



CliftonLarsonAllen LLP  
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December 29, 2022

Members of the Board of Education  
Bluffview Montessori School  
Winona, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the board of education. 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 School for the courtesies, cooperation, and assistance extended to us during the course of our work.

**CliftonLarsonAllen LLP**

Michelle Hoffman, CPA  
Principal

**BLUFFVIEW MONTESSORI SCHOOL**  
**EXECUTIVE AUDIT SUMMARY (EAS)**  
**JUNE 30, 2022**



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**BLUFFVIEW MONTESSORI SCHOOL  
EXECUTIVE AUDIT SUMMARY (EAS)  
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JUNE 30, 2022**

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**EXECUTIVE AUDIT SUMMARY (EAS)  
FOR  
BLUFFVIEW MONTESSORI SCHOOL  
YEAR ENDED JUNE 30, 2022**

**AUDIT FINDINGS AND RESULTS**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the School's financial records for the year ended June 30, 2022. We appreciated the time that staff took to work with us to complete the engagement.

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

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

**Internal Controls** – There were no material weaknesses noted in the current year related to internal controls.

**Legal Compliance** – No Minnesota legal compliance findings were noted.

**Enrollment** – For fiscal 2021-2022, Bluffview Montessori School served a net average daily membership of 211.88 (or 219.96 pupil units). For fiscal 2020-2021, the School served a net average daily membership of 206.49 (or 214.68 pupil units).

**Fund Balance** – The School's General Fund experienced an increase in fund balance during fiscal 2021-22 of \$6,800 ending at \$1,188,653 as of June 30, 2022. We recommend that a charter school develop a long-range plan which develops and maintains a target fund balance that is at least 20% to 25% of annual expenditures. The ending fund balance at June 30, 2022, for Bluffview Montessori School represents 42.3% of expenditures incurred for the year and is an important aspect in the School's financial wellbeing since a healthy fund balance represents things such as cashflow, as a cushion against unanticipated expenditures, enrollment declines, state aid metering changes, funding deficiencies and aid prorations at the state level and similar problems.

**Budget** – Total General Fund revenues on a net basis were \$40,322 (or 1.4%) lower than the final amended budget amount while total expenditures were \$32,008 (or 1.1%) lower than had been budgeted. As part of any budget update initiated for fiscal 2022-23, the Board will want to take these variances into consideration in order to limit budget differences to every extent possible. We recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero once the School's program has matured and stabilized. The School has done a great job budgeting to keep within the recommended variances. We encourage you to continue the practice of undertaking mid-year budget reviews resulting in the adoption of a revised General Fund budget when updated information becomes available.

**Food Service Fund** – The School's food service program experienced an increase in fund balance of \$37,229 for fiscal year 2022, ending at a fund balance of \$42,889.

**EXECUTIVE AUDIT SUMMARY (EAS)  
FOR  
BLUFFVIEW MONTESSORI SCHOOL  
YEAR ENDED JUNE 30, 2022**

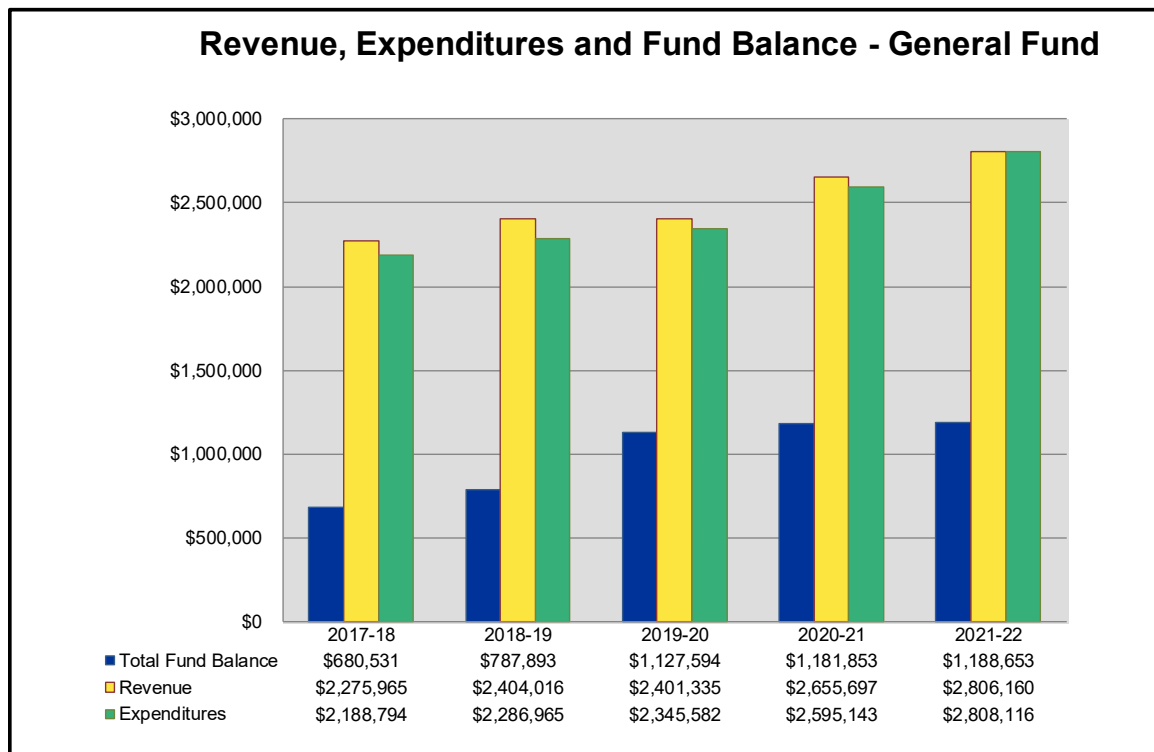
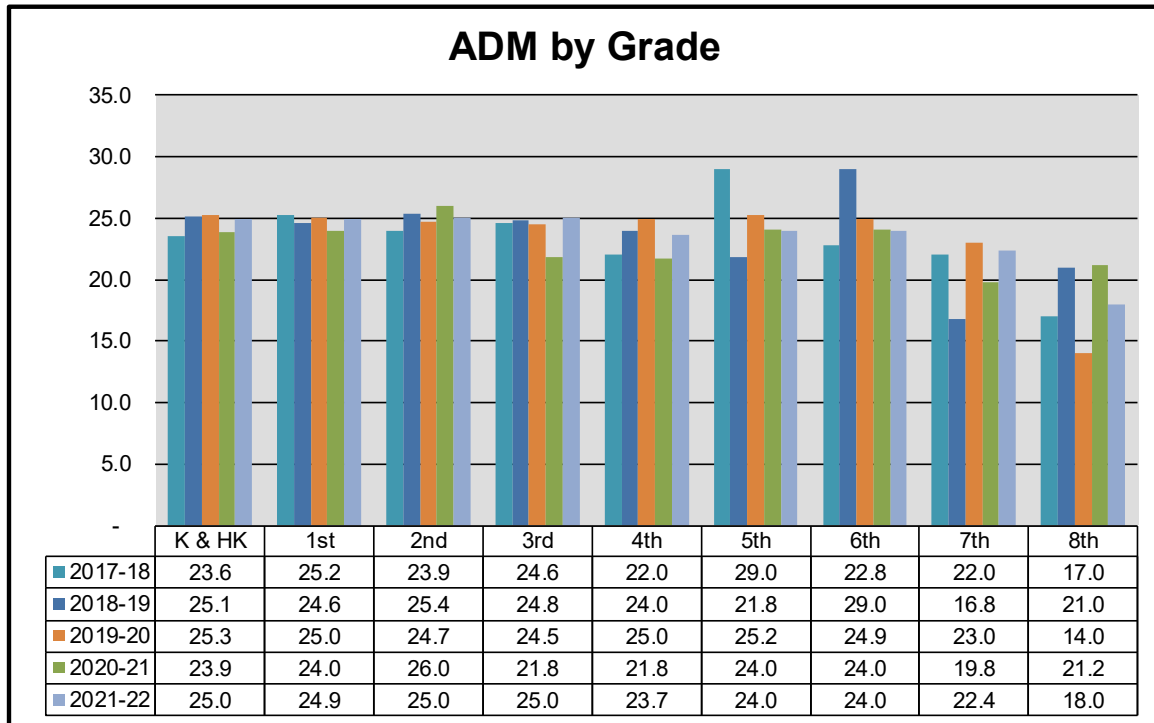
**AUDIT FINDINGS AND RESULTS (CONTINUED)**

**Community Service Fund** – The School's Community Service Fund revenues matched the expenditures for fiscal year 2022. Resulting in a fund balance of \$-0-.

**Building Company** – The BMS Building Company's expenditures exceeded its revenues by \$35,237 and ended fiscal year 2022 with a fund balance of \$380,392.

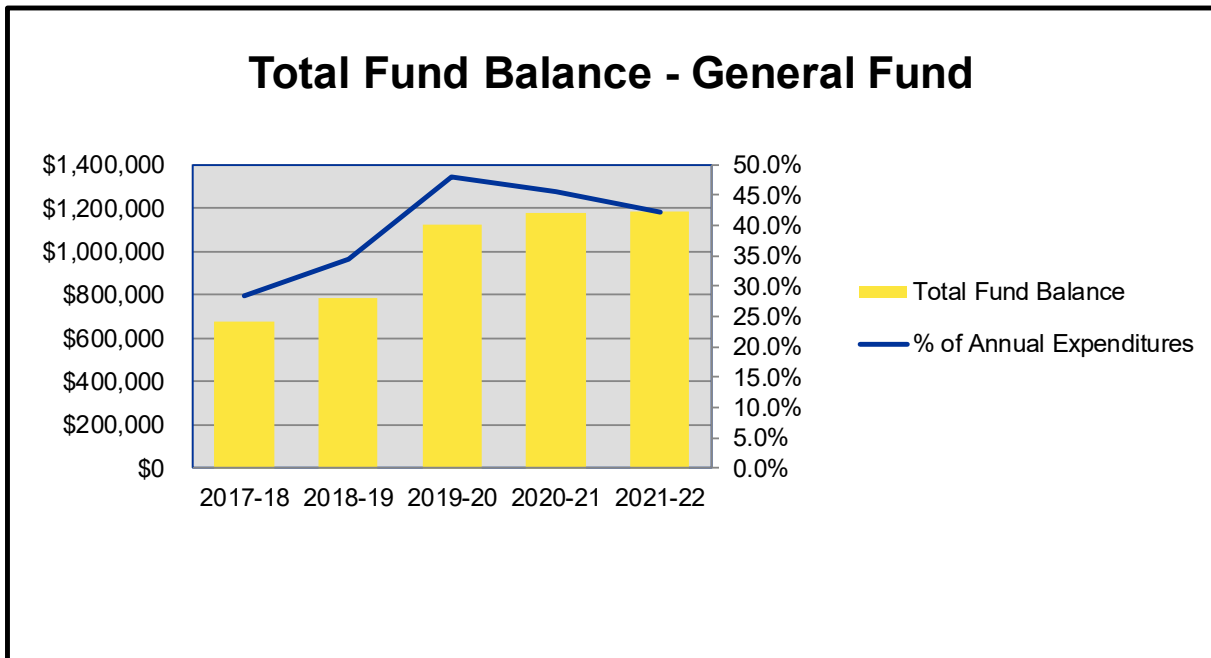
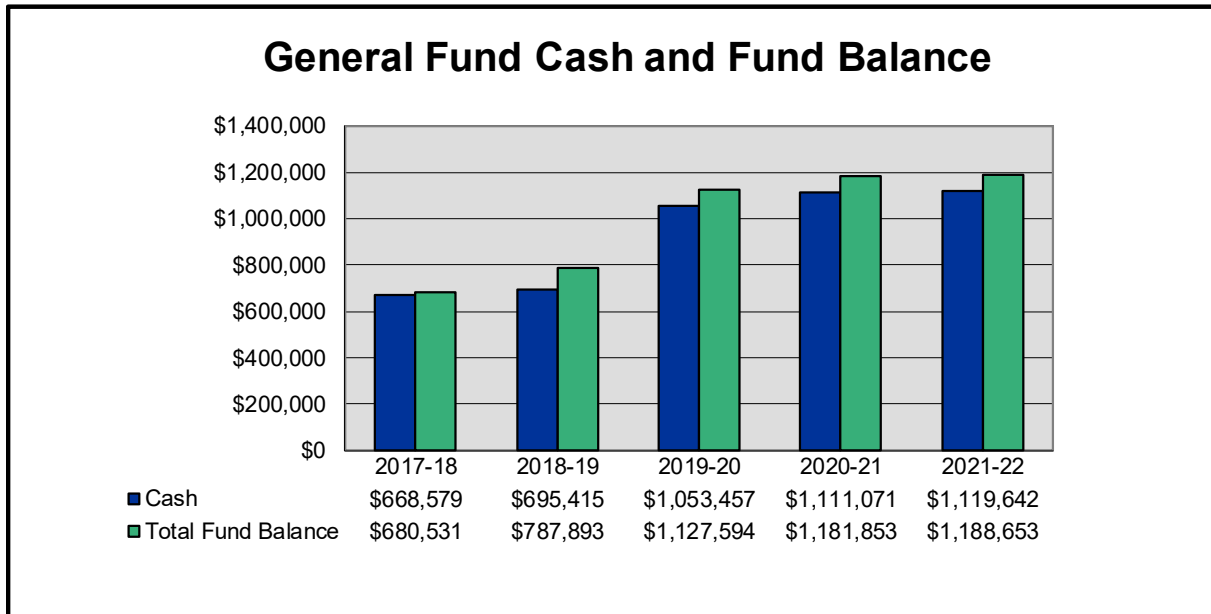
**EXECUTIVE AUDIT SUMMARY (EAS)  
FOR  
BLUFFVIEW MONTESSORI SCHOOL  
YEAR ENDED JUNE 30, 2022**

**FINANCIAL TRENDS**



**EXECUTIVE AUDIT SUMMARY (EAS)  
FOR  
BLUFFVIEW MONTESSORI SCHOOL  
YEAR ENDED JUNE 30, 2022**

**FINANCIAL TRENDS (CONTINUED)**





## APPENDIX A

### FORMAL REQUIRED COMMUNICATIONS

Board of Education  
Bluffview Montessori School  
Winona, Minnesota

We have audited the financial statements of the governmental activities and each major fund of Bluffview Montessori School (the School) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 27, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated June 27, 2022. 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.

As described in Note 1, the School implemented GASB Statement No. 87, *Leases*, effective July 1, 2021. Accordingly, the accounting change has been applied to the beginning of the period of adoption.

We noted no transactions entered into by the School 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 federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets
- Estimated 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 2022. 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 2022 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the School for special education excess cost tuition billing and adds the amount to the School's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data 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 2022. 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 SERVS 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 School'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 School'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 did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with management***

For purposes of this letter, professional standards define a disagreement with management as 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 27, 2022.

***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 School'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 School'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***

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

During the audit we identified the following significant risk of material misstatement that has not previously been communicated to you:

Significant risk related to completeness of long-term leases.

***Audits of group financial statements***

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

### ***Required Supplementary Information***

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.

### ***Supplementary information in relation to the financial statements as a whole***

With respect to the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards (UFARS) 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 27, 2022.

### ***Other information included in annual reports***

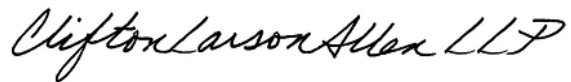
Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section of the report. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

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.

Board of Education  
Bluffview Montessori School

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This communication is intended solely for the information and use of the Board of Education and management of the School, 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 27, 2022

