

**Independent School District No. 22
Detroit Lakes, Minnesota**

**Financial Statements of
the Student Activity Accounts**

June 30, 2016



Independent School District No. 22
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Independent Auditor's Report

BerganKDV, Ltd.

To the School Board,
Advisors, and Students
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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, 2016, and the related note to financial statement.

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.

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.

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.

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 financial statements, the financial statement 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 financial statement 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, 2016, 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, 2016, 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 financial statement.

Bergan KDV, Ltd.

St. Cloud, Minnesota
November 4, 2016

Independent School District No. 22
Statement of Receipts and Disbursements
Year Ended June 30, 2016

Description	Balance July 1, 2015	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2016
5th Graders	\$ 1,601	\$ 736	\$ 680	\$ 1,657
ALC	3,600	1,482	767	4,315
Athletic Department	16,702	66,089	72,578	10,213
Band	11,263	4,427	4,345	11,345
Baseball	972	2,227	1,876	1,323
Basketball - Boys	3,966	12,277	11,022	5,221
Basketball - Girls	16,501	19,443	21,427	14,517
Blue Team	-	1,053	412	641
BPA	467	417	421	463
Cheerleaders	5,790	2,009	6,354	1,445
Choir	25,586	51,871	38,761	38,696
Cross Country	1,565	4,958	2,514	4,009
Cross Country Skiing	1,426	-	7	1,419
Danceline	6,804	13,884	17,183	3,505
Energizers	4,441	182	410	4,213
FFA	10,400	42,124	44,151	8,373
Football	272	20,092	19,662	702
Globetrotters	260	-	260	-
Golf - Boys	6,132	3,920	8,731	1,321
Golf - Girls	9,558	5,200	5,513	9,245
Gymnastics	482	-	313	169
Hockey - Boys	4,450	12,350	11,898	4,902
Hockey - Girls	2,300	6,795	5,513	3,582
Imagination	137	1,700	674	1,163
Interact	1,848	304	387	1,765
Library Media Center	2,294	75	67	2,302
Link Crew	1,503	286	446	1,343
National Honor Society	166	1,766	1,336	596
Native American Club	7,227	2,357	1,229	8,355
Prom	11,056	11,281	12,261	10,076
Quest	1,608	1,339	1,244	1,703
Red Team	-	822	330	492
Soccer - Boys	426	2,721	1,852	1,295
Soccer - Girls	745	8,880	7,656	1,969
Softball	1,855	23,731	24,187	1,399
Sonics (Challenge)	1,306	107	1,413	-
Speech	2,837	3,059	2,461	3,435
Spirit	5	1,412	1,202	215
Student Council - Senior High	607	11,765	11,405	967
Student Council - Middle School	1,043	2,184	1,585	1,642

Independent School District No. 22
Statement of Receipts and Disbursements
Year Ended June 30, 2016

Description	Balance July 1, 2015	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2016
Swim Team - Boys	\$ 2,459	\$ 2,150	\$ 2,663	\$ 1,946
Swim Team - Girls	1,926	729	825	1,830
Target	535	902	835	602
Tennis	142	-	1	141
Track	5,399	11,767	11,077	6,089
Trapshooting	5	13,436	11,354	2,087
Volleyball	7,742	3,310	6,536	4,516
Webcasters	61	-	61	-
White Team	-	1,314	641	673
Wrestling	609	4,035	3,678	966
Total	<u>\$ 188,079</u>	<u>\$ 382,968</u>	<u>\$ 382,204</u>	<u>\$ 188,843</u>
Analysis of Balance:				
Checking account - Senior High				\$ 174,142
Checking account - Middle School				<u>14,701</u>
Total				<u>\$ 188,843</u>

Independent School District No. 22
Note to Student Activity Accounts Financial Statement

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, 2016, and the related note to financial statement and have issued our report thereon dated November 4, 2016. We expressed an adverse opinion on accounting principles generally accepted in the United States of America because the financial statement is 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*. 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.

St. Cloud, Minnesota
November 4, 2016

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