

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

*Audited Financial Statement of  
the Student Activity Accounts  
For the Fiscal Year Ended June 30, 2009*

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

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## INDEPENDENT AUDITOR'S REPORT

October 9, 2009

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, 2009. 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, 2009, and the cash balances at that date.

*Kern, DeWenter, Viere, Ltd.*

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, 2009**

<u>Activity</u>	<u>Balance June 30, 2008</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2009</u>
<b>SENIOR HIGH SCHOOL:</b>				
Class of 2008 (Graduates)	\$ 906	\$ -	\$ 906	\$ -
Class of 2009 (Senior)	1,752	1,075	2,547	280
Class of 2010 (Junior)	317	12,877	8,199	4,995
Class of 2011 (Sophomore)	120	4	-	124
Class of 2012 (Freshmen)	-	929	-	929
Arts Magnet	2,107	1,937	1,305	2,739
Band	31,573	116,188	107,645	40,116
Dance	1,273	488	1,516	245
Bison Stampede	803	1,837	-	2,640
Choir	10,814	16,517	15,977	11,354
Culture United	724	1,431	779	1,376
FFA	8,405	24,280	24,929	7,756
Football	15,723	16,433	14,226	17,930
Global Minded Student Activists	-	164	46	118
Mock Trial	290	843	515	618
NHS	406	729	1,014	121
Orchestra	3,435	4,473	2,209	5,699
Save Darfur Fund	82	-	82	-
Student Care	119	976	191	904
Student Council	7,043	21,025	20,470	7,598
Students Stepping Up	548	16	168	396
Track Field	1,588	7,154	5,661	3,081
World Language	3,157	5,526	5,881	2,802
Activity Interest	-	3,351	3,351	-
<b>Total</b>	<b><u>\$ 91,185</u></b>	<b><u>\$ 238,253</u></b>	<b><u>\$ 217,617</u></b>	<b><u>\$ 111,821</u></b>

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

**NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT  
June 30, 2009**

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 9, 2009

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, 2009, and have issued our report thereon dated October 9, 2009.

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, Vice. Ltd.*

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, 2009**

**CURRENT YEAR FINDING:**

**Activity Reports Received by the School Board**

During our audit, it was noted the School Board is 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 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 provide an annual year-end report to the School Board.
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, 2010.
5. Plan to Monitor Completion of CAP  
Administration will be monitoring this CAP. An annual year-end report of the student activity accounts will be provided at a School Board workshop meeting.

**INDEPENDENT SCHOOL DISTRICT NO. 877  
Buffalo, Minnesota**

**SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON  
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*  
June 30, 2009**

**PRIOR YEAR FINDING:**

**Only One Signature Required on Checks**

During our prior year 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.

**CORRECTIVE ACTION TAKEN:**

The District now requires two signatures on all checks.