

INDEPENDENT SCHOOL DISTRICT NO. 831
FOREST LAKE, MINNESOTA

Extracurricular Student Activity Accounts
Financial Report

Year Ended
June 30, 2010



PRINCIPALS

Kenneth W. Malloy, CPA
Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board, management, advisors, and students of
Independent School District No. 831
Forest Lake, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 831, Forest Lake, Minnesota (the District) as of and for the year ended June 30, 2010. This financial statement is the responsibility of the District's extracurricular student activity accounts management. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the design of the accounting system relating to cash receipts and the nature of student activities, we were only able to audit cash collections that are recorded. It was not practical for us to extend our audit of such cash collections beyond the amounts recorded.

Because this financial statement is prepared on the basis of cash receipts and disbursements, revenue is recorded when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred. Accordingly, the accompanying financial statement is not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had the cash collections referred to above been susceptible to satisfactory audit tests, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the District's extracurricular student activity accounts for the year ended June 30, 2010, and the cash balances at that date.

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

November 17, 2010

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

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INDEPENDENT SCHOOL DISTRICT NO. 831

Extracurricular Student Activity Accounts
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2010

	Balance – June 30, 2009	Receipts	Disbursements	Balance – June 30, 2010
Senior High School	\$ 98,179	\$ 352,946	\$ 357,296	\$ 93,829
Century Junior High School	22,422	121,945	117,960	26,407
Southwest Junior High School	14,145	87,104	86,982	14,267
Area Learning Center	5,535	1,976	4,717	2,794
S.T.E.P.	–	1,802	1,477	325
Columbus Elementary	10,042	41,889	42,439	9,492
Forest Lake Elementary	1,422	24,772	25,471	723
Forest View Elementary	19,813	44,857	47,229	17,441
Lino Lakes Elementary	4,015	51,143	49,192	5,966
Linwood Elementary	14,812	79,750	86,664	7,898
Montessori Elementary	2,690	18,052	14,819	5,923
Scandia Elementary	3,110	38,952	38,056	4,006
Wyoming Elementary	20,349	48,901	51,900	17,350
	<u>\$ 216,534</u>	<u>\$ 914,089</u>	<u>\$ 924,202</u>	<u>\$ 206,421</u>

See note to extracurricular student activity accounts

INDEPENDENT SCHOOL DISTRICT NO. 831

Note to Extracurricular Student Activity Accounts
June 30, 2010

Extracurricular student activity fund transactions are defined as extracurricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. The content of the activities is determined primarily by the students, under the guidance of a staff member or other adult.

Extracurricular student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fundraising events. These funds are not included in the combined financial statements of Independent School District No. 831, Forest Lake, Minnesota (the District), and are restricted for the student activity uses, as established.

The accounts of the District's extracurricular student activities are maintained, and the accompanying financial statement has been prepared, on the cash basis of accounting. Consequently, receipts are recorded when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

OTHER REQUIRED REPORTS



PRINCIPALS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board, management, advisors, and students of
Independent School District No. 831
Forest Lake, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 831, Forest Lake, Minnesota (the District) as of and for the year ended June 30, 2010 and have issued our report thereon dated November 17, 2010. Our report was qualified for a restriction on the scope of our audit resulting from the accounting system relating to cash receipts, which allows us only to audit cash collections that were recorded. Further, because the financial statement is prepared on a basis of cash receipts and disbursements, the financial statement is not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education.

The *Manual for Activity Fund Accounting* provides uniform financial accounting and reporting standards for student activities. Compliance with student activity laws and regulations is the responsibility of the District's extracurricular student activity accounts management. We have performed auditing procedures to test compliance with the provisions of this manual. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the District's extracurricular student activity accounts complied, in all material respects, with the provisions referred to in the preceding paragraph, except as described in the Schedule of Findings and Corrective Action.

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

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

November 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 831

Extracurricular Student Activity Accounts Schedule of Findings and Corrective Action June 30, 2010

FINDINGS AND CORRECTIVE ACTION

2010-1 Improper Accounts and Activity

Condition – Certain groups and activities accounted for by Independent School District No. 831, Forest Lake, Minnesota (the District) as student activities during the year ended June 30, 2010 do not meet the definition of an extracurricular activity as defined by the standards in the *Manual for Activity Fund Accounting* (MAFA).

Criteria – MAFA.

Recommendation – It is our recommendation that the District assure all student activity accounts and related activity meet the definition of an extracurricular activity as defined by the standards of MAFA.

Corrective Action – The District understands the finding and is working on an ongoing basis to ensure that the provisions relating to utilizing proper student activity accounts and including proper transaction activity, as defined in MAFA, are being met.

2010-2 Activity Purpose Forms

Condition – Activity purpose forms, which state the purpose of each activity, were not available for all accounts for the year ended June 30, 2010. Per MAFA, these forms are necessary for all student activity accounts and should be signed by both the activity advisor and principal of the respective school.

Criteria – MAFA.

Recommendation – It is our recommendation that the District create an activity purpose form for each student activity account within the District and keep the forms on file.

Corrective Action – The District understands the finding and is working on an ongoing basis to assure that this condition, as defined in MAFA, is being met.

2010-3 Untimely Deposits

Condition – We noted certain cash receipt transactions accounted for by the District as student activities during the year ended June 30, 2010 that had significant deposits that were not deposited on a timely basis.

Criteria – MAFA.

Recommendation – It is our recommendation that the District assure all student activity deposits are being deposited in a timely manner.

Corrective Action – The District understands the finding and is working on an ongoing basis to assure that this condition, as defined in MAFA, is being met.

INDEPENDENT SCHOOL DISTRICT NO. 831

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action (continued)
June 30, 2010

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

2010-4 Approval of Disbursement Activity

Condition – Certain activities accounted for by the District as student activities during the year ended June 30, 2010 had transactions that were not properly approved by the appropriate student designee.

Criteria – MAFA.

Recommendation – It is our recommendation that all student activity disbursements are approved by the appropriate designee.

Corrective Action – The District understands the finding and is working on an ongoing basis to assure that this condition, as defined in MAFA, is being met.

2010-5 Dual Signatures for Disbursements

Condition – We noted certain cash disbursement transactions accounted for by the District included only one signature on the checks presented as payment for the disbursement. Per MAFA, all checks issued as payment are required to have two signatures, by the representatives for the student activity.

Criteria – MAFA.

Recommendation – It is our recommendation that the District assure all disbursements for invoices for student activity accounts are signed by two representatives for that activity account.

Corrective Action – The District understands the finding and is working on an ongoing basis to assure that this condition, as defined in MAFA, is being met.