

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

**Financial Statements of  
the Student Activity Accounts**

**June 30, 2017**



**Independent School District No. 22**  
**Table of Contents**

Independent Auditor's Report	1
Statement of Receipts and Disbursements	3
Note to Student Activity Accounts Financial Statement	5
Report on Compliance with the <i>Manual For Activity Fund Accounting</i>	6

## Independent Auditor's Report

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

### 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, 2017, and the related note to student activity accounts 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 is 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, 2017, 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, 2017, 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.

*BergankDV, Ltd.*

St. Cloud, Minnesota  
October 31, 2017

**Independent School District No. 22**  
**Statement of Receipts and Disbursements**  
**Year Ended June 30, 2017**

Description	Balance July 1, 2016	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2017
5th Graders	\$ 1,657	\$ -	\$ 1,213	\$ 444
ALC	4,315	3,122	1,415	6,022
Athletic Department	10,213	93,129	96,027	7,315
Band	11,345	6,734	3,120	14,959
Baseball	1,323	498	593	1,228
Basketball - Boys	5,221	17,289	15,763	6,747
Basketball - Girls	14,517	500	14,067	950
Blue Team	641	546	761	426
BPA	463	992	1,022	433
Cheerleaders	1,445	2,138	1,963	1,620
Choir	38,696	165,275	182,176	21,795
Cross Country	4,009	5,912	4,071	5,850
Cross Country Skiing	1,419	-	8	1,411
Danceline	3,505	7,150	6,877	3,778
Energizers	4,213	-	399	3,814
FFA	8,373	49,912	49,082	9,203
Football	702	26,476	26,417	761
Golf - Boys	1,321	5,985	6,101	1,205
Golf - Girls	9,245	3,910	4,801	8,354
Gymnastics	169	954	1,007	116
Hockey - Boys	4,902	11,483	15,992	393
Hockey - Girls	3,582	3,828	5,583	1,827
Imagination	1,163	19	263	919
Interact	1,765	600	95	2,270
Library Media Center	2,302	168	152	2,318
Link Crew	1,343	533	488	1,388
National Honor Society	596	1,241	1,487	350
Native American Club	8,355	2,256	173	10,438
Prom	10,076	13,164	13,152	10,088
Quest	1,703	662	455	1,910
Red Team	492	819	580	731
Soccer - Boys	1,295	1,793	2,132	956
Soccer - Girls	1,969	10,120	8,163	3,926
Softball	1,399	17,462	16,800	2,061
Speech	3,435	3,176	1,853	4,758
Spirit	215	1,232	706	741
Student Council - Senior High	967	15,219	12,554	3,632
Student Council - Middle School	1,642	699	563	1,778

**Independent School District No. 22**  
**Statement of Receipts and Disbursements**  
**Year Ended June 30, 2017**

Description	Balance July 1, 2016	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2017
Swim Team - Boys	\$ 1,946	\$ 2,278	\$ 2,467	\$ 1,757
Swim Team - Girls	1,830	2,856	4,518	168
Target	602	3,066	2,228	1,440
Tennis	141	762	763	140
Track	6,089	3,438	2,838	6,689
Trapshooting	2,087	12,857	11,929	3,015
Volleyball	4,516	7,700	11,140	1,076
White Team	673	674	601	746
Wrestling	966	7,296	7,756	506
<b>Total</b>	<b><u>\$ 188,843</u></b>	<b><u>\$ 515,923</u></b>	<b><u>\$ 542,314</u></b>	<b><u>\$ 162,452</u></b>
Analysis of Balance:				
Checking account - Senior High				\$ 148,626
Checking account - Middle School				<u>13,826</u>
Total				<u>\$ 162,452</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, 2017, and the related note to student activity accounts financial statement and have issued our report thereon dated October 31, 2017. 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 of 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  
October 31, 2017