

Independent School District No. 676  
 Comments to Management to Improve Internal Accounting Controls and Procedures  
 June 30, 2022

**Fund Balance**

The District's fund balance policy is to maintain a minimum unassigned general fund balance of not less than 5 percent and no more than 30 percent of the general fund's current annual operating expenditure budget. As of June 30, 2022, the District's unassigned general fund balance is 34 percent of the annual operating expenditure budget. Over the last five years, the District's general fund balance has decreased approximately \$300,000.

General fund balance and average daily membership trends are as follows:

	General Fund Balance	Total Percentage Change	Adjusted Average Daily Membership
2018	\$ 2,278,617	0.8	230
2019	2,000,091	(12.2)	218
2020	2,115,852	5.8	232
2021	2,134,654	0.9	223
2022	1,978,193	(7.3)	224

*Superintendent notes attached*

*Recommendation:* The Board of Education and superintendent will need to take into consideration enrollment and to continue to monitor costs when preparing the annual budget.

**A**

**Special Education Tuition Billing**

*Anticipate more revenue pending at least \$60K more?*

We noted during our audit that the preliminary 21-22 District tuition bill calculation reported a net revenue amount of \$14,659. The final 20-21 District tuition bill calculation reported a net revenue amount of \$85,833. District could not support the decrease in tuition billing net revenue.

*Recommendation:* The District should continue to monitor and review the reporting of these students.

**B**

**Budgets**

*No new bus arrival in FY22 → moved ESSEL Funds to FY23*

We noted that the original budget approved by the board did not match the budget entered into the District's financial software.

*Recommendation:* We recommend that the budgets approved by the board be reconciled to the budgets reported in the District's financial software.

**C**

**County Form 51**

*Anticipate more revenue pending \$6,753,31?*

We noted that the District's taxes receivable balance did not agree with the County's balance.

*Recommendation:* We recommend that the Superintendent contact the County to reconcile the difference.

(A)

Special Education

Tuition Billing

Follow UP

← next 3 pages →

Dates of Interest

→ November 30, 2022

→ January 2023

Currently  
\$14,659

should  
be →

significantly  
higher however  
will not know until later

Comparison  
\$85,833  
in  
FY21

----- Forwarded message -----

From: **kevin ricke** <kricke@badger.k12.mn.us>

Date: Wed, Aug 24, 2022 at 11:27 AM

Subject: Please help? Disparity comparing Badger's FY21 to FY22 incoming Sp Ed Tuition Billing Revenue generated by students open enrolled from other districts?

To: <kjohnson@nwrlic.com>, <brett.gerardy@bradymartz.com>

Badger ISD is trying to finish the final external auditing process. Brett Gerardy (with Brady Martz) is my primary contact.

When comparing FY21 to FY22 there is significantly less revenue from Special Education Tuition Billing received through Sp Ed IEP students open-enrolled into our Badger School District from neighboring districts despite the fact it should be very a similar amount or even higher/greater due to our increased Sp Ed IEP student count increased from SY20-21 to SY21-22.

Unsure what question to ask...you and Brett Gerardy may need to talk person-to-person...

Is our Minnesota Automated Reporting System (MARSS) end of year submissions up to date?

Is Badger's Special Education Data Reporting Application (SEDRA) up to date? If no, who does the data entry? Northwest Regional Inter-district Council (NWRIC) staff?

Appreciate the mentoring guidance.

Side note: Already asked Wayne Miller at Region One he re-directed me to the NWRIC.

Sincerely,

Kevin Ricke, Superintendent & Principal K-12

Badger ISD #676

PO Box 68, 110 Carpenter Avenue East

Badger, Minnesota 56714-0068

Website: [badger.k12.mn.us](http://badger.k12.mn.us)

Office: 218-528-3201 ext. 102

Fax: 218-528-3366

kricke@badger.k12.mn.us

Personal cellphone: 218-849-6100

Page 1 of 3

Kevin Ricke <kricke@badger.k12.mn.us>

To: brett.gerardy@bradymartz.com

Cc: Shena Brandt <sbrandt@schoolmanagementservices.org>, Leah Hasson <lhasson@badger.k12.mn.us>, Kim Johnson <kjohnson@nwrlic.com>, Sara Olson <solson@badger.k12.mn.us>

Thu, Sep 29, 2022 at 10:04 AM

Brett:

Jill indicated Badger's MARSS and Badger's SEDRA (entered with assistance by NWRIC) are in order.

Jill indicated it would be no sooner than January 2023 to get the final/actual Sp Ed aid calculation.

I call to determine value to be used with a documentation side note.

From,

Kevin Ricke

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## RE: Still Unresolved - Still need help? Over \$60K Disparity comparing Badger's FY21 to FY22 incoming Sp Ed Tuition Billing Revenue generated by students open enrolled from other districts?

2 messages

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Bemis, Jill (MDE) <jill.bemis@state.mn.us>

To: Kevin Ricke <kricke@badger.k12.mn.us>

Thu, Sep 29, 2022 at 9:58 AM

Kevin,

I meant we will not have final numbers until after systems close on November 30, 2022.

Jill

**Jill Bemis, MPNA, BAPS, AALA**

**Education Finance Specialist 2**

Special Education Data and Funding Team

Division of School Finance

651-582-8408 | [jill.bemis@state.mn.us](mailto:jill.bemis@state.mn.us)

**Minnesota Department of Education**

400 NE Stinson Blvd., Minneapolis, MN 55413

[education.mn.gov](http://education.mn.gov)

My scheduled work hours are M-Th 6:00 a.m. – 4:30 p.m.

**From:** Kevin Ricke <kricke@badger.k12.mn.us>  
**Sent:** Thursday, September 29, 2022 9:49 AM  
**To:** Bemis, Jill (MDE) <jill.bemis@state.mn.us>

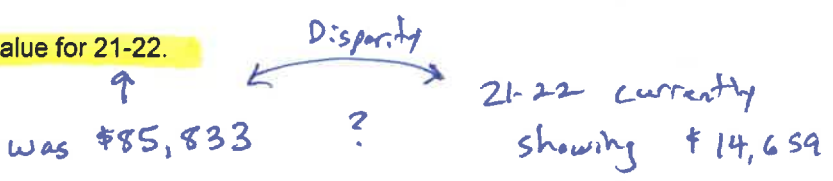
**Subject:** Fwd: Still Unresolved - Still need help? Over \$60K Disparity comparing Badger's FY21 to FY22 incoming Sp Ed Tuition Billing Revenue generated by students open enrolled from other districts?

Kevin,

We will not have final numbers until after systems close on November 30, 2021. <sup>2022?</sup>

We will rerun the aid calculation. We will run a preliminary draft final in January 2023.

Please look at 20-21 to estimate a place holder value for 21-22.



Thank you, Jill

**Jill Bemis, MPNA, BAPS, AALA**

**Education Finance Specialist 2**

Special Education Data and Funding Team

Division of School Finance

651-582-8408 | [jill.bemis@state.mn.us](mailto:jill.bemis@state.mn.us)

**Minnesota Department of Education**  
400 NE Stinson Blvd., Minneapolis, MN 55413  
[education.mn.gov](http://education.mn.gov)

My scheduled work hours are M-Th 6:00 a.m. – 4:30 p.m.

?

Use \$14,659  
or up to  
\$85,833



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(B)

Budget Comment

End of Year Fiscal Year 22  
compared to

Board Approved Revised Budget

Follow Up

E.S.S.E.R. Fin Code 161  
169

} reserved  
for  
new bus purchase

< Next 1 page >

**Budget Comment**

3 messages

Gerardy, Brett <brett.gerardy@bradymartz.com>  
 To: Kevin Ricke <kricke@badger.k12.mn.us>, Shena Brandt <sbrandt@schoolmanagementservices.org>  
 Cc: "Bruggeman, Tracee" <tracee.bruggeman@bradymartz.com>

Fri, Oct 7, 2022 at 1:10 PM

Good afternoon,

Below are the three accounts that had budget amounts in Region different from what the Board had approved in the original budget.

The top table shows the original budget which had debit balances set aside for these revenue accounts. The bottom table shows the revised budget. We still do plan to keep our comment in the management letter for the original budget difference. Please let us know if you have any other questions.

Co	L	Fd	Org	Pro	Fin	OS	Crs	Typ	Fin Cd	Class	Sub-Class	Start Balance	Activity	End Balance	Description	Budget
0676	R	01	005	000	161	400	011	F	B	422	00	0.00	(17,200.87)	(17,200.87)	ESSER # 90% - 20% Learning Loss Revenue	37,200.87
0676	R	01	005	000	166	400	011	F	B	422	00	0.00	0.00	0.00	SFRF - Increase ABE Revenue	6,723.01
0676	R	01	005	000	169	400	011	F	B	422	00	0.00	(10,000.00)	(10,000.00)	ESSER # - 5% Learning Loss Revenue	10,000.00
												0.00	(96,004.33)	(96,004.33)		202,728.14

Co	L	Fd	Org	Pro	Fin	OS	Crs	Typ	Fin Cd	Class	Sub-Class	Start Balance	Activity	End Balance	Description	Budget
0676	R	01	005	000	161	400	011	F	B	422	00	0.00	(17,200.87)	(17,200.87)	ESSER # 90% - 20% Learning Loss Revenue	(37,201.00)
0676	R	01	005	000	166	400	011	F	B	422	00	0.00	0.00	0.00	SFRF - Increase ABE Revenue	(16,724.00)
0676	R	01	005	000	169	400	011	F	B	422	00	0.00	(10,000.00)	(10,000.00)	ESSER # - 5% Learning Loss Revenue	(10,000.00)
												0.00	(96,004.33)	(96,004.33)		(202,728.00)

*\$96,004.33*  
*ESSER Funds for School Bus*

**Brett Gerardy, Certified Public Accountant**

**Brady Martz & Associates, P.C.**

100 3<sup>rd</sup> Street East  
 Thief River Falls, MN 56701  
 Phone: (218) 681-6265  
 Fax: (218) 681-1789  
 Internet: [www.bradymartz.com](http://www.bradymartz.com)

10/10/22, 10:21 AM Badger ISD #676 Mail - Budget Comment  
 Cc: "Gerardy, Brett" <brett.gerardy@bradymartz.com>, Leah Hasson <lhasson@badger.k12.mn.us>

Oh yes that is understandable. I thought you were talking about the expenditures. We budget the full revenue for the bus and did not draw \$100,000 and carried it over because we could not get it by the end of the fiscal year. Not getting our bus was 100% out of our control. If we would have received the bus we would have drawn/received all funds.

Thank you!  
 Shena  
 [Quoted text hidden]  
 Thank you,  
 Shena Brandt



School Management Services  
 Shena Brandt | Business Manager  
 email: [sbrandt@schoolmanagementservices.org](mailto:sbrandt@schoolmanagementservices.org)

(C)

Revenue from Property  
Taxes

County Form 51

Follow up

↳ next 4 pages

Anticipate \$6,753.31  
additional revenue



----- Forwarded message -----

From: **Gerardy, Brett** <brett.gerardy@bradymartz.com>  
Date: Thu, Sep 29, 2022 at 10:39 AM  
Subject: Badger  
To: Shena Brandt <sbrandt@schoolmanagementservices.org>

Hi Shena,

Few items for you related to the audit:

-Could you post all entries that we have in period 13?

-Were you ever able to get those County Apportionment reports from the County? Apportionment was up quite a bit from last year, so we want to make sure it is right.

-Attached above is the corrected Form 51 that the County had sent you last year and the Form 51 report for the current year. Please note there is a difference in the beginning FY22 balance of \$6,753.31. Can you run this by the County and see if they can correct it?

Thanks!

**Brett Gerardy, Certified Public Accountant**

**Brady Martz & Associates, P.C.**

100 3<sup>rd</sup> Street East

Thief River Falls, MN 56701

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Fax: (218) 681-1789

Internet: [www.bradymartz.com](http://www.bradymartz.com)

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Disclaimer: Laws are constantly changing; please note the information provided in this message should be considered accurate only as of the date of this message.

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**2 attachments**

 **CORRECTED FORM 51.xlsx**  
16K

 **Form 51 - Roseau County.pdf**  
75K



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**Martha A. Monsrud** <martie@co.roseau.mn.us>

Thu, Sep 29, 2022 at 11:41 AM

To: Shena Brandt <sbrandt@schoolmanagementservices.org>, Kevin Ricke <kricke@badger.k12.mn.us>

Hi again Shena,

The Form 51 report difference has to do with the manual input from many, many previous years to now relying on our tax system to generate these reports.

Hope this help.

Martha (Martie) Monsrud

Roseau County Auditor/Recorder/Treasurer

606 5<sup>th</sup> Ave. SW

Roseau, MN 56751

218-463-1282

[martie@co.roseau.mn.us](mailto:martie@co.roseau.mn.us)

Martha A. Monsrud <martie@co.roseau.mn.us>

Thu, Sep 29, 2022 at 11:29 AM ✓

To: Shena Brandt <sbrandt@schoolmanagementservices.org>, Kevin Ricke <kricke@badger.k12.mn.us>

Cc: "Kathy R. Jenson" <kathy.jenson@co.roseau.mn.us>

Hi Shena,

Here are the apportionment reports you requested. Please let us know if you need anything else.

Martha (Martie) Monsrud

Roseau County Auditor/Recorder/Treasurer

606 5<sup>th</sup> Ave. SW

Roseau, MN 56751

218-463-1282

[martie@co.roseau.mn.us](mailto:martie@co.roseau.mn.us)

**From:** Shena Brandt <sbrandt@schoolmanagementservices.org> ✓

**Sent:** Thursday, September 29, 2022 11:13 AM

**To:** Martha A. Monsrud <martie@co.roseau.mn.us>; Kevin Ricke <kricke@badger.k12.mn.us>

**Subject:** Fwd: Badger

Good morning Martie,

We are finishing up the audit with the Badger School. Our auditors have a few questions I hope you can help me with:

Can you please send me the county apportionment reports for July 2021-June 2022?

-Were you ever able to get those County Apportionment reports from the County? Apportionment was up quite a bit from last year, so we want to make sure it is right.

-Attached above is the corrected Form 51 that the County had sent you last year and the Form 51 report for the current year. Please note there is a difference in the beginning FY22 balance of \$6,753.31. Can you run this by the County and see if they can correct it?

Thank you,

Shena Brandt

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**6 attachments**

 **OCT 2021 P & I.xlsx**  
48K

 **OCT 2021 POWER.xlsx**  
46K

 **NOV 2021 P & I.xlsx**  
52K

 **DEC 2021 P & I.xlsx**  
53K

 **MAY 2022 P & I.xlsx**  
55K

 **MAY 2022 POWER.xlsx**  
48K

----- Forwarded message ----- ✓

From: Shena Brandt <sbrandt@schoolmanagementservices.org>

Date: Fri, Sep 30, 2022 at 9:34 AM

Subject: Re: Badger

To: Gerardy, Brett <brett.gerardy@bradymartz.com>

Good morning. I set up the account code B 99 254 000. I fixed the negative balances. I will contact Martie Monsrud in regards to the shortage in revenue.

Thank you,  
Shena Brandt



**School Management Services**

Shena Brandt | Business Manager

email: sbrandt@schoolmanagementservices.org

mobile: (218) 242-3853

site: schoolmanagementservices.net

✓  
On Fri, Sep 30, 2022 at 8:41 AM Gerardy, Brett <brett.gerardy@bradymartz.com> wrote:

Good morning,

Few items for you:

← -Our concern with the Form 51 difference is that the County is showing that they owe the District about \$6,700 less than what the School shows. We believe that the District's balance is accurate based on the reports you have received from the County. If they don't plan on correcting the form, will they pay you this difference? →

-I noted two accounts that have negative balances, could you fix these?

E 01 350 296 650 366 207

E 01 350 296 650 401 207

-Can you add the following account in Region – B 99 254 000 LT Leases Payable

Thanks!

**Brett Gerardy, Certified Public Accountant**

**Brady Martz & Associates, P.C.**

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Anticipate  
\$6,753.31  
↓ more revenue