

INDEPENDENT SCHOOL DISTRICT NO. 194  
LAKEVILLE, MINNESOTA

Extracurricular Student Activity  
Accounts Financial Statements

Year Ended  
June 30, 2009



PRINCIPALS

Kenneth W. Malloy, CPA  
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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, Lakeville, Minnesota (the District) as of and for the year ended June 30, 2009. 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, 2009, and the cash balances at that date.

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

October 14, 2009

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, 2009

	Beginning Balance – July 1, 2008	Receipts	Disbursements	Ending Balance – June 30, 2009
Lakeville North High School	\$ 109,459	\$ 376,506	\$ 377,768	\$ 108,197
Lakeville South High School	70,236	240,261	233,943	76,554
Century Middle School	16,986	38,469	36,786	18,671
Kenwood Trail Middle School	76,871	168,331	243,475	1,726
McGuire Middle School	21,931	12,516	34,448	–
	<u>\$ 295,483</u>	<u>\$ 836,083</u>	<u>\$ 926,420</u>	<u>\$ 205,148</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, 2009

	Beginning Balance – July 1, 2008	Receipts	Disbursements	Ending Balance – June 30, 2009
AA Club	\$ 1,898	\$ –	\$ –	\$ 1,898
Academic Decathlon	130	–	–	130
American Sign Language	1,157	450	811	796
Annual	10,370	10,875	12,846	8,399
Avid	–	236	144	92
Best Buddies	404	882	1,114	172
Change Fund	14	2,602	2,642	(26)
Class of 2001	4,761	5	–	4,766
DECA	(4,931)	40,934	27,981	8,022
Diversity	795	154	567	382
Drama	1,611	1,312	2,003	920
Electricity	1,385	178	56	1,507
Environmental	902	300	1,181	21
French Club	2,427	3,207	2,957	2,677
GSA	732	122	550	304
Guitar	3,473	1,308	4,444	337
In-Sight Group	150	–	–	150
Interest	142	–	80	62
International Club	66	–	66	–
Jazz Vocal	3,963	4,029	3,528	4,464
Junior Class	12,468	23,245	30,385	5,328
Link Crew	3,012	1,428	1,030	3,410
Literary Magazine	308	–	–	308
Math Club	639	–	266	373
Minnesota Tech Challenge	3,802	3,180	6,982	–
Mock Trail	737	960	1,681	16
National Honor Society	3,425	3,052	2,279	4,198
New York Trip	–	5,960	5,960	–
One Act	2,094	532	146	2,480
Panther Enterprises	3,572	3,114	4,172	2,514
Paris Trip	–	156,627	156,627	–
Peer Connectors	996	–	118	878
Photo Club	3	–	–	3
SADD Club	999	1,629	1,115	1,513
School Stores	6,975	–	6,975	–
Science Olympiad	119	75	93	101
Senior Class	(3,715)	8,125	3,174	1,236
SKILLS	–	1,652	826	826
Spanish Club	15,517	4,294	8,407	11,404
Spanish Fundraiser	(380)	13,417	7,321	5,716
Spring and Fall Play	6,235	4,357	7,218	3,374
Student Council	6,180	8,874	7,592	7,462
Summer Theater	–	23	–	23
Unclassified	104	22	–	126
Video Yearbook	20	–	–	20
Vocal Music	7,777	30,366	27,811	10,332
Vocal Musical	6,374	22,580	18,561	10,393
Youth in Government	2,750	16,400	18,059	1,091
<b>Total</b>	<b>\$ 109,459</b>	<b>\$ 376,506</b>	<b>\$ 377,768</b>	<b>\$ 108,197</b>

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, 2009

	Beginning Balance – July 1, 2008	Receipts	Disbursements	Ending Balance – June 30, 2009
Anime	\$ 281	\$ –	\$ 66	\$ 215
Annual	4,324	18,680	9,460	13,544
Band	1,050	1,251	2,056	245
Choir	6,325	31,122	24,477	12,970
Class of 2008	622	–	622	–
Class of 2009	5,373	7,930	12,518	785
Class of 2010	–	24,494	18,628	5,866
DECA	6,397	71,593	72,654	5,336
Diversity	189	514	694	9
Downhill Ski and Snowboard	312	505	650	167
Encore	2,387	1,637	1,917	2,107
Environmental	–	92	58	34
French Club	3,126	7,370	6,818	3,678
Interest	–	106	106	–
Link Crew	9	969	907	71
Literary Magazine	227	–	227	–
Mathematics	101	–	101	–
Mock Trial	44	2,863	2,904	3
National Honor Society	531	1,423	473	1,481
Newspaper	1,574	6,418	5,679	2,313
SADD Club	1,527	2,233	2,277	1,483
School Stores	423	7,280	7,386	317
Spanish Club	7,731	13,507	16,227	5,011
Speech	1,596	10,076	7,424	4,248
Student Council	11,097	4,553	4,926	10,724
Theatre	14,990	25,645	34,688	5,947
<b>Total</b>	<b>\$ 70,236</b>	<b>\$ 240,261</b>	<b>\$ 233,943</b>	<b>\$ 76,554</b>

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, 2009

	Beginning Balance – July 1, 2008	Receipts	Disbursements	Ending Balance – June 30, 2009
Bowling Club	\$ 14	\$ –	\$ 14	\$ –
Branching Out Club	577	810	967	420
Climbing Club	202	–	202	–
Leadership	7,289	3,563	4,022	6,830
Lego	240	180	69	351
Middle School Activities	857	1,120	1,870	107
Ski Club	1,960	8,260	7,559	2,661
Teen Night	3,531	5,912	4,987	4,456
Video Club	132	4,222	3,523	831
Yearbook	2,186	14,402	13,573	3,015
	<u>2,186</u>	<u>14,402</u>	<u>13,573</u>	<u>3,015</u>
Total	<u>\$ 16,986</u>	<u>\$ 38,469</u>	<u>\$ 36,786</u>	<u>\$ 18,671</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, 2009

	Beginning Balance – July 1, 2008	Receipts	Disbursements	Ending Balance – June 30, 2009
6th Dragons fundraiser	\$ 2,938	\$ 2,458	\$ 5,396	\$ –
6th Griffins fundraiser	3,716	2,179	5,895	–
7th Eagles fundraiser	1,749	3,864	5,613	–
7th Hawks fundraiser	456	4,261	4,717	–
8th Comets fundraiser	3,372	7,580	10,952	–
8th Stars fundraiser	1,748	9,189	10,937	–
Administrator Contingency	10,013	4,051	12,338	1,726
Box Tops	693	–	693	–
Climbing Club	208	574	782	–
Credit River Cares Scholarship Fundraiser	–	250	250	–
	–	19,810	19,810	–
French Club	242	502	744	–
Jump Start	181	–	181	–
Kenwood Kats	218	328	546	–
Musical fundraiser	4,871	4,359	9,230	–
School Climate	9,000	2,143	11,143	–
School Store	271	235	506	–
Science Olympiad	1,377	17,887	19,264	–
Sewing Club	18	–	18	–
Ski Club	1,622	5,735	7,357	–
Student Council	2,120	203	2,323	–
Trail Blazers	11,156	–	11,156	–
Treble Singers	140	1,025	1,165	–
Video Club	260	–	260	–
Wolf Ridge	4,131	61,679	65,810	–
Wolf Ridge Alternative	73	1,610	1,683	–
Wheel fundraiser	1,926	1,413	3,339	–
World Cultures	3,391	–	3,391	–
Yearbook	10,980	16,996	27,976	–
	<u>\$ 76,871</u>	<u>\$ 168,331</u>	<u>\$ 243,475</u>	<u>\$ 1,726</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, 2009

	Beginning Balance – July 1, 2008	Receipts	Disbursements	Ending Balance – June 30, 2009
Bowling	\$ –	\$ 651	\$ 651	\$ –
Jazz Band	83	–	83	–
New Dimensions	1,108	2,777	3,885	–
Scholarship Fund	1,393	150	1,543	–
Science Environment	43	–	43	–
Ski Club	7,049	5,550	12,599	–
Student Council	1,637	448	2,085	–
Student services	671	–	671	–
Yearbook	9,948	2,940	12,888	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 21,931</u>	<u>\$ 12,516</u>	<u>\$ 34,448</u>	<u>\$ –</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, 2009

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, Lakeville, Minnesota'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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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, Lakeville, Minnesota (the District) as of and for the year ended June 30, 2009 and have issued our report thereon dated October 14, 2009. 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 14, 2009

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

INDEPENDENT SCHOOL DISTRICT NO. 194

Schedule of Findings and Corrective Action  
June 30, 2009

**FINDINGS AND CORRECTIVE ACTION**

**EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS**

**2009-1 Improper Accounts**

**Condition** – We noted five activities accounted for by Independent School District No. 194, Lakeville, Minnesota (the District) as student activities during the year ended June 30, 2009 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.

**2009-2 Inactive Accounts**

**Condition** – We noted seven activities accounted for by the District as student activities during the year ended June 30, 2009 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.

**2009-3 Accounts With Deficit Balances**

**Condition** – We noted one of the District's student activity accounts that had deficit balances at June 30, 2009.

**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)**

**2009-4 Cash Receipt and Disbursement Transactions**

**Condition** – We noted 1 out of 50 cash receipt transactions we tested that was not deposited on a timely basis. We also noted 25 out of 50 cash disbursement transactions we tested within the student activity accounts that were not properly approved by the appropriate building official or designee, or were for administrative activities 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.