CYBER VILLAGE ACADEMY
ST. PAUL, MINNESOTA

Financial Report

Year Ended
June 30, 2010

CYBER VILLAGE ACADEMY

Table of Contents

CYBER VILLAGE ACADEMY

Board and Administration
Year Ended June 30, 2010

BOARD

	Board Position
Vaughn Francis	Chairperson
Jennifer Naglak	Vice-Chairperson
Rob Rand	Treasurer
Lauren Odle	Secretary
Barbara Filiatrault	Member
Robyn Mesenbring	Member
Cheryl Neima	Member
Chris Orr	Member

ADMINISTRATION

David Alley	Director

FINANCIAL SECTION

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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 Board of Cyber Village Academy
St. Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities and major fund of Cyber Village Academy (the Academy) as of and for the year ended June 30, 2010, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the Academy's financial statements for the year ended June 30, 2009 and, in our report dated September 17, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities and major fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Academy as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include prior year partial comparative information, which does not include all of the information required in a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2009, from which it was derived.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2010 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis for the Academy, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is not a required part of the basic financial statements of the Academy. The UFARS Compliance Table has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

October 11, 2010

This section of Cyber Village Academy's (the Academy) annual financial report presents management's discussion and analysis of the Academy's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the other components of the Academy's annual financial report.

FINANCIAL HIGHLIGHTS

The Academy's assets exceeded its liabilities at June 30, 2010, resulting in a net assets balance of $96,649. The Academy's net assets increased by $48,843 from operations during the fiscal year ended June 30, 2010.

At June 30, 2010, the Academy's General Fund reported an ending fund balance of $94,244, an improvement of $50,101 from the beginning of the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis; and
- Basic financial statements, including the entity-wide financial statements, fund financial statements, and the notes to basic financial statements.

The following explains the two types of statements included in the basic financial statements:

Entity-Wide Statements

The entity-wide statements (Statement of Net Assets and Statement of Activities) report information about the Academy as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes *all* of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two entity-wide statements report the Academy's *net assets* and how they have changed. Net assets—the difference between the Academy's assets and liabilities—is one measure of the Academy's financial health or *position*. Over time, increases or decreases in the Academy's net assets are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the Academy requires consideration of additional non-financial factors, such as changes in the Academy's student population and the condition of academy buildings and other facilities. In the entity-wide financial statements the Academy's activities are all shown in one category titled "governmental activities." These activities, including regular instruction, special education, and administration, are primarily financed with state aids.

Fund Financial Statements

The fund financial statements provide more detailed information about the Academy's *funds*. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. The Academy maintains only one fund, the General Fund, to account for its activities. The General Fund is a "governmental" fund type. Governmental funds generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, we provide additional information (reconciliation schedules) on the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 1 is a summarized view of the Academy's Statement of Net Assets for the last two fiscal years:

Table 1
Summary of Net Assets
as of June 30, 2010 and 2009

	2010	2009
Assets		
Current and other assets	$ 420,855	$ 128,327
Capital assets, net of depreciation	2,405	3,663
Total assets	**$ 423,260**	**$ 131,990**
Liabilities		
Current and other liabilities	**$ 326,611**	**$ 84,184**
Net assets		
Invested in capital assets	$ 2,405	$ 3,663
Unrestricted	94,244	44,143
Total net assets	**$ 96,649**	**$ 47,806**

The Academy's financial position is the product of many factors. For example, determination of the Academy's investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts.

The Academy's net assets at June 30, 2010 were $48,843 higher than the prior year. Of this increase, $50,101 came in the unrestricted net assets category, which represents the portion of net assets available to meet current operating needs. The Academy's net investment in capital assets decreased by $1,258 due to depreciation.

Table 2 presents a condensed version of the Change in Net Assets of the Academy for the last two years:

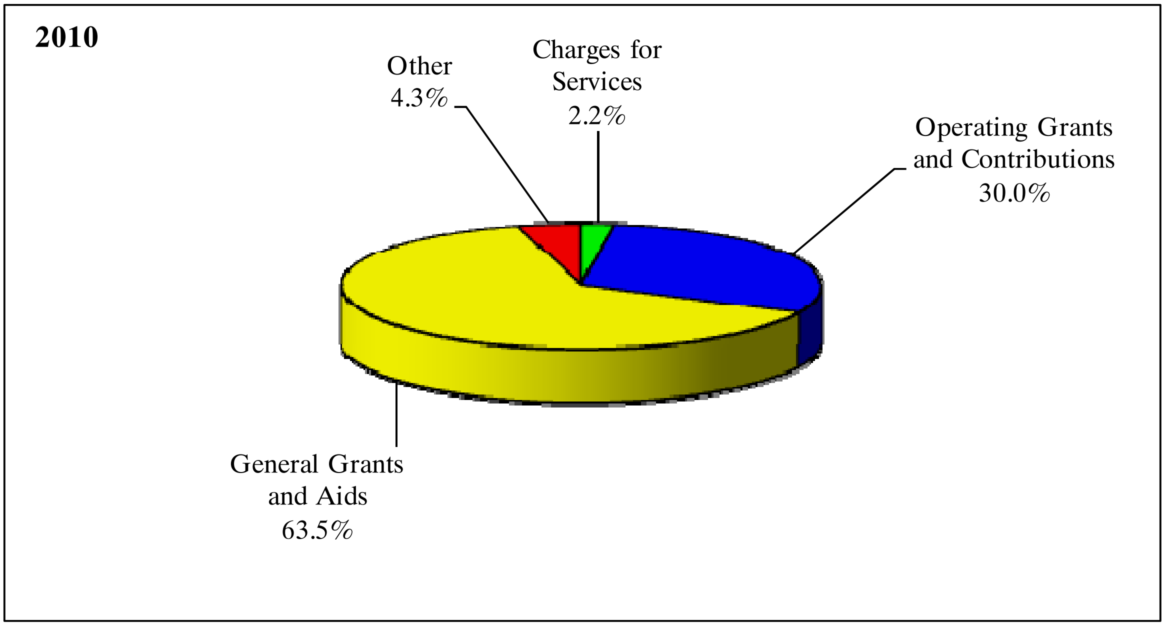
Table 2
Change in Net Assets
for the Years Ended June 30, 2010 and 2009

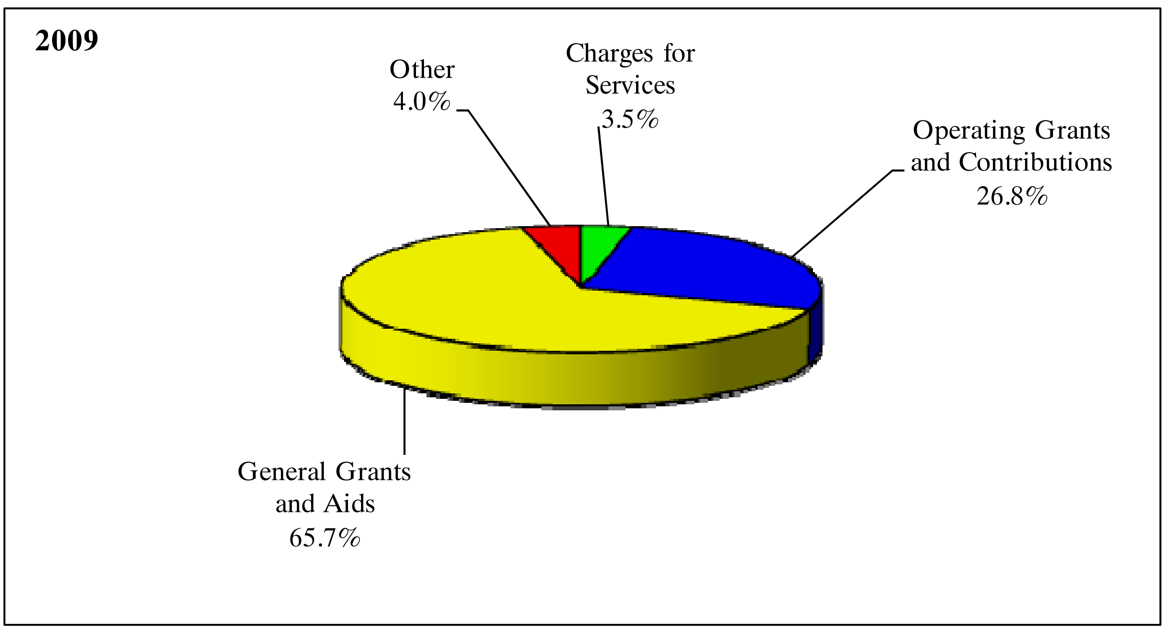
	2010	2009
Revenue		
Program revenues		
Charges for services	$ 26,728	$ 40,924
Operating grants and contributions	367,441	310,984
General revenues		
General grants and aids	777,788	764,519
Other	52,898	46,972
Total revenue	1,224,855	1,163,399
Expenses		
Administration	87,863	88,021
District support services	155,311	144,852
Elementary and secondary regular instruction	500,908	458,296
Special education instruction	136,643	107,483
Instructional support services	7,598	5,710
Pupil support services	7,247	9,973
Sites and buildings	271,008	268,942
Fiscal and other fixed cost programs	5,822	7,077
Interest and fiscal charges	3,612	–
Total expenses	1,176,012	1,090,354
Change in net assets	$ 48,843	$ 73,045

This format is presented on an accrual basis of accounting and it includes all of the governmental activities of the Academy. This statement includes depreciation expense, but excludes capital asset purchase costs. Total revenues increased by 5.3 percent in 2010, which allowed the Academy to increase net assets by $48,843.

Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2010 and 2009

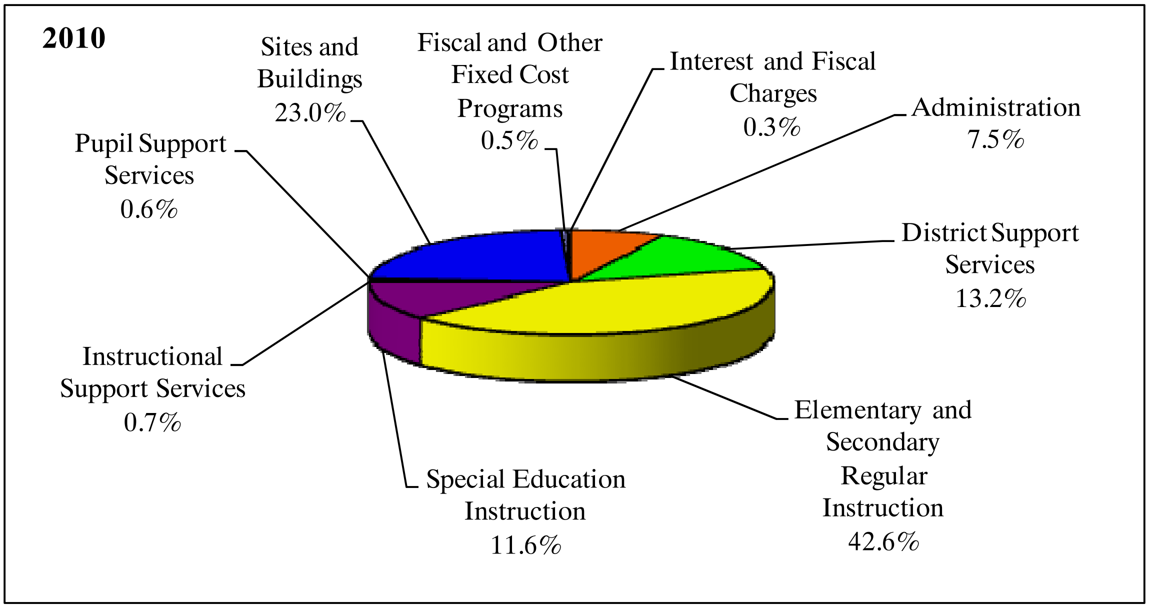


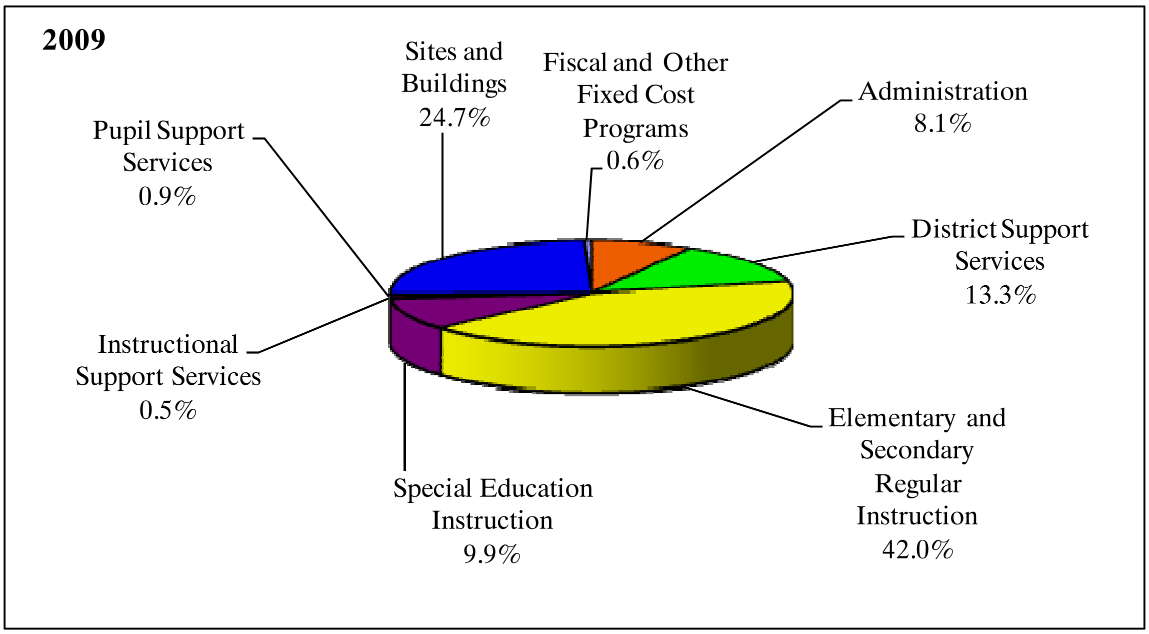


The largest share of the Academy's revenue is received from the state, including most of the general and operating grants. This significant reliance on the state for funding has placed tremendous pressure on charter schools as a result of unpredictable and inconsistent funding from the state.

The Academy's total revenues were $1,224,855 for the year ended June 30, 2010, which is an increase of $61,456 from the prior year. Charges for services in 2010 consisted primarily of payments by students for supplies and participation in activities sponsored by the Academy.

Figure B – Expenses for Fiscal Years 2010 and 2009





The Academy's cost of all governmental activities for 2010 was $1,176,012, which is an increase of $85,658 from the prior year. The increase was primarily in two areas, elementary and secondary regular instruction and special education instruction, which were caused by increases in the student population and special education staff and services.

Approximately 55 percent of the Academy's 2010 expenses were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, special education instruction, and instructional support services. An additional 23 percent of the Academy's expenses were related to leasing and maintaining the Academy's school site.

Analysis of the General Fund

Table 3 is a summarized view of the Academy's General Fund financial position for the last two years:

Table 3
Summary of General Fund Financial Position
as of June 30, 2010 and 2009

	2010	2009
Total assets	$ 420,855	$ 128,327
Total liabilities	326,611	84,184
Total fund balance	$ 94,244	$ 44,143

The General Fund experienced an increase in fund balance of $50,101 during the year ended June 30, 2010, equal to the increase in unrestricted net assets in the entity-wide financial statements.

Table 4 presents the Academy's General Fund activity for the last two years:

Table 4
Summary of General Fund Activity
for the Years Ended June 30, 2010 and 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Total revenue	$ 1,188,105	$ 1,212,293	$ 1,224,855	$ 12,562	$ 1,163,399
Total expenditures	1,180,286	1,206,360	1,174,754	(31,606)	1,090,242
Net change in fund balances	$ 7,819	$ 5,933	$ 50,101	$ 44,168	$ 73,157

During the fiscal year ended June 30, 2010, the Academy adopted budget amendments to adjust revenue and expenditure appropriations in response to information and conditions existing at mid-year. General Fund revenue for fiscal 2010 was over the final budget by $12,562, due to the difficulty of accurately projecting student enrollment and state revenue adjustments. General Fund expenditures were $31,606 under budget, due to the Academy taking cost cutting measures in order to increase its fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 5 shows the Academy's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2010 and 2009:

Table 5
Capital Assets
as of June 30, 2010 and 2009

	2010	2009	Increase (Decrease)
Furniture and equipment	$ 71,636	$ 71,636	$ –
Less accumulated depreciation	(69,231)	(67,973)	(1,258)
Total	$ 2,405	$ 3,663	$ (1,258)
Depreciation expense	$ 1,258	$ 1,752	$ (494)

Detailed information on the Academy's capital assets can be found in the notes to basic financial statements. The Academy had no long-term debt as of June 30, 2010.

FACTORS BEARING ON THE ACADEMY'S FUTURE

The Academy is dependent on the state of Minnesota for its revenue authority. The basic general education revenue for all Minnesota charter schools was $5,124 per pupil unit for 2010. Due to the financial condition of the state, the Legislature has provided for no increase in basic general education aid for the current biennium. Further, a one-time general education funding increase of $51 per pupil unit received in fiscal 2009, and a two-year increase for operating capital technical aid that provided $55 per pupil unit in fiscal 2009, were discontinued in the current year. Also in fiscal 2010, Minnesota schools experienced an increase in the state aid payment holdback from 10 to 27 percent, which had a negative impact on the Academy's cash flow making it necessary to obtain a line of credit at market rate interest.

One of the primary factors that determine the Academy's revenues is the number of students served. The Academy's enrollment declined in each year of the prior two fiscal years, but increased by almost 5 percent in fiscal 2010. The Academy's ability to attract and maintain students will be critical to a sound financial future. The Academy was approved by the Minnesota Department of Education to expand the grade levels that it serves from 4 through 8 to 4 through 12 beginning in the fall of 2010. Grade expansion is expected to enhance the Academy's ability to attract and retain students.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cyber Village Academy, 768 Hamline Avenue South, St. Paul, Minnesota 55116.

BASIC FINANCIAL STATEMENTS

CYBER VILLAGE ACADEMY

Statement of Net Assets
as of June 30, 2010
(With Partial Comparative Information as of June 30, 2009)

	Governmental Activities	
	2010	2009
Assets		
Cash and cash equivalents	$ 101,329	$ 51,169
Receivables		
Accounts	1,256	2,699
Due from other governmental units	278,980	57,028
Prepaid items	39,290	17,431
Capital assets, net of accumulated depreciation	2,405	3,663
Total assets	$ 423,260	$ 131,990
Liabilities		
Salaries and benefits payable	$ 93,989	$ 47,021
Accounts payable	12,582	24,747
Due to other governmental units	–	11,216
Loans payable	200,000	–
Interest payable	40	–
Unearned revenue	20,000	1,200
Total liabilities	326,611	84,184
Net assets		
Invested in capital assets	2,405	3,663
Unrestricted	94,244	44,143
Total net assets	96,649	47,806
Total liabilities and net assets	$ 423,260	$ 131,990

See notes to basic financial statements

CYBER VILLAGE ACADEMY

Statement of Activities
Year Ended June 30, 2010
(With Partial Comparative Information for the Year Ended June 30, 2009)

	2010				2009
		Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 87,863	$ –	$ –	$ (87,863)	$ (88,021)
District support services	155,311	–	–	(155,311)	(144,852)
Elementary and secondary regular instruction	500,908	26,728	25,764	(448,416)	(398,149)
Special education instruction	136,643	–	141,916	5,273	(4,332)
Instructional support services	7,598	–	–	(7,598)	(5,710)
Pupil support services	7,247	–	–	(7,247)	(9,973)
Sites and buildings	271,008	–	199,761	(71,247)	(80,332)
Fiscal and other fixed cost programs	5,822	–	–	(5,822)	(7,077)
Interest and fiscal charges	3,612	–	–	(3,612)	–
Total governmental activities	$1,176,012	$ 26,728	$ 367,441	(781,843)	(738,446)
	General revenues				
	General grants and aids			777,788	764,519
	Other general revenues			52,898	46,972
	Total general revenues			830,686	811,491
	Change in net assets			48,843	73,045
	Net assets – beginning			47,806	(25,239)
	Net assets – ending			$ 96,649	$ 47,806

See notes to basic financial statements

CYBER VILLAGE ACADEMY

General Fund
Balance Sheet
as of June 30, 2010
(With Partial Comparative Information as of June 30, 2009)

	2010	2009
Assets		
Cash and cash equivalents	$ 101,329	$ 51,169
Receivables		
Accounts	1,256	2,699
Due from other governmental units	278,980	57,028
Prepaid items	39,290	17,431
Total assets	$ 420,855	$ 128,327
Liabilities and Fund Balances		
Liabilities		
Salaries and benefits payable	$ 93,989	$ 47,021
Accounts payable	12,582	24,747
Due to other governmental units	–	11,216
Loans payable	200,000	–
Interest payable	40	–
Unearned revenue	20,000	1,200
Total liabilities	326,611	84,184
Fund balances		
Unreserved – undesignated	94,244	44,143
Total liabilities and fund balances	$ 420,855	$ 128,327

Amounts reported for governmental activities in the Statement of Net Assets differ because:

	2010	2009
Fund balances as reported above	$ 94,244	$ 44,143
Capital assets are included in net assets, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	71,636	71,636
Less accumulated depreciation	(69,231)	(67,973)
Net assets of governmental activities	$ 96,649	$ 47,806

See notes to basic financial statements

CYBER VILLAGE ACADEMY

General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2010
(With Partial Comparative Information for the Year Ended June 30, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenue					
State sources	$ 1,113,006	$ 1,024,020	$ 1,008,985	$ (15,035)	$ 1,015,368
Federal sources	35,399	144,373	136,244	(8,129)	60,135
Local sources					
Other	39,700	43,900	79,626	35,726	87,896
Total revenue	1,188,105	1,212,293	1,224,855	12,562	1,163,399
Expenditures					
Current					
Administration					
Employee benefits	147	–	–	–	–
Purchased services	89,695	95,095	87,863	(7,232)	87,855
Supplies and materials	204	–	–	–	166
Total administration	90,046	95,095	87,863	(7,232)	88,021
District support services					
Salaries	52,165	32,016	31,355	(661)	36,429
Employee benefits	17,185	10,738	8,366	(2,372)	11,361
Purchased services	137,497	119,094	110,000	(9,094)	91,174
Supplies and materials	3,858	2,300	2,251	(49)	3,110
Capital expenditures	–	1,640	–	(1,640)	–
Other expenditures	–	6,025	2,629	(3,396)	1,574
Total district support services	210,705	171,813	154,601	(17,212)	143,648
Elementary and secondary regular instruction					
Salaries	346,928	376,063	369,576	(6,487)	330,561
Employee benefits	82,264	89,280	91,382	2,102	80,219
Purchased services	6,437	15,270	8,295	(6,975)	25,162
Supplies and materials	18,458	29,100	20,938	(8,162)	20,415
Other expenditures	4,600	9,500	10,497	997	1,719
Total elementary and secondary regular instruction	458,687	519,213	500,688	(18,525)	458,076
Special education instruction					
Salaries	92,070	79,499	83,516	4,017	68,401
Employee benefits	22,035	17,196	15,393	(1,803)	11,731
Purchased services	19,700	26,943	35,145	8,202	24,966
Supplies and materials	2,245	6,958	675	(6,283)	2,057
Capital expenditures	–	–	–	–	1,640
Other expenditures	–	1,586	1,586	–	–
Total special education instruction	136,050	132,182	136,315	4,133	108,795

(continued)

CYBER VILLAGE ACADEMY

General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2010
(With Partial Comparative Information for the Year Ended June 30, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)					
Current (continued)					
Instructional support services					
Purchased services	5,000	2,989	6,772	3,783	5,528
Supplies and materials	–	1,100	826	(274)	182
Total instructional support services	5,000	4,089	7,598	3,509	5,710
Pupil support services					
Purchased services	2,000	2,000	7,247	5,247	9,973
Sites and buildings					
Salaries	–	–	182	182	–
Employee benefits	–	–	24	24	–
Purchased services	265,918	267,418	269,804	2,386	267,763
Supplies and materials	1,080	1,100	971	(129)	1,152
Other expenditures	–	–	27	27	27
Total sites and buildings	266,998	268,518	271,008	2,490	268,942
Fiscal and other fixed cost programs					
Purchased services	9,000	9,000	5,822	(3,178)	7,077
Debt service					
Interest and fiscal charges	1,800	4,450	3,612	(838)	–
Total expenditures	1,180,286	1,206,360	1,174,754	(31,606)	1,090,242
Net change in fund balances	$ 7,819	$ 5,933	50,101	$ 44,168	73,157
Fund balances (deficit)					
Beginning of year			44,143		(29,014)
End of year			$ 94,244		$ 44,143

Amounts reported for governmental activities in the Statement of Activities differ because:

	2010	2009
Net change in fund balances reported above	$ 50,101	$ 73,157
Capital assets are reported in governmental funds as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	–	1,640
Depreciation expense	(1,258)	(1,752)
Change in net assets of governmental activities	$ 48,843	$ 73,045

See notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cyber Village Academy (the Academy) is an outcome-based charter school established June 16, 1997 in accordance with Minnesota Statute § 124D.10. The Academy's financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the Academy is considered to be financially accountable.

The Academy is sponsored by Special School District No. 1 (the District) and is operating under a charter agreement with the District. Aside from its sponsorship, the District has no authority, control, power, or administrative responsibilities over the Academy. Therefore, the Academy is not considered a component unit of the District.

Component units are legally separate entities for which the Academy (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the Academy.

B. Basis of Statement Presentation

As required by state law, the Academy operates as a nonprofit corporation under Minnesota Statute § 317A. However, state law also requires that the Academy comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts, which mandates the use of a governmental fund accounting structure.

C. Entity-Wide Financial Statement Presentation

The entity-wide financial statements (Statement of Net Assets and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the Academy. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

The fund structure used by the Academy has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. The Academy currently maintains one fund, a General Fund, to account for all of its financial resources. In the fund financial statements, the General Fund is classified as a major individual governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Academy generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, if any, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

E. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

F. Income Taxes

The Academy is exempt from income taxes under Internal Revenue Service Code § 501(c)(3).

G. Budgeting

Each June, the Board adopts an annual budget for the following fiscal year for the General Fund, which is prepared on the same modified accrual basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. During the year ended June 30, 2010, the Academy adopted budget amendments increasing General Fund expenditure appropriations by $26,074.

H. Cash and Investments

Investments, if any, are reported at fair value. The Academy held no investments at June 30, 2010 or during the year then ended.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Receivables

When necessary, the Academy utilizes an allowance for uncollectible accounts to value its receivables. However, the Academy considers all of its current receivables to be collectible.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Academy defines capital assets as those with an initial, individual cost of $500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed by the Academy, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 5 to 15 years for furniture and equipment.

L. Compensated Absences

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no long-term liability for unused vacation pay has been recorded. Substantially all of the Academy's employees are entitled to sick leave at various rates. Employees are not compensated for unused sick leave upon termination of employment; therefore, no long-term liability for unused sick leave has been recorded.

M. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation. The Academy participates in the Minnesota School Board Association Insurance Trust (MSBAIT), a public entity risk management and insurance program for approximately 375 member districts. The Academy pays an annual premium to MSBAIT for insurance coverage. The MSBAIT agreement provides that MSBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in the Academy's insurance coverage in fiscal 2010.

N. Net Assets

Net assets represent the difference between assets and liabilities in the entity-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the entity-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 2 – DEPOSITS

In accordance with applicable Minnesota Statutes, the Academy maintains deposits at depository banks authorized by the Board.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Academy's policies do not further limit depository choices.

At June 30, 2010, the carrying value of the Academy's deposits was $101,329, and the bank balance was $104,699. The Academy's deposits were covered by federal depository insurance at year-end.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	$ 71,636	$ –	$ –	$ 71,636
Accumulated depreciation	(67,973)	(1,258)	–	(69,231)
Net capital assets	$ 3,663	$ (1,258)	$ –	$ 2,405

Depreciation expense for the year ended June 30, 2010 was charged to the following governmental functions:

District support services	$ 710
Elementary and secondary regular instruction	220
Special education instruction	328
Total depreciation expense	$ 1,258

NOTE 4 – LOANS PAYABLE

On August 25, 2009, the Academy obtained a $120,000 line of credit, which is available for cash flow purposes, through a local bank. This line of credit will mature December 30, 2010 and has a variable interest rate the prime rate as quoted in the Wall Street journal plus 1.94 percent.

On May 24, 2010, the Academy obtained an additional business loan of $80,000, secured by a promissory note, which is available for cash flow purposes, through a local bank. This promissory note will mature December 30, 2010 and has an interest rate of 6.59 percent.

Interest expense on all borrowings was $3,612. Activity on the loans payable for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Promissory note	$ –	$ 80,000	$ –	$ 80,000
Line of credit	–	120,000	–	120,000
Total	$ –	$ 200,000	$ –	$ 200,000

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Substantially all employees of the Academy are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a state-wide basis. Disclosures relating to these plans are as follows:

Teachers' Retirement Association (TRA)

A. Plan Description

All teachers employed by the Academy are covered by defined benefit plans administered by TRA. TRA members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989 receive the greater of the Tier I or Tier II as described below:

Tier I

	Step Rate Formula	Percentage per Year
Basic Plan		
	First 10 years	2.2 percent
	All years after	2.7 percent
Coordinated Plan		
	First 10 years if service years are prior to July 1, 2006	1.2 percent
	First 10 years if service years are July 1, 2006 or after	1.4 percent
	All other years of service if service years are prior to July 1, 2006	1.7 percent
	All other years of service if service years are July 1, 2006 or after	1.9 percent

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factors for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4–5.5 percent per year.

Members first employed after June 30, 1989 receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans which have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not receiving them are bound by the provisions in effect at the time they last terminated their public service.

TRA publicly issues a CAFR presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296–6449 or (800) 657–3853.

B. Funding Policy

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 5.5 percent and 9.0 percent, respectively, of their annual covered salary as employee contributions. The employer contribution rate for Coordinated Plan members was 5.5 percent and 9.5 percent for Basic Plan members. Legislation passed during the 2010 session increased member and employer contribution rates by 0.5 percent annually over a four-year period beginning July 1, 2011. Total covered payroll salaries for all TRA members state-wide during fiscal years June 30, 2009, 2008, and 2007 were approximately $3.76 billion, $3.65 billion, and $3.53 billion, respectively. The Academy's contributions for the years ended June 30, 2010, 2009, and 2008 were $24,749, $21,368, and $19,530, respectively, equal to the contractually required contributions for each year as set by state statutes.

Public Employees' Retirement Association (PERA)

A. Plan Description

All non-teacher full-time and certain part-time employees of the Academy are covered by defined benefit plans administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the Public Employees' Retirement Fund (PERF), which is a cost-sharing, multi-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

PERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statutes, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained on the web at mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296–7460 or (800) 652–9026.

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The Academy makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic and Coordinated Plan members were required to contribute 9.1 percent and 6.0 percent, respectively, of their annual covered salary in 2009. The contribution rate for Coordinated Plan members will increase to 6.25 percent effective January 1, 2011. The Academy is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members and 6.75 percent for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan increased to 7.00 percent effective January 1, 2010 and will increase to 7.25 percent effective January 1, 2011. The Academy's contributions to PERF for the years ended June 30, 2010, 2009, and 2008 were $2,396, $2,923, and $4,800, respectively, equal to the contractually required contributions for each year as set by state statutes.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

A. Space Leases

The Academy has an agreement with Energy Park, LLC to lease space at 1336 Energy Park Drive, St. Paul, Minnesota 55108-5202 for a three-year period commencing July 1, 2007. The lease calls for monthly base rental payments of $20,525. During the year ended June 30, 2010, the Academy paid $235,172 on this lease.

Beginning July 1, 2010 the Academy has an agreement with Talmud Torah of St. Paul to lease space at 768 Hamline Avenue South, St. Paul, Minnesota 55116 for a five-year period. The lease calls for monthly payments of $14,930 for the first year, with a 3 percent annual increase in base rent. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2011	$ 179,162
2012	184,537
2013	190,073
2014	195,775
2015	201,648
	$ 951,195

B. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial.

C. Charter School Authorizer Contingency

An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2011 to the commissioner for approval to continue as an authorizer under Minnesota Statutes Section 124D.10, Subd. 3. An authorizer that fails to submit a timely application is ineligible to charter a school, which could result in dissolution of the charter school.

OTHER REQUIRED REPORTS

MMKR
CERTIFIED PUBLIC
ACCOUNTANTS

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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Cyber Village Academy
St. Paul, Minnesota

We have audited the financial statements of the governmental activities and major fund of Cyber Village Academy (the Academy) as of and for the year ended June 30, 2010, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified one deficiency in internal control over financial reporting 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 Academy's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2010-1 to be a material weakness.

(continued)

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Academy's corrective action plan related to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Academy's corrective action plan and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Academy in a separate letter dated October 11, 2010.

This report is intended solely for the information and use of management, the Academy's Board, others within the Academy, federal awarding agencies, and pass-through entities 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 11, 2010

MMKR
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH MINNESOTA STATE LAWS AND REGULATIONS

To the Board of Cyber Village Academy
St. Paul, Minnesota

We have audited the financial statements of the governmental activities and major fund of Cyber Village Academy (the Academy) as of June 30, 2010, and for the year then ended, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 11, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the applicable provisions of the *Minnesota Legal Compliance Audit Guide for Local Governments*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Governments* covers two main categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. Our study included both of the listed categories.

The results of our tests indicate that, for the items tested, the Academy complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings.

This report is intended solely for the information and use of the Board, management of the Academy, 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.

October 11, 2010

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A. FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL OVER FINANCIAL REPORTING – MATERIAL WEAKNESS

2010-1 Segregation of Duties and Board Oversight of Financial Transactions

Criteria – Internal control over financial reporting.

Condition – Cyber Village Academy (the Academy) contracts for accounting and payroll services with Designs for Learning, an outside service provider. Several of the Designs for Learning staff members that reconcile and process transactions for the Academy, also have the ability to initiate and record journal entries to the Academy's general ledger. Currently, there is no process for the review and approval of these journal entries by the Academy's Director or Board.

Questioned Costs – Not applicable.

Context – This is a current year and prior year finding.

Cause – This condition is caused by the small size of the Academy's staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no individual has responsibility to authorize and execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the Academy to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – We recommend that the Academy review its internal controls and establish compensating controls for the review and approval of journal entries to segregate duties in this area.

Corrective Action Plan

Actions Planned – The Academy's Director will review and approve all journal entries posted to the general ledger. The Board's treasurer will also receive and review monthly journal entry reports.

Official Responsible – David Alley, Director.

Planned Completion Date – June 30, 2011.

Disagreement With or Explanation of Finding – There is no disagreement with the finding.

Plan to Monitor – The Academy's Board chair, Vaughn Francis, will monitor the completion of the corrective action plan. The Academy's accountant will send monthly journal entry reports along with the monthly financial reports already being provided to the director and the treasurer. The Board minutes will reflect that the treasurer reviewed and approved the journal entry documentation.

B. MINNESOTA LEGAL COMPLIANCE AUDIT

2010-2 Payment of Invoices

Criteria – Minnesota Statute § 471.425, which requires charter schools to pay each vendor obligation according to the terms of each contract within 35 days after the receipt of the goods or services or the invoice for the goods or services.

Condition – Two invoices selected for testing were not paid within the required 35 days after the Academy received the invoice.

Questioned Costs – Not applicable.

Context – Two disbursements out of twenty-five disbursements tested were not paid within the required 35-day period.

Cause – This was an oversight by the Academy's management.

Effect – The invoices were not paid within the 35-day period as required by Minnesota Statutes.

Recommendation – We recommend that the Academy review procedures in place to ensure that all invoices are paid within statutory requirements.

Corrective Action Plan

Actions Planned – The Academy's Director will review payment schedules in light of statutory requirements to ensure invoices are paid within statutory timelines.

Official Responsible – David Alley, Director.

Planned Completion Date – June 30, 2011.

Disagreement With or Explanation of Finding – There is no disagreement with the finding.

Plan to Monitor – The Academy's Director will review invoices on a monthly basis to ensure invoice payments are made in a timely manner.

CYBER VILLAGE ACADEMY

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2010

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 1,224,855	$ 1,224,855	$ –
Total expenditures		$ 1,174,754	$ 1,174,754	$ –
Reserved				
403	Staff development	$ –	$ –	$ –
405	Deferred maintenance	$ –	$ –	$ –
406	Health and safety	$ –	$ –	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
419	Encumbrances	$ –	$ –	$ –
423	Certain teacher programs	$ –	$ –	$ –
424	Operating capital	$ –	$ –	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
445	Career and technical programs	$ –	$ –	$ –
446	First grade preparedness	$ –	$ –	$ –
449	Safe schools – crime levy	$ –	$ –	$ –
450	Pre-kindergarten	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
Unreserved				
418	Separation/retirement benefits	$ –	$ –	$ –
422	Unreserved – undesignated	$ 94,244	$ 94,244	$ –
Food Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
419	Encumbrances	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
Unreserved				
418	Separation/retirement benefits	$ –	$ –	$ –
422	Unreserved – undesignated	$ –	$ –	$ –
Community Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
419	Encumbrances	$ –	$ –	$ –
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ –	$ –	$ –
432	ECFE	$ –	$ –	$ –
444	School readiness	$ –	$ –	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
Unreserved				
418	Separation/retirement benefits	$ –	$ –	$ –
422	Unreserved – undesignated	$ –	$ –	$ –
Building Construction				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
407	Capital projects levy	$ –	$ –	$ –
409	Alternative facility program	$ –	$ –	$ –
413	Project funded by COP			
419	Encumbrances	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –

		Audit	UFARS	Audit – UFARS
Debt Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
425	Bond refundings	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
419	Encumbrances	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
Agency				
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
Internal Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
419	Encumbrances	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
OPEB Revocable Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
419	Encumbrances	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
OPEB Irrevocable Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
419	Encumbrances	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
OPEB Debt Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Reserved				
425	Bond refundings	$ –	$ –	$ –
Unreserved				
422	Unreserved – undesignated	$ –	$ –	$ –
Unaudited Data Reporting Elements				
Fiscal Year 2010 Operating Capital Transfer				
Per pupil amount		$ –		
Adjusted marginal cost pupil unit		–		
Total transfer		$ –		