

INDEPENDENT SCHOOL DISTRICT NO. 194
LAKEVILLE, MINNESOTA

Extracurricular Student Activity
Accounts Financial Statements

Year Ended
June 30, 2007



PRINCIPALS

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INDEPENDENT AUDITOR'S REPORT

To the School Board, advisors, and students of
Independent School District No. 194
Lakeville, Minnesota

We have audited the statements of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 194 (the District) as of and for the year ended June 30, 2007. These financial statements are the responsibility of the District's extracurricular student activity accounts management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had the cash collections referred to above been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the cash transactions of the District's extracurricular student activity accounts for the year ended June 30, 2007, and the cash balances at that date.

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

October 4, 2007

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

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INDEPENDENT SCHOOL DISTRICT NO. 194

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2007

	Beginning Balance – <u>July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance – <u>June 30, 2007</u>
Lakeville North High School	\$ 111,716	\$ 489,166	\$ 486,271	\$ 114,611
Lakeville South High School	48,317	314,660	310,516	52,461
Century Middle School	14,913	49,335	46,257	17,991
Kenwood Trail Middle School	65,025	185,549	177,806	72,768
McGuire Middle School	17,807	36,042	34,291	19,558
	<u>\$ 257,778</u>	<u>\$ 1,074,752</u>	<u>\$ 1,055,141</u>	<u>\$ 277,389</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

Lakeville North High School Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2007

	Beginning Balance – July 1, 2006	Receipts	Disbursements	Ending Balance – June 30, 2007
AA Club	\$ 3	\$ 243	\$ 120	\$ 126
Academic Decathlon	124	660	627	157
American Sign Language	1,338	1,451	1,729	1,060
Annual	3,525	47,142	39,268	11,399
Change Fund	1,102	4,083	5,160	25
Class of 2001	4,746	15	–	4,761
DECA	3,321	34,939	35,926	2,334
Diversity	181	–	70	111
Drama	140	2,126	2,256	10
Electricity	1,236	191	–	1,427
Environmental	722	1,292	608	1,406
French Club	4,006	3,823	5,440	2,389
GSA	240	1	–	241
Guitar	3,184	1,069	603	3,650
Interest	154	238	392	–
International Club	66	–	–	66
Jazz Vocal	2,928	4,127	6,626	429
Junior Class	10,723	17,099	20,991	6,831
Leadership	1,769	1,577	2,532	814
Literary Magazine	197	111	–	308
Math Club	139	–	–	139
Minnesota Tech Challenge	2,521	5,864	2,289	6,096
National Honor Society	2,315	2,305	1,742	2,878
One Act	271	842	299	814
Panther Enterprises	391	7,997	4,194	4,194
Peer Connectors	126	–	–	126
Photo Club	–	109	109	1
SADD Club	843	1,407	1,064	1,186
School stores	1,155	13,826	14,450	531
Science Olympiad	178	1	–	179
Senior class	2,770	15,777	12,218	6,329
Spanish Club	17,537	10,436	8,592	19,381
Spring and fall play	6,429	4,768	5,666	5,531
STEP	–	750	664	86
Student Advisory	222	–	222	–
Student Council	9,220	12,521	14,928	6,813
Unclassified	88	–	–	88
Video Yearbook	44	796	–	840
Vocal Musical	2,571	15,511	10,330	7,752
Vocal Music	10,929	245,354	255,519	764
Youth in Government	4,828	30,715	31,637	3,906
Certificate of deposit	9,434	–	–	9,434
Total	\$ 111,716	\$ 489,166	\$ 486,271	\$ 114,611

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

Lakeville South High School Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2007

	Beginning Balance – July 1, 2006	Receipts	Disbursements	Ending Balance – June 30, 2007
Academic Decathlon	\$ 144	\$ –	\$ 144	\$ –
Anime	–	519	238	281
Annual	3,410	18,938	9,493	12,855
Band	144	2,680	2,421	403
Change Fund	382	119	501	–
Chess	–	40	40	–
Choir	8,936	157,118	162,580	3,474
Class of 2007	6,606	7,810	11,865	2,551
Class of 2008	–	24,036	20,552	3,484
Community Connection	29	–	29	–
Debate	–	590	590	–
DECA	217	35,120	33,611	1,726
Diversity	15	552	382	185
Dollars for Scholars	2,927	4,665	7,591	–
Downhill Ski and Snowboard	149	2,575	2,553	172
Drama	5	51	56	–
Encore	157	1,656	590	1,223
Environmental	24	–	22	2
French Club	5,413	8,066	9,986	3,493
Link Crew	412	631	338	705
Mathematics	32	69	–	101
National Honor Society	100	837	617	320
Newspaper	515	4,148	4,098	565
One Act	96	30	18	109
Planner	655	460	1,115	–
Play – drama	107	6,554	5,147	1,514
Play – musical	3,577	9,541	11,869	1,249
Play – student directed	–	552	32	521
SADD Club	533	2,864	1,425	1,972
School stores	642	6,216	6,848	10
Science Olympiad	41	–	41	–
Spanish Club	6,943	5,602	7,180	5,364
Speech	70	2,697	2,246	520
Student Council	5,525	7,727	5,586	7,666
Video	513	2,196	712	1,997
Total	\$ 48,317	\$ 314,660	\$ 310,516	\$ 52,461

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

Century Middle School Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2007

	Beginning Balance – July 1, 2006	Receipts	Disbursements	Ending Balance – June 30, 2007
Bowling Club	\$ 48	\$ –	\$ 34	\$ 14
Branching Out Club	–	257	252	5
Climbing Club	263	–	61	202
French Class	693	–	–	693
Leadership	1,367	11,105	5,724	6,748
Middle School Activities	325	3,009	2,867	467
Ski Club	763	7,869	7,072	1,560
Spanish Class	4,837	–	–	4,837
Teen Night	(24)	7,978	7,602	352
Video Club	2,717	2,515	5,079	153
Yearbook	3,924	16,603	17,565	2,962
	<u>3,924</u>	<u>16,603</u>	<u>17,565</u>	<u>2,962</u>
Total	<u>\$ 14,913</u>	<u>\$ 49,335</u>	<u>\$ 46,257</u>	<u>\$ 17,991</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

Kenwood Trail Middle School Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2007

	Beginning Balance – July 1, 2006	Receipts	Disbursements	Ending Balance – June 30, 2007
6th Dragons fundraiser	\$ 995	\$ 4,330	\$ 2,047	\$ 3,277
6th Griffins fundraiser	888	4,535	2,193	3,229
7th Eagles fundraiser	1,147	4,824	3,819	2,152
7th Hawks fundraiser	1,000	5,399	5,314	1,086
8th Comets fundraiser	831	7,472	6,098	2,204
8th Stars fundraiser	674	6,283	5,972	985
Administrator contingency	9,792	3,362	5,859	7,295
Box Tops	897	298	878	317
Climbing Club	208	–	–	208
Club account	5,286	–	5,286	–
Fundraiser	1,982	39,944	41,826	100
Jump Start	–	3,590	3,040	550
Kenwood Kats	–	204	204	–
Musical fundraiser	2,571	3,609	1,991	4,189
SADD Club	50	–	50	–
School Climate	2,697	12,346	4,500	10,542
School Store	–	1,025	865	160
Science Olympiad	538	1,000	857	681
Science/Environment	186	–	186	–
Sewing Club	85	279	342	22
Ski Club	7,113	3,732	9,824	1,021
Student Council	2,323	528	644	2,207
Trail blazers	11,599	7,770	7,335	12,034
Treble Singers	297	1,703	1,730	270
Video Club	293	–	33	260
Wolf Ridge	–	50,135	49,684	451
Wheel fundraiser	1,705	3,837	2,594	2,948
World Cultures	4,041	2,200	390	5,851
Yearbook	7,829	17,145	14,245	10,728
	<u>\$ 65,025</u>	<u>\$ 185,549</u>	<u>\$ 177,806</u>	<u>\$ 72,768</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

McGuire Middle School Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2007

	Beginning Balance – <u>July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance – <u>June 30, 2007</u>
Interest	\$ –	\$ 43	\$ 43	\$ –
Jazz Band	393	1,005	1,286	112
New Dimensions	693	3,723	4,140	277
Scholarship Fund	1,133	1,058	1,018	1,173
Science Environment	124	800	557	367
Ski Club	4,909	9,714	9,305	5,318
Student Council	1,958	2,994	2,815	2,138
Student services	1,517	380	1,037	860
Yearbook	7,080	16,325	14,091	9,314
	<u>7,080</u>	<u>16,325</u>	<u>14,091</u>	<u>9,314</u>
Total	<u>\$ 17,807</u>	<u>\$ 36,042</u>	<u>\$ 34,291</u>	<u>\$ 19,558</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

Note to Extracurricular Student Activity Accounts Financial Statements
June 30, 2007

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

Extracurricular student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fundraising events.

The accounts of Independent School District No. 194's extracurricular student activity accounts are maintained, and the accompanying financial statements have been prepared, on the cash basis of accounting. Consequently, receipts are recorded when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

OTHER REQUIRED REPORTS



PRINCIPALS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board, advisors, and students of
Independent School District No. 194
Lakeville, Minnesota

We have audited the statements of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 194 (the District) as of and for the year ended June 30, 2007 and have issued our report thereon dated October 4, 2007. Our report was qualified for a restriction on the scope of our audit resulting from the accounting system relating to cash receipts, which allows us only to audit cash collections that are recorded. Further, because the financial statements are prepared on a basis of cash receipts and disbursements, the financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

October 4, 2007

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

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INDEPENDENT SCHOOL DISTRICT NO. 194

Schedule of Findings and Corrective Action
June 30, 2007

FINDINGS AND CORRECTIVE ACTION

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

2007-1 Improper Accounts

Condition – Certain activities accounted for by Independent School District No. 194 (the District) as student activities during the year ended June 30, 2007 do not meet the definition of an extracurricular activity as defined by standards of the *Manual for Activity Fund Accounting*.

Criteria – *Manual for Activity Fund Accounting*

Recommendation – It is our recommendation that the District assure all student activity accounts meet the definition of an extracurricular activity as defined by the standards of the *Manual for Activity Fund Accounting*.

Corrective Action – The District will remove all improper accounts from its student activity funds.

2007-2 Inactive Accounts

Condition – Certain activities accounted for by the District as student activities during the year ended June 30, 2007 are inactive and need to be closed.

Criteria – *Manual for Activity Fund Accounting*

Recommendation – It is our recommendation that the District assure all student activity accounts are still active, close all inactive accounts, and transfer residual balances to another active student activity account.

Corrective Action – The District will close all inactive accounts.

2007-3 Untimely Deposits

Condition – Certain activities accounted for by the District as student activities during the year ended June 30, 2007 had significant deposits left in a school over the weekend.

Criteria – *Manual for Activity Fund Accounting*

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

Corrective Action – The District will be meeting with building representatives this school year to correct this problem.

INDEPENDENT SCHOOL DISTRICT NO. 194

Schedule of Findings and Corrective Action (continued)
June 30, 2007

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS (CONTINUED)

2007-4 Approval and Documentation of Transactions

Condition – Certain cash receipts and cash disbursements within the student activity accounts were not properly approved by the appropriate building official or designee and/or lacked original vendor invoices and/or backup documentation.

Criteria – *Manual for Activity Fund Accounting*

Recommendation – It is our recommendation that all student activity cash receipts and disbursements are approved by building officials or designees and have original vendor invoices and backup documentation on file.

Corrective Action – The District will be meeting with building representatives this school year to correct this problem.