

**INDEPENDENT SCHOOL DISTRICT NO. 22
Detroit Lakes, Minnesota**

**AUDITED FINANCIAL STATEMENTS OF
THE STUDENT ACTIVITY ACCOUNTS**

For the Year Ended June 30, 2015



INDEPENDENT SCHOOL DISTRICT NO. 22

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
Statement of Receipts and Disbursements	3
Note to the Student Activity Accounts Financial Statement	5
REPORT ON COMPLIANCE WITH THE <i>MANUAL FOR</i> <i>ACTIVITY FUND ACCOUNTING</i>	6
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON COMPLIANCE WITH THE <i>MANUAL FOR ACTIVITY FUND ACCOUNTING</i>	7



BergankDV, Ltd.

INDEPENDENT AUDITOR’S REPORT

To the School Board,
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Report on the Financial Statements

We have audited the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 22, Detroit Lakes, Minnesota, for the year ended June 30, 2015, and the related Note to the Financial Statements.

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Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Department of Education. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements, that are free from material misstatement, whether due to fraud or error.

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Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’s preparation and fair presentation of financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in the Note to the Financial Statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of the Minnesota Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the Minnesota Department of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in the Note to the Financial Statements and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Student Activity Funds of the District as of June 30, 2015, or changes in the financial position for the year then ended.

Basis for Qualified Opinion – Regulatory Basis of Accounting

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practicable for us to extend our audit of such cash collections beyond the amounts recorded.

Qualified Opinion – Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion – Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of Independent School District No. 22, Detroit Lakes, Minnesota, student activity accounts for the year ended June 30, 2015, and the cash transactions for the year then ended in accordance with the financial reporting provisions of the Minnesota Department of Education as described in the Note to the Financial Statements.

Bergan KDV, Ltd.

BerganKDV, Ltd.
St. Cloud, Minnesota
October 28, 2015

INDEPENDENT SCHOOL DISTRICT NO. 22

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2015**

Description	Balance July 1, 2014	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2015
5th Graders	\$ 450	\$ 1,357	\$ 206	\$ 1,601
ALC	3,233	1,736	1,369	3,600
Athletic Department	12,862	79,412	75,572	16,702
Band	19,673	81,157	89,567	11,263
Baseball	644	3,531	3,203	972
Basketball - Boys	11,688	9,871	17,593	3,966
Basketball - Girls	22,283	15,487	21,269	16,501
BPA	383	408	324	467
Cheerleaders	541	6,055	806	5,790
Choir	21,827	35,146	31,387	25,586
Cross Country	2,061	1,241	1,737	1,565
Cross Country Skiing	1,320	115	9	1,426
Danceline	8,988	14,054	16,238	6,804
Energizers	4,987	4,554	5,100	4,441
FFA	5,097	39,622	34,319	10,400
Football	3,658	18,973	22,359	272
Globetrotters	317	1,171	1,228	260
Golf - Boys	4,384	5,665	3,917	6,132
Golf - Girls	8,161	6,791	5,394	9,558
Gymnastics	515	-	33	482
Hockey - Boys	11	9,800	5,361	4,450
Hockey - Girls	4,328	6,970	8,998	2,300
Imagination	292	729	884	137
Interact	1,365	600	117	1,848
Library Media Center	3,888	150	1,744	2,294
Link Crew	2,200	441	1,138	1,503
National Honor Society	967	1,155	1,956	166
Native American Club	5,973	2,532	1,278	7,227
Prom	9,879	13,541	12,364	11,056
Quest	1,330	305	27	1,608
Soccer - Boys	695	876	1,145	426
Soccer - Girls	686	6,769	6,710	745
Softball	1,594	17,388	17,127	1,855
Sonics (Challenge)	1,046	1,733	1,473	1,306
Speech	2,783	2,409	2,355	2,837
Spirit	433	985	1,413	5
Student Council - Senior High	363	7,751	7,507	607
Student Council - Middle School	1,836	434	1,227	1,043

INDEPENDENT SCHOOL DISTRICT NO. 22

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2015**

<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2015</u>
Swim Team - Boys	\$ 213	\$ 3,874	\$ 1,628	\$ 2,459
Swim Team - Girls	1,724	796	594	1,926
Target	612	387	464	535
Tennis	142	-	-	142
Track	7,050	10,705	12,356	5,399
Trapshooting	2,345	8,420	10,760	5
Volleyball	3,496	11,601	7,355	7,742
Webcasters	61	-	-	61
Wrestling	862	1,923	2,176	609
 Total	 <u>\$ 189,246</u>	 <u>\$ 438,620</u>	 <u>\$ 439,787</u>	 <u>\$ 188,079</u>
 Analysis of Balance:				
Checking Account - Senior High				\$ 175,384
Checking Account - Middle School				<u>12,695</u>
 Total				 <u>\$ 188,079</u>

INDEPENDENT SCHOOL DISTRICT NO. 22

NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT

June 30, 2015

Student activity account 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.

Student activities are to be self sustaining with all expenses paid by dues, admissions or other student fundraising events.

The accounts of the student activity funds are maintained, and the accompanying financial statement has been prepared, on a regulatory basis of accounting prescribed by the Minnesota Department of Education. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.



**REPORT ON COMPLIANCE WITH THE
MANUAL FOR ACTIVITY FUND ACCOUNTING**

INDEPENDENT AUDITOR’S REPORT

To the School Board,
Advisors and Students
Independent School District No. 22
Detroit Lakes, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 22, Detroit Lakes, Minnesota, for the year ended June 30, 2015, and the related Notes to the Financial Statements and have issued our report thereon dated October 28, 2015. We expressed an adverse opinion on accounting principles generally accepted in the United States of America because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Department of Education, which differs from accounting principles generally accepted in the United States of America. In addition, our report on the regulatory basis of accounting is qualified because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

The *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education, pursuant to *Minnesota Statutes* Section 123B.49, provides uniform financial accounting and reporting standards for student activities. We have performed auditing procedures to test compliance with the provisions of this Manual.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Manual for Activity Fund Accounting*, except as described in the Schedule of Findings and Corrective Action Plans on Compliance with the *Manual for Activity Fund Accounting*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District’s noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Bergan KDV, Ltd.

BerganKDV, Ltd.
St. Cloud, Minnesota
October 28, 2015

BerganKDV, Ltd.

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INDEPENDENT SCHOOL DISTRICT NO. 22

**SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2015**

PRIOR YEAR FINDINGS:

Ensure Activity Purpose Forms are Completed Annually

The *Manual for Activity Fund Accounting* requires an Activity Purpose Form exist for each activity within the fund. The Form needs to include the name of the advisor, acknowledgement of the receipt of a *Manual for Activity Fund Accounting* and acknowledgement of responsibility for assuring proper procedures are followed. These Forms must also specify how unobligated funds will be disposed of upon termination of the student activity account and must be signed by the advisor and principal and placed on file at the district office.

During our 2014 audit, it was noted the District did not completely fill out these forms for sixteen student activities.

CORRECTIVE ACTION TAKEN:

We noted during 2015 testing that Activity Purpose Forms were properly completed.

Ensure Current Listings of Officers are on File

The *Manual for Activity Fund Accounting* requests each class, club or organization submit a list of officers to the business office. These individuals may be designated to assist in decision making about the account.

During our 2014 audit, it was noted updated officer listings were not submitted for seven student activities accounts.

CORRECTIVE ACTION TAKEN:

We noted during 2015 testing that officer listings were properly completed.