

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JULY 31, 2022 AND 2021

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
JULY 31, 2022 AND 2021

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CERTIFIED PUBLIC ACCOUNTANTS

HAUKEBO VAN BATAVIA HOLTE, LLC

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the
Minnesota State High School League and
the Region Committee of
Region 8A of the Minnesota State High School League
Park Rapids, Minnesota**

Opinion

We have audited the accompanying financial statements of Region 8A of the Minnesota State High School League (the Region), which comprise the statements of net assets as of July 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Region 8A of the Minnesota State High School League as of July 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Region and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are

conditions or events, considered in the aggregate, that raise substantial doubt about the Region's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Region's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Region 8A of the Minnesota State High School League has not presented a management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Haukebo Van Batavia Holte LLC

Park Rapids, Minnesota
October 3, 2022

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
STATEMENTS OF NET ASSETS
JULY 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and Cash Equivalents	\$ 187,756	\$ 80,262
MSHSL Receivable	-	3,000
Prepaid Expenses	3,735	2,100
	<u>191,491</u>	<u>85,362</u>
Total Assets	\$ 191,491	\$ 85,362

LIABILITIES AND NET ASSETS

Current Liabilities		
School Expense Reimbursement Payable	\$ 132,487	\$ 19,275
Net Assets		
Without Donor Restrictions	59,004	66,087
	<u>191,491</u>	<u>85,362</u>
Total Liabilities and Net Assets	\$ 191,491	\$ 85,362

See Accompanying Notes to Financial Statements.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Without Donor Restrictions</u>		
<u>Operating Revenues</u>		
Tournaments	\$ 354,670	\$ 131,402
Other	3,602	1,301
	<u>358,272</u>	<u>132,703</u>
Total Operating Revenues		
<u>Operating Expenses</u>		
Tournaments	189,826	120,294
School Expense Reimbursement	132,487	19,275
Insurance	1,492	1,044
Committees	11,345	2,550
Salaries	53,900	53,900
Employee Benefits	6,695	6,695
Payroll Taxes	4,124	4,124
Professional Services	3,175	3,115
Supplies	7,579	3,290
Target/Team-Up	9,819	-
AAA (Triple A)	6,782	1,842
Other	286	2,553
	<u>427,510</u>	<u>218,682</u>
Total Operating Expenses		
Operating Loss	<u>(69,238)</u>	<u>(85,979)</u>
<u>Nonoperating Revenues</u>		
Interest	71	63
	<u>71</u>	<u>63</u>
Loss Before Transfers	<u>(69,167)</u>	<u>(85,916)</u>
<u>Transfers</u>		
Operating Transfers In	82,845	57,441
Operating Transfers Out	(20,761)	(3,313)
Net Operating Transfers	<u>62,084</u>	<u>54,128</u>
<u>Change in Net Assets Without Donor Restrictions</u>	<u>(7,083)</u>	<u>(31,788)</u>
<u>Net Assets - Beginning of Period</u>	<u>66,087</u>	<u>97,875</u>
<u>Net Assets - End of Period</u>	<u>\$ 59,004</u>	<u>\$ 66,087</u>

See Accompanying Notes to Financial Statements.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2022 AND 2021

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 356,637	\$ 130,603
Payments to Suppliers for Goods and Services	(241,123)	(145,507)
Payments to Employees for Services	(53,900)	(53,900)
Payments to Schools	(19,275)	-
	<u>42,339</u>	<u>(68,804)</u>
<u>Cash Flows from Non-Capital and Related Financing Activities</u>		
Operating Transfers In	85,845	54,441
Operating Transfers Out	(20,761)	(3,313)
	<u>65,084</u>	<u>51,128</u>
<u>Cash Flows from Investing Activities</u>		
Interest Income	71	63
	<u>107,494</u>	<u>(17,613)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>107,494</u>	<u>(17,613)</u>
<u>Cash and Cash Equivalents - Beginning of Period</u>	<u>80,262</u>	<u>97,875</u>
<u>Cash and Cash Equivalents - End of Period</u>	<u>\$ 187,756</u>	<u>\$ 80,262</u>
<u>Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Loss	\$ (69,238)	\$ (85,979)
Adjustments to Reconcile Net Operating Loss to Net Cash Used In Operating Activities		
Decrease (Increase) in Prepaid Expenses	(1,635)	(2,100)
Increase (Decrease) in School Expense Reimbursement Payable	113,212	19,275
	<u>\$ 42,339</u>	<u>\$ (68,804)</u>

See Accompanying Notes to Financial Statements.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021

1. **Nature of Activities and Significant Accounting Policies**

Region 8A of the Minnesota State High School League's (Region 8A) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the years ended July 31, 2022 and 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by Region 8A and the Minnesota State High School League are discussed below.

Reporting Entity – Region 8A of the Minnesota State High School League is one of 16 administrative regions of the Minnesota State High School League (MSHSL) (a nonprofit corporation). Each administrative region is charged with the immediate management of the activities assigned by the Board of MSHSL within its geographic region. The administrative region committees must adhere to the League's Constitution, Articles of Incorporation, and policies developed by the Board of Directors. They do not have the authority to determine or interpret eligibility bylaws, nor may they penalize a school for bylaw infractions. Region 8A is not a legally separate entity.

Nature of Activities – The Minnesota State High School League is a nonprofit corporation whose Articles of Incorporation and Constitution were filed with the Secretary of State on May 27, 1960. The MSHSL is a voluntary association of high schools whose governing boards have delegated their control of extracurricular activities to the MSHSL. These activities include statewide athletic programs for both able-bodied athletes and athletes with disabilities, music, drama, speech, and debate.

Basis of Presentation – The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

Statements of Net Assets – The Statements of Net Assets present the financial position of Region 8A at the end of the current and prior fiscal year, under a classified balance sheet format that reflects current and noncurrent assets and liabilities, and reports net assets under the following classifications:

Invested in capital assets: This category includes property and equipment, net of accumulated depreciation. Region 8A had no investments in capital assets for the years ended July 31, 2022 and 2021.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021

Without Donor Restrictions: This category includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital purposes. These assets are available for any purpose of the League and include resources that may be reserved for specific purposes as determined by management, financial, or Board of Director policies. When both restricted and unrestricted resources are available for use, it is the Region 8A's policy to use restricted resources first, and then unrestricted resources as they are needed.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than Region 8A's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity. Region 8A had no Net Assets with Donor Restrictions for the years ended July 31, 2022 and 2021.

Contributions – Contributions and grants are reported as without or with donor restrictions, depending on the existence or nature of any restrictions, or both. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, Region 8A considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenues – Operating revenues, such as tournament revenue, result from exchange transactions associated with the principal activity of the Region. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as interest income, result from non-exchange transactions or incidental activities.

Revenue Recognition – The Organization's primary source of revenue is attendance fees for tournaments.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the revenue transaction. Region 8A's revenues are exclusively from performance obligations satisfied at a point in time and are recognized when the event occurs.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021

Functional Allocation of Expenses – The costs of providing tournaments, which are the Region’s programs, and other activities have been summarized on a functional basis in the Statements of Activities based on the benefiting function.

School Expenses Reimbursement – A liability is set up to report the proportionate return of excess non-appropriated funds to member schools based on their participation in Region 8A-sponsored tournaments.

Commitments – If less than 20% of the annual budget, as determined by the prior year expenses, exists at the end of a fiscal year, the Region 8A committee will determine the fee for each school that participated in the Region during the year in which the expenses were incurred in order to increase the fund balance to 20% of the annual budget for the new fiscal year.

Comparative Data – Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in Region 8A of the Minnesota State High School League’s financial position and operations.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes – The MSHSL files a consolidated IRS Form 990 *Return of Organization Exempt from Income Tax*, for all sixteen regions of the MSHSL including Region 8A. Region 8A is an administrative region of the MSHSL which is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. The MSHSL is not a private foundation.

Date of Management’s Review – Region 8A has evaluated subsequent events through October 3, 2022, which is the date the financial statements were available to be issued.

2. **Measure of Operations**

In its Statements of Revenues, Expenses and Changes in Net Assets, Region 8A includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Interest income and grant income are recognized as non-operating revenues.

3. **Deposits**

Custodial risk is the risk that in the event of a bank failure, Region 8A’s deposits may not be returned to it. Region 8A does not have a deposit policy for custodial credit risk. As of July 31, 2022 and 2021, Region 8A was not exposed to custodial risk.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021

As of July 31, 2022 and 2021, deposits in financial institutions for Region 8A of MSHSL, reported as components of cash and cash equivalents had a carrying value of \$187,756 and \$80,262 respectively. Bank balances were \$191,033 and \$80,342, respectively, of which the entire amount was covered by federal depository insurance.

4. Prepaid Expenses

Beginning in 2021, the Region transferred funds to a service organization for payment to officials for services in some sports. At July 31, 2022 and 2021, \$3,735 and \$2,100, respectively, remained on account to pay future officiating expenses.

5. Operating Transfers

Each region involved in a section meet is responsible for its proportional share of the expenses of administering the event or receives its proportional share of the profits derived therefrom. Operating Transfers In and Out represent the division of these net receipts and/or expenses for activities that cross administrative region lines. In addition, Operating Transfers reflect amounts received by the MSHSL office and passed through to Region 8A.

6. Risk Management

Region 8A is exposed to various risks of loss related to: torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters; catastrophic injury. To cover its liabilities, Region 8A purchases commercial insurance. There were no significant reductions in insurance coverage from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

7. Liquidity

Region 8A maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Region 8A committee meets several times each year to review the financial statements.

The following reflects Region 8A's financial assets as of the balance sheet date, all of which was available for general use within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 187,756	\$ 80,262
MSHSL Receivable	-	3,000
Total financial assets available to management for general expenditure within 1 year	<u>\$ 187,756</u>	<u>\$ 83,262</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2022 AND 2021

8. **Risks and Uncertainties**

Region 8A's operations have been and continue to be affected by the recent and ongoing outbreak of COVID-19 which was declared a pandemic by the World Health Organization. The full extent to which the outbreak will impact operations will depend on future developments, which are highly uncertain. Possible future effects may include, but are not limited to, cancellation of tournaments, disruption to schedules, attendance, revenues, and staffing.

The financial and operational impact on Region 8A of these events cannot be predicted with confidence.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
YEAR ENDED JULY 31, 2022

	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Excess (Deficiency) of Revenues Over Direct Expenses</u>
Tournament			
Baseball	\$ 11,040	\$ 14,108	\$ (3,068)
Boys' basketball	71,391	16,744	54,647
Girls' basketball	48,431	11,698	36,733
Football	77,837	32,076	45,761
Golf	-	9,001	(9,001)
Boys' hockey	31,155	8,188	22,967
Girls' hockey	10,625	4,916	5,709
Girls' softball	9,356	8,522	834
Girls' swimming	4,076	4,494	(418)
Boys' tennis	800	665	135
Track and field	10,894	13,563	(2,669)
Cross Country	3,658	2,610	1,048
Girls' volleyball	40,488	13,808	26,680
Wrestling	10,489	8,362	2,127
Speech	4,950	12,831	(7,881)
One-act play	4,600	7,282	(2,682)
Music	10,185	17,762	(7,577)
Visual arts	4,695	3,196	1,499
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 354,670</u></u>	<u><u>\$ 189,826</u></u>	<u><u>\$ 164,844</u></u>



CERTIFIED PUBLIC ACCOUNTANTS
HAUKEBO VAN BATAVIA HOLTE, LLC

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES
AND/OR MATERIAL WEAKNESSES IN INTERNAL CONTROL
OVER FINANCIAL REPORTING AND OTHER MATTERS**

To the Board of Directors of the
Minnesota State High School League and
the Region Committee of
Region 8A of the Minnesota State High School League
Park Rapids, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Region 8A of the Minnesota State High School League, as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements, and have issued our report thereon dated October 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements of Region 8A of the Minnesota State High School League, as of and for the year ended July 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Region 8A's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control. Accordingly, we do not express an opinion on the effectiveness of the Region's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Region's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Those material weaknesses are reported in the Schedule of Findings and Responses as items 2010-1 and 2010-2.

Other Matters

The Region's written responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Responses. We did not audit the Region's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This communication is intended solely for the information and use of management, Board of Directors, region committees, and others within the MSHSL and is not intended to be, and should not be, used by anyone other than those specified parties.

Haukebo Van Batavia Holte, LLC

Park Rapids, Minnesota
October 3, 2022



CERTIFIED PUBLIC ACCOUNTANTS
HAUKEBO VAN BATAVIA HOLTE, LLC

INDEPENDENT AUDITOR'S REPORT ON LEGAL COMPLIANCE

**To the Board of Directors of the
Minnesota State High School League and
the Region Committee of
Region 8A of the Minnesota State High School League
Park Rapids, Minnesota**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of Region 8A of the Minnesota State High School League, as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements and have issued our report thereon dated October 3, 2022.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with Minn. Stat. 128C.12, we performed tests of compliance with appropriate laws and regulations.

In connection with our audit, nothing came to our attention that caused us to believe that the Region failed to comply with the provisions reviewed. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Region's noncompliance with the provisions reviewed.

This communication is intended solely for the information and use of the Board of Directors, region committees, management and others within the MSHSL and the State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.

Haukebo Van Batavia Holte, LLC

**Park Rapids, Minnesota
October 3, 2022**

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JULY 31, 2022

UNRESOLVED PRIOR YEAR FINDINGS

2010-1 FINDING

Criteria

Generally, a system of internal control contemplates separation of duties that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition

Lack of sufficient segregation of duties.

Cause

Size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The areas should be reviewed periodically and consideration given to improving the segregation of duties.

Corrective Action Plan Prepared by the Region

- Correcting Plan:* The Region will review accounting procedures on an annual basis.
- Explanation of Disagreement:* There is essentially no disagreement with the finding.
- Official Responsible:* The secretary is responsible for carrying out the corrective action plan.
- Completion Date:* The secretary will review on an annual basis.
- Monitor Plan:* The secretary will monitor completion of the CAP, with reports to the Region 8A Committee on an annual basis. The auditing firm will provide additional monitoring at the time of the region audit, after July 31 of each fiscal year.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JULY 31, 2022

2010-2 FINDING

Criteria

The Region does not have the internal resources to identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements in conformity with generally accepted accounting principles (GAAP).

Condition

The Region's personnel prepare periodic financial information for internal use that meets the needs of management and the Region 8A Committee. However, the Region does not have internal resources to identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements for external reporting. Region 8A Committee is aware of this material weakness and addresses it by obtaining our assistance in the preparation of the Region's annual financial statements.

Cause

The Region does not have the internal expertise needed to handle all aspects of the external financial reporting.

Effect

The secretary is aware of the deficiency and addresses it by preparing detailed financial reports and reconciliations, which are presented and approved by the Region 8A Committee at each meeting.

Recommendation

For entities of Region 8A's size, it generally is not practical to obtain the internal expertise needed to handle all aspects of the external financial reporting.

Corrective Action Plan Prepared by the Region

Correcting Plan: Region personnel will receive additional training to better prepare personnel to understand the financial statements and to work more closely with an accounting firm in the preparation of the statements.

Explanation of Disagreement: There is essentially no disagreement with the finding.

Official Responsible: The secretary is responsible for carrying out the corrective action plan.

Completion Date: Region personnel will attend training annually.

MINNESOTA STATE HIGH SCHOOL LEAGUE
REGION 8A
PARK RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JULY 31, 2022

2010-2 FINDING (Continued)

Monitor Plan:

The secretary will monitor completion of the CAP, with reports to the Region 8A Committee on an annual basis. The auditing firm will provide additional monitoring at the time of the region audit, after July 31 of each fiscal year.