

INDEPENDENT SCHOOL DISTRICT NO. 194
LAKEVILLE, MINNESOTA

Extracurricular Student Activity
Accounts Financial Statements

Year Ended
June 30, 2008



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 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, 2008. 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, 2008, and the cash balances at that date.

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

October 9, 2008

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

5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Telephone: 952-545-0424 • Telefax: 952-545-0569 • www.mmkr.com

INDEPENDENT SCHOOL DISTRICT NO. 194

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2008

	Beginning Balance – July 1, 2007	Receipts	Disbursements	Ending Balance – June 30, 2008
Lakeville North High School	\$ 114,611	\$ 261,152	\$ 266,304	\$ 109,459
Lakeville South High School	52,461	243,326	225,551	70,236
Century Middle School	17,991	46,736	47,741	16,986
Kenwood Trail Middle School	72,768	194,344	190,241	76,871
McGuire Middle School	19,558	35,886	33,513	21,931
	<u>\$ 277,389</u>	<u>\$ 781,444</u>	<u>\$ 763,350</u>	<u>\$ 295,483</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, 2008

	Beginning Balance – July 1, 2007	Receipts	Disbursements	Ending Balance – June 30, 2008
AA Club	\$ 126	\$ 2,095	\$ 323	\$ 1,898
Academic Decathlon	157	385	412	130
American Sign Language	1,060	1,861	1,764	1,157
Annual	11,399	59,214	60,243	10,370
Best Buddies	–	1,217	813	404
Change Fund	25	13,500	13,511	14
Class of 2001	4,761	–	–	4,761
DECA	2,334	28,072	35,337	(4,931)
Diversity	111	1,101	417	795
Drama	10	1,639	38	1,611
Electricity	1,427	–	42	1,385
Environmental	1,406	460	964	902
French Club	2,389	5,366	5,329	2,427
GSA	241	991	500	732
Guitar	3,650	1,078	1,255	3,473
In-Sight Group	–	150	–	150
Interest	–	142	–	142
International Club	66	–	–	66
Jazz Vocal	429	4,919	1,385	3,963
Junior Class	6,831	25,117	19,479	12,468
Link Crew	814	3,190	992	3,012
Literary Magazine	308	–	–	308
Math Club	139	500	–	639
Minnesota Tech Challenge	6,096	4,600	6,894	3,802
Mock Trail	–	6,550	5,813	737
National Honor Society	2,878	1,017	471	3,425
One Act	814	1,436	156	2,094
Panther Enterprises	4,194	4,416	5,038	3,572
Peer Connectors	126	1,000	130	996
Photo Club	1	339	337	3
SADD Club	1,186	654	841	999
School Stores	531	18,978	12,535	6,975
Science Olympiad	179	546	606	119
Senior Class	6,329	9,305	19,350	(3,715)
Spanish Club	19,381	2,895	6,759	15,517
Spanish Fundraiser	–	4,750	5,130	(380)
Spring and Fall Play	5,531	2,657	1,953	6,235
STEP	86	–	86	–
Student Council	6,813	10,029	10,662	6,180
Unclassified	88	18	–	106
Video Yearbook	840	20	840	20
Vocal Musical	7,752	9,955	11,332	6,374
Vocal Music	764	19,791	12,778	7,777
Youth in Government	3,906	20,633	21,789	2,750
Certificate of Deposit	9,434	(9,434)	–	–
Total	\$ 114,611	\$ 261,152	\$ 266,304	\$ 109,459

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, 2008

	Beginning Balance – July 1, 2007	Receipts	Disbursements	Ending Balance – June 30, 2008
Anime	\$ 281	\$ –	\$ –	\$ 281
Annual	12,855	11,569	20,100	4,324
ASL	–	120	120	–
Band	403	10,858	10,211	1,050
Choir	3,474	14,591	11,740	6,325
Class of 2007	2,551	116	2,667	–
Class of 2008	3,484	8,694	11,556	622
Class of 2009	–	23,296	17,923	5,373
DECA	1,726	60,612	55,941	6,397
Diversity	185	755	751	189
Downhill Ski and Snowboard	172	540	400	312
Encore	1,223	1,466	302	2,387
Environmental	2	–	2	–
French Club	3,493	7,684	8,051	3,126
Interest	–	99	99	–
Link Crew	705	345	1,041	9
Literary Magazine	–	445	218	227
Mathematics	101	–	–	101
Mock Trial	–	3,331	3,287	44
National Honor Society	320	1,086	875	531
Newspaper	565	9,001	7,992	1,574
SADD Club	1,972	253	698	1,527
School Stores	10	6,218	5,805	423
Spanish Club	5,364	8,983	6,616	7,731
Speech	520	5,687	4,611	1,596
Student Council	7,666	6,396	2,965	11,097
Theatre	3,392	57,981	46,383	14,990
Video	1,997	3,200	5,197	–
Total	\$ 52,461	\$ 243,326	\$ 225,551	\$ 70,236

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, 2008

	Beginning Balance – July 1, 2007	Receipts	Disbursements	Ending Balance – June 30, 2008
Bowling Club	\$ 14	\$ –	\$ –	\$ 14
Branching Out Club	5	1,015	443	577
Climbing Club	202	–	–	202
French Class	693	–	693	–
Leadership	6,748	10,795	10,254	7,289
Lego	–	240	–	240
Middle School Activities	467	2,440	2,050	857
Ski Club	1,560	6,107	5,707	1,960
Spanish Class	4,837	–	4,837	–
Teen Night	352	8,464	5,285	3,531
Video Club	153	3,298	3,319	132
Yearbook	2,962	14,377	15,153	2,186
	<u>\$ 17,991</u>	<u>\$ 46,736</u>	<u>\$ 47,741</u>	<u>\$ 16,986</u>
Total	<u>\$ 17,991</u>	<u>\$ 46,736</u>	<u>\$ 47,741</u>	<u>\$ 16,986</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, 2008

	Beginning Balance – July 1, 2007	Receipts	Disbursements	Ending Balance – June 30, 2008
6th Dragons fundraiser	\$ 3,277	\$ 750	\$ 1,089	\$ 2,938
6th Griffins fundraiser	3,229	754	267	3,716
7th Eagles fundraiser	2,152	4,582	4,985	1,749
7th Hawks fundraiser	1,086	4,126	4,756	456
8th Comets fundraiser	2,204	8,992	7,824	3,372
8th Stars fundraiser	985	8,317	7,554	1,748
Administrator Contingency	7,295	7,316	4,598	10,013
Box Tops	317	376	–	693
Climbing Club	208	–	–	208
Credit River Cares Scholarship Fundraiser	– 100	250 35,451	250 35,551	– –
French Club	–	1,171	929	242
Jump Start	550	20	389	181
Kenwood Kats	–	1,135	917	218
Musical fundraiser	4,189	5,736	5,054	4,871
School Climate	10,542	1,410	2,952	9,000
School Store	160	409	298	271
Science Olympiad	681	13,045	12,349	1,377
Sewing Club	22	130	134	18
Ski Club	1,021	6,945	6,344	1,622
Student Council	2,207	274	361	2,120
Trail Blazers	12,034	–	878	11,156
Treble Singers	270	1,400	1,530	140
Video Club	260	–	–	260
Wolf Ridge	451	72,659	68,979	4,131
Wolf Ridge Alternative	–	491	418	73
Wheel fundraiser	2,948	3,416	4,438	1,926
World Cultures	5,851	–	2,460	3,391
Yearbook	10,728	15,189	14,937	10,980
	<u>\$ 72,768</u>	<u>\$ 194,344</u>	<u>\$ 190,241</u>	<u>\$ 76,871</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, 2008

	Beginning Balance – July 1, 2007	Receipts	Disbursements	Ending Balance – June 30, 2008
Interest	\$ –	\$ 88	\$ 88	\$ –
Jazz Band	112	2,575	2,604	83
New Dimensions	277	3,448	2,617	1,108
Scholarship Fund	1,173	1,050	830	1,393
Science Environment	367	350	674	43
Ski Club	5,318	11,473	9,742	7,049
Student Council	2,138	1,194	1,695	1,637
Student services	860	3	192	671
Yearbook	9,314	15,705	15,071	9,948
	<u>9,314</u>	<u>15,705</u>	<u>15,071</u>	<u>9,948</u>
Total	<u>\$ 19,558</u>	<u>\$ 35,886</u>	<u>\$ 33,513</u>	<u>\$ 21,931</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, 2008

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

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 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, 2008 and have issued our report thereon dated October 9, 2008. 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 9, 2008

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

5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Telephone: 952-545-0424 • Telefax: 952-545-0569 • www.mmkr.com

INDEPENDENT SCHOOL DISTRICT NO. 194

Schedule of Findings and Corrective Action
June 30, 2008

FINDINGS AND CORRECTIVE ACTION

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

2008-1 Improper Accounts

Condition – We noted 17 activities accounted for by Independent School District No. 194 (the District) as student activities during the year ended June 30, 2008 that 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.

2008-2 Inactive Accounts

Condition – We noted 11 activities accounted for by the District as student activities during the year ended June 30, 2008 which 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.

2008-3 Accounts With Deficit Balances

Condition – We noted three of the District's student activity accounts that had deficit balances at June 30, 2008.

Criteria – *Manual for Activity Fund Accounting*

Recommendation – It is our recommendation that the District assure all student activity accounts do not spend in excess of available funds, and eliminate existing student activity account balance deficits.

Corrective Action – The District will take the necessary steps to assure that there are no accounts with deficit balances in the future.

INDEPENDENT SCHOOL DISTRICT NO. 194

Schedule of Findings and Corrective Action (continued)
June 30, 2008

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS (CONTINUED)

2008-4 Cash Receipt and Disbursement Transactions

Condition – We noted 3 out of 50 cash receipt transactions we tested that were either not deposited on a timely basis or were for staff related items, which are not allowed in a student activity account. We also noted 19 out of 50 cash disbursements transactions we tested within the student activity accounts that were not properly approved by the appropriate building official or designee, lacked original vendor invoices and/or backup documentation, or were for labor payments not allowed to be paid by student activity accounts.

Criteria – *Manual for Activity Fund Accounting*

Recommendation – It is our recommendation that the District communicate the results of the student activity audit with student activity personnel. We also recommend that management circulate the *Manual for Activity Fund Accounting* to verify all student activity account personnel understand the requirements over these accounts.

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