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December 9, 2021

School Board  
Independent School District No. 276  
Minnetonka Public School  
Minnetonka, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the School Board. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

**CliftonLarsonAllen LLP**

A handwritten signature in black ink that reads "Michelle Hoffman". The signature is written in a cursive, flowing style.

Michelle Hoffman, CPA  
Principal



**INDEPENDENT SCHOOL DISTRICT NO. 276  
MINNETONKA PUBLIC SCHOOLS**

**EXECUTIVE AUDIT SUMMARY (EAS)  
AND MANAGEMENT REPORT**

**YEAR ENDED JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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**INDEPENDENT SCHOOL DISTRICT NO. 276  
MINNETONKA PUBLIC SCHOOLS  
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YEAR ENDED JUNE 30, 2021**

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**EXECUTIVE AUDIT SUMMARY (EAS)  
AND MANAGEMENT REPORT  
FOR  
MINNETONKA PUBLIC SCHOOLS  
YEAR ENDED JUNE 30, 2021**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial statements for the year ended June 30, 2021. We appreciated the time that staff took to work with us to complete the engagement—especially the efforts of Melissa Hallman and Bridget Merrill-Myhre who were our main contacts on the audit.

**Audit Opinion** – The financial statements are fairly stated. We issued what is known as a “clean” or unmodified audit report.

**Yellow Book Opinion** – No compliance issues were reported in our review of laws, regulations, contracts, and grants that could have significant financial implications to the District.

**Internal Controls** – One material weakness in controls over financial was noted related to material audit adjustments for contracts payable and unearned revenue.

**Single Audit** – As part of the Single Audit we tested the District's compliance with all direct and material requirements of major federal programs (Child Nutrition Cluster, Coronavirus Relief Fund, and Education Stabilization Fund). There were no findings reported in regard to the requirements for the major federal programs tested.

**Legal Compliance** – One compliance item was noted, related to collateral, with respect to Minnesota Statutes.

**Enrollment** – For fiscal 2020-21, Minnetonka Public Schools had an estimated total adjusted average daily membership of 11,050.37 (or 12,079.03 adjusted pupil units). For fiscal 2019-20, the District had an adjusted average daily membership of 11,087.84 (or 12,111.96 adjusted pupil units).

**Fund Balance** – The District's General Fund unassigned fund balance decreased by \$2,425,514 during fiscal 20-21, decreasing from \$25,906,236 to \$23,480,722. Total fund balance of the General Fund decreased by \$4,436,151 ending at \$28,519,124 as of June 30, 2021. The ending unassigned fund balance represents 14.72% of General Fund expenditures. A District's fund balance is an important aspect in considering the District's financial well-being since a healthy fund balance represents things such as cash flow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, and aid prorations at the state level and similar problems.

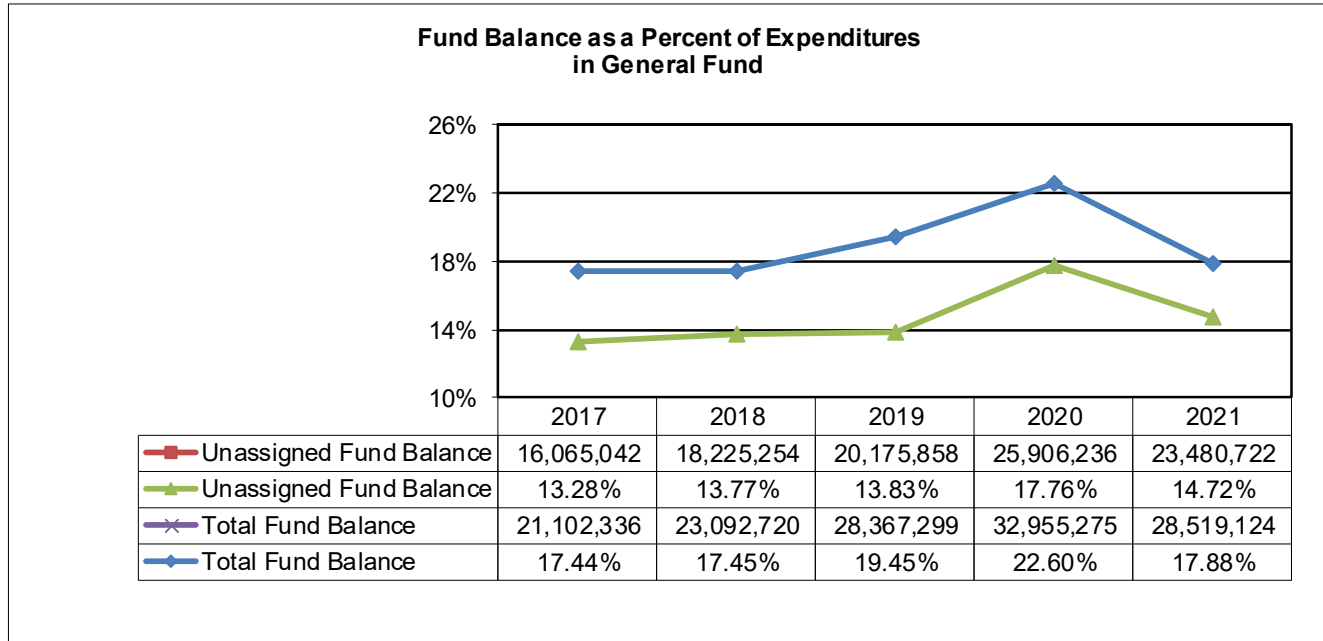
**Budget to Actual** – Total revenues on a net basis in the General Fund were \$326,775 (or 0.21%) less than the budgeted amount while total expenditures were \$5,704,204 (or 3.45%) lower than had been budgeted. The main reason for expenditures being under budget was because of the impact of the COVID-19 Pandemic. Transportation routes were greatly reduced, the District used less tuition services, and many budgeted staff positions stayed open for extend periods of time because of higher-than-normal turnover of staff and the effects of the pandemic on the labor pool, which made it more challenging to fill open positions.

The net effect of the actual budget variances, including transfers in and other financing sources, was a decrease to total fund balance that was approximately \$4,436,151 less than the decrease that had been reflected in the District's budget. On a budget this large, these variances reflect excellent budget development, monitoring, and outcomes, and are consistent with prior year variances.

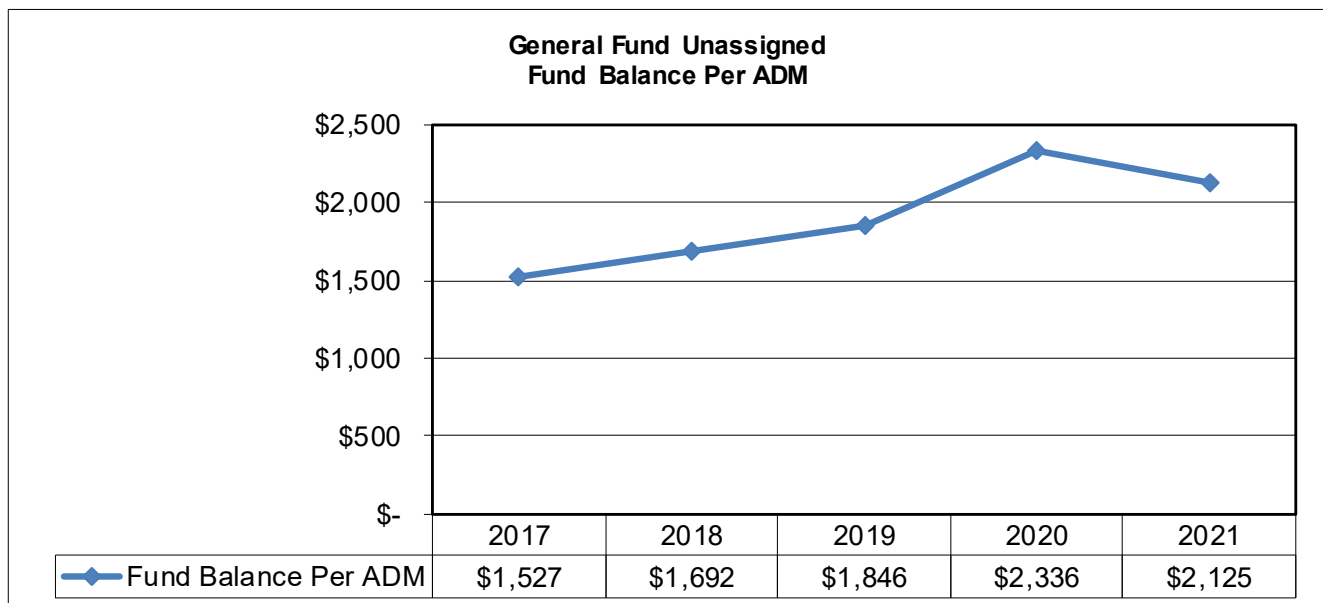
## I. FINANCIAL RESULTS

### Fund Balances of the General Fund

As a percentage of annual expenditures (Board policy is to maintain at least 6% in the unassigned fund balance):



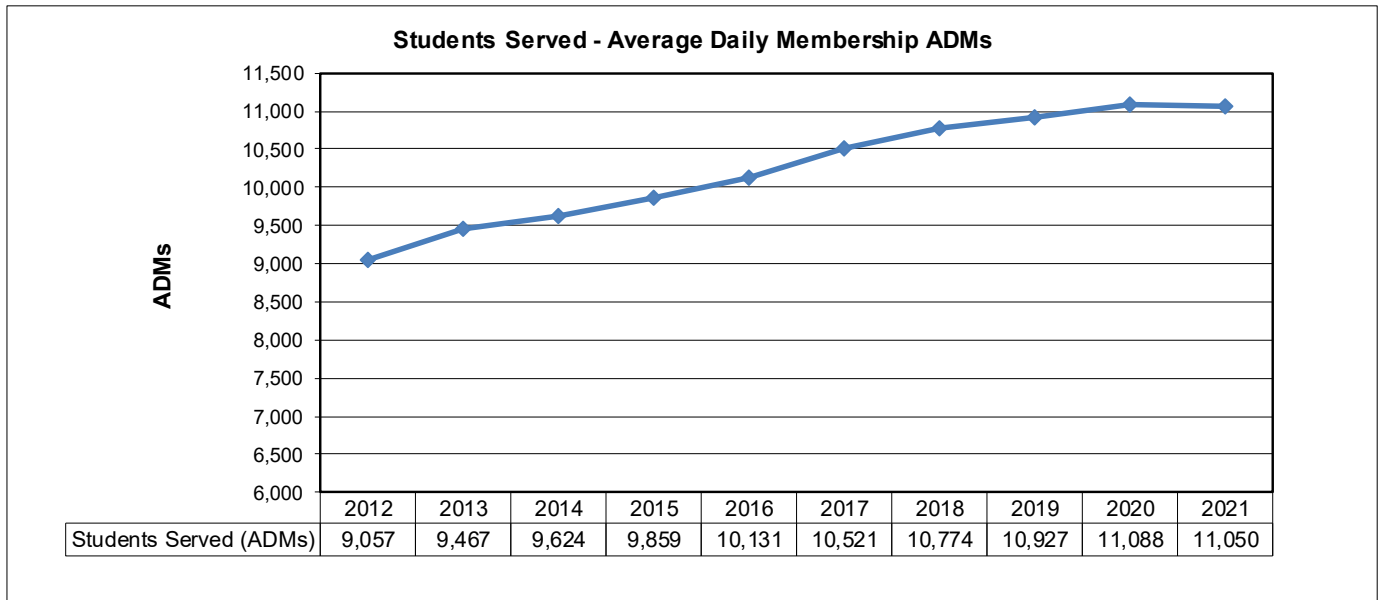
Per student served.





## I. FINANCIAL RESULTS (CONTINUED)

### Students Served



## I. FINANCIAL RESULTS (CONTINUED)

### Statement of Net Position

The statement of net position essentially tells you what your District owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides the net position into three components: net investment in capital assets, restricted net position, and unrestricted net position. Beginning in fiscal 2015, the District was required to implement GASB Statement No. 68, which significantly impacted the District's ending net position as a result of recording the District's estimated share of the respective unfunded liability for the statewide pension plans for TRA and PERA. The following table presents components of the District's net position at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net position:

|   | As of June 30,         |                        |
|---|------------------------|------------------------|
|   | 2021                   | 2020                   |
| Total Fund Balance for Governmental Funds     | \$ 38,674,593          | \$ 39,455,714          |
| Capital Assets, Less Accumulated Depreciation | 164,525,954            | 161,099,747            |
| Long-Term Liabilities                         | (174,926,790)          | (172,235,764)          |
| Net Pension Liability                         | (110,139,261)          | (92,425,180)           |
| Other Postemployment Benefits Liability       | (10,160,450)           | (9,935,594)            |
| Deferred Inflows/Outflows for Pensions - Net  | (24,094,624)           | (32,738,687)           |
| Other - Net                                   | 35,253,713             | 30,478,208             |
| Total Net Position - Governmental Activities  | <u>\$ (80,866,865)</u> | <u>\$ (76,301,556)</u> |
| Net Position                                  |                        |                        |
| Net Investment in Capital Assets              | \$ 17,088,790          | \$ 16,960,040          |
| Restricted                                    | 8,797,479              | 6,057,675              |
| Unrestricted                                  | (107,013,615)          | (99,319,271)           |
| Total Net Position - Governmental Activities  | <u>\$ (81,127,346)</u> | <u>\$ (76,301,556)</u> |

Most of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory reserves) or by the nature of the fund they are in (e.g., unrestricted food service fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unreserved fund balances, offset against noncapital long-term obligations such as vacation or severance payable and beginning in fiscal 2015, the District's estimated share of the unfunded portion of statewide pension plans. Consequently, many Minnesota school districts have accumulated deficits in this component of net position.

## I. FINANCIAL RESULTS (CONTINUED)

### Statement of Activities

The statement of activities tracks the District's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing education. This statement provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses. As mentioned previously, the line item for "Change in Net Pension Liability" was a new requirement beginning in fiscal 2015. The following table presents a simplified reconciliation of the change in the District's governmental fund balances to the change in total net position for fiscal years 2021 and 2020:

|  | As of June 30,        |                       |
|--|-----------------------|-----------------------|
|  | 2021                  | 2020                  |
| Net Change in Fund Balance - Total Governmental Funds                              | \$ (781,121)          | \$ 947,347            |
| Capital Asset Purchases  | 10,849,573            | 9,188,434             |
| Depreciation   | (7,388,887)           | (6,707,024)           |
| Debt Proceeds  | (36,640,000)          | (20,430,000)          |
| Issuance of Promissory Note  | -                     | (547,000)             |
| Repayment of Debt  | 35,868,521            | 22,917,625            |
| Change in OPEB Liability   | (224,856)             | (55,875)              |
| Change in Net Pension Liability and Related Deferred Outflows and Deferred Inflows | (9,070,018)           | (10,171,682)          |
| Change in Other Long-Term Liabilities  | (2,484,490)           | (500,521)             |
| Other - Net  | 5,305,969             | 3,262,532             |
| Change in Net Position - Governmental Activities                                   | <u>\$ (4,565,309)</u> | <u>\$ (2,096,164)</u> |

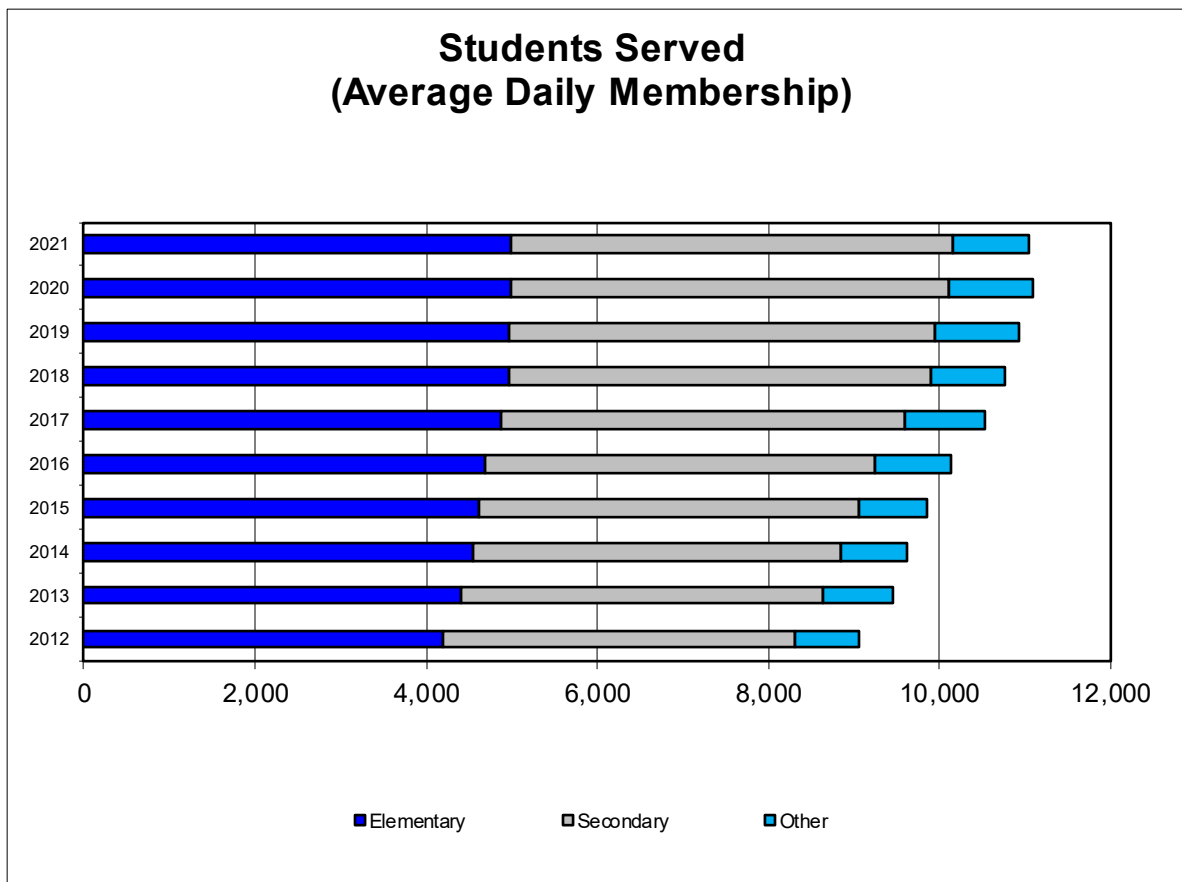
# APPENDIX A

## FINANCIAL TRENDS OF YOUR DISTRICT

Within this report there are a number of areas where condensed financial statement data has been presented.

### Average Daily Membership and Pupil Units

The following graph summarizes average daily membership of Independent School District No. 276 over the past ten years ended June 30:

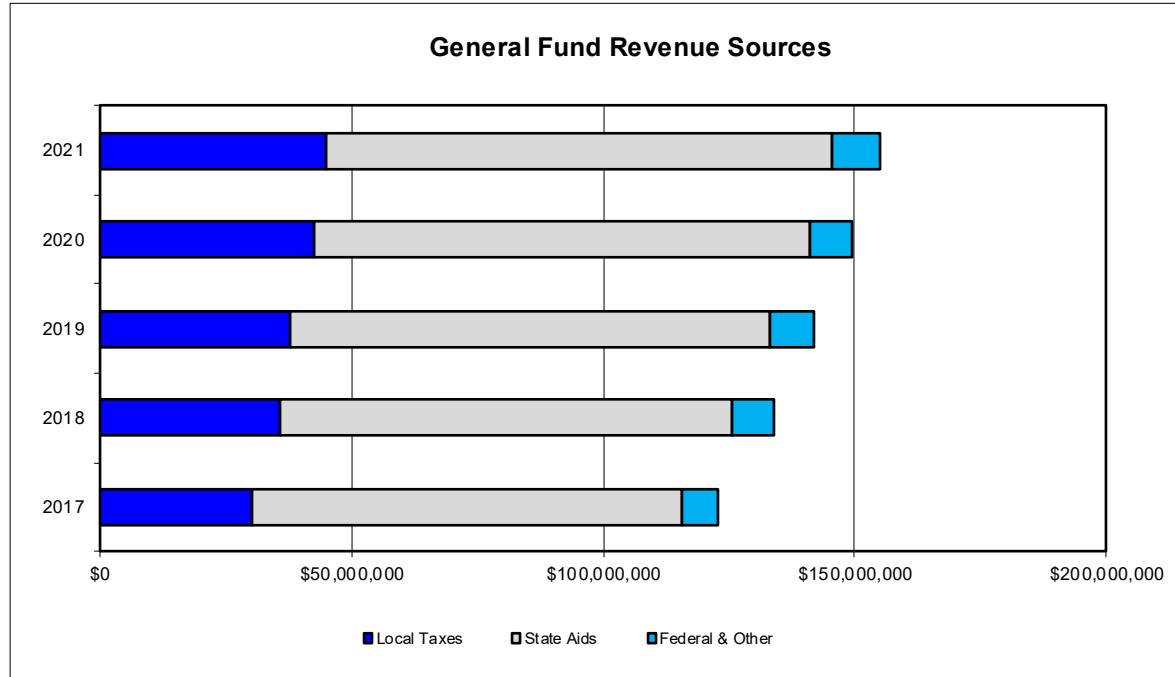


The District's average daily membership (ADM) for purposes of General Education Aid for fiscal 2021 was 11,050 students, which represents a net change of 38 less students than the prior year. Since fiscal 2012, the District's enrollment has increased by a net 22.01%.

## APPENDIX A (CONTINUED)

### General Fund Revenue

The following table and graph summarizes the District's General Fund revenue sources for the last five years:



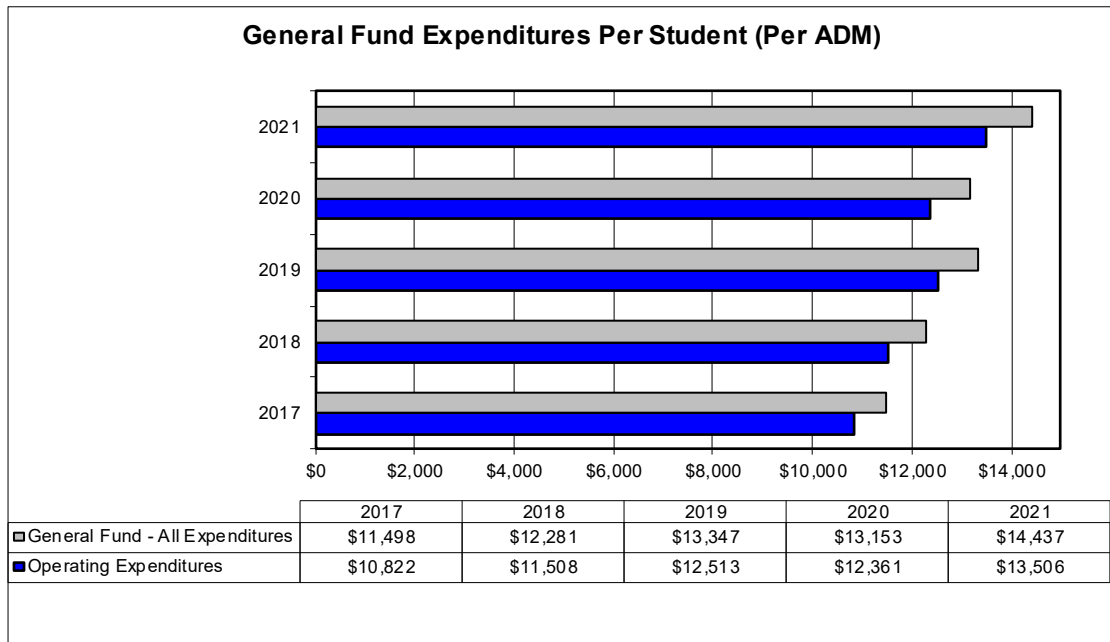
The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the state provides property tax relief such as the education homestead market value aid, this only impacts the mix between state aids and taxes and does not change total revenue. For this and other reasons, school finance in Minnesota continues to be a very difficult subject to explain to the general public.

| Year | Taxes         |         | State         |         | Federal and Other |         | Total          |
|------|---------------|---------|---------------|---------|-------------------|---------|----------------|
|      | Amount        | Percent | Amount        | Percent | Amount            | Percent |                |
| 2017 | \$ 30,479,893 | 25 %    | \$ 85,209,652 | 69 %    | \$ 7,284,840      | 6 %     | \$ 122,974,385 |
| 2018 | 36,045,639    | 27      | 89,582,947    | 67      | 8,488,583         | 6       | 134,117,169    |
| 2019 | 37,805,891    | 27      | 95,228,354    | 67      | 8,676,525         | 6       | 141,710,770    |
| 2020 | 42,472,695    | 28      | 98,568,215    | 66      | 8,468,074         | 6       | 149,508,984    |
| 2021 | 44,866,205    | 29      | 100,566,817   | 65      | 9,662,472         | 6       | 155,095,494    |

## APPENDIX A (CONTINUED)

### Expenditures Per Student

Expenditures per student (average daily membership) are summarized in the following graph:



General Fund Expenditures for fiscal 2021 were \$159,525,993, which represents an increase of \$13,684,376 or 9.38% from fiscal 2020.

The following schedule shows total expenditures of the General Fund by object type:

|                        | 2021                  |                       |                        |              | 2020                  |
|------------------------|-----------------------|-----------------------|------------------------|--------------|-----------------------|
|                        | Budget                | Actual                | Over (Under)<br>Budget | Percent      | Actual                |
| Salaries               | \$ 100,265,465        | \$ 98,701,594         | \$ (1,563,871)         | (1.6)%       | \$ 91,197,074         |
| Employee Benefits      | 30,711,628            | 30,237,240            | (474,388)              | (1.5)        | 27,432,163            |
| Purchased Services     | 12,496,863            | 11,514,096            | (982,767)              | (7.9)        | 11,018,418            |
| Supplies and Materials | 9,945,433             | 7,945,616             | (1,999,817)            | (20.1)       | 7,027,091             |
| Capital Expenditures   | 5,738,601             | 5,064,208             | (674,393)              | (11.8)       | 3,402,382             |
| Other Expenditures     | 6,072,207             | 6,063,239             | (8,968)                | (0.1)        | 5,764,489             |
| Total Expenditures     | <u>\$ 165,230,197</u> | <u>\$ 159,525,993</u> | <u>\$ (5,704,204)</u>  | <u>(3.5)</u> | <u>\$ 145,841,617</u> |

The District has historically done an excellent job of allocating the budget according to the nature of the underlying cost, especially for the most critical areas of salaries and employee benefits. Budgeted expenditures were within \$5,704,204 of actual amounts or 3.5% for fiscal 2021. The main reason for expenditures being under budget was because of the impact of the COVID-19 Pandemic. Transportation routes were greatly reduced, the District used less tuition services, and many budgeted staff positions stayed open for extend periods of time because of higher-than-normal turnover of staff and the effects of the pandemic on the labor pool, which made it more challenging to fill open positions.

## APPENDIX A (CONTINUED)

### General Fund Operations and Financial Position

The following table presents five years of comparative operating results for the District's General Fund:

|  | Year Ended June 30, |                |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|
|  | 2017                | 2018           | 2019           | 2020           | 2021           |
| Revenues   | \$ 122,974,385      | \$ 134,117,169 | \$ 141,710,770 | \$ 149,508,984 | \$ 155,095,494 |
| Expenditures   | 120,974,763         | 132,318,861    | 142,382,288    | 145,841,617    | 159,525,993    |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures   | 1,999,622           | 1,798,308      | (671,518)      | 3,667,367      | (4,430,499)    |
| Other Financing Sources:   |                     |                |                |                |                |
| Loan Proceeds  | -                   | -              | -              | 547,000        | -              |
| Capital Lease Proceeds   | -                   | -              | 2,521,614      | -              | -              |
| Operating Transfers In   | 445,061             | 192,076        | 3,424,483      | 373,663        | -              |
| Operating Transfers In (Out)   | -                   | -              | -              | (54)           | (5,652)        |
| Total Other Financing Sources  | 445,061             | 192,076        | 5,946,097      | 920,609        | (5,652)        |
| Excess (Deficiency) of Revenues and<br>Other Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | 2,444,683           | 1,990,384      | 5,274,579      | 4,587,976      | (4,436,151)    |
| Fund Balance:  |                     |                |                |                |                |
| Beginning of Year  | 18,657,653          | 21,102,336     | 23,092,720     | 28,367,299     | 32,955,275     |
| End of Year  | \$ 21,102,336       | \$ 23,092,720  | \$ 28,367,299  | \$ 32,955,275  | \$ 28,519,124  |
| Nonspendable Fund Balance  | \$ 1,168,168        | \$ 1,677,381   | \$ 2,434,164   | \$ 1,830,729   | \$ 2,458,993   |
| Restricted Fund Balance  | 469,509             | (4,750)        | 2,916,480      | 2,700,222      | 182,040        |
| Assigned Fund Balance  | 3,399,617           | 3,194,835      | 2,840,797      | 2,518,088      | 2,397,369      |
| Unassigned Fund Balance  | 16,065,042          | 18,225,254     | 20,175,858     | 25,906,236     | 23,480,722     |
| Total Fund Balance   | \$ 21,102,336       | \$ 23,092,720  | \$ 28,367,299  | \$ 32,955,275  | \$ 28,519,124  |
| Undesignated/Unassigned Fund Balance<br>as a Percentage of Expenditures  | 13.28%              | 13.77%         | 14.17%         | 17.76%         | 14.72%         |
| Total Fund Balance as a Percentage<br>of Expenditures  | 17.44%              | 17.45%         | 19.92%         | 22.60%         | 17.88%         |

The District's General Fund had a deficit of revenues and other financing sources under expenditures and other financing uses of \$4,436,151 for fiscal 2021, bringing total fund balance to \$28,519,124 at June 30, 2021. Total fund balance includes a net \$2,458,993 in nonspendable accounts, \$182,040 in restricted accounts (UFARS basis) as prescribed by state statute, and \$2,397,369 in assigned accounts as determined by the School Board or finance department. That leaves an unassigned fund balance of \$23,480,722 at year-end, which is 14.72% of General Fund expenditures. The ending fund balance exceeds the Board policy amount of 6.0% of expenditures.

Total General Fund revenues were lower than the budgeted amount for fiscal 2021 by \$326,775 (or 0.21%). Total General Fund expenditures were lower than the budgeted amount by \$5,704,204, or 3.45%. The net combined outcome of the budget variances, once other financing sources and uses budget variances were factored in, was to decrease the total ending fund balance by approximately \$5.38 million less than the planned decrease of approximately \$9.81 million.

## APPENDIX A (CONTINUED)

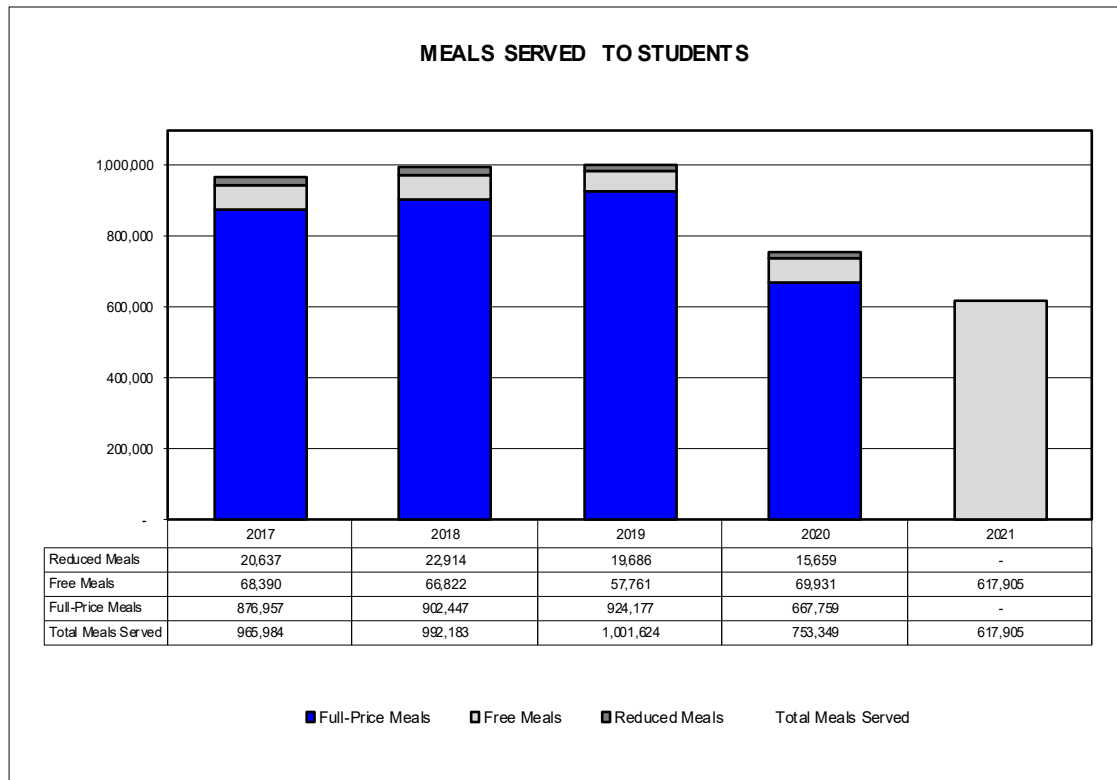
### Food Service Fund

The following chart reflects the growth of the food service program over the past five years:

|   | Year Ended June 30, |              |              |              |              |
|---|---------------------|--------------|--------------|--------------|--------------|
|   | 2017                | 2018         | 2019         | 2020         | 2021         |
| Revenues  | \$ 5,847,979        | \$ 6,060,079 | \$ 6,213,010 | \$ 4,764,643 | \$ 3,384,546 |
| Expenditures  | 5,607,457           | 5,597,399    | 5,572,946    | 5,104,834    | 3,506,676    |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 240,522             | 462,680      | 640,064      | (340,191)    | (122,130)    |
| Fund Balance:   |                     |              |              |              |              |
| Beginning of Year   | 552,837             | 793,359      | 1,256,039    | 1,896,103    | 1,555,912    |
| End of Year   | \$ 793,359          | \$ 1,256,039 | \$ 1,896,103 | \$ 1,555,912 | \$ 1,433,782 |
| Lunches Served to Students                                | 965,984             | 992,183      | 1,001,624    | 753,349      | 617,905      |
| Revenue per Lunch Served                                  | \$ 6.05             | \$ 6.11      | \$ 6.20      | \$ 6.32      | \$ 5.48      |

Food Service expenditures include both operating funds and equipment replacement. Total expenditures exceeded revenues by \$122,130 in the District's Food Service Fund for 2021, decreasing fund balance to \$1,433,782 at June 30, 2021. Total Food Service Fund revenues on a net basis were approximately \$476,046 more than had been reflected in the budget, while total expenditures on a net basis were approximately \$689,544 less than budgeted; therefore, the impact on ending fund balance was a decrease of \$122,130, \$1,165,590 less than the decrease that had been budgeted.

The following chart reflects the activity of the food service program over the past five years:





## APPENDIX A (CONTINUED)

### Community Service Fund

The following table presents five years of comparative operating results for the District's Community Service Fund:

|  | Year Ended June 30, |               |               |               |              |
|--|---------------------|---------------|---------------|---------------|--------------|
|  | 2017                | 2018          | 2019          | 2020          | 2021         |
| Revenues   | \$ 11,381,289       | \$ 12,328,621 | \$ 13,265,443 | \$ 11,218,105 | \$ 8,972,238 |
| Expenditures   | 10,676,180          | 11,754,543    | 12,095,261    | 12,113,784    | 9,208,585    |
| Excess (Deficiency) of Revenues Over (Under) Expenditures                          | 705,109             | 574,078       | 1,170,182     | (895,679)     | (236,347)    |
| Other Financing Sources  |                     |               |               |               |              |
| Transfers Out  | -                   | -             | (3,300,000)   | -             | 8,850        |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses | 705,109             | 574,078       | (2,129,818)   | (895,679)     | (227,497)    |
| Fund Balance:  |                     |               |               |               |              |
| Beginning of Year  | 2,884,929           | 3,590,038     | 4,164,116     | 2,034,298     | 1,138,619    |
| End of Year  | \$ 3,590,038        | \$ 4,164,116  | \$ 2,034,298  | \$ 1,138,619  | \$ 911,122   |
| Fund Balance:  |                     |               |               |               |              |
| Nonspendable   | \$ 171,049          | \$ 137,970    | \$ 192,812    | \$ 56,493     | \$ 92,309    |
| Restricted for ECFE  | -                   | 10,160        | 82,345        | 212,523       | 397,857      |
| Restricted for Community Ed  | 3,256,314           | 3,773,642     | 1,520,924     | 649,255       | 153,886      |
| Restricted for School Readiness  | 207,000             | 215,021       | 216,361       | 200,143       | 243,114      |
| Restricted for Adult Basic Educ  | 14,524              | 14,524        | 14,524        | 14,524        | 14,524       |
| Restricted for Other Purposes  | 6,410               | 12,799        | 7,332         | 5,681         | 9,432        |
| Unassigned   | (65,259)            | -             | -             | -             | -            |
| Total Fund Balance   | \$ 3,590,038        | \$ 4,164,116  | \$ 2,034,298  | \$ 1,138,619  | \$ 911,122   |

The District's Community Service Fund had a deficiency of revenues over expenditures and other financing uses of \$236,347 for fiscal 2021, bringing the combined fund balance to a balance of \$911,122 after a transfer in of \$8,850 at June 30, 2021.

Total revenues of the District's Community Service Fund for 2021 were \$293,661 more than the budgeted amount while total expenditures were under budget by \$553,309. As a result, total fund balance decreased by \$227,497 while the District had budgeted for a decrease in total fund balance of \$1,083,317.

## APPENDIX B

The table below reflects the comparative data available from the Minnesota Department of Education for all expenditures incurred for the benefit of pre-elementary through secondary education, except building construction.

### Expenditures Per Student (ADM) Served

|  | Statewide        |                            |                            | ISD No. 276<br>Minnetonka |                  |                  |
|--|------------------|----------------------------|----------------------------|---------------------------|------------------|------------------|
|  | All<br>Districts | Seven-County<br>Metro Area | Enrollment<br>> than 4,000 |                           |                  |                  |
|  | 2020             | 2020                       | 2020                       | 2019                      | 2020             | 2021             |
| District and School Admin and Support Services         | \$ 1,154         | \$ 1,100                   | \$ 1,049                   | \$ 954                    | \$ 973           | \$ 1,034         |
| Regular Instruction (including Co- & Extra-Curricular) | 5,830            | 6,231                      | 6,033                      | 6,979                     | 7,243            | 8,007            |
| Vocational Instruction (Career & Technical)            | 174              | 171                        | 174                        | 53                        | 81               | 99               |
| Special Education Instruction                          | 2,510            | 2,626                      | 2,664                      | 1,794                     | 1,842            | 1,947            |
| Instructional Support Services                         | 662              | 787                        | 769                        | 617                       | 586              | 667              |
| Pupil Support Services (Excluding Transportation)      | 410              | 495                        | 478                        | 367                       | 383              | 429              |
| Pupil Transportation                                   | 795              | 822                        | 794                        | 457                       | 485              | 472              |
| Operations & Maintenance and Other                     | 941              | 910                        | 910                        | 799                       | 810              | 847              |
| Food Service   | 554              | 548                        | 543                        | 503                       | 440              | 306              |
| Community Service                                      | 622              | 774                        | 733                        | 1,097                     | 1,083            | 832              |
| Capital Expenditure                                    | 838              | 717                        | 715                        | 551                       | 336              | 471              |
| Debt Service   | 1,345            | 1,472                      | 1,440                      | 1,357                     | 1,283            | 1,397            |
| Total Pre-K - 12<br>Operating Expenditures             | <u>\$ 15,835</u> | <u>\$ 16,653</u>           | <u>\$ 16,302</u>           | <u>\$ 15,529</u>          | <u>\$ 15,546</u> | <u>\$ 16,509</u> |
| Percent Change from Prior Year                         |                  |                            |                            | <u>4.15%</u>              | <u>0.11%</u>     | <u>6.19%</u>     |

Source of Statewide Data: School District Profiles published by the Dept. of Education

District and school admin and support services - all costs related to providing administration to the District (school board, superintendent, principals, assistant superintendents, directors of instructional areas, etc.) and all central office administration (business services, human resources, legal, data processing, other district-wide support activities)

Regular instruction - includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities and the interaction between teachers and pupils in the classroom (excluding exceptional, vocational and community education instruction) and includes activities of aides or assistants of any type (paraprofessionals, clerks, graders, etc.) who assist in the educational process, except spec ed aides

Vocational instruction - consists of costs related to courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability

Special education instruction - consists of activities providing learning experiences for pupils of any age, who because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided pupils in regular or vocational instruction

Instructional support services - activities for assisting instructional staff with content and process of providing learning experiences for pupils in K-12 (curriculum, staff dev, educ media, libraries and media centers, etc.)

Pupil support services - all services to pupils not classified as instructional (counseling and guidance, health services, psychological services, social work, etc.)

Transportation - all costs for pupil transportation

Operations and maintenance - activities related to the operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the District

Food Service - all costs of the Food Service Fund

Community service - all costs of the Community Service Fund

Capital Expenditures - all capital expenditures charged to operating funds

Debt Service - all Debt Service Fund costs (principal, interest and fiscal agent costs)

As the above table reflects, the Minnetonka School District has typically expended less per student than the seven-county metro area average.

# **APPENDIX C**

## **LEGISLATIVE ACTIVITY**

What follows are some education-related highlights of the 2021 legislative sessions as summarized from information made available by the Minnesota Department of Education, the Minnesota School Boards Association, and the Minnesota House of Representatives.

### **General Education**

The General Education Revenue formula allowance was increased by 2.45% (by \$161 per pupil unit to \$6,728) for fiscal year 2022 and by another 2% (by \$296 per pupil unit to \$6,863) for fiscal year 2023 and later.

### **English Learner Cross-Subsidy Reduction Aid**

Additional statewide, supplemental aid (not on the formula) is provided for four years only to English learners. The aid is increased by \$2 million per year for fiscal years 2022, 2023, 2024, and 2025. The aid must be allocated to school districts and charter schools proportionate to their English learner revenue.

### **Special Education Cross-Subsidy Aid**

A one-time special education cross-subsidy aid is provided for each school district equal the ratio of the school district's initial special education cross-subsidy in fiscal year 2021 to the total initial special education cross-subsidy for all districts in that year.

### **Early Education**

The 4,000 voluntary prekindergarten/school readiness plus seats program was extended for two years that would have otherwise expired. For fiscal years 2022 and 2023 only. Makes no policy changes to the administration of VPK or SR+.

### **Local Optional Revenue**

Increases local optional aid (and correspondingly lowers the local optional levy) for fiscal year 2023 only by setting the second-tier equalizing factor at \$548,842 per pupil unit. Lowers the equalizing factor back to \$510,000 for fiscal year 2024 and later.

### **Respectful School Meal Policies**

Requires a participant in the national school lunch program to adopt and post a school meals policy to:

- be in writing, reasonable, well-defined, and clearly communicate student meal charges when payment cannot be collected. Requires the policy to maintain the dignity of students by prohibiting lunch shaming;
- address whether a collections agency is used by the participant to collect unpaid school meals debt;
- ensure that once a meal is placed on a tray or otherwise served to a student that the meal is not withdrawn from the student; and
- ensure that a student who is eligible for a free or reduced-price lunch is always served a reimbursable meal even if they have outstanding debt.

## **APPENDIX C (CONTINUED)**

### **School Meal Policies (Continued)**

If a school contracts with a third party it must provide the vendor with its school meals policy and require the vendor to adhere to the policy for contracts entered or modified after July 1, 2021.

Prohibits a participant from denying a school lunch to a student who qualifies for free or reduced-price lunch whether the student has outstanding school meal debt attributable to a la carte purchases or for any other reason.

Requires the participant to provide meals to students in a respectful manner. The law provides examples of prohibited activities, which include dumping meals, withdrawing a meal that has been served, announcing or listing students' names publicly, or affixing stickers, stamps, or pins. Prohibits a participant from limiting a student's participation in any school activities, graduation ceremonies, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal balance due to unpaid student meal balance.

### **Teacher Mentoring Programs**

School districts are required to develop teacher mentoring programs. Requires districts to use staff development revenue (2% of basic revenue) for teacher mentorship under MN statute 122A.70, subdivision 1. Current law requires revenue to be used for this purpose only if extra funds remain after being used for other purposes.

### **Special Education Recovery Services and Supports**

To address the impact of learning disruptions due to COVID-19, a school district or charter school is required to invite the parents of a student with a disability to a meeting of each individualized education program team as soon as practicable, to determine whether special education services and supports are necessary to address the lack of progress on IEP goals or in the general education curriculum. The services and supports may include extended school year services, additional IEP services, compensatory services, or other appropriate services. Requires services and supports be included in the IEP of the student. The school district or charter school is required to report to the commissioner the services and supports provided to students with disabilities under this section, including the cost. Allows a school district or charter school to use federal funds to comply with this section.

### **Mental Health Education for Teachers**

Suicide and self-harm prevention training must be accessible to teachers in every school district, charter school, Intermediate school districts, service cooperative and tribal schools in Minnesota.

### **Seizure Training and Action Plan**

Requires a school district or charter school where a student with a seizure disorder and prescribed seizure medication is enrolled to have a seizure action plan. The action plan must identify a school nurse or designated individual who can administer seizure medication and require training on seizures. Requires a school district or charter school to provide all licensed school nurses or other designated individuals, and other staff with self-study materials on seizure disorders.

## **APPENDIX C (CONTINUED)**

### **Leave of Absence Due to COVID-19**

Between December 27, 2020, and September 4, 2021, certain “leaves of absence” by an applicant are considered involuntary, so the leave does not make the applicant ineligible for unemployment insurance benefits. Leaves considered involuntary during the COVID-19 pandemic include: (1) determination by a health authority or health care professional that the applicant’s presence in the workplace is a risk to the health of others; (2) quarantine or isolation order; (3) self-isolation or self-quarantine; (4) direction by employer not to come to work; or (5) schools or childcare are cancelled or unavailable and no other childcare or time off from employer is available. Effective date: Applies retroactively to December 27, 2020. Continues Laws 2020, chapter 71, article 2, section 23.

### **Unemployment Eligibility for High School Students**

Allows high school students to qualify for unemployment insurance if they otherwise meet eligibility requirements. Currently, high school students are excluded from receiving unemployment benefits under Minnesota law but may be eligible for temporary Pandemic Unemployment Assistance under federal law following a recent Minnesota Court of Appeals decision. Effective date: This section is effective July 3, 2022.

### **Limit on Screen Time for Children in Preschool and Kindergarten**

Prohibits a child in a publicly funded preschool or kindergarten program from using an individual-use screen without engagement from a teacher or other students. Excludes a child with an individualized family service plan, an individualized education program, or a 504 plan from the application of this section. This section is effective July 1, 2022.

### **Fundraising Sales Tax Exemptions**

During the 2021 legislative session, there was a change made to Minnesota Statute 297A.70, subdivision 13, restoring the fundraising exemption for school-associated student groups. Starting July 1, 2021, fundraising sales made by school-associated student groups are exempt from sales tax, even when the money must be recorded as part of school district revenues, when the following apply:

- The sales are for fundraising purposes of a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports activities, educational activities, or other extracurricular activities.
- The school district reserves the revenue raised for extracurricular activities, as provided in Minnesota Statute 123B.49, subdivision 4 (e), and spends the revenue raised by a particular extracurricular activity only for that extracurricular activity.

The sales tax exemption to the student fundraising organization applies only to the first \$20,000 of the gross annual receipts of the student group from fundraising.

## APPENDIX D

### ACCOUNTING UPDATE

#### **GASB Statement No. 87 – Leases**

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Specifically, this statement:

1. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
2. Defines the “lease term” and clarifies when lessees and lessors should reassess the lease term due to lease modifications or terminations.
3. Defines and establishes recognition criteria for short-term leases.
4. Amends accounting and financial reporting requirements for contracts with multiple components, contract combinations, subleases, and leaseback transactions.

The statement was to be effective for reporting periods beginning after December 15, 2019. However, due to the impact of COVID-19, the effective date was moved back one and a half years to reporting periods beginning after June 15, 2021. Earlier application is encouraged.

#### **STEPS THAT SHOULD BE TAKEN NOW**

- 1) **Gather leases and contracts.** Depending on the number of leases your organization has, this will likely be a bigger challenge than anticipated. Keep in mind that not all leases are written “lease” agreements. Some contracts also include embedded leases that were previously treated as expenses, so you may be surprised to find more operating leases than you realized. Checking accounts payable for recurring payments may help you locate agreements that you’ll need to analyze.
- 2) **Analyze all contracts to determine which are leases under the new standard.** GASB 87 defines a lease as a “contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset), as specified in the contract, for a period of time in an exchange or exchange-like transaction.” Here are some of the agreements that can be excluded:
  - Short-term leases that are one year or less in duration.
  - Intangibles, such as investment assets, software licenses, and patents.
  - Financed purchases, where ownership of the asset transfers at the end of the lease without an additional payment.
- 3) **Review leases for multiple components.** Some leases include service agreements that will need to be split off from the entire lease. Many agreements (like service agreements and supply contracts) may qualify as leases under GASB 87. Some examples of service contracts that may have embedded leases can include cafeteria equipment, soda fountains, water coolers, coffee machines, solar panels, etc., where the government may get to use a particular piece of equipment for free in return for the exclusive use of the provider’s products.
- 4) **Determine appropriate materiality thresholds for capitalization.** Work with your auditor to determine what this should be. Be aware that items that are well below that threshold individually may be material in the aggregate.

## APPENDIX D (CONTINUED)

- 5) **Select a technology solution such as leasing software to help manage your leases.** Unless your organization only has a few leases, the calculations for journal entries and footnote disclosures will most likely be beyond the capabilities of Excel. When choosing a software solution, keep in mind that tracking this information from leases will be an ongoing project, so look for one that's easy to use and provides your organization with all the information you'll need. Make sure to consider document storage as part of the capabilities. Entities with greater than 10-20 identified leases may wish to seriously consider a lease software solution and not rely on spreadsheets. Keep in mind that if a government has many similar leases, it may choose to amortize the leased assets as a group rather than individually. Composite depreciation is applied to groups of dissimilar assets, but should not be applied across classes of assets, such as buildings, equipment, furniture, and vehicles.

- 6) **Consider the district's bond covenants, loan covenants, and debt limitations to determine impact.** While a recent update from GASB (GASB 88) specifies that lease liabilities are excluded from the definition of debt for the purposes of financial statement disclosures, it's not clear whether banks, credit rating agencies, or other stakeholders will take a similar stance.

Adding liabilities for operating leases to the balance sheet may mean that covenants for bond contracts and loan agreements will be violated. If this is the case, you may need to renegotiate those agreements. Contacting these stakeholders and other interested parties early on is crucial.

Adding to the complexity, the rules and statutes governing debt limitations vary across states, counties and municipalities. You may need to consult with an attorney to determine whether lease liabilities count as debt for those limitations.

- 7) **Develop new district policies and procedures as necessary.** Unlike many other financial controls, you'll need to work as a team with people outside of accounting, including procurement, IT, and legal, to make sure all leases and contracts go through accounting. You may need to educate others about the balance sheet impacts of leases.
- 8) **Do your initial calculations and run the results past your auditor.** Because the calculations are different from the previous treatment of leases, some advisors are recommending performing a trial calculation on a subset of your leases. Then, ask us as your auditors to check your numbers before you do the entire population of leases.
- 9) **Start learning and keep learning.** Early adopters report that they need two or three hours per lease to analyze and extract the data. Adding to the challenge, many government finance professionals wear many hats, and dealing with financial matters may be only a small part of their responsibilities. Be sure to keep the resulting information very organized and accessible and also keep in mind the new information that will be required for footnote disclosures.
- 10) **Begin Implementing the Standard Now.** Ensuring that someone is able to learn and understand the new standard and how to implement it is important for a successful implementation year. If you find you are having issues with stretched resources within your organization, don't understand the standard, how to properly implement it, or simply don't have the time to do it, feel free to consult with us. CLA is helping many of our clients through this implementation and is providing various levels of assistance depending on the needs of our clients. We would be happy to discuss the various ways in which we can help and be involved if you determine you will need help with the lease determinations, calculations, or implementation related to the new standard.

## APPENDIX D (CONTINUED)

### **GASB Statement No. 91 – Conduit Debt Obligations**

The primary objective of GASB Statement No. 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Initially effective for reporting periods beginning after December 15, 2020 but postponed to reporting periods beginning after December 15, 2021.

### **GASB Statement No. 92 – Omnibus 2020**

The primary objectives of this statement are to enhance comparability and consistency by addressing practice issues that have been identified during implementation and application of certain GASB statements.

This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments



## **APPENDIX D (CONTINUED)**

### **GASB Statement No. 96 – Subscription-Based Information Technology Arrangements**

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (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. Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

### **GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans**

This statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units. It also modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. Requirements relating to the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately.

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## APPENDIX E

### FORMAL REQUIRED COMMUNICATIONS

School Board  
Independent School District No. 276  
Minnetonka Public Schools  
Minnetonka, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 276 Minnetonka Public Schools (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 9, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant audit findings

##### ***Qualitative aspects of accounting practices***

###### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the school are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

###### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from other Minnesota school districts

- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets
- Estimate of insurance claims incurred but not reported
- Estimate of the District's other postemployment benefit liability
- Estimate of the District's severance liability
- Estimate of the District's proportionate share of PERA's and TRA's net pension liability.

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2021. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the school. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2021 is not finalized until well into the next fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from other Minnesota school districts is based on amounts that have been billed to other school districts under the excess special education cost tuition billing system. The school has made a good faith effort to accurately calculate such amounts billed, but until the resident school district has an opportunity to review such underlying details as membership days, disability codes, and rates, it will not be known whether such amounts will be collected or not. Management expects any difference between amounts billed and amounts ultimately collected will be insignificant.

Management's estimate of due from federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2021. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the Electronic Data Reporting System (EDRS) reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of the insurance claims incurred but not reported is based on an actuarial study performed by an external actuary who utilizes various market assumptions and District data to estimate the liability each year.

Management's estimate of the liability for other postemployment benefits liability is based on an actuarial study performed by an external actuary who utilizes various market assumptions, data from the District's postemployment benefit plans and demographic information of the District's employees and retirees to estimate the liability each year.

Management's estimate of the severance liability at year-end is based on total sick leave hours accrued for each employee category, average pay rates, and the estimate of how many employees who are eligible for the benefit will retire.

Management's estimate of the District's proportionate share of PERA's and TRA's Net Pension Liability is based on guidance from GASB Statement No. 68 and each plan's respective allocation tables. Each plan's allocation tables allocate a portion of the plan's net pension liability based on the District's prior fiscal year contributions as a percentage of the total contributions received for the related year by the plan.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

#### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

#### ***Corrected misstatements***

The following material misstatements detected as a result of audit procedures were corrected by management:

- Accounts payable and expenditures in the capital projects fund were adjusted by \$168,261 to reflect an invoice which was for fiscal year 2021 activity but had not been properly accrued.
- Unearned revenue and revenue was adjusted in the Community Service Fund by \$128,894 to reflect unearned portions of revenue which had not been properly deferred to the next period.

#### ***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated December 9, 2021.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

We have provided a separate letter to you dated December 9, 2021, communicating internal control related matters

***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 9, 2021.

With respect to the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 9, 2021.


School Board  
Independent School District No. 276  
Minnetonka Public Schools

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This communication is intended solely for the information and use of the School Board and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 9, 2021

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