

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
STUDENT ACTIVITY FUNDS  
MULTNOMAH COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**



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



MULTNOMAH COUNTY SCHOOL DISTRICT NO.7  
STUDENT ACTIVITY FUNDS

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

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MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

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

CERTIFIED PUBLIC ACCOUNTANTS

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

June 30, 2011

To the Board of Education  
Multnomah County School District No. 7  
Fairview, Oregon

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

We have performed the procedures enumerated below, which were agreed to by Reynolds School District, solely to assist you with respect to the Student Activity Funds for a selection of schools of Reynolds School District as of and for the year ended June 30, 2011. Reynolds 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, 2011, and test them for the following attributes:
  - Backup documentation was present to support the disbursement
  - Documentation that the disbursement was properly approved
  - Review the cancelled checks for consistency with the recorded disbursements
2. **PROCEDURE:** Select a random sample of receipts during the fiscal year ended June 30, 2011 and test them for the following attributes:
  - Receipts were issued and accounted for in numerical sequence
  - Receipts that were issued were deposited in the bank in a timely manner
  - Monies collected were credited to the proper account
3. **PROCEDURE:** Review bank reconciliations and bank statements for accuracy and evidence of review for three months including June 30, 2011.
4. **PROCEDURE:** Review the internal control procedures manual and provide suggestions for improvement.

FINDINGS:

GENERAL "ALL SCHOOLS":

1. During our review of the student body policy and procedure manual we became aware that there is no policy to have the Board review all changes to the manual. We recommend that the Board define their role in approving changes in light of their fiduciary and oversight responsibilities.

FAIRVIEW ELEMENTARY SCHOOL:

1. During our testing of receipts, we found one receipt was modified rather than voiding the original receipt and issuing a new receipt. We recommend that a pre-numbered receipt be issued and not altered for all monies received in accordance with District policy.
2. During our testing of bank reconciliations, we noted several instances where we were unable to find evidence that bank reconciliations were being reviewed in a timely manner. We recommend that bank reconciliations be reviewed by a competent individual (someone other than the person who prepares them) and that the review be documented and dated directly on the bank reconciliation or statement.

GLENFAIR ELEMENTARY SCHOOL:

1. During our testing of disbursements, we found that supporting documentation was not sufficiently provided for an expenditure. We recommend that all supporting documentation be retained as support for all expenditures in accordance with District policy.

SCOTT ELEMENTARY SCHOOL:

1. During our testing of disbursements, we found that supporting documentation was not sufficiently provided for an expenditure. We recommend that all supporting documentation be retained as support for all expenditures in accordance with District policy.

SWEETBRIAR ELEMENTARY SCHOOL:

1. During our testing of disbursements, we found one check that was not voided in accordance with the school board's policy. We recommend that the signature line be removed from voided checks as instructed in District policy.
2. During our testing of receipts, we noted that some monies received were not issued a receipt. We recommend that a pre-numbered receipt be issued for all monies received in accordance with District policy.
3. During our testing of bank reconciliations, we noted several instances where we were unable to find evidence that the bank reconciliations were being reviewed in a timely manner. We recommend that bank reconciliations be reviewed by a competent individual (someone other than the person who prepares them) and that the review be documented and dated directly on the bank reconciliation or statement.



WOODLAND ELEMENTARY SCHOOL:

1. During our testing of disbursements, we found one check that was not voided in accordance with the school board's policy. We recommend that the signature line be removed from voided checks as instructed in District policy.
2. During our testing of bank reconciliations, we noted several instances where we were unable to find evidence that bank reconciliations were being reviewed in a timely manner. We recommend that bank reconciliations be reviewed by a competent individual (someone other than the person who prepares them) and that the review is documented and dated directly on the bank reconciliation or statement.

REYNOLDS LEARNING ACADEMY:

1. During our testing of receipts, we noted that some monies received were not issued a receipt. We recommend that a pre-numbered receipt be issued for all monies received in accordance with District policy.
2. During our testing of bank reconciliations, we noted several instances where we were unable to find evidence that bank reconciliations were being reviewed in a timely manner. We recommend that bank reconciliations be reviewed by a competent individual (someone other than the person who prepares them) and that the review is documented and dated directly on the bank reconciliation or statement.

REYNOLDS HIGH SCHOOL:

1. During our testing of disbursements, we found that supporting documentation was not provided for two expenditures. We recommend that all supporting documentation be retained as support for all expenditures in accordance with District policy.
2. During our testing of bank reconciliations, we noted several instances where we were unable to find evidence that bank reconciliations were being reviewed in a timely manner. We recommend that bank reconciliations be reviewed by a competent individual (someone other than the person who prepares them) and that the review is documented and dated directly on the bank reconciliation or statement.
3. We were not able to complete procedure #3 for Reynolds High School CD as the most current statement only goes through December 31, 2010. The bank activity up to December 31, however, did appear reasonable and accurate.

  
PAULY, ROGERS AND CO., P.C.

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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June 30, 2011

To the Board of Education  
Multnomah County School District No. 7  
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 Reynolds School District as of and for the year ended June 30, 2011. 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 Reynolds 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 fund and do not purport to, and do not, present fairly the financial position of the Reynolds School District, as of June 30, 2011, 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 Reynolds 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.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

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**REYNOLDS SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET (CASH BASIS)**  
**At June 30, 2011**

ASSETS

Cash on Deposit:

Reynolds High School	\$ 268,167
Checking	23,996
Savings	6,876
C.D.	110,695
Scholar Savings	1,050
Cash on Hand	<u>410,784</u>
Total Reynolds High School	410,784
HB Lee Middle School	9,541
Reynolds Middle School	24,513
Walt Morey Middle School	17,842
Alder Elementary School	4,060
Davis Elementary School	23,244
Fairview Elementary School	7,725
Glenfair Elementary School	8,635
Hartley Elementary School	9,592
Margaret Scott Elementary School	7,899
Reynolds Learning Academy	14,888
Salish Ponds Elementary School	10,539
Sweetbriar Elementary School	10,896
Troutdale Elementary School	4,306
Wilkes Elementary School	10,461
Woodland Elementary School	<u>12,278</u>
Total Assets	<u>\$ 587,203</u>

FUND BALANCES

Fund Balance:

Reynolds High School	\$ 410,784
HB Lee Middle School	9,541
Reynolds Middle School	24,513
Walt Morey Middle School	17,842
Alder Elementary School	4,060
Davis Elementary School	23,244
Fairview Elementary School	7,725
Glenfair Elementary School	8,635
Hartley Elementary School	9,592
Margaret Scott Elementary School	7,899
Reynolds Learning Academy	14,888
Salish Ponds Elementary School	10,539
Sweetbriar Elementary School	10,896
Troutdale Elementary School	4,306
Wilkes Elementary School	10,461
Woodland Elementary School	<u>12,278</u>
Total Fund Balance	<u>\$ 587,203</u>

See Independent Accountants' Compilation Report

**REYNOLDS SCHOOL DISTRICT**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH BALANCES  
For the Year Ended June 30, 2011**

	Balance 7/01/10	Receipts	Disbursements	Balance 6/30/11
Reynolds High School	\$ 385,046	\$ 725,807	\$ 700,069	\$ 410,784
HB Lee Middle School	15,278	58,866	64,603	9,541
Reynolds Middle School	29,876	40,101	45,464	24,513
Walt Morey Middle School	11,484	37,491	31,133	17,842
Alder Elementary School	2,897	15,114	13,951	4,060
Davis Elementary School	18,655	17,893	13,304	23,244
Fairview Elementary School	8,861	11,175	12,311	7,725
Glenfair Elementary School	7,258	7,289	5,912	8,635
Hartley Elementary School	10,691	19,233	20,332	9,592
Margaret Scott Elementary School	8,793	15,678	16,572	7,899
Reynolds Learning Academy	17,692	10,381	13,185	14,888
Salish Ponds Elementary School	7,344	9,477	6,282	10,539
Sweetbriar Elementary School	15,378	9,614	14,096	10,896
Troutdale Elementary School	4,049	11,480	11,223	4,306
Wilkes Elementary School	6,904	15,765	12,208	10,461
Woodland Elementary School	14,009	11,843	13,574	12,278
	<u>\$ 564,215</u>	<u>\$ 1,017,207</u>	<u>\$ 994,219</u>	<u>\$ 587,203</u>

See Independent Accountants' Compilation Report

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
STUDENT ACTIVITY FUNDS  
NOTES TO INDEPENDENT ACCOUNTANTS' COMPIILATION REPORT

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1. ACCOUNTING METHOD

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

Under GAAP the fund financial statements require that receipts be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and disbursements 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.

Reynolds School District (the District) is a municipal corporation governed by an elected seven-member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent-Clerk. The operations of the student activity funds are administrated by District staff who direct what activities and events are participated in.

The student activity funds only account for the above activities and do not include all operations of Reynolds School District. Therefore, the student activity fund statements are not intended to present fairly the financial position and results of operations of Reynolds School District in conformity with generally accepted accounting principles. The student activity funds are included as agency funds in the Reynolds School District basic financial statements, which include all operations of the District and can be found in a separately issued report.

3. CASH

Cash held by the Student Activity Funds selected includes \$420,865 held in demand deposits and \$117,571 held in various time certificates of deposit. Refer to Reynolds School District's basic financial statements and footnotes for FDIC and collateral coverage available to protect these funds. The maturity dates and balances for time certificates of deposit are as follows:

<u>MATURITY DATE</u>	<u>BALANCE</u>
4/15/12	\$ 6,876
12/31/11	<u>110,695</u>
<b>TOTAL</b>	<b><u>\$ 117,571</u></b>

4. SUPPLY INVENTORIES

Inventories of supplies on hand at June 30, 2011 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, 2011.

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