

**INDEPENDENT SCHOOL DISTRICT NO. 14
Fridley, Minnesota**

**AUDITED FINANCIAL STATEMENTS OF
THE STUDENT ACTIVITY ACCOUNTS**

For the Year Ended June 30, 2015



INDEPENDENT SCHOOL DISTRICT NO. 14

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INDEPENDENT AUDITOR'S REPORT

BerganKDV, Ltd.

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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, 2015 and the related Note to the 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 the 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 the 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, 2015, 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, 2015, 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 the Financial Statements.

A handwritten signature in black ink that reads "BerganKDV Ltd." with a period at the end.

BerganKDV, Ltd.
Minneapolis, Minnesota
September 21, 2015

INDEPENDENT SCHOOL DISTRICT NO. 14

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2015**

Description	Balance July 01, 2014	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2015
ELEMENTARY SCHOOL				
Hayes-Stevenson Fun Run	\$ 999	\$ 2,310	\$ 2,788	\$ 521
Stevenson Kids in Action	3,234	3,530	6,595	169
Hayes Kids in Action	-	1,124	13	1,111
Total Elementary School	<u>4,233</u>	<u>6,964</u>	<u>9,396</u>	<u>1,801</u>
MIDDLE SCHOOL				
Music	5,245	16,457	16,373	5,329
Builders Club	-	1,070	648	422
Theatre	2,421	-	27	2,394
Middle School Student Council	592	177	169	600
Total Middle School	<u>8,258</u>	<u>17,704</u>	<u>17,217</u>	<u>8,745</u>
SENIOR HIGH SCHOOL				
Athletics Fundraisers:				
Boys Baseball	527	-	527	-
Boys Basketball	631	1,876	2,359	148
Boys Golf	65	-	1	64
Boys Soccer	1,003	-	405	598
Boys Swimming	507	76	58	525
Boys Tennis	477	1,868	1,573	772
Boys/Girls Athletics	10,642	-	5,398	5,244
Cheerleading	-	11,763	8,770	2,993
Cross Country	2,567	3,462	2,543	3,486
Dance Team	346	1,142	1,097	391
Fall Dance Team	1,238	-	261	977
Football	343	2,219	2,026	536
Girls Basketball	968	1,094	1,508	554
Girls Golf	571	510	351	730
Girls Soccer	209	-	2	207
Girls Swimming	994	836	282	1,548
Girls Tennis	300	2,397	1,014	1,683
Softball	1,894	3,084	3,418	1,560
Speech	1,781	3,223	4,844	160
Track	2,229	1,723	552	3,400
Volleyball	938	300	213	1,025
Wrestling	4,828	3,368	6,402	1,794
AVID	299	71	4	366
Band	10,371	5,137	3,520	11,988
Chinese Club	85	-	52	33
Choir	468	1,079	1,025	522
Commencement	2,587	6,552	5,838	3,301
Concessions	22,143	13,873	20,334	15,682
Performing Arts Club	392	-	281	111
FIDM Fashion Club	143	-	143	-
German Club	6,175	-	94	6,081
Grand March	1,154	357	17	1,494
High School Prom	9,147	8,250	10,199	7,198
High School Ski Club	458	-	5	453
High School Yearbook	-	1,881	21	1,860
KEY Club	2,634	18,355	16,467	4,522
Multicultural Club	-	79	19	60
National Honor Society	59	149	13	195
Prostart Culinary Club	248	592	711	129
Robotics	11,434	-	3,296	8,138
Science Club	868	1,574	1,229	1,213
Spanish Club	409	1,636	1,823	222
High School AASU	124	5	1	128
Student Council	1,299	14,149	12,179	3,269
Strength Training	2,373	-	657	1,716
Youth in Government	13,171	30,987	43,402	756
High School/Middle School Bandorama	-	1,713	1,503	210
Total Senior High School	<u>119,099</u>	<u>145,380</u>	<u>166,437</u>	<u>98,042</u>
Total	<u>\$ 131,590</u>	<u>\$ 170,048</u>	<u>\$ 193,050</u>	<u>\$ 108,588</u>

The Note to the Student Activity Accounts Financial Statement is an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 14

**NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT
June 30, 2015**

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, 2015 and the related Note to the Financial Statement and have issued our report thereon dated September 21, 2015. 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.

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 21, 2015

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**SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2015**

PRIOR YEAR FINDINGS:

Ensure Proper Approval of Disbursements

The *Manual for Activity Fund Accounting* requires that check requests must be signed by the activity advisor and a student representing the activity.

During our 2014 testing, we noted a disbursement did not have signatures from a student representative or the activity advisor.

CORRECTIVE ACTION TAKEN:

Signatures from a student representative were obtained for expenditures.

Ensure Students Activity Accounts Have Reasonable Balances

According to *Manual for Activity Fund Accounting*, large ending balances beyond one year should be addressed. If funds carry over for more than one year, the money isn't spent by the students that raised it. The purpose of a student activity account is to have money raised by the students for the students.

CORRECTIVE ACTION TAKEN:

Ending balances for activities from 2014 were reduced.