

**PARKROSE SCHOOL DISTRICT NO. 3  
STUDENT ACTIVITY FUNDS  
MULTNOMAH COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

PARKROSE SCHOOL DISTRICT NO. 3

STUDENT ACTIVITY FUNDS

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

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PARKROSE SCHOOL DISTRICT NO. 3

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
FINANCIAL SECTION:	
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Accountants' Compilation Report	4
FINANCIAL STATEMENTS AND SCHEDULES:	
Combined Balance Sheet (Cash Basis)	5
Combined Statement of Receipts, Disbursements and Cash Balances	6
Selected Information	7

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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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October 29, 2010

To the Board of Education  
Parkrose School District No. 3  
Portland, Oregon

### **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by Parkrose School District, solely to assist you with respect to the Student Activity Funds of Parkrose School District as of and for the year ended June 30, 2010. Parkrose School District's management is responsible for Student Activity Funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. **PROCEDURE:** Select a random sample of disbursements during the fiscal year ended June 30, 2010, and test them for the following attributes:
  - Backup documentation is present to support the disbursements
  - Documentation that the disbursements was properly approved
  - Review the cancelled check for consistency with the recorded disbursements
2. **PROCEDURE:** Select two months during the fiscal year ended June 30, 2010, and test receipts from those months for the following attributes:
  - Monies collected were credited to the proper account
  - Monies collected were supported by a pre-numbered receipt copy issued at the same time monies were collected
  - Receipts were issued and accounted for in numerical sequence
  - Receipts that were issued were deposited in the bank in a timely manner
3. **PROCEDURE:** Review bank reconciliations and bank statements for accuracy at June 30, 2010.
4. **PROCEDURE:** Review the internal control procedures manual and provide suggestions for improvement

PARKROSE HIGH SCHOOL:

1. A control risk was noted related to the number of authorized check signers. With numerous check signers there is an increased fraud risk and a dispersed responsibility to be accountable for bank account balances, since the person responsible for the account is not necessarily the check signer. We recommend a review of check signing procedures and use of a minimal number of check signers.
2. We noted during our testing of bills that there is no evidence that the principal is approving purchase orders. Per the District's internal control document, the principal needs to review, approve and sign each purchase order. We recommend the school follow the District's internal control procedures by ensuring that all purchase orders be approved by the principal prior to ordering goods & services.

PARKROSE MIDDLE SCHOOL:

1. We noted in our testing of bank reconciliations that there is no evidence of when the reconciliation was completed or by whom it was performed. Additionally, there is no evidence of when the review took place. We recommend that all bank reconciliations be performed in a timely manner, that the person performing the reconciliation sign and date upon completion, and that the person reviewing the reconciliation sign and date their review.
2. We noted in our testing of bills three instances where there was no indication of the receipt of goods. We recommend that the receipt of goods be indicated on the receiving document or receiving report to ensure that all goods are being received prior to payment, per the District's internal control manual.

PRESCOTT ELEMENTARY SCHOOL:

1. We noted in our testing of bills two instances where a disbursement was requested and approved by the same individual. We recommend that all disbursements be approved by someone other than the requester in accordance with the internal control manual.

RUSSELL ACADEMY SCHOOL:

1. We noted in our testing of bank reconciliations, that the reconciliations did not appear to be performed in a timely manner and there was no evidence that a review took place. We recommend that all bank reconciliations be performed in a timely manner, that the person who performed the reconciliation sign and date after it is completed, and that the reviewer indicate the date of review.
2. We noted in our testing of receipts that deposits are not being made in a timely manner. Per the District's internal control manual, no more than \$100 should be in possession of a school overnight, and daily deposits should be made if money received exceeds that amount. We recommend that the school follow the procedures set forth by the District.

SACRAMENTO ELEMENTARY SCHOOL:

1. We noted in our testing of bank reconciliations that there is no evidence of when the reconciliation was completed or by whom it was performed. Additionally, there is no evidence of when the review took place. We recommend that all bank reconciliations be performed in a timely manner, that the person performing the reconciliation sign and date upon completion, and that the person reviewing the reconciliation indicate the date of review in accordance with the internal control manual.
2. We noted in our testing of bills many instances where a disbursement was requested and approved by the same individual. We recommend that all disbursements be approved by someone other than the requester in accordance with the internal control manual.

3. During our testing of bills we noted one instance where the receipt amount did not match the associated check request form and check amount. We recommend that all disbursements have a receipt that supports the check request form.

SHAVER ELEMENTARY SCHOOL:

1. We noted in our testing of bank reconciliations that there is no evidence of when the reconciliation was completed or by whom it was performed. Additionally, there is no evidence of when the review took place. We recommend that all bank reconciliations be performed in a timely manner, that the person performing the reconciliation sign and date upon completion, and that the person reviewing the reconciliation indicate the date of review in accordance with the internal control manual.
2. We noted in our testing of receipts that a pre-numbered receipt is not issued every time money is received because multiple monies received are batched together on one pre-numbered receipt. We recommend a pre-numbered receipt be issued every time money is received to enhance internal controls in accordance with the internal control manual.
3. We noted in our testing of receipts that there were missing receipt numbers from the sequence at various times throughout the year. We recommend that all receipt numbers be accounted for and monitored to ensure accurate recording of receipts and the safeguarding of assets in accordance with the internal control manual.

*Pauly, Rogers and Co., P.C.*  
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October 29, 2010

To the Board of Education  
Parkrose School District No. 3  
Portland, Oregon

ACCOUNTANTS' COMPILATION REPORT

We have compiled the accompanying combined balance sheet and combined statement of receipts, disbursements and cash balances of each of the Student Activity Funds of Parkrose School District as of June 30, 2010 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 1, the schools' policy is to prepare financial statements for Student Activity Funds on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

*Pauly, Rogers and Co., P.C.*

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PARKROSE SCHOOL DISTRICT

STUDENT ACTIVITY FUNDS  
COMBINED BALANCE SHEET (CASH BASIS)  
At June 30, 2010

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ASSETS

Cash on Deposit:

Parkrose High School	\$	125,034
Parkrose Middle School		36,543
Prescott Elementary School		2,574
Russell Academy School		3,286
Sacramento Elementary School		7,526
Shaver Elementary School		<u>4,662</u>

Total Assets \$ 179,625

FUND BALANCES

Fund Balance:

Parkrose High School	\$	125,034
Parkrose Middle School		36,543
Prescott Elementary School		2,574
Russell Academy School		3,286
Sacramento Elementary School		7,526
Shaver Elementary School		<u>4,662</u>

Total Fund Balance \$ 179,625

See Accountants' Compilation Report

PARKROSE SCHOOL DISTRICT  
STUDENT ACTIVITY FUNDS

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH BALANCES  
For the Year Ended June 30, 2010

	BALANCE 07/01/09	RECEIPTS	DISBURSEMENTS	BALANCE 06/30/10
Parkrose High School	\$ 129,714	\$ 378,384	\$ 383,064	\$ 125,034
Parkrose Middle School	38,306	53,526	55,289	36,543
Prescott Elementary School	2,064	10,580	10,070	2,574
Russell Academy School	4,858	3,076	4,648	3,286
Sacramento Elementary School	5,645	13,303	11,422	7,526
Shaver Elementary School	4,337	13,701	13,376	4,662
	<u>\$ 184,924</u>	<u>\$ 472,570</u>	<u>\$ 477,869</u>	<u>\$ 179,625</u>

See Accountants' Compilation Report

PARKROSE SCHOOL DISTRICT NO. 3

ACTIVITY FUNDS  
SELECTED INFORMATION

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1. ACCOUNTING METHOD

The cash method of accounting is used for all student activity funds. Under the cash method, revenues are recognized when cash is received and expenditures are recorded when they are actually paid. The basis of accounting described above is not in accordance with accounting principles generally accepted in the United States of America; however, it complies with legal requirements.

2. DESCRIPTION OF FUNDS

Receipts of the various student activity funds are derived from academic, social, athletic, and cultural activities of the students. The funds are administered by the students and faculty of the local schools and are generally restricted for the specific purposes noted for each fund.

The student activity funds only account for the above activities and do not include all operations of Parkrose School District No. 3. Therefore, the student activity fund statements are not intended to present fairly the financial position and results of operations of Parkrose School District No. 3 in conformity accounting principles generally accepted in the United States of America. The student activity funds are included in the Parkrose School District No. 3 basic financial statements, which include all operations of the District and can be found in a separately issued report.

3. CASH AND INVESTMENTS

Cash held by the bank for the Parkrose School District Activity Funds include \$195,213 in demand deposits. Refer to Parkrose School District's basic financial statements for FDIC and collateral coverage available to protect these funds

4. SUPPLY INVENTORIES

Inventories of supplies on hand are valued at cost using the first in, first out method of accounting. Management believes there are no material inventories on hand at June 30, 2010.

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