

INDEPENDENT SCHOOL DISTRICT NO. 199
INVER GROVE HEIGHTS, MINNESOTA

Extracurricular Student Activity Accounts
Financial Statements

Year Ended
June 30, 2011



PRINCIPALS

Kenneth W. Malloy, CPA
Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
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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. 199
Inver Grove Heights, Minnesota

We have audited the statements of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 199, Inver Grove Heights, 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 as recorded. It was not practical for us to extend our audit of such cash collections beyond the amounts recorded.

Because these financial statements were 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 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.

November 7, 2011

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

INDEPENDENT SCHOOL DISTRICT NO. 199

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

	Balance – June 30, 2010	Receipts and Transfers In	Disbursements and Transfers Out	Balance – June 30, 2011
Art activities	\$ 158	\$ 18	\$ 176	\$ –
Band activity supplies	696	4,368	4,388	676
Choir – vocal	255	250	331	174
Drama	5,262	–	5,227	35
German Club	191	2,592	2,097	686
Homecoming	3,897	7,394	7,687	3,604
Industrial tech	886	994	1,880	–
Letterpersons' Club	20,535	25,295	43,191	2,639
National Honor Society	2,578	2,848	3,053	2,373
Newspaper	30	–	30	–
Prom	4,459	13,744	14,549	3,654
Random Acts	452	1,500	1,952	–
Robotics	–	11,622	9,767	1,855
SADD	3,626	140	633	3,133
School store	1,957	4,273	5,799	431
Spanish Club	536	2,115	2,485	166
Student Council	454	6,345	6,532	267
TEAM	2,540	102	–	2,642
Work Program	415	1,066	1,178	303
Yearbook/newspaper	7,731	12,427	17,356	2,802
	<u>\$ 56,658</u>	<u>\$ 97,093</u>	<u>\$ 128,311</u>	<u>\$ 25,440</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 199

Extracurricular Student Activity Accounts
Statement of Cash Receipts and Disbursements – Inver Grove Heights Middle School
Year Ended June 30, 2011

	<u>Balance – June 30, 2010</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance – June 30, 2011</u>
Student Council – YES Day	<u>\$ 27,443</u>	<u>\$ 4,597</u>	<u>\$ 32,040</u>	<u>\$ –</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 199

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

	<u>Balance – June 30, 2010</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance – June 30, 2011</u>
Student activity	\$ 677	\$ –	\$ 677	\$ –
Student Council	<u>911</u>	<u>4,435</u>	<u>5,346</u>	<u>–</u>
	<u>\$ 1,588</u>	<u>\$ 4,435</u>	<u>\$ 6,023</u>	<u>\$ –</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 199

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements – Pine Bend Elementary School
 Year Ended June 30, 2011

	<u>Balance – June 30, 2010</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance – June 30, 2011</u>
Snack shop	\$ 834	\$ 2,910	\$ 2,621	\$ 1,123
Student Council	<u>2,863</u>	<u>6,214</u>	<u>6,470</u>	<u>2,607</u>
	<u>\$ 3,697</u>	<u>\$ 9,124</u>	<u>\$ 9,091</u>	<u>\$ 3,730</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 199

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements – Salem Hills Elementary School
 Year Ended June 30, 2011

	<u>Balance – June 30, 2010</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance – June 30, 2011</u>
Pop Fund	\$ 300	\$ 665	\$ 871	\$ 94
Student services	214	–	–	214
Student support	73	21	70	24
Sunshine Club	443	680	823	300
	<u>\$ 1,030</u>	<u>\$ 1,366</u>	<u>\$ 1,764</u>	<u>\$ 632</u>

See note to extracurricular student activity accounts financial statements

INDEPENDENT SCHOOL DISTRICT NO. 199

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. 199, Inver Grove Heights, 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

Kenneth W. Malloy, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board, advisors, and students of
Independent School District No. 199
Inver Grove Heights, Minnesota

We have audited the statements of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 199, Inver Grove Heights, Minnesota (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 7, 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.

This report is intended solely for the information and use of the School Board, advisors 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 7, 2011

INDEPENDENT SCHOOL DISTRICT NO. 199

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action
June 30, 2011

FINDINGS AND CORRECTIVE ACTION

2011-1 RECEIPTS

Condition – Four of eighteen cash receipts tested were not deposited in a timely manner. This is a current year and prior year finding.

Criteria – *Manual for Activity Fund Accounting.*

Recommendation – It is our recommendation that individuals in charge of student activity accounts should make regular deposits as required by the *Manual for Activity Fund Accounting*, and adequate documentation should be kept to facilitate the tracking of all receipts related to an individual bank deposit.

Corrective Action – Independent School District No. 199, Inver Grove Heights, Minnesota (the District) understands and agrees with the finding, and has provided a *Manual for Activity Fund Accounting* to all individuals in charge of student activity accounts. The guidelines for determining proper receipts, and the requirements for depositing these funds, will be reviewed with all these individuals. The planned completion date for this corrective action plan is June 30, 2012. The district representative responsible for monitoring this corrective action plan is Bruce Rimstad, Business Manager.

2011-2 DISBURSEMENTS

Condition – Three cash disbursements tested that were accounted for in student activity accounts should have been made out of the District's General Fund. Also, 12 disbursements tested lacked a second signature on the check. This is a current year and prior year finding.

Criteria – *Manual for Activity Fund Accounting.*

Recommendation – It is our recommendation that the District continue to review the propriety of disbursements being made through its student activity accounts, to assure they are allowable under the guidelines for disbursements in the *Manual for Activity Fund Accounting*. Also, individuals in charge of issuing student activity disbursements should be instructed not to do so unless the disbursement is supported by proper documentation and approvals.

Corrective Action – The District understands and agrees with the finding, and has provided a *Manual for Activity Fund Accounting* to all individuals in charge of student activity accounts, which provides the guidelines to determine whether a disbursement would be deemed proper. These guidelines and the requirements for the documentation, approval, and payment of disbursements will be reviewed with these individuals. The planned completion date for this corrective action plan is June 30, 2012. The district representative responsible for monitoring this corrective action plan is Bruce Rimstad, Business Manager.

INDEPENDENT SCHOOL DISTRICT NO. 199

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action (continued)
June 30, 2011

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

2011-3 IMPROPER ACCOUNTS

Condition – We noted four activities accounted for by the District as a student activity during the year ended June 30, 2011 that did not meet the definition of an extracurricular student 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 student activity as defined by the standards of the *Manual for Activity Fund Accounting*.

Corrective Action – The District understands and agrees with the finding. The District will remove all improper accounts from its student activity funds. The planned completion date for this corrective action plan is June 30, 2012. The district representative responsible for monitoring this corrective action plan is Bruce Rimstad, Business Manager.