

INDEPENDENT SCHOOL DISTRICT NO. 273  
EDINA, MINNESOTA

Extracurricular Student Activity Accounts  
Financial Report

Year Ended  
June 30, 2011



PRINCIPALS

Kenneth W. Malloy, CPA  
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INDEPENDENT AUDITOR'S REPORT

To the School Board of  
Independent School District No. 273  
Edina, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 273, Edina, Minnesota (the District) as of and for the year ended June 30, 2011. 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, 2011, and the cash balances at that date.

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

October 13, 2011

INDEPENDENT SCHOOL DISTRICT NO. 273

Summary of Extracurricular Student Activity Accounts  
 Statement of Cash Receipts and Disbursements  
 Year Ended June 30, 2011

	<u>Balance – June 30, 2010</u>	<u>Receipts and Transfers in</u>	<u>Disbursements and Transfers Out</u>	<u>Balance – June 30, 2011</u>
Edina High School	\$ 129,999	\$ 157,040	\$ 172,291	\$ 114,748
South View Middle School	513	55,872	51,085	5,300
Valley View Middle School	<u>16,798</u>	<u>11,733</u>	<u>8,166</u>	<u>20,365</u>
	<u>\$ 147,310</u>	<u>\$ 224,645</u>	<u>\$ 231,542</u>	<u>\$ 140,413</u>

See note to extracurricular student activity accounts financial statement

INDEPENDENT SCHOOL DISTRICT NO. 273

Note to Extracurricular Student Activity Accounts Financial Statement  
June 30, 2011

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. 273, Edina, 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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board of  
Independent School District No. 273  
Edina, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 273, Edina, Minnesota (the District) as of and for the year ended June 30, 2011 and have issued our report thereon dated October 13, 2011. 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 are 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 (MDE).

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, students of the District, and the MDE 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.*

October 13, 2011

INDEPENDENT SCHOOL DISTRICT NO. 273

Extracurricular Student Activity Accounts  
Schedule of Findings and Corrective Action  
June 30, 2011

**FINDINGS AND CORRECTIVE ACTION**

**2011-1 UNTIMELY DEPOSITS**

**Condition** – We noted that six of ten student activity receipts selected for testing were not deposited in a timely manner as defined by the *Manual for Activity Fund Accounting*, which specifies that receipts are not to be held over a weekend, effectively limiting the time they may be held prior to deposit to five days.

**Criteria** – *Manual for Activity Fund Accounting*.

**Recommendation** – It is our recommendation that Independent School District No. 273 (the District) assure all student activity deposits are being deposited in a timely manner.

**Corrective Action**

**Actions Planned** – The District will work with the individuals responsible for overseeing student activities to improve the timeliness of depositing receipts.

**Official Responsible** – Jim Gilligan, Controller.

**Planned Completion Date** – June 30, 2012.

**Disagreement With or Explanation of Finding** – The District has no disagreement with the finding.

**Plan to Monitor** – Jim Gilligan, Controller, will review the procedures for depositing student activity receipts with the responsible individuals at each site where student activity accounts are maintained, and will monitor the timeliness of deposits.