

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**



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, 2013

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PARKROSE SCHOOL DISTRICT NO. 3

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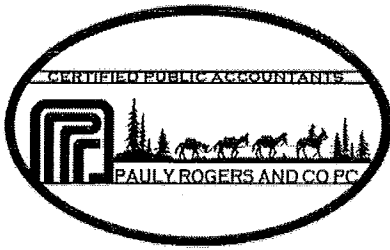
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PAULY, ROGERS, AND CO., P.C.  
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(503) 620-2632 (503) 684-7523 FAX

October 17, 2013

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 the Parkrose School District as of and for the year ended June 30, 2013. 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 for all schools are as follows:

1. PROCEDURE: Select a random sample of disbursements during the fiscal year ended June 30, 2013, and test them for the following attributes:
  - Backup documentation is present to support the disbursements
  - The transaction was posted to the proper account in the general ledger
  - Documentation is present showing that the disbursements were properly approved
  - Cancelled checks are consistent with the recorded disbursement and proper signatures in accordance with the District's Activity Fund Policy
2. PROCEDURE: Select a sample of receipts from the fiscal year ended June 30, 2013 and test the receipts for the following attributes:
  - Monies collected were credited to the proper account based off the original receipt
  - Monies were traced to deposit batch total and then into deposit at the bank
3. PROCEDURE: Review bank reconciliations and bank statements for accuracy at June 30, 2013 and perform the following procedures:
  - Trace bank balance on the reconciliation to the balance per the bank statement
  - Trace reconciled book balance to the general ledger
  - Test the clerical accuracy of the reconciliation
4. PROCEDURE: Review the internal control procedures manual and provide suggestions for improvement.

FINDINGS:

PARKROSE HIGH SCHOOL:

None noted

PARKROSE MIDDLE SCHOOL:

None noted

PRESCOTT ELEMENTARY SCHOOL:

1. In our testing of bills, we noted a disbursement for a catered staff event that had no receipt included from the vendor. The School noted they made several attempts to obtain one but were unsuccessful. We also noted that the disbursement appears to be for a staff function. We recommend that receipts be obtained before disbursing funds and that the District review the state and federal definitions of Student Activity Funds and ensure all District activity is run through the District office and the District books.
2. In our testing of bills, we noted a check for a reimbursement to the School's secretary for prizes for Walking for Wellness event, including gift cards and a cash prize. Based on provided backup, we were unable to determine that prizes were actually distributed to students. We recommend that such disbursements expand the documentation to include the names of who the prizes were distributed to as well as a supervisor's signature.
3. The original bank reconciliation provided by the school did not properly reconcile the bank balance to the general ledger balance at June 30, 2013. The District provided a corrected reconciliation. We recommend that staff receive sufficient training to properly reconcile bank statements.
4. The original financial report provided by the School had incorrect fund balances. The District provided a corrected financial statement. We recommend that staff receive sufficient training to prepare year-end financial statements.

RUSSELL ACADEMY SCHOOL:

1. In our testing of receipts, we noted that it appeared that individual receipts were not issued for individual transactions. There is no audit trail for receipts as the audit trail begins at the deposit level. We recommend that individual receipts be issued for each transaction and that receipt copies be attached to bank deposits or other documentation that will allow cash receipts to be traced to bank deposits.
2. In our testing of bills, we noted that one reimbursement had no receipts attached for backup and another reimbursement that was missing some receipts. We recommend all expenditures are supported by appropriate documentation.
3. The financial report's beginning balance did not match the prior year ending balance. The beginning balance was \$292 less than the prior year ending balance. We recommend that the financial schedule be reviewed for accuracy and to ensure all money is properly accounted for.

SACRAMENTO ELEMENTARY SCHOOL:

1. In our testing of receipts, we noted that we were unable to trace individual cash receipts to the bank deposit. The only receipts we were able to trace successfully to the bank deposit were large checks deposited without other items. We recommend that receipt copies be attached to bank deposits or other documentation that will allow individual cash receipts to be traced to bank deposits.

2. In our testing of receipts, we noted one receipt which we were unable to determine what account was credited based off the original receipt. We recommend that the credited account be clearly documented on individual receipts.
3. In our testing of bills, we noted two disbursements that did not clearly indicate what account it was posted to. We recommend that all disbursements give clear evidence of the account to which it is posted.
4. In our testing of bills, we noted a reimbursement for a teacher conference dinner that appears to be a staff function and not Student Activity Funds activities. We recommend the District review the state and federal definitions of Student Activity Funds and ensure all District activity is run through the District office and the District books.

SHAVER ELEMENTARY SCHOOL:

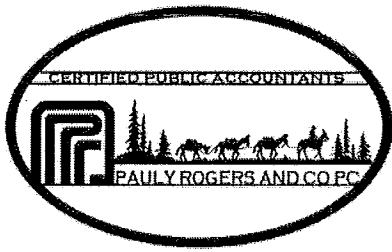
1. In our testing of receipts, we noted that it appeared that individual receipts were not issued for individual transactions. There is no audit trail for receipts as the audit trail begins at the deposit level. We recommend that individual receipts be issued for each transaction and that receipt copies be attached to bank deposits or other documentation that will allow cash receipts to be traced to bank deposits.
2. In our testing of bills, we noted that Portland Trail Blazers tickets were purchased for staff. We also noticed many employee reimbursements being paid out of Student Body Activity Funds. We recommend the District review the state and federal definitions of Student Activity Funds and ensure all other activity is run through the District office and the District books.



Tara M. Kamp, CPA  
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October 17, 2013

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

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

We have compiled the accompanying special-purpose cash basis combined statement of assets and cash balances, and related combined statement of receipts, disbursements and cash balances of the Student Activity Funds of Parkrose School District as of and for the year ended June 30, 2013. We have not audited or reviewed the accompanying special-purpose financial statements and, accordingly, do not express an opinion or provide any assurance about whether the special-purpose financial statements are in accordance with the cash basis of accounting.

The management of Parkrose School District is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

As discussed in Note 2, the special-purpose financial statements present only the student activity funds and do not purport to, and do not, present fairly the financial position of the Parkrose School District, as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of Parkrose School District in presenting financial information in the form of special-purpose financial statements without the undertaking to obtain or provide any assurance that there are no material modifications that should be made to the special-purpose financial statements.

*Tara M. Kamp, CPA*

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PARKROSE SCHOOL DISTRICT NO. 3

ACTIVITY FUNDS  
COMBINED BALANCE SHEET (CASH BASIS)  
At June 30, 2013

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ASSETS

Cash on Deposit:

Parkrose High School	\$ 144,242
Parkrose Middle School	35,000
Prescott Elementary School	2,984
Russell Academy School	4,451
Sacramento Elementary School	5,293
Shaver Elementary School	<u>8,911</u>
Total Assets	<u>\$ 200,881</u>

FUND BALANCES

Fund Balance:

Parkrose High School	\$ 144,242
Parkrose Middle School	35,000
Prescott Elementary School	2,984
Russell Academy School	4,451
Sacramento Elementary School	5,293
Shaver Elementary School	<u>8,911</u>
Total Fund Balance	<u>\$ 200,881</u>

PARKROSE SCHOOL DISTRICT NO. 3

ACTIVITY FUNDS

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH BALANCES

For the Year Ended June 30, 2013

	BALANCE 7/1/2012	RECEIPTS	DISBURSEMENTS	BALANCE 6/30/2013
Parkrose High School	\$ 120,752	\$ 391,562	\$ 368,072	\$ 144,242
Parkrose Middle School	31,912	56,838	53,750	35,000
Prescott Elementary School	2,230	5,890	5,136	2,984
Russell Academy School	2,057	20,349	17,955	4,451
Sacramento Elementary School	5,307	4,625	4,639	5,293
Shaver Elementary School	6,649	22,143	19,881	8,911
	<u>\$ 168,907</u>	<u>\$ 501,407</u>	<u>\$ 469,433</u>	<u>\$ 200,881</u>

See Independent Accountants' Compilation Report

PARKROSE SCHOOL DISTRICT NO. 3

ACTIVITY FUNDS  
NOTES TO THE FINANCIAL STATEMENTS

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1. ACCOUNTING METHOD

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

Under GAAP the fund financial statements require that revenues be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and expenditures are recorded as goods and services are received. Management believes the cash basis of accounting is preferable for the student activity funds due to their lack of complexity.

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 in each fund.

Parkrose School District No. 3 (the District) is a municipal corporation governed by an elected five-member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent. The operations of the student activity funds are administered by District staff who direct what activities and events are participated in.

The 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 with 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 separate report.

3. CASH

The Student Activity Funds maintain \$208,828 of their cash deposits in interest bearing demand deposit accounts at US Bank. Refer to the 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 were no material inventories on hand at June 30, 2013.

5. SUBSEQUENT EVENTS

Events have been evaluated for the year ended June 30, 2013 through October 17, 2013, the issuance date of the financial statements. No subsequent events were identified by management that required note disclosures.

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