

INDEPENDENT SCHOOL DISTRICT NO. 194
LAKEVILLE, MINNESOTA

Extracurricular Student Activity
Accounts Financial Statements

Year Ended
June 30, 2011



PRINCIPALS

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INDEPENDENT AUDITOR'S REPORT

To the School Board
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, 2011. 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 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 District's internal control over financial reporting. Accordingly, we express no such opinion. 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 that are 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, 2011, and the cash balances at that date.

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

October 26, 2011

INDEPENDENT SCHOOL DISTRICT NO. 194

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2011

	Beginning Balance – July 1, 2010	Receipts	Disbursements	Ending Balance – June 30, 2011
Lakeville North High School	\$ 100,777	\$ 360,831	\$ 378,111	\$ 83,497
Lakeville South High School	86,340	209,364	207,934	87,770
	<u>\$ 187,117</u>	<u>\$ 570,195</u>	<u>\$ 586,045</u>	<u>\$ 171,267</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, 2011

	Beginning Balance – July 1, 2010	Receipts	Disbursements	Ending Balance – June 30, 2011
AA Club	\$ 652	\$ –	\$ –	\$ 652
American Sign Language	54	1,735	1,272	517
Annual	6,788	14,932	7,595	14,125
Best Buddies	393	820	980	233
Change Fund	288	1,225	1,512	1
Class of 2001	4,769	–	4,769	–
DECA	13,881	56,243	62,566	7,558
Diversity	382	–	382	–
Drama	460	775	1,007	228
Electricity	1,508	–	668	840
Environmental	317	759	222	854
French Club	2,168	2,893	3,537	1,524
Germany Trip	–	193,918	193,918	–
GSA	457	817	82	1,192
Guitar	29	590	107	512
Interest	35	33	35	33
Jazz Vocal	4,729	3,794	6,144	2,379
Junior Class	5,956	20,550	18,592	7,914
Link Crew	3,194	672	664	3,202
Math Club	373	–	–	373
Mock Trail	323	2,960	2,543	740
National Honor Society	4,549	4,217	3,361	5,405
One Act	2,607	198	135	2,670
Panther Enterprises	737	6,692	4,232	3,197
SADD Club	2,053	1,281	1,368	1,966
Science Olympiad	–	730	665	65
Senior Class	4,897	17,253	14,599	7,551
Spanish Club	4,002	6,089	4,658	5,433
Spanish Fundraiser	7,882	2,520	5,101	5,301
Spring and Fall Play	3,142	702	2,787	1,057
Student Council	3,717	6,603	8,206	2,114
Unclassified	126	–	–	126
Vocal Music	14,625	6,625	16,925	4,325
Vocal Musical	5,685	5,205	9,479	1,411
Total	\$ 100,777	\$ 360,831	\$ 378,111	\$ 83,497

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, 2011

	Beginning Balance – July 1, 2010	Receipts	Disbursements	Ending Balance – June 30, 2011
Anime	\$ 884	\$ 1,358	\$ 882	\$ 1,360
Annual	11,844	14,605	7,251	19,198
Art	–	245	200	45
Band	925	400	1,211	114
Choir	5,328	14,012	12,416	6,924
Class of 2010	13,644	–	13,644	–
Class of 2011	6,514	12,714	8,705	10,523
Class of 2012	–	25,750	16,921	8,829
DECA	6,280	71,707	70,496	7,491
Diversity	166	60	225	1
Drama	–	71	71	–
Downhill Ski and Snowboard	332	1,495	1,417	410
Encore	2,130	1,037	253	2,914
Environmental	–	429	422	7
French Club	3,716	5,923	6,472	3,167
HOSA	–	6,440	6,079	361
Interest	–	242	242	–
Link Crew	176	–	176	–
Links	872	986	734	1,124
Mathematics	51	–	51	–
Mock Trial	30	2,408	1,474	964
National Honor Society	1,812	3,077	3,180	1,709
Newspaper	515	3,539	1,679	2,375
SADD Club	658	722	1,131	249
School Stores	102	4,652	4,660	94
Spanish Club	4,794	9,160	8,671	5,283
Speech	3,912	3,967	4,501	3,378
Student Council	10,521	5,739	7,813	8,447
Theatre	11,134	18,626	26,957	2,803
Total	\$ 86,340	\$ 209,364	\$ 207,934	\$ 87,770

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 194

Note to Extracurricular Student Activity Accounts Financial Statements
June 30, 2011

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board
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, 2011 and have issued our report thereon dated October 26, 2011. 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.

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.

The District's responses to the findings in our audit are described in the accompanying Schedule of Findings and Corrective Action. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Board, management, students of the District, and the Minnesota Department of Education 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 26, 2011

INDEPENDENT SCHOOL DISTRICT NO. 194

Schedule of Findings and Corrective Action
June 30, 2011

FINDINGS AND CORRECTIVE ACTION

2011-1 INACTIVE ACCOUNTS

Condition – We noted two activities accounted for by Independent School District No. 194, Lakeville, Minnesota (the District) as student activities during the year ended June 30, 2011 which are inactive and need to be closed.

Type of Finding – Current year and prior year finding.

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.

2011-2 UNTIMELY DEPOSITS

Condition – We noted 12 of 50 cash receipt transactions tested within the student activity accounts had receipts that were not deposited on a timely basis.

Type of Finding – Current year and prior year finding.

Criteria – *Manual for Activity Fund Accounting.*

Recommendation – We recommend that the District assure all student activity deposits are being recorded and deposited in a timely manner.

2011-1 AND 2011-2 CORRECTIVE ACTION PLANS

Actions Planned – The District will work with the individuals responsible for overseeing student activities to improve the timeliness of depositing receipts and close inactive accounts.

Official Responsible – Mark Klett, Director of Business Services.

Planned Completion Date – June 30, 2012.

Disagreement With or Explanation of Finding – The District has no disagreement with the finding.

Plan to Monitor – Mark Klett, Director of Business Services, will review the procedures for depositing student activity receipts and closing inactive accounts with the responsible individuals at each site where student activity accounts are maintained.