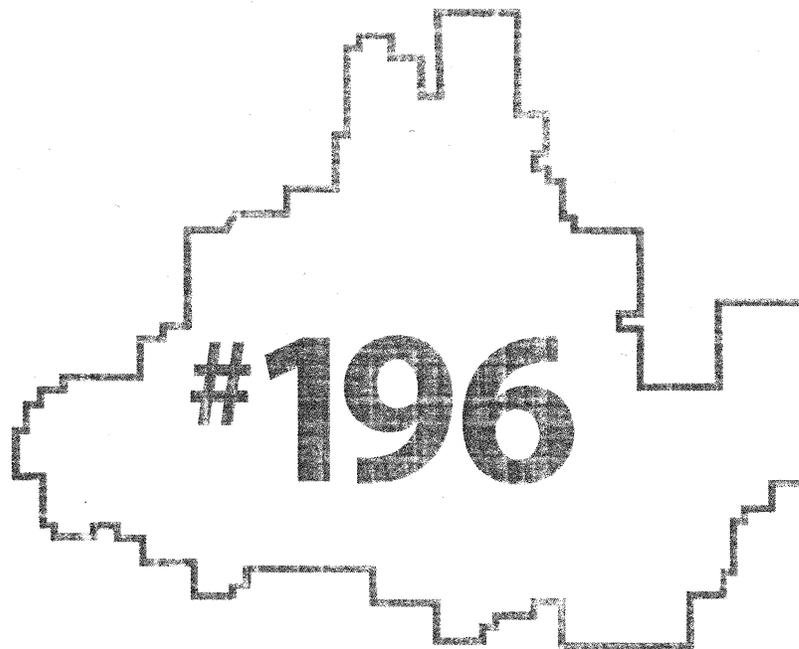


# EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

## Financial Statements

*Year Ended June 30, 2009*



**INDEPENDENT SCHOOL DISTRICT 196**  
**Rosemount-Apple Valley-Eagan Public Schools**

*Educating our students to reach their full potential*

INDEPENDENT SCHOOL DISTRICT NO. 196  
ROSEMOUNT, MINNESOTA

Extracurricular Student Activity Accounts  
Financial Statements

Year Ended  
June 30, 2009



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. 196  
Rosemount, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 196 (the District) as of and for the year ended June 30, 2009. This financial statement is the responsibility of the District's extracurricular student activities management. Our responsibility is to express an opinion on this financial statement 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 that are recorded. It was not practical for us to extend our audit of such cash collections beyond the amounts recorded.

Because this financial statement is 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 statement is 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 statement referred to above presents 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.*

November 10, 2009

INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts  
Statement of Cash Receipts and Disbursements  
Year Ended June 30, 2009

| Account                         | Cash Balance –<br>07/01/08 | Receipts            | Disbursements       | Cash Balance –<br>06/30/09 |
|---------------------------------|----------------------------|---------------------|---------------------|----------------------------|
| Alternative Learning Center     | \$ 457                     | \$ 10,632           | \$ 10,827           | \$ 262                     |
| Apple Valley High School        | 46,240                     | 276,256             | 274,203             | 48,293                     |
| Eagan High School               | 123,266                    | 291,176             | 323,342             | 91,100                     |
| Eastview High School            | 8,319                      | 158,747             | 134,268             | 32,798                     |
| Rosemount High School           | 138,083                    | 726,553             | 708,244             | 156,392                    |
| School of Environmental Studies | 12,315                     | 15,885              | 16,613              | 11,587                     |
| Black Hawk Middle School        | 2,156                      | 10,239              | 10,750              | 1,645                      |
| Dakota Hills Middle School      | 85,304                     | 113,908             | 114,145             | 85,067                     |
| Falcon Ridge Middle School      | 22,646                     | 43,711              | 57,071              | 9,286                      |
| Rosemount Middle School         | 9,630                      | 26,080              | 22,616              | 13,094                     |
| Scott Highlands Middle School   | 2,240                      | 15,731              | 16,082              | 1,889                      |
| Valley Middle School            | 17,330                     | 82,991              | 86,156              | 14,165                     |
| Cedar Park Elementary School    | 687                        | 1,706               | 1,816               | 577                        |
| Diamond Path Elementary School  | 28,105                     | 74,974              | 64,797              | 38,282                     |
| Echo Park Elementary School     | 3,309                      | 5,767               | 5,932               | 3,144                      |
| Glacier Hills Elementary School | 745                        | 7,434               | 7,679               | 500                        |
| Greenleaf Elementary School     | 1,240                      | 1,499               | 1,211               | 1,528                      |
| Northview Elementary School     | 886                        | 1,604               | 1,487               | 1,003                      |
| Oak Ridge Elementary School     | 543                        | 3,123               | 1,158               | 2,508                      |
| Parkview Elementary School      | 2,473                      | 4,893               | 4,398               | 2,968                      |
| Pinewood Elementary School      | 20,770                     | 39,893              | 48,680              | 11,983                     |
| Red Pine Elementary School      | 2,500                      | 5,722               | 6,175               | 2,047                      |
| Rosemount Elementary School     | 746                        | 846                 | 844                 | 748                        |
| Southview Elementary School     | 5,292                      | 4,701               | 4,219               | 5,774                      |
| Thomas Lake Elementary School   | 3,977                      | 2,855               | 2,151               | 4,681                      |
| Westview Elementary School      | 1,134                      | 3,592               | 3,674               | 1,052                      |
| Woodland Elementary School      | 212                        | 288                 | 475                 | 25                         |
|                                 | <u>\$ 540,605</u>          | <u>\$ 1,930,806</u> | <u>\$ 1,929,013</u> | <u>\$ 542,398</u>          |

See note to extracurricular student activity accounts financial statement

INDEPENDENT SCHOOL DISTRICT NO. 196

Note to Extracurricular Student Activity Accounts Financial Statement  
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. 196's extracurricular student activity accounts are maintained, and the accompanying financial statement has 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  
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William J. Lauer, CPA  
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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. 196  
Rosemount, Minnesota

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 196 (the District) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 10, 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 statement is prepared on a basis of cash receipts and disbursements, it is 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.

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

November 10, 2009

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

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INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts  
Schedule of Findings and Corrective Action  
June 30, 2009

**FINDINGS AND CORRECTIVE ACTION**

**2009-1 IMPROPER ACCOUNTS**

**Condition** – Two activities accounted for by Independent School District No. 196 (the District) as student activities during the year ended June 30, 2009 do not meet the definition of an extracurricular activity as defined by the *Manual for Activity Fund Accounting*.

**Type of Finding** – Current year and prior year finding.

**Criteria** – *Manual for Activity Fund Accounting*.

**Recommendation** – We recommend that the District continue its efforts to eliminate improper student activity accounts.

**Corrective Action Plan** – The District will continue to evaluate and remove improper accounts from its student activity funds.

**2009-2 INACTIVE ACCOUNTS**

**Condition** – Two activities accounted for by the District as student activities during the year ended June 30, 2009 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 close all inactive accounts and transfer any residual balances to other active student activity accounts.

**Corrective Action Plan** – The District will close all inactive accounts.

**2009-3 ACCOUNTS WITH DEFICIT BALANCES**

**Condition** – Two activities accounted for by the District have deficit balances at June 30, 2009.

**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 do not spend in excess of available funds, and eliminate existing student activity account balance deficits.

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

INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts  
Schedule of Findings and Corrective Action (continued)  
June 30, 2009

**FINDINGS AND CORRECTIVE ACTION (CONTINUED)**

**2009-4 UNTIMELY DEPOSITS**

**Condition** – We noted 9 of 40 cash receipts transactions tested within the student activity accounts that had significant deposits left in a school over the weekend.

**Type of Finding** – Current 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.

**Corrective Action Plan** – The District will take the necessary steps to assure all student activity deposits are being recorded and deposited in a timely manner.

**2009-5 IMPROPER DISBURSEMENTS**

**Condition** – We noted 8 out of 40 cash disbursements transactions we tested within the student activity accounts that were for labor or other payments not allowed to be paid by student activity accounts.

**Type of Finding** – Current year finding.

**Criteria** – *Manual for Activity Fund Accounting.*

**Recommendation** – It is our recommendation that the District discuss with respective secretaries what are considered to be proper disbursements per the *Manual for Activity Fund Accounting*, and supply an example of all other information that is necessary per the *Manual for Activity Fund Accounting*.

**Corrective Action** – The District will disburse a *Manual for Activity Fund Accounting* to all secretaries in charge of student activity accounts and describe all items necessary for a disbursement to be deemed proper.

**2009-6 APPROVAL AND DOCUMENTATION OF TRANSACTIONS**

**Condition** – The *Manual for Activity Fund Accounting* requires two signatures on all checks and original vendor invoices and/or backup documentation for receipts and disbursements. We noted 60 of 80 cash receipts and cash disbursements transactions we tested within the student activity accounts that lacked original vendor invoices and/or backup documentation and were not properly signed or approved during the year ended June 30, 2009.

**Type of Finding** – Current year finding.

**Criteria** – *Manual for Activity Fund Accounting.*

INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts  
Schedule of Findings and Corrective Action (continued)  
June 30, 2009

**FINDINGS AND CORRECTIVE ACTION (CONTINUED)**

**2009-6 APPROVAL AND DOCUMENTATION OF TRANSACTIONS (CONTINUED)**

**Recommendation** – We recommend that the District obtain two signatures on all disbursements and retain sufficient backup documentation for all cash receipts and cash disbursements.

**Corrective Action Plan** – The District will take the necessary steps to assure there is sufficient backup documentation for all cash receipts and cash disbursements, and that all cash disbursements are properly signed and approved.