

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
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JUNE 30, 2011**

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EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

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INDEPENDENT AUDITORS' REPORT

School Board, Advisors and Students
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

We have audited the accompanying statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 623 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practicable for us to extend our audit of such cash collections beyond the amounts recorded.

As described in Note 1, this financial statement has been prepared on the cash basis of accounting, as prescribed by the Minnesota Department of Education, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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 on the basis of accounting as described in Note 1.

Larson Allen LLP
LarsonAllen LLP

Minneapolis, Minnesota
November 23, 2011



(1)

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**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Receipts	Disbursements	Balance June 30, 2011
Senior High School				
American Field Service	\$ 1,046	\$ 3,554	\$ 1,154	\$ 3,446
African American Studies Club	31	122	153	-
All Music Groups Club	3,694	15,207	13,335	5,566
Band Fund	983	6,762	6,482	1,263
Choir Club	9,417	17,442	20,681	6,178
Community Service	14	-	14	-
Darfur Awareness	300	4,286	4,380	206
Debate Club	2,875	2,515	1,377	4,013
DECA	1,470	731	1,487	714
Earth Club	51	270	-	321
FACS Trip	359	643	738	264
French Club	2,553	-	2,553	-
Gay Straight Alliance	160	316	204	272
German Club	10	-	-	10
Graduation	1,119	888	627	1,380
Graphics Club	61	2,044	2,102	3
Hmong Club	533	2,549	1,375	1,707
Jazz Band Club	924	5,642	6,016	550
Latino Club	24	1,323	370	977
National Honor Society	389	2,212	1,168	1,433
Orchestra Fund	6,313	23,008	22,426	6,895
Photography	1	-	1	-
Plays	7,618	23,585	23,067	8,136
Prom	18,713	26,197	27,409	17,501
Quiz Bowl	2,406	1,708	1,176	2,938
Robotics Club	1,074	10,005	10,964	115
SERVE	1,424	141	470	1,095
Sales Tax	379	5,403	4,612	1,170
School Paper	8,970	316	342	8,944
Senior Dinner	1,578	343	58	1,863
Spanish Club	188	-	-	188
Speech Tournament	4,527	20,730	19,913	5,344
Student Council	2,221	13,198	12,122	3,297
Student Recognition	35,169	5,671	6,698	34,142
Symphonic Band	4,699	39,197	39,130	4,766
Vocal Travel	10,015	59,866	49,982	19,899
Yearbook	17,902	73,955	85,011	6,846
Senior High School Total	<u>149,210</u>	<u>369,829</u>	<u>367,597</u>	<u>151,442</u>

See accompanying Notes to Financial Statement.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Receipts	Disbursements	Balance June 30, 2011
Middle School				
Sales Tax	\$ 247	\$ 912	\$ 807	\$ 352
Science Fund	1,686	2,649	3,354	981
Student Council	11,606	14,597	17,969	8,234
Yearbook	3,025	12,629	13,422	2,232
Middle School Total	<u>16,564</u>	<u>30,787</u>	<u>35,552</u>	<u>11,799</u>
Elementary School				
8th Grade Graduation	3,168	2,047	755	4,460
Angel Fund	3,425	-	3,425	-
Brimhall Student Council	463	509	714	258
Central Park Student Council	(596)	596	-	-
Chess Club	866	-	866	-
Destination Imagination	160	-	160	-
Edgerton Student Council	2,691	2,248	2,607	2,332
Green Team	59	-	-	59
Little Canada Student Council	563	2,112	2,256	419
Parkview Student Council	392	73	400	65
Elementary School Totals	<u>11,191</u>	<u>7,585</u>	<u>11,183</u>	<u>7,593</u>
District Total	<u>\$ 176,965</u>	<u>\$ 408,201</u>	<u>\$ 414,332</u>	<u>\$ 170,834</u>

See accompanying Notes to Financial Statement.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

The accounts of the District's extracurricular student activity accounts are maintained, and the accompanying financial statement has been prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Consequently, receipts are recorded when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

NOTE 2 DEPOSITS

Cash balances are held in demand accounts and in a certificate of deposit. In accordance with Minnesota Statutes, the Student Activity Funds maintain deposits at those depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance.

Authorized collateral includes certain state or local government obligations, obligations of the U.S. Treasury and U.S. agencies, irrevocable standby letter of credit issued by the Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard & Poor's Corporation, and certificates of deposit insured by the FDIC.

Minnesota statutes require that securities pledged as collateral be held in safekeeping by the District Treasurer or in a financial institution (as agent for the District) other than that furnishing the collateral.

As of June 30, 2011, the carrying amount of the Student Activity Funds was \$170,834 and the bank balance was \$178,572. The Student Activity Funds' deposits at year-end were entirely covered by federal depository insurance or by collateral held in a financial institution other than that furnishing the collateral in the District's name.

School Board, Advisors, and Students
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

In planning and performing our audit of the financial statement of the extracurricular student activity accounts of Independent School District No. 623 as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Independent School District No. 623's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Independent School District No. 623's internal control. Accordingly, we do not express an opinion on the effectiveness of the Independent School District No. 623's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in Independent School District No. 623's internal control to be a material weakness:

Student Activity Receipts

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

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

Larson Allen LLP
LarsonAllen LLP

Minneapolis, Minnesota
November 23, 2011

REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board, Advisors, and Students
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity funds of Independent School District No. 623 as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. In our report, our opinion was qualified because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Further, the financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education, pursuant to Minnesota Statutes §123.38.

The *Manual of 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 with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Corrective Action.

Independent School District No. 623's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action. We did not audit Independent School District No. 623's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the School Board, management, and students of Independent School District No. 623 and the Minnesota Department of Education, and the Office of the State Auditor of Minnesota, and is not intended to be and should not be used by anyone other than these specified parties.

Larson Allen LLP
LarsonAllen LLP

Minneapolis, Minnesota
November 23, 2011

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION
JUNE 30, 2011**

FINDINGS AND CORRECTIVE ACTION

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

2011-1 Inactive Accounts

Condition – Two of the District’s student activity accounts were inactive during fiscal year 2011 and need to be closed.

Recommendation – It is our recommendation that the District close all inactive accounts and transfer any residual balances to other active student activity accounts.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will take the necessary steps to assure that all inactive accounts are closed as required by the *Manual for Activity Fund Accounting*.

Official Responsible for Ensuring CAP:

The Assistant Director for Finance and Budgeting is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is June 30, 2012.

Plan to Monitor Completion of CAP:

The Board of Education will be monitoring this corrective action plan.