

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

*Audited Financial Statement of
the Student Activity Accounts
For the Fiscal Year Ended June 30, 2008*

PRELIMINARY

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

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INDEPENDENT AUDITOR'S REPORT

October 13, 2008

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 year ended June 30, 2008. 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 year ended June 30, 2008, and the cash balances at that date.

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota

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

STATEMENT OF RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2008

Description	Balance June 30, 2007	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2008
SENIOR HIGH SCHOOL:				
Class of 2007 (Graduates)	\$ 1,162	\$ -	\$ 1,162	\$ -
Class of 2008 (Senior)	3,422	2,664	5,180	906
Class of 2009 (Junior)	305	12,174	10,727	1,752
Class of 2010 (Sophomore)	313	4	-	317
Class of 2011 (Freshmen)	-	163	43	120
Arts Magnet	2,065	4,159	4,117	2,107
Scotland Theater Trip	49,352	3,616	52,968	-
Band	18,804	85,220	72,451	31,573
Dance	390	1,843	960	1,273
Bison Stampede	754	49	-	803
Choir	5,777	53,431	48,394	10,814
Culture United	-	724	-	724
FFA	8,767	20,248	20,610	8,405
Football	11,669	23,412	19,358	15,723
Mock Trial	5,037	34	4,781	290
NHS	2,165	1,323	3,082	406
Orchestra	3,939	22,932	23,436	3,435
Save Darfur Fund	-	275	193	82
Student Care	304	23	208	119
Student Council	8,005	10,937	11,899	7,043
Students Stepping Up	758	134	344	548
Track Field	4,257	850	3,519	1,588
World Language	3,683	2,336	2,862	3,157
Activity Interest	-	1,446	1,446	-
Total	\$ 130,928	\$ 247,997	\$ 287,740	\$ 91,185

PRELIMINARY

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

**NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT
June 30, 2008**

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**

October 13, 2008

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 year ended June 30, 2008, and have issued our report thereon dated October 13, 2008.

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 described on the accompanying 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 and should not be used by anyone other than these specified parties.

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota

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

SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2008

CURRENT YEAR FINDING:

Only One Signature Required on Checks

During our audit, it was noted the District does not require two signatures for student activity checks. The *Manual for Activity Fund Accounting* states two signatures are required on all checks.

Requiring two signatures on all checks is required by the *Manual for Activity Fund Accounting* and is an added control that does not add cost to the District.

We recommend the District implement a policy requiring two signatures on checks.

CORRECTIVE ACTION PLAN (CAP):

- PRELIMINARY**
- Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
 - Actions Planned in Response to Finding
The Business Office will update the signature cards at the designated bank and require two signatures on all student activity checks.
 - Official Responsible for Ensuring CAP
Administration is responsible for ensuring corrective action of the deficiency.
 - Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2009.
 - Plan to Monitor Completion of CAP
Administration will be monitoring this CAP. An internal review of the student activity bank statements will be completed throughout the 2008-2009 school year.