

**Independent School District No. 14
Fridley, Minnesota**

**Financial Statements of
the Student Activity Accounts**

June 30, 2016



Independent School District No. 14
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Independent Auditor's Report

BergankDV, Ltd.

To the School Board,
Advisors and Students
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Fridley, Minnesota

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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. 14, Fridley, Minnesota, for the year ended June 30, 2016, and the related note to financial statements.

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 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 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, 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. 14, Fridley, 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 statements.

BerganKDV Ltd.

Minneapolis, Minnesota
October 6, 2016

Independent School District No. 14
Statement of Receipts and Disbursements
Year Ended June 30, 2016

Description	Balance July 01, 2015	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2016
Elementary School				
Hayes-Stevenson Fun Run	\$ 521	\$ 858	\$ 647	\$ 732
Stevenson Kids in Action	169	2,670	880	1,959
Hayes Kids in Action	1,111	-	481	630
Total elementary school	<u>1,801</u>	<u>3,528</u>	<u>2,008</u>	<u>3,321</u>
Middle School				
Music	5,329	34,578	35,611	4,296
Builders Club	422	332	672	82
MS Choir	-	3,617	2,450	1,167
Theatre	2,394	350	704	2,040
Middle School Student Council	600	1,667	1,097	1,170
Total middle school	<u>8,745</u>	<u>40,544</u>	<u>40,534</u>	<u>8,755</u>
Senior High School				
Athletics Fundraisers				
Boys Baseball	-	300	5	295
Boys Basketball	148	780	14	914
Boys Golf	64	-	-	64
Boys Soccer	598	400	859	139
Boys Swimming	525	-	203	322
Boys Tennis	772	1,168	1,296	644
Boys/Girls Athletics	5,244	12,156	13,755	3,645
Cheerleading	2,993	5,636	8,247	382
Cross Country	3,486	3,013	3,019	3,480
Dance Team	391	700	307	784
Fall Dance Team	977	-	15	962
Football	536	-	75	461
Girls Basketball	554	1,308	548	1,314
Girls Golf	730	1,553	2,052	231
Girls Soccer	207	-	3	204
Girls Swimming	1,548	695	352	1,891
Girls Tennis	1,683	943	1,449	1,177
Softball	1,560	3,260	3,058	1,762
Speech	160	3,106	1,537	1,729
Track	3,400	2,039	83	5,356
Volleyball	1,025	750	665	1,110
Wrestling	1,794	2,930	3,016	1,708
AVID	366	-	6	360
Band	11,988	73,263	77,965	7,286
Chinese Club	33	-	33	-
Choir	522	2,486	2,157	851
Commencement	3,301	5,671	4,619	4,353
Concessions	15,682	12,952	14,139	14,495
Performing Arts Club	111	70	151	30
German Club	6,081	-	6,081	-
Grand March	1,494	204	613	1,085
High School Prom	7,198	9,570	11,055	5,713
High School Ski Club	453	-	453	-
High School Yearbook	1,860	720	39	2,541
KEY Club	4,522	19,220	20,649	3,093
Multicultural Club	60	-	60	-
National Honor Society	195	731	748	178
Prostart Culinary Club	129	-	129	-
Robotics	8,138	123	3,248	5,013
Science Club	1,213	-	18	1,195
Spanish Club	222	7,111	1,165	6,168
High School AASU	128	-	25	103
Student Council	3,269	9,954	8,876	4,347
Strength Training	1,716	-	81	1,635
Youth in Government	756	24,002	23,935	823
High School/Middle School Bandorama	210	-	3	207
HS Deca	-	4,856	4,450	406
Total senior high school	<u>98,042</u>	<u>211,670</u>	<u>221,256</u>	<u>88,456</u>
Total	<u>\$ 108,588</u>	<u>\$ 255,742</u>	<u>\$ 263,798</u>	<u>\$ 100,532</u>

Independent School District No. 14
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. 14
Fridley, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Statements of Receipts, and Disbursements of the student activity accounts of Independent School District No. 14, Fridley, Minnesota, for the year ended June 30, 2016 and the related note to financial statement and have issued our report thereon dated October 6, 2016. 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 Student Activity 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.

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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.

Minneapolis, Minnesota
October 6, 2016