

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

*Audited Financial Statement of
the Student Activity Accounts
For the Fiscal Year Ended June 30, 2010*

Preliminary

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

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
Statement of Receipts and Disbursements	2
Note to the Student Activity Accounts Financial Statement	3
REPORT ON COMPLIANCE WITH THE <i>MANUAL FOR ACTIVITY</i> <i>FUND ACCOUNTING</i>.....	4
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON COMPLIANCE WITH THE <i>MANUAL FOR ACTIVITY FUND</i> <i>ACCOUNTING</i>	5



Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

October 18, 2010

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, 2010. 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, 2010, 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, 2010

Activity	Balance June 30, 2009	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2010
SENIOR HIGH SCHOOL:				
Class of 2009 (Graduates)	\$ 280	\$ -	\$ 280	\$ -
Class of 2010 (Senior)	4,995	1,722	4,402	2,315
Class of 2011 (Junior)	124	14,220	7,341	7,003
Class of 2012 (Sophomore)	929	46	-	975
Class of 2013 (Freshmen)	-	283	-	283
Arts Magnet	2,739	1,988	3,646	1,081
Band	40,116	70,614	79,157	31,573
Dance	245	3	-	248
Bison Stampede	2,640	239	351	2,528
Business Professionals America	-	6,337	5,450	887
Choir	11,354	41,610	45,688	7,276
Culture United	1,376	17	281	1,112
FFA	7,756	29,052	23,787	13,021
Football	17,930	18,482	22,937	13,475
Global Minded Student Activists	118	4,548	4,200	466
MEADA	-	251	59	192
Mock Trial	618	615	945	288
NHS	121	1,648	785	984
Orchestra	5,699	14,769	16,642	3,826
Student Care	904	35	620	319
Student Council	7,598	14,777	14,183	8,192
Students Stepping Up	396	4	174	226
Track-Field	3,081	5,704	5,227	3,558
World Language	2,802	3,094	3,495	2,401
Activity Interest	-	2,506	2,506	-
Total	\$ 111,821	\$ 232,564	\$ 242,156	\$ 102,229
Analysis of Balance:				
Checking Account				\$ 17,229
Certificate of Deposit				85,000
				\$ 102,229

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

NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT
June 30, 2010

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.

Preliminary



Expert advice. When you need it.SM

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

October 18, 2010

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, 2010, and have issued our report thereon dated October 18, 2010.

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.
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, 2010**

CURRENT YEAR FINDING:

Receipt Procedure

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

During our audit it was noted there were no signatures verifying counts of the deposit. 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 require two counts and signatures verifying the counts of deposits, in addition sufficient documentation of receipts will be obtained.
3. Official Responsible for Ensuring CAP
Administration 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, 2011.
5. Plan to Monitor Completion of CAP
Administration will be monitoring this CAP.

**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, 2010**

PRIOR YEAR FINDING:

Activity Reports Received by the School Board

During our audit, it was noted the School Board was not receiving an annual report regarding the activity in the student accounts. The *Manual for Activity Fund Accounting* states if the fund is not under the control of the school board, the school board should receive an accounting of those funds at least once a year. An effective practice would be to have quarterly reports received by the School Board. These reports are supplemented by the annual student activity fund audit that is received and approved by the School Board.

CORRECTIVE ACTION TAKEN:

The District now reports the position of student activity accounts to the School Board annually.

Preliminary