

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

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

For the Fiscal Year Ended June 30, 2011

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 year ended June 30, 2011. 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, 2011, and the cash balances at that date.


KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
September 30, 2011

INDEPENDENT SCHOOL DISTRICT NO. 877

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2011**

<u>Activity</u>	<u>Balance June 30, 2010</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2011</u>
SENIOR HIGH SCHOOL				
Class of 2009 (Graduates)	\$ 2,315	\$ -	\$ 2,315	\$ -
Class of 2010 (Senior)	7,003	1,515	6,531	1,987
Class of 2011 (Junior)	975	12,659	10,137	3,497
Class of 2012 (Sophomore)	283	-	-	283
Class of 2013 (Freshmen)	-	2,344	100	2,244
Arts Magnet	1,081	4,616	5,312	385
Band	31,573	126,812	122,909	35,476
Dance	248	-	-	248
DECA	-	3,788	2,012	1,776
Bison Stampede	2,528	101	664	1,965
Business Professionals America	887	6,513	6,842	558
Choir	7,276	13,966	15,014	6,228
Culture United	1,112	1,478	2,194	396
FFA	13,021	30,717	30,889	12,849
Football	13,475	35,341	33,695	15,121
Global Minded Student Activists	466	1,362	1,352	476
MEADA	192	-	192	-
Mock Trial	288	110	344	54
NHS	984	755	1,554	185
Orchestra	3,826	4,061	2,855	5,032
Student Care	319	-	146	173
Student Council	8,192	10,700	10,689	8,203
Students Stepping Up	226	-	-	226
Track-Field	3,558	5,781	6,377	2,962
World Language	2,401	3,766	3,762	2,405
Activity Interest	-	408	408	-
Total	<u>\$ 102,229</u>	<u>\$ 266,793</u>	<u>\$ 266,293</u>	<u>\$ 102,729</u>
Analysis of Balance				
Checking Account				\$ 17,729
Certificate of Deposit				<u>85,000</u>
				<u>\$ 102,729</u>

INDEPENDENT SCHOOL DISTRICT NO. 877

**NOTE TO THE STUDENT ACTIVITY ACCOUNTS FINANCIAL STATEMENT
June 30, 2011**

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 year ended June 30, 2011, and have issued our report thereon dated September 30, 2011.

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
September 30, 2011

INDEPENDENT SCHOOL DISTRICT NO. 877

**SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2011**

CURRENT 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 our audit, it was noted the prom rental agreement was paid under the Junior Class student activity.

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 all expenditures under a contract agreement to be paid by the General Fund.
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, 2012.
5. Plan to Monitor Completion of CAP
The Business Office will be monitoring this CAP.

INDEPENDENT SCHOOL DISTRICT NO. 877

SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLANS ON
COMPLIANCE WITH THE *MANUAL FOR ACTIVITY FUND ACCOUNTING*
June 30, 2011

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 no signatures verifying counts of 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, 2012.
5. Plan to Monitor Completion of CAP
The Business Office will be monitoring this CAP.