488	11,870
Compensated Absences Payable	217,163	26,579	-	243,742	243,742	-
Separation Benefits:						
Severance Payable	128,254	-	77,308	50,946	50,946	-
Total Long-Term Liabilities	\$ 38,023,036	\$ 255,165	\$ 3,217,970	\$ 35,060,231	\$ 3,440,701	\$ 1,285,882

A. General Obligation Bonds

Description	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2024	Amounts Due in 2024-2025	
							Principal	Interest
2015A G.O. School Building Bonds	2015	2.5-5.0%	4/1/2036	\$36,280,000	\$ 1,800,000	\$ 28,420,000	\$ 1,890,000	\$ 1,105,125
2018A OPEB Refunding Bonds	2019	2.95-3.45%	2/1/2025	2,725,000	480,000	495,000	495,000	17,078
2022A G.O. Capital Facilities Bonds	2022	5.00%	2/1/2028	2,300,000	415,000	1,885,000	440,000	94,250
					\$ 2,695,000	\$ 30,800,000	\$ 2,825,000	\$ 1,216,453

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

<u>Fiscal Year Ending</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total</u>
2025	\$ 2,825,000	\$ 1,216,453	\$ 4,041,453
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	2,240,000	752,625	2,992,625
2030-2034	12,400,000	2,564,525	14,964,525
2035-2036	5,675,000	313,850	5,988,850
Totals	<u>\$ 30,800,000</u>	<u>\$ 7,755,278</u>	<u>\$ 38,555,278</u>

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, 2024.

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:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 87,488	\$ 11,870	\$ 99,358
2026	91,250	8,108	99,358
2027	96,422	3,856	100,278
Totals	<u>\$ 275,160</u>	<u>\$ 23,834</u>	<u>\$ 298,994</u>

C. 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

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an annual payment of \$6,696. The District also leases multiple copier machines. The term of the leases range for a period of 3 to 5 years, commencing between June 2020 and September 2027 and terminating July 2024 to September 2027 with an annual payments ranging from \$1,577 to \$20,708.

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

<u>Maturity Analysis</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 222,279	\$ 56,501	\$ 278,780
2026	191,145	49,778	240,923
2027	166,709	43,964	210,673
2028	113,066	38,894	151,960
2029	114,546	35,454	150,000
2030-2034	627,156	122,844	750,000
2035-2039	423,951	26,047	449,998
Total Future Payments	<u>\$ 1,858,852</u>	<u>\$ 373,482</u>	<u>\$ 2,232,334</u>

D. 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 by years of future minimum payments required under the SBITA's:

<u>Maturity Analysis</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 11,246	\$ 1,058	\$ 12,304
2026	11,588	716	12,304
2027	11,942	363	12,305
Total Future Payments	<u>\$ 34,776</u>	<u>\$ 2,137</u>	<u>\$ 36,913</u>

NOTE 7 DEFICIT FUND BALANCE

The District has a deficit fund balance of \$454,125 within the building construction fund as of June 30, 2024. The deficit is planned to be addressed with future bond proceeds.

NOTE 8 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

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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, 2024.

The District has not finalized the secretarial and paraprofessional contract as of June 30, 2024.

The District has a remaining commitment of \$1,740,959 related to an LED upgrade project and Chiller Replacement project that was underway as of June 30, 2024.

NOTE 9 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 10 NEW PRONOUNCEMENTS

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 statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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

NOTE 11 RECLASSIFICATION

Certain reclassifications have been made to the 2023 financial statements in order to conform with the 2024 presentation.

NOTE 12 SUBSEQUENT EVENTS

The District issued General Obligation Capital Facilities Bonds, Series 2024A for \$3,085,000 with a premium of \$350,398 on November 14, 2024. Subsequent events have been evaluated through December 12, 2024, 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, 2024

	Original And Final Budget	Actual	Over (Under) Final Budget
REVENUES			
Local Property Taxes	\$ 6,418,714	\$ 6,423,077	\$ 4,363
Other Local and County Revenues	2,573,500	4,009,581	1,436,081
Revenue From State Sources	60,250,203	60,403,634	153,431
Revenue From Federal Sources	9,983,314	9,653,706	(329,608)
Investment Earnings			
Sale and Other Conversion of Asset	<u>25,000</u>	<u>63,083</u>	<u>38,083</u>
TOTAL REVENUES	<u>79,250,731</u>	<u>80,553,081</u>	<u>1,302,350</u>
EXPENDITURES			
Current:			
Administration	3,468,802	3,295,281	(173,521)
District Support Services	1,313,209	1,385,853	72,644
Elementary and Secondary Regular Instruction	30,539,525	29,974,604	(564,921)
Vocational Instruction	641,825	593,812	(48,013)
Special Education Instruction	18,392,900	17,921,271	(471,629)
Community Education	-	2,720	2,720
Instructional Support Services	3,583,715	3,831,188	247,473
Pupil Support Services	7,742,060	7,914,121	172,061
Sites and Buildings	7,631,388	7,162,787	(468,601)
Fiscal and Other Fixed Costs	340,000	348,762	8,762
Debt Service:			
Principal Retirement	373,478	263,978	(109,500)
Interest and Fees	19,725	33,488	13,763
Capital Outlay	<u>2,996,738</u>	<u>3,034,427</u>	<u>37,689</u>
TOTAL EXPENDITURES	<u>77,043,365</u>	<u>75,762,292</u>	<u>(1,281,073)</u>
Excess (Deficiency) of Revenues Over Expenditures	2,207,366	4,790,789	2,583,423
OTHER FINANCING SOURCES (USES)			
Issuance of Leases and SBITAS	-	228,586	228,586
Insurance Recovery	<u>-</u>	<u>3,067</u>	<u>3,067</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>231,653</u>	<u>231,653</u>
Net Change in Fund Balances	2,207,366	5,022,442	2,815,076
Fund Balances - Beginning	<u>16,389,866</u>	<u>16,389,866</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 18,597,232</u>	<u>\$ 21,412,308</u>	<u>\$ 2,815,076</u>

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB Liability								
Service Cost	\$ 591,706	\$ 540,758	\$ 583,440	\$ 628,554	\$ 676,511	\$ 493,324	\$ 500,500	\$ 464,530
Interest	340,849	346,407	309,869	292,630	232,015	203,610	321,552	336,391
Changes of assumptions or other inputs	-	(352,541)	139,911	(725,403)	126,895	(713,184)	(43,672)	31,731
Plan Changes	-	(24,157)	-	-	60,000	51,393	-	1,712
Differences between expected and actual experience	-	(892,792)	-	536,146	-	(502,011)	-	(1,092,477)
Contributions - employer	-	(360,974)	-	-	-	-	-	-
Benefit payments	(745,386)	(364,570)	(765,239)	(661,396)	(1,073,943)	(690,903)	(861,744)	(290,805)
Net Change in total OPEB Liability	187,169	(1,107,869)	267,981	70,531	21,478	(1,157,771)	(83,364)	(548,918)
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	8,304,895
Total OPEB Liability - ending (a)	<u>\$ 10,293,909</u>	<u>\$ 9,186,040</u>	<u>\$ 9,454,021</u>	<u>\$ 9,524,552</u>	<u>\$ 9,546,030</u>	<u>\$ 8,388,259</u>	<u>\$ 8,304,895</u>	<u>\$ 7,755,977</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 374,023	\$ -	\$ 370,076	\$ 410,267	\$ 460,106	\$ 303,972	\$ 416,388	\$ 256,228
Net investment income	51,943	20,227	68,227	59,683	54,683	40,371	30,782	34,145
Differences between Expected and Actual Experience	-	-	(42,982)	(2,657)	(37,162)	(52,748)	7,779	22,129
Benefit payments	(745,386)	(364,570)	(765,239)	(661,396)	(1,073,943)	(690,903)	(861,744)	(290,805)
Administrative Expense	-	-	-	-	-	(250)	(250)	(290)
Net change in plan fiduciary net position	(319,420)	(344,343)	(369,918)	(194,103)	(596,316)	(399,558)	(407,045)	21,407
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	875,525
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	896,932
District's net OPEB liability - ending (a) - (b)	<u>\$ 7,106,767</u>	<u>\$ 6,343,241</u>	<u>\$ 6,981,140</u>	<u>\$ 7,245,774</u>	<u>\$ 7,863,444</u>	<u>\$ 7,105,689</u>	<u>\$ 7,429,370</u>	<u>\$ 6,859,045</u>
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%	11.56%
Covered employee payroll	\$ 36,946,282	\$ 39,093,436	\$ 40,266,239	\$ 43,419,502	\$ 44,722,087	\$ 44,123,960	\$ 45,447,679	\$ 45,068,780
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%	15.22%

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%
2024	1,136,250	1,136,250	-	15,169,968	7.49%
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%
2024	5,672	5,672	-	70,768	8.01%
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%
2024	2,695,442	2,695,442	-	30,527,747	8.83%

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

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 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%
2023	0.1876%	10,490,382	289,226	10,779,608	15,013,280	69.87%	83.10%
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%
2023	0.0357%	16,138	-	16,138	82,057	19.67%	95.90%
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%
2023	0.4829%	39,869,306	2,739,138	42,608,444	30,503,836	130.70%	76.42%

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.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2024

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 were less than the budget in the general fund by \$1,281,073.

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

Changes in Actuarial Assumptions:

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

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED
AS OF JUNE 30, 2024

Changes in Plan Provisions:

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

Correctional Plan

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.50% to 7.00%.
- The Single Discount Rate was changed from 5.42% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%, if the maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

TRA

Changes in Actuarial Assumptions:

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

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

The 2024 Omnibus Pensions and Retirement Bill:

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

NOTE 3 OTHER POSTEMPLOYMENT BENEFIT PLAN

Changes in Actuarial Assumptions:

- The long-term expected investment return was changed from 2.40% to 3.90%.
- The discount rate was changed from 3.90% to 4.10%.
- The health care trend rates and mortality tables were updated.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	Building Construction	OPEB Debt Service	
ASSETS					
Cash and Investments	\$ 1,470,025	\$ 2,454,653	\$ (339,247)	\$ 381,581	\$ 3,967,012
Property Taxes Receivable	-	146,921	-	215,830	362,751
Delinquent Property Taxes Receivable	-	5,321	-	6,371	11,692
Due From Department of Education	-	71,067	-	298	71,365
Due From Federal Govt. - DOE	40,443	2,129	-	-	42,572
Inventory	23,670	-	-	-	23,670
TOTAL ASSETS	<u>\$ 1,534,138</u>	<u>\$ 2,680,091</u>	<u>\$ (339,247)</u>	<u>\$ 604,080</u>	<u>\$ 4,479,062</u>
LIABILITIES					
Accounts Payable	\$ 27,171	\$ 12,046	\$ 114,878	\$ -	\$ 154,095
Salaries and Wages Payable	184,408	160,663	-	-	345,071
Unearned Revenue	66,699	72,534	-	-	139,233
TOTAL LIABILITIES	<u>278,278</u>	<u>245,243</u>	<u>114,878</u>	<u>-</u>	<u>638,399</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Delinquent Taxes	-	5,321	-	6,371	11,692
Property Taxes Levied - Subs. Years	-	334,436	-	491,650	826,086
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>339,757</u>	<u>-</u>	<u>498,021</u>	<u>837,778</u>
FUND BALANCES					
Nonspendable	23,670	-	-	-	23,670
Restricted for:					
Community Education	-	917,964	-	-	917,964
Early Childhood and Family Education	-	289,150	-	-	289,150
School Readiness	-	556,213	-	-	556,213
Adult Basic Education	-	8,009	-	-	8,009
Community Service	-	323,755	-	-	323,755
Food Service	1,232,190	-	-	-	1,232,190
OPEB Debt Service	-	-	-	106,059	106,059
Unassigned	-	-	(454,125)	-	(454,125)
TOTAL FUND BALANCES	<u>1,255,860</u>	<u>2,095,091</u>	<u>(454,125)</u>	<u>106,059</u>	<u>3,002,885</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,534,138</u>	<u>\$ 2,680,091</u>	<u>\$ (339,247)</u>	<u>\$ 604,080</u>	<u>\$ 4,479,062</u>

**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, 2024**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	Building Construction	OPEB Debt Service	
REVENUES					
Local Property Taxes	\$ -	\$ 414,277	\$ -	\$ 494,357	\$ 908,634
Other Local and County Revenues	3,256	1,537,197	-	-	1,540,453
Revenue From State Sources	1,702,259	729,998	-	2,984	2,435,241
Revenue From Federal Sources	2,353,803	2,129	-	-	2,355,932
Sale and Other Conversion of Assets	431,763	-	-	-	431,763
TOTAL REVENUES	4,491,081	2,683,601	-	497,341	7,672,023
EXPENDITURES					
Current:					
Community Education and Services	-	2,371,644	-	-	2,371,644
Pupil Support Services	4,125,457	19,017	-	-	4,144,474
Debt Service:					
Principal Retirement	-	5,993	-	480,000	485,993
Interest and Fiscal Fees	-	-	-	33,948	33,948
Capital Outlay	-	3,396	454,125	-	457,521
TOTAL EXPENDITURES	4,125,457	2,400,050	454,125	513,948	7,493,580
Net Change in Fund Balances	365,624	283,551	(454,125)	(16,607)	178,443
Fund Balances - Beginning	890,236	1,811,540	-	122,666	2,824,442
Fund Balances - Ending	\$ 1,255,860	\$ 2,095,091	\$ (454,125)	\$ 106,059	\$ 3,002,885

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Balance Beginning of Year	Revenues	Expenditures	Transfers	Balance End of Year
General Fund					
Restricted for:					
Student Activities	\$ 296,486	\$ 303,500	\$ 288,128	\$ -	\$ 311,858
Staff Development	530,798	179,867	168,032	-	542,633
Literacy Incentive Aid	-	203,634	109,079	-	94,555
American Indian Ed	-	629,000	474,772	-	154,228
Operating Capital	5,316,308	1,115,002	952,391	-	5,478,919
Learning and Development	-	1,003,650	1,003,650	-	-
St. Approved Alt. Program	9,454	877,290	950,778	64,034	-
Gifted and Talented	-	65,532	114,516	48,984	-
Basic Skills Program	-	4,789,445	4,789,445	-	-
School Library Aid	-	81,209	81,209	-	-
Career Tech Programs	-	124,319	583,498	459,179	-
Safe School	439,618	174,335	305,514	-	308,439
Long Term Fac. Maint.	1,499,156	1,121,682	2,072,835	-	548,003
Medical Assistance	81,893	1,385,867	643,642	-	824,118
Cooperative Revenue	-	-	8,000	8,000	-
Teacher Benefits	64,730	-	-	(5,863)	58,867
Red Lake Johnson-O'Malley	41,356	40,875	40,875	-	41,356
Nonspendable	434,623	-	-	25,802	460,425
Committed - Separation/Retirement Benefits	577,793	-	-	-	577,793
Assigned for Qcomp	-	818,831	853,327	34,496	-
Unassigned	7,097,651	67,870,696	62,322,601	(634,632)	12,011,114
Food Service Fund					
Nonspendable	22,573	-	-	1,097	23,670
Restricted	867,663	4,491,081	4,125,457	(1,097)	1,232,190
Community Service Fund					
Restricted for:					
Community Education	753,733	1,263,615	1,099,384	-	917,964
ECFE	602,177	490,024	803,051	-	289,150
School Readiness	215,147	773,066	432,000	-	556,213
Adult Basic Education	8,009	-	-	-	8,009
Community Service	232,474	156,896	65,615	-	323,755
Building Construction Fund					
Restricted for:					
Construction	-	-	454,125	454,125	-
Unassigned	-	-	-	(454,125)	(454,125)
Debt Service Fund					
Restricted	706,435	3,619,515	3,528,175	-	797,775
OPEB Irrevocable Trust Fund					
Unassigned	1,005,440	301,317	279,909	-	1,026,848
OPEB Debt Service Fund					
Restricted	122,666	497,341	513,948	-	106,059

**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, 2024, 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 12, 2024.

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 certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

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

December 12, 2024

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 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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our

audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



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

December 12, 2024

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number		Federal Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
Indian Education Grants to Local Education Agencies	84.060		\$ 266,912
Passed-Through Minnesota Department of Education:			
Title I, Grants to Local Education Agencies - Part A	84.010	180,947	
Title I, Grants to Local Education Agencies - Part D	84.010A	<u>1,440,185</u>	
Total Program 84.010			1,621,132
Special Education Grants for Infants and Families	84.181		31,120
Education for Homeless Children and Youth	84.196		41,881
Twenty-First Century Community Learning Centers	84.287		199,669
Supporting Effective Instruction State Grants	84.367		258,032
Comprehensive Literacy Development	84.371		73,369
Student Support and Academic Enrichment Program	84.424		91,592
Federal Grantor/Pass-Through Grantor/Program Title			
Special Education Cluster:			
Special Education Grants to States	84.027	1,081,577	
Special Education - Preschool Grants	84.173	<u>40,333</u>	
Total Special Education Cluster			1,121,910
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Education Relief Fund (ESSER III - 90% Formula Allocation)	84.425U	4,291,658	
COVID-19 Elementary and Secondary School Education Relief Fund (ESSER III - 90% Learning Loss)	84.425U	1,519,104	
COVID-19 American Rescue Plan Homeless	84.425W	<u>30,543</u>	
Total 84.425			5,841,305
Pass-Through North Country Vocational Cooperative Center:			
Carl Perkins Career and Technical Education	84.048		<u>14,861</u>
Total U.S. Department of Education			<u>9,561,783</u>
<u>U.S. Department of Treasury</u>			
Passed-Through Minnesota Department of Education:			
COVID-19 - ARP Summer Academic Enrichment and Mental Health	21.027	<u>53,179</u>	
Total Program 21.027 and Department of Treasury			<u>53,179</u>
<u>U.S. Department of Interior</u>			
<i>Pass-Through Red Lake Band of Ojibwe Indians:</i>			
Indian Education Assistance to Schools	15.130	20,653	
<i>Pass-Through Red Lake Band of Ojibwe Indians:</i>			
Indian Education Assistance to Schools	15.130	<u>20,222</u>	
Total Program 15.130 Cluster and Department of Interior			<u>40,875</u>
<u>U.S. Department of Agriculture</u>			
Passed-Through Minnesota Department of Education:			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	500,822	
National School Lunch Program	10.555	1,273,855	
After School Lunch Program	10.555	13,996	
COVID-19 Supply Chain Assistance Funds	10.555C	122,759	
Commodities Cash Rebate	10.555	328,700	
Summer Food Service Program for Children	10.559	82,919	
Fresh Fruit and Vegetables Program	10.582	<u>30,750</u>	
Total Child Nutrition Cluster			<u>2,353,801</u>
Total U.S. Department of Agriculture			
TOTAL FEDERAL AWARDS			<u>\$ 12,009,638</u>

See Notes to the Schedule of Expenditures of Federal Awards

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2024

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, 2024. 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 2024, 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, 2024**

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? yes x 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)? yes x no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.425	COVID-19 Education Stabilization Under the CARES Act (ESSER)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Section II-Financial Statement Findings

2024-001: 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 had errors in their client prepared worksheets.

Effect

The District'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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Section III-Federal Award Findings and Questioned Costs

There are no findings to be reported in this section.

JEREMY OLSON, SUPERINTENDENT

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2024-001 CORRECTIVE ACTION PLAN (CAP) FOR FINDING:

1. Correcting Plan

The District has modified workpapers for the material proposed adjustments

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 an 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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2024

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.

Current Year Status

See current year finding 2024-001

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.

Current Year Status

This finding had been cleared as of June 30, 2024

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.

INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
JUNE 30, 2024

Condition

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

Current Year Status

This finding had been cleared as of June 30, 2024

**INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
AS OF JUNE 30, 2024**

District Name: Bemidji Public School District

District Number: 131

	Audit	UFARS	Variance		Audit	UFARS	Variance
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	80,553,081	80,553,081	-	Total Revenue	-	-	-
Total Expenditures	75,762,292	75,762,293	(1)	Total Expenditures	454,125	454,123	2
<i>Non Spendable</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	460,425	460,426	(1)	4.60 Non Spendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
4.01 Student Activities	311,858	311,859	(1)	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Projects Funded By COP	-	-	-
4.03 Staff Development	542,633	542,633	-	4.67 Long Term Fac. Maint. (LTFM)	-	-	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Revenue	-	-	-	4.64 Restricted Fund Balance	-	-	-
4.12 Literacy Incentive Aid	94,555	94,555	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned Fund Balance	(454,125)	(454,123)	(2)
4.16 Levy Reduction	-	-	-	Reconciliation of Building Construction	0	0	-
4.17 Taconite Building Maintenance	-	-	-				
4.20 American Indian Ed Aid	154,228	154,228	-	07 DEBT SERVICE			
4.24 Operating Capital	5,478,919	5,478,919	-	Total Revenue	3,619,515	3,619,515	-
4.26 \$25 Taconite	-	-	-	Total Expenditures	3,528,175	3,528,175	-
4.27 Disabled Accessibility	-	-	-	<i>Non Spendable</i>			
4.28 Learning & Development	-	-	-	4.60 Non Spendable Fund Balance	-	-	-
4.34 Area Learning Center	-	-	-	<i>Restricted/Reserved:</i>			
4.35 Contracted Alt Programs	-	-	-	4.25 Bond Refundings	-	-	-
4.36 State Approved Alt Program	-	-	-	4.33 Maximum Effort Loan Aid	-	-	-
4.38 Gifted & Talented	-	-	-	4.51 QZAB Payments	-	-	-
4.39 English Learner	-	-	-	4.67 LTFM	-	-	-
4.40 Teacher Development and Eval	-	-	-	<i>Restricted</i>			
4.41 Basic Skills Programs	-	-	-	4.64 Restricted Fund Balance	797,775	797,774	1
4.43 School Library Aid	-	-	-	<i>Unassigned:</i>			
4.48 Achievement and Integration	-	-	-	4.63 Unassigned Fund Balance	-	-	-
4.49 Safe Schools Levy	308,439	308,440	(1)	Reconciliation of Debt Service	7,945,465	7,945,464	1
4.51 QZAB Payments	-	-	-				
4.52 OPEB Liab Not In Trust	-	-	-	08 TRUST			
4.53 Unfunded Sev & Retirement Levy	-	-	-	Total Revenue	-	-	-
4.59 Basic Skills Extended Time	-	-	-	Total Expenditures	-	-	-
4.67 Long Term Fac. Maint. (LTFM)	548,003	548,003	-	<i>Restricted:</i>			
4.71 Student Support Personnel	-	-	-	4.01 Student Activities	-	-	-
4.72 Medical Assistance	824,118	824,118	-	4.02 Scholarships	-	-	-
<i>Restricted</i>				4.22 Net Assets	-	-	-
4.64 Restricted Fund Balance	100,223	100,223	-	Reconciliation of Trust	-	-	-
4.75 Title VII Impact Aid	-	-	-				
4.76 Payment in Lieu of Taxes	-	-	-	18 CUSTODIAL FUND			
<i>Committed</i>				Total Revenue	-	-	-
4.18 Committed for Separation	577,793	577,793	-	Total Expenditures	-	-	-
4.61 Committed Fund Balance	-	-	-	<i>Restricted:</i>			
<i>Assigned</i>				4.01 Student Activities	-	-	-
4.62 Assigned Fund Balance	-	-	-	4.02 Scholarships	-	-	-
<i>Unassigned:</i>				4.48 Achievement & Integration	-	-	-
4.22 Unassigned Fund Balance	12,011,114	12,011,112	2	4.64 Restricted Fund Balance	-	-	-
Reconciliation of General	177,727,681	177,727,683	(2)	Reconciliation of Custodial Fund	-	-	-
02 FOOD SERVICE				20 INTERNAL SERVICE			
Total Revenue	4,491,081	4,491,081	-	Total Revenue	-	-	-
Total Expenditures	4,125,457	4,125,457	-	Total Expenditures	-	-	-
<i>Non Spendable</i>				<i>Unassigned:</i>			
4.60 Non Spendable Fund Balance	23,670	23,670	-	4.22 Unassigned Fund Balance	-	-	-
<i>Restricted</i>				Reconciliation of Internal Service	-	-	-
4.64 Restricted Fund Balance	1,232,190	1,232,191	(1)				
4.52 OPEB Liab Not In Trust	-	-	-	25 OPEB REVOCABLE TRUST FUND			
<i>Unassigned</i>				Total Revenue	-	-	-
4.63 Unassigned Fund Balance	-	-	-	Total Expenditures	-	-	-
Reconciliation of Food Service	9,872,398	9,872,399	(1)	<i>Unassigned:</i>			
				4.22 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE				Reconciliation of OPEB Revocable Trust	-	-	-
Total Revenue	2,683,601	2,683,602	(1)				
Total Expenditures	2,400,050	2,400,049	1	45 OPEB IRREVOCABLE TRUST FUND			
<i>Non Spendable</i>				Total Revenue	301,317	301,317	-
4.60 Non Spendable Fund Balance	-	-	-	Total Expenditures	279,909	279,910	(1)
<i>Restricted/Reserved:</i>				<i>Unassigned:</i>			
4.26 \$25 Taconite	-	-	-	4.22 Unassigned Fund Balance	1,026,848	1,026,848	-
4.31 Community Education	917,964	917,964	-	Reconciliation of OPEB Irrevocable Trust	1,608,074	1,608,075	(1)
4.32 E.C.F.E.	289,150	289,150	-				
4.40 Teacher Development and Eval	-	-	-	47 OPEB DEBT SERVICE FUND			
4.44 School Readiness	556,213	556,213	-	Total Revenue	497,341	497,340	1
4.47 Adult Basic Education	8,009	8,009	-	Total Expenditures	513,948	513,948	-
4.52 OPEB Liab Not In Trust	-	-	-	<i>Non Spendable</i>			
<i>Restricted</i>				4.60 Non Spendable Fund Balance	-	-	-
4.64 Restricted Fund Balance	323,755	323,755	-	<i>Restricted</i>			
<i>Unassigned:</i>				4.64 Restricted Fund Balance	106,059	106,058	1
4.63 Unassigned Fund Balance	-	-	-	4.25 Bond Refunding	-	-	-
Reconciliation of Community Service	7,178,742	7,178,742	-	<i>Unassigned</i>			
				4.63 Unassigned Fund Balance	-	-	-
				Reconciliation of OPEB Debt Service	1,117,348	1,117,346	2

**INDEPENDENT SCHOOL DISTRICT NO. 31
BEMIDJI, MINNESOTA
TAX LEVIES, TAX RATES, AND STUDENT CENSUS
AS OF JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Property Tax Levies										
General Referendum	\$ 4,296,002	\$ 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
General Maintenance	2,072,802	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
Community Service	334,464	424,036	409,227	398,231	397,253	397,361	393,632	399,515	397,736	405,970
Debt Redemption	3,264,433	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
OPEB Pension Debt	491,375	507,685	539,478	455,507	497,071	419,719	531,787	540,755	540,399	567,439
Total Property Tax Levies	\$ 10,459,076	\$ 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
Taxable Net Tax Capacity										
Beltrami County	\$ 50,887,573	\$ 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
Hubbard County	6,280,993	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
Total Net Tax Capacity	\$ 57,168,566	\$ 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
Property Tax Rate	10.782%	12.390%	14.379%	16.280%	16.649%	18.185%	19.122%	20.546%	19.569%	19.777%
Referendum Market Values										
Beltrami County	\$ 3,832,718,633	\$ 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
Hubbard County	451,264,585	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
Total Referendum Market Values	\$ 3,166,559,738	\$ 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
Referendum Rate	0.11499%	0.11391%	0.13286%	0.15313%	0.15429%	0.16276%	0.15553%	0.16292%	0.15239%	0.13333%
Students Served (Weighted ADM/PUN*s)										
Residents	4,743.46	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
Nonresidents in District										
Tuition	47.93	48.99	43.38	39.33	51.08	49.76	55.24	51.73	55.68	70.15
Enrollment Options	281.27	277.92	309.80	305.15	325.38	296.26	319.31	327.21	342.88	321.44
Ineligible	8.09	1.34	1.22	1.47	2.95	1.98	1.22	1.35	0.72	0.25
Shared Aid	13.84	12.69	11.11	9.39	10.27	9.75	9.69	9.73	9.07	10.33
Residents Outside District										
Tuition	(16.91)	(14.19)	(9.03)	(13.60)	(16.72)	(16.01)	(17.69)	(22.99)	(21.92)	(15.48)
Charter	716.27	(70.08)	(661.47)	(628.21)	(443.38)	(527.49)	(504.41)	(492.69)	(475.88)	(502.56)
Enrollment Options	(553.49)	(525.81)	(539.04)	(482.48)	(441.18)	(399.68)	(394.65)	(338.23)	(351.72)	(342.12)
Total Students Served	5,181.96	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
Adjusted Weighted ADM/PUN*s*	4,579.12	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
Resident ADM's	5,024.73	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