

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

**Financial Statements of
the Student Activity Accounts**

June 30, 2019

Independent School District No. 14
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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, 2019, 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 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, 2019, 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, 2019, 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.



Minneapolis, Minnesota
November 5, 2019

Independent School District No. 14
Statement of Receipts and Disbursements
Year Ended June 30, 2018

<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2019</u>
Elementary School				
Hayes-Stevenson Fun Run	\$ 711	\$ -	\$ 711	\$ -
Stevenson Kids in Action	2,041	2,429	3,393	1,077
Hayes Kids in Action	614	355	15	954
Total elementary school	<u>3,366</u>	<u>2,784</u>	<u>4,119</u>	<u>2,031</u>
Middle School				
Music	6,675	6,537	7,171	6,041
Builders Club	556	400	491	465
MS Choir	370	-	6	364
Middle School Student Council	657	-	65	592
Total middle school	<u>8,258</u>	<u>6,937</u>	<u>7,733</u>	<u>7,462</u>
Senior High School				
Athletics Fundraisers				
Boys Baseball	287	-	90	197
Boys Soccer	666	-	232	434
Boys Swimming	98	-	98	-
Boys Tennis	1,034	1,530	1,914	650
Boys/Girls Athletics	1,202	98	681	619
Cheerleading	141	7,472	6,568	1,045
Cross Country	2,316	2,507	2,584	2,239
Dance Team	1,078	2,550	1,280	2,348
Girls Basketball	706	-	563	143
Girls Golf	319	2,333	1,772	880
Girls Swimming	2,055	350	437	1,968
Girls Tennis	556	1,406	951	1,011
Softball	4,259	4,190	6,926	1,523
Speech	5,549	2,522	3,409	4,662
Track	5,484	-	406	5,078
Volleyball	3,353	1,932	3,110	2,175
Wrestling	811	4,835	4,405	1,241
AVID	350	-	17	333
Band	1,288	7,698	7,305	1,681
Choir	2,280	6,413	5,417	3,276
Commencement	2,202	9,287	8,197	3,292
Concessions	17,861	13,252	17,026	14,087
Concessions Bookstore	637	90	11	716
Performing Arts Club	237	-	4	233
Grand March	255	477	11	721
High School Prom	4,190	7,129	9,817	1,502
High School Yearbook	2,775	140	44	2,871
KEY Club	2,929	7,747	6,406	4,270
National Honor Society	381	110	213	278
Robotics	100	2,658	1,132	1,626
Science Club	1,478	524	764	1,238
Spanish Club	5,422	506	1,056	4,872
High School AASU	16	-	-	16
Student Council	5,428	8,735	10,035	4,128
Strength Training	524	-	259	265
Youth in Government	1,849	6,690	4,672	3,867
High School/Middle School Bandorama	283	-	283	-
HS DECA	590	1,000	24	1,566
Total senior high school	<u>80,989</u>	<u>104,181</u>	<u>108,119</u>	<u>77,051</u>
Total	<u>\$ 92,613</u>	<u>\$ 113,902</u>	<u>\$ 119,971</u>	<u>\$ 86,544</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.

As of July 1, 2019, these accounts have been taken under board control and will no longer be reported separately.

**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, 2019, and the related note to student activity accounts financial statement and have issued our report thereon dated November 5, 2019. 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.

A handwritten signature in dark ink that reads "BergankDV Ltd." in a cursive, slightly stylized font.

Minneapolis, Minnesota
November 5, 2019

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:

One Account 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 account that had low activity, the advisor will be informed there must be activity in these accounts by June 30, 2020, 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

Todd Tillung, Director of Finance and Operations, 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, 2020.

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: (CONTINUED)

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 2019 audit, it was noted that checks were being held by the District for over a week 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
Todd Tillung, Director of Finance and Operations, 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, 2020.
5. Plan to Monitor Completion of the CAP
The Superintendent will be monitoring this CAP.