

**INDEPENDENT SCHOOL DISTRICT NO. 877
Buffalo-Hanover-Montrose, Minnesota**

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

For the Fiscal Year Ended June 30, 2012

INDEPENDENT SCHOOL DISTRICT NO. 877

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INDEPENDENT AUDITOR'S REPORT

To the School Board,
Advisors and Students
Independent School District No. 877
Buffalo-Hanover-Montrose, Minnesota

We have audited the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 877, Buffalo-Hanover-Montrose, Minnesota, for the fiscal year ended June 30, 2012. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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.

Because this financial statement is prepared on the basis of cash receipts and disbursements, revenue is recorded when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with U.S. generally accepted accounting principles.

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had the cash collections referred to above been susceptible to satisfactory audit tests, the financial statement referred to above presents fairly, in all material respects, the cash transactions of Independent School District No. 877, Buffalo-Hanover-Montrose, Minnesota, student activity funds for the fiscal year ended June 30, 2012, and the cash balances at that date.

Kern Dewenter, Vice Ltd

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
October 3, 2012

INDEPENDENT SCHOOL DISTRICT NO. 877

STATEMENT OF RECEIPTS AND DISBURSEMENTS
Fiscal Year Ended June 30, 2012

Activity	Balance June 30, 2011	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2012
SENIOR HIGH SCHOOL				
Class of 2011 (Graduates)	\$ 1,987	\$ -	\$ 1,987	\$ -
Class of 2012 (Senior)	3,497	1,887	4,674	710
Class of 2013 (Junior)	283	11,707	10,788	1,202
Class of 2014 (Sophomore)	2,244	58	-	2,302
Class of 2015 (Freshmen)	-	2,024	110	1,914
Arts Magnet	385	2,587	1,990	982
Band	35,476	92,785	104,414	23,847
Dance	248	171	413	6
DECA	1,776	7,320	5,603	3,493
Bison Stampede	1,965	4,083	-	6,048
Business Professionals America	558	2,985	2,923	620
Choir	6,228	45,857	50,827	1,258
Culture United	396	219	409	206
FFA	12,849	35,100	27,469	20,480
Football	15,121	16,844	17,515	14,450
Global Minded Student Activists	476	622	1,092	6
MEADA	-	404	255	149
Mock Trial	54	1	-	55
NHS	185	497	594	88
Orchestra	5,032	31,599	36,291	340
Student Care	173	3	157	19
Student Council	8,203	12,326	14,244	6,285
Middle School Student Council	-	1,764	1,764	-
Students Stepping Up	226	412	406	232
Track-Field	2,962	4,163	3,894	3,231
World Language	2,405	4,280	3,723	2,962
Activity Interest	-	3,280	3,280	-
Total	\$ 102,729	\$ 282,978	\$ 294,822	\$ 90,885
Analysis of Balance				
Checking Account				\$ 2,670
Certificate of Deposit				88,215
				<u>\$ 90,885</u>

INDEPENDENT SCHOOL DISTRICT NO. 877

**NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT
June 30, 2012**

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 the cash basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.



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**REPORT ON COMPLIANCE WITH THE
MANUAL FOR ACTIVITY FUND ACCOUNTING**

To the School Board,
Advisors and Students
Independent School District No. 877
Buffalo-Hanover-Montrose, Minnesota

We have audited the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 877, Buffalo-Hanover-Montrose, Minnesota, for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 3, 2012.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education, pursuant to *Minnesota Statutes* Section 123B.49.

The *Manual for Activity Fund Accounting* provides uniform financial accounting and reporting standards for student activities. We have performed auditing procedures to test compliance with the provisions of this Manual. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the District complied, in all material respects, with the provisions referred to in the preceding paragraph, except as indicated on the Schedule of Findings and Corrective Action Plans on Compliance with the *Manual for Activity Fund Accounting*.

This report is intended solely for the information of the School Board, management and students of the District and the Minnesota Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Kern, DeWenter, Viere Ltd

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
October 3, 2012

INDEPENDENT SCHOOL DISTRICT NO. 877

**SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2012**

CURRENT AND PRIOR YEAR FINDING:

Receipt Procedures

The *Manual for Activity Fund Accounting* requires two different people count deposits.

During our audit, it was noted there were not signatures verifying counts of all deposits. In addition, the only documentation for receipts was the deposit slip from the bank and an activity fund deposit page which detailed the activity receiving the revenue.

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 Business Office will request two signatures on the deposit sheets to verify two counts on deposits.
3. Official Responsible for Ensuring CAP
The Business Office is responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2013.
5. Plan to Monitor Completion of CAP
The Business Office will be monitoring this CAP.

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**SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2012**

PRIOR YEAR FINDING:

Contract Agreements

The *Manual for Activity Fund Accounting* states no contract shall be made or authorized, except at a regular school board meeting.

During the prior year, it was noted the prom rental agreement was paid under a student activity account.

CORRECTIVE ACTION TAKEN:

Payments on contract agreements were made by the District through the General Fund, with the student activities reimbursing the General Fund for the expenses incurred.