

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

**Financial Statements of
the Student Activity Accounts**

June 30, 2018



Independent School District No. 22
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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, 2018, 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, 2018, 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, 2018, 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 30, 2018

Independent School District No. 22
Statement of Receipts and Disbursements
Year Ended June 30, 2018

Description	Balance July 1, 2017	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2018
5th Graders	\$ 444	\$ 624	\$ 777	\$ 291
ALC	6,022	1,668	1,108	6,582
Athletic Department	7,315	74,264	58,627	22,952
Band	14,959	106,935	109,376	12,518
Baseball	1,228	536	536	1,228
Basketball - Boys	6,747	9,229	9,439	6,537
Basketball - Girls	950	7,677	3,334	5,293
Blue Team	426	812	1,159	79
BPA	433	4,231	2,679	1,985
Cheerleaders	1,620	1,244	2,109	755
Choir	21,795	31,400	15,289	37,906
Cross Country	5,850	8,446	7,475	6,821
Cross Country Skiing	1,411	-	-	1,411
Danceline	3,778	8,671	8,164	4,285
Energizers	3,814	-	150	3,664
FFA	9,203	39,065	34,112	14,156
Football	761	31,880	30,166	2,475
Golf - Boys	1,205	7,388	5,604	2,989
Golf - Girls	8,354	4,988	7,196	6,146
Gymnastics	116	20	130	6
Hockey - Boys	393	11,355	9,773	1,975
Hockey - Girls	1,827	4,806	4,439	2,194
Imagination	919	974	1,490	403
Interact	2,270	43	486	1,827
Library Media Center	2,318	131	-	2,449
Link Crew	1,388	1,486	1,773	1,101
National Honor Society	350	2,393	1,701	1,042
Native American Club	10,438	1,500	304	11,634
Prom	10,088	14,136	4,786	19,438
Quest	1,910	238	300	1,848
Red Team	731	786	731	786
Soccer - Boys	956	4,137	3,436	1,657
Soccer - Girls	3,926	8,873	8,216	4,583
Softball	2,061	18,634	20,147	548
Speech	4,758	1,842	1,893	4,707
Spirit	741	935	1,335	341
Student Council - Senior High	3,632	11,230	13,790	1,072
Student Council - Middle School	1,778	1,565	1,101	2,242

Independent School District No. 22
Statement of Receipts and Disbursements
Year Ended June 30, 2018

Description	Balance July 1, 2017	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2018
Swim Team - Boys	\$ 1,757	\$ 144	\$ 697	\$ 1,204
Swim Team - Girls	168	4,697	2,981	1,884
Team Awesome	-	6,450	1,223	5,227
Target	1,440	2,400	1,995	1,845
Tennis - Boys	106	89	27	168
Tennis - Girls	34	64	-	98
Track	6,689	1,407	3,569	4,527
Trapshooting	3,015	12,220	14,553	682
Volleyball	1,076	6,736	3,376	4,436
White Team	746	1,301	1,426	621
Wrestling	506	4,310	4,362	454
Total	<u>\$ 162,452</u>	<u>\$ 463,960</u>	<u>\$ 407,340</u>	<u>\$ 219,072</u>
Analysis of Balance:				
Checking account - Senior High				\$ 201,121
Checking account - Middle School				<u>17,951</u>
Total				<u>\$ 219,072</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, 2018, and the related note to student activity accounts financial statement and have issued our report thereon dated October 30, 2018. 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 30, 2018