

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT, MINNESOTA

Extracurricular Student Activity Accounts
Financial Statements

Year Ended
June 30, 2010



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
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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, 2010. 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, 2010, and the cash balances at that date.

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

October 12, 2010

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

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INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2010

Account	Cash Balance – 07/01/09	Receipts	Disbursements	Cash Balance – 06/30/10
Alternative Learning Center	\$ 262	\$ 6,086	\$ 5,747	\$ 601
Apple Valley High School	48,293	202,417	178,331	72,379
Eagan High School	91,100	261,781	240,347	112,534
Eastview High School	32,798	137,882	133,952	36,728
Rosemount High School	156,392	630,263	603,144	183,511
School of Environmental Studies	11,587	15,972	14,910	12,649
Black Hawk Middle School	1,645	5,632	5,259	2,018
Dakota Hills Middle School	85,067	118,650	125,208	78,509
Falcon Ridge Middle School	9,286	38,897	34,163	14,020
Rosemount Middle School	13,094	20,250	19,619	13,725
Scott Highlands Middle School	1,889	16,092	13,195	4,786
Valley Middle School	14,165	82,824	73,597	23,392
Cedar Park Elementary School	577	1,890	1,636	831
Diamond Path Elementary School	38,282	58,256	57,268	39,270
Deerwood Elementary School	–	1,290	659	631
Echo Park Elementary School	3,144	4,452	5,185	2,411
Glacier Hills Elementary School	500	6,716	6,560	656
Greenleaf Elementary School	1,528	2,610	2,160	1,978
Northview Elementary School	1,003	9,383	6,529	3,857
Oak Ridge Elementary School	2,508	2,005	2,104	2,409
Parkview Elementary School	2,968	5,119	5,799	2,288
Pinewood Elementary School	11,983	36,838	39,888	8,933
Red Pine Elementary School	2,047	5,321	6,022	1,346
Rosemount Elementary School	748	477	492	733
Southview Elementary School	5,774	4,453	5,367	4,860
Thomas Lake Elementary School	4,681	3,457	2,886	5,252
Westview Elementary School	1,052	2,571	2,473	1,150
Woodland Elementary School	25	260	–	285
	<u>\$ 542,398</u>	<u>\$ 1,681,844</u>	<u>\$ 1,592,500</u>	<u>\$ 631,742</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, 2010

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

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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, 2010, and have issued our report thereon dated October 12, 2010. 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 state of Minnesota 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 12, 2010

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

INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action
June 30, 2010

FINDINGS AND CORRECTIVE ACTION

2010-1 STATEMENTS OF PURPOSE

Condition – Eighteen activities accounted for by Independent School District No. 196 (the District) as student activities during the year ended June 30, 2010 do not have a statement of purpose properly on file as required by the *Manual for Activity Fund Accounting*.

Type of Finding – Current year finding.

Criteria – *Manual for Activity Fund Accounting*.

Recommendation – We recommend that the District review the statements of purpose at all sites to ensure one is properly on file for each student activity account.

Corrective Action Plan – The District is aware of the need to review and update statement of purpose forms for its student activity accounts, and will continue to monitor the completion and retention of these forms for all student activity accounts and evaluate the propriety of each account in accordance with the *Manual for Activity Fund Accounting*.

2010-2 INACTIVE ACCOUNTS

Condition – Seven activities accounted for by the District as student activities during the year ended June 30, 2010 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 has a policy that inactive student activity accounts must be closed in a timely manner. The District's Finance Department personnel will continue to work with individuals responsible for overseeing these accounts to assure that all inactive accounts are closed and the residual balances appropriately transferred.

2010-3 ACCOUNTS WITH DEFICIT BALANCES

Condition – Three activities accounted for by the District have deficit balances at June 30, 2010.

Type of Finding – Current year and prior 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, 2010

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

2010-3 ACCOUNTS WITH DEFICIT BALANCES (CONTINUED)

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 has a policy requiring the building principal to file a report with the Director of Finance and Operations listing any student activity account at their site with a deficit balance at year-end, along with explanations of why the deficits occurred and how they will be eliminated. These reports were received for each deficit account, and Finance Department personnel will continue to work with individuals responsible for overseeing these accounts to assure that all deficit accounts are eliminated.

2010-4 UNTIMELY DEPOSITS

Condition – We noted 25 of 55 cash receipt transactions tested within the student activity accounts that had significant deposits left in a school over the weekend.

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.

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

2010-5 IMPROPER DISBURSEMENTS

Condition – We noted 7 out of 55 cash disbursement 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 and prior year finding.

Criteria – *Manual for Activity Fund Accounting.*

Recommendation – It is our recommendation that the individuals responsible for overseeing these accounts review the guidelines for what are considered to be proper disbursements per the *Manual for Activity Fund Accounting.*

Corrective Action – The District's Finance Department personnel will review the requirements for proper student activity disbursements per the *Manual for Activity Fund Accounting* with individuals responsible for overseeing student activity accounts and will continue to monitor these transactions to assure all student activity disbursements are appropriate.

INDEPENDENT SCHOOL DISTRICT NO. 196

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action (continued)
June 30, 2010

FINDINGS AND CORRECTIVE ACTION

2010-6 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 63 of 110 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, 2010.

Type of Finding – Current year finding.

Criteria – *Manual for Activity Fund Accounting*.

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's Finance Department personnel will review the requirements for proper approval and documentation of student activity receipts and disbursements per the *Manual for Activity Fund Accounting* with individuals responsible for overseeing student activity accounts, and will continue to monitor these transactions to assure all student activity receipts and disbursements are supported by adequate documentation and that the required approving signatures are obtained for all disbursements.