

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



12700 SW 72nd Ave.
Tigard, OR 97223

PARKROSE SCHOOL DISTRICT NO. 3

STUDENT ACTIVITY FUNDS

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

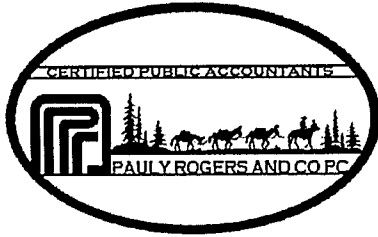
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PARKROSE SCHOOL DISTRICT NO. 3

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September 5, 2014

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, 2014. 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, 2014, 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, 2014 and test the receipts for the following attributes:
 - Individual receipts are used for the sample's transactions, or group listings/receipts when applicable
 - Monies collected were credited to the proper account(s) based off the receipt
 - Trace receipts to daily/batch total and deposit into the bank
 - Review the sequence of receipts written for 1 month during the year, noting any gaps or reuse of the same receipt number
3. PROCEDURE: Review the internal control procedures manual and provide suggestions for improvement.

FINDINGS:

PARKROSE HIGH SCHOOL:

None noted

PARKROSE MIDDLE SCHOOL:

1. In testing disbursements, we noted one bill for a reimbursement that appears to be for general classroom supplies. Student Activity funds should be used for co-curricular or extracurricular activities, not supplies directly related to curriculum. 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.

PRESCOTT ELEMENTARY SCHOOL:

1. In testing receipts, we noted three instances of receipts where we were unable to determine if they were credited to the proper account as they did not have detail of the account on the receipt. We recommend that the school include account detail on all cash receipts.
2. In testing receipts, we noted one cash receipt that did not have an individual receipt included with the deposit, only the copy of a check received from the payee. As a result, we were also unable to determine if the receipt was posted to the proper account. We recommend the school create individual receipts for all types of funds received at the school.
3. In testing of disbursements, we noted a reimbursement for food item purchases that appeared to be for a staff function and not 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.
4. In testing disbursements, we noted that a total amount on a handwritten bill from a vendor did not match the detail of the transaction as written on the bill. The detail states that the charge is \$4.00 times 63 children. This equals \$252. However, the stated total on the receipt shows a charge of \$294 which was the amount paid by the School. We recommend the school review all receipts for accuracy before authorizing payment.
5. In testing disbursements, we noted one bill for a reimbursement that appears to be for general classroom supplies. Student Activity funds should be used for co-curricular or extracurricular activities, not supplies directly related to curriculum. 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.
6. In testing disbursements, we noted an EFT transaction for an order of school checks that did not show evidence of approval. We recommend that the school follow the proper approval guidelines for all types of disbursements.

RUSSELL ACADEMY SCHOOL:

1. In testing receipts, we noted three instances of cash receipts where individual receipts were not issued. As a result, we were also unable to determine if these receipts were posted to the proper accounts. We recommend the school issue individual receipts for all types of funds received.
2. In testing receipts, we noted four instances of receipts where account information was not included on original receipt. As a result, we were unable to determine if money was credited to proper account. We recommend the school include account detail on all cash receipts.

3. In testing receipts, we noted that one cash receipt was received almost a month before the funds were deposited. We recommend that the school deposit all funds received within a week of receipt.
4. In testing receipts, we noted three receipts that were all included in the same bank deposit. When tracing the deposit to the bank statement, we noted that the bank deposit amount did not reconcile to supporting receipts. The total of attached receipts appears to be \$40 higher than deposit amount that cleared bank. We recommend the school clearly document the amounts included with each bank deposit.
5. In testing disbursements, we noted one check that did not have two signatures. We recommend the school sign all checks in accordance with District policy.

SACRAMENTO ELEMENTARY SCHOOL:

1. In our testing of disbursements, we noted a food purchase that appeared to be for a staff function and not 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.

SHAVER ELEMENTARY SCHOOL:

1. In testing receipts, we noted one instance of a receipt where an individual receipt was not issued or not included with the bank deposit. As a result, we were also unable to determine if the receipt was posted to the proper account. We recommend the school prepare individual receipts for all types of funds received.
2. In testing receipts, we noted that one cash receipt was received approximately a month before the funds were deposited. We recommend that the school deposit all funds received within a week of receipt.
3. In testing disbursements, we noted one bill that was coded to the Community Care donation account as a "birthday lunch reimbursement." No detail on the nature of the birthday lunch was provided to determine if it was properly coded to the donation funded Community Care account. We recommend the school provide adequate detail to support disbursements. 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.
4. In testing disbursements, we noted one check that did not have two signatures. We recommend the school sign all checks in accordance with District policy



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September 5, 2014

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, 2014. 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, 2014, 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, 2014

ASSETS

Cash on Deposit:

Parkrose High School	\$ 160,979
Parkrose Middle School	41,169
Prescott Elementary School	3,619
Russell Academy School	4,362
Sacramento Elementary School	6,797
Shaver Elementary School	<u>13,402</u>
Total Assets	<u>\$ 230,328</u>

FUND BALANCES

Fund Balance:

Parkrose High School	\$ 160,979
Parkrose Middle School	41,169
Prescott Elementary School	3,619
Russell Academy School	4,362
Sacramento Elementary School	6,797
Shaver Elementary School	<u>13,402</u>
Total Fund Balance	<u>\$ 230,328</u>

PARKROSE SCHOOL DISTRICT NO. 3

ACTIVITY FUNDS
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH BALANCES
For the Year Ended June 30, 2014

	BALANCE 7/1/2013	RECEIPTS	DISBURSEMENTS	BALANCE 6/30/2014
Parkrose High School	\$ 144,242	\$ 508,518	\$ 491,781	\$ 160,979
Parkrose Middle School	35,000	62,773	56,604	41,169
Prescott Elementary School	2,984	5,266	4,631	3,619
Russell Academy School	4,451	3,745	3,834	4,362
Sacramento Elementary School	5,293	5,894	4,390	6,797
Shaver Elementary School	8,911	13,960	9,469	13,402
	<u>\$ 200,881</u>	<u>\$ 600,156</u>	<u>\$ 570,709</u>	<u>\$ 230,328</u>

See Independent Accountants' Compilation Report

PARKROSE SCHOOL DISTRICT NO. 3

ACTIVITY FUNDS NOTES TO THE FINANCIAL STATEMENTS

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 \$245,204 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, 2014.

5. SUBSEQUENT EVENTS

Events have been evaluated for the year ended June 30, 2014 through September 5, 2014, the issuance date of the financial statements. No subsequent events were identified by management that required note disclosures.

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