

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

**Financial Statements of
the Student Activity Accounts**

June 30, 2018



Independent School District No. 14
Table of Contents

Independent Auditor's Report	1
Statement of Receipts and Disbursements	3
Note to Student Activity Accounts Financial Statement	4
Report on Compliance with the <i>Manual for Activity Fund Accounting</i>	5
Schedule of Findings and Corrective Action Plans on Compliance with the <i>Manual for Activity Fund Accounting</i>	7



Independent Auditor's Report

To the School Board,
Advisors and Students
Independent School District No. 14
Fridley, 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. 14, Fridley, 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 the financial statement 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 this financial statement 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 statement is 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 statements and accounting principles generally accepted in the United States 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. 14, Fridley, 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.

Minneapolis, Minnesota
September 25, 2018

Independent School District No. 14
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
Elementary School				
Hayes-Stevenson Fun Run	\$ 721	\$ -	\$ 10	\$ 711
Stevenson Kids in Action	1,861	958	778	2,041
Hayes Kids in Action	622	-	8	614
Total elementary school	<u>3,204</u>	<u>958</u>	<u>796</u>	<u>3,366</u>
Middle School				
Music	3,945	32,322	29,592	6,675
Builders Club	81	1,240	765	556
MS Choir	2,684	3,114	5,428	370
Middle School Student Council	946	39	328	657
Total middle school	<u>7,656</u>	<u>36,715</u>	<u>36,113</u>	<u>8,258</u>
Senior High School				
Athletics Fundraisers				
Boys Baseball	291	-	4	287
Boys Soccer	20	655	9	666
Boys Swimming	150	-	52	98
Boys Tennis	197	2,600	1,763	1,034
Boys/Girls Athletics	3,200	2,651	4,649	1,202
Cheerleading	438	5,757	6,054	141
Cross Country	1,799	2,250	1,733	2,316
Dance Team	464	1,496	882	1,078
Girls Basketball	776	-	70	706
Girls Golf	126	1,528	1,335	319
Girls Swimming	2,109	465	519	2,055
Girls Tennis	1,077	519	1,040	556
Softball	2,258	2,830	829	4,259
Speech	4,100	2,267	818	5,549
Track	7,486	7,286	9,288	5,484
Volleyball	1,734	7,631	6,012	3,353
Wrestling	2,979	2,480	4,648	811
AVID	-	355	5	350
Band	5,875	22,284	26,871	1,288
Chinese Club	-	1,520	1,520	-
Choir	624	3,867	2,211	2,280
Commencement	3,693	4,979	6,470	2,202
Concessions	18,200	14,647	14,986	17,861
Concessions Bookstore	-	646	9	637
Performing Arts Club	-	240	3	237
German Club	4,558	-	4,558	-
Grand March	888	20	653	255
High School Prom	8,199	7,704	11,713	4,190
High School Yearbook	2,828	125	178	2,775
KEY Club	319	16,012	13,402	2,929
National Honor Society	151	945	715	381
Robotics	583	4,465	4,948	100
Science Club	1,043	455	20	1,478
Spanish Club	911	5,214	703	5,422
High School AASU	16	-	-	16
Student Council	4,723	6,112	5,407	5,428
Strength Training	1,018	-	494	524
Youth in Government	2,088	15,035	15,274	1,849
High School/Middle School Bandorama	412	-	129	283
HS DECA	400	198	8	590
Total senior high school	<u>85,733</u>	<u>145,238</u>	<u>149,982</u>	<u>80,989</u>
Total	<u>\$ 96,593</u>	<u>\$ 182,911</u>	<u>\$ 186,891</u>	<u>\$ 92,613</u>

See note to student activity accounts financial statements.

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 Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 14, Fridley, 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 September 25, 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*, 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.

BerganKDV Ltd.

Minneapolis, Minnesota
September 25, 2018

Independent School District No. 14
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

CURRENT YEAR FINDING:

Multiple Accounts with Minimal Activity

Any student activity account, which has been inactive for one fiscal year, must be disposed of, unless the advisor submits a plan to the building principal (or designee) indicating why the activity has been inactive and why it should not be terminated. The building principal must approve the plan. The submitted plan must account for any open and outstanding checks.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

For the 3 accounts that had low activity, advisors will be informed there must be activity in these accounts by June 30, 2019 or the accounts will be closed and the monies will be distributed to the club/activity on their activity purpose form.

3. Official Responsible for Ensuring CAP

Matt Hammer, Finance Director, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP

The planned completion date for the CAP is June 30, 2019.

5. Plan to Monitor Completion of the CAP

The Superintendent will be monitoring this CAP.

Independent School District No. 14
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

CURRENT AND PRIOR YEAR FINDING:

Ensure Bank Deposits are made Timely

The *Manual for Student Activity Accounting* requests that bank deposits must be completed, at a minimum, weekly and in the form in which the funds were received.

During the 2018 audit, it was noted that checks were being held by the District for over a month on several occasions.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will ensure activity fund monies are deposited timely.
3. Official Responsible for Ensuring CAP
Matt Hammer, Finance Director, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2019.
5. Plan to Monitor Completion of the CAP
The Superintendent will be monitoring this CAP.

Independent School District No. 14
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

PRIOR YEAR FINDINGS:

Ensure Activity Purpose Forms and Officer Listings Are Accurately 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, and acknowledgement of responsibility for assuring proper procedures are followed. These Forms must be completed, signed by the advisor and principal, and placed on file at the district office.

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 the 2017 audit, it was noted that Boys and Girls Tennis did not complete the officer listing. In addition, DECA did not complete the activity purpose form or the officer listing.

CORRECTIVE ACTION TAKEN:

All of the necessary activity purpose forms and officer listings were properly filled out for the correct year.

Equipment

According to the Manual for Student Activity Accounting, capital and non-capital equipment purchases funded by a student activity group become the property of the District. Payments for equipment need to be processed and paid by the district via normal district processes. The payments must not be made directly from the student activity account. The student activity account must reimburse the District for the equipment purchase.

During the 2017 audit, it was noted that two student activity accounts purchased capital equipment.

CORRECTIVE ACTION TAKEN:

No capital/non-capital equipment purchases were noted during disbursement testing.