

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



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

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

TABLE OF CONTENTS

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

**This Page Intentionally Left Blank**



PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 22, 2017

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 as of and for the year ended June 30, 2017. We applied the agreed upon procedures listed below to selected financial records. 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, 2017, and test them for the following attributes:
  - Backup documentation was present to support the disbursement
  - Documentation was present that the disbursement was properly approved
  - Review the cancelled checks for consistency with the recorded disbursements and for proper signatures in accordance with the Activity Fund Policy
2. PROCEDURE: Select a random sample of receipts during the fiscal year ended June 30, 2017 and test them for the following attributes:
  - Receipt copies were issued and accounted for in numerical sequence
  - Receipt copies 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 during the year including June 30, 2017.
4. PROCEDURE: Review the internal control procedures manual and provide suggestions for improvement.

In addition, for Reynolds High School we:

1. Expanded on samples noted on test #1 and #2 above.
2. Selected a random sample of petty cash disbursements for the fiscal year ended June 30, 2017, and tested them for the following attributes:
  - Backup documentation was present to support the disbursement
  - Documentation that the disbursement was properly approved was present
3. Performed a count of petty cash and compared with current petty cash reconciliation.

## FINDINGS:

### DAVIS ELEMENTARY SCHOOL

1. During our testing of receipts for the book fair, we noted that revenue and expenses were not recorded in the books for transactions since it was the same amount of money coming in and going back out and the activities were netted. We recommend that revenue and expenses be recorded on the books before the money is deposited into the bank.

### GLENFAIRE ELEMENTARY SCHOOL

1. During our testing of disbursements, we found one instance where a check was written for more than the recorded supporting amount, with no indication of what the additional money was for. Even though the total check was properly approved, the backup documentation did not support why \$2,319.67 was paid instead of \$2,219.60. We recommend maintaining all the documentation for every check written that supports the face amount of the check.
2. During our testing of receipts, we noted that two receipts #9749 and #9750 from the previous year were left blank when a new receipt book was started for the new year. We recommend that receipts should be voided if they are not going to be used.

### HARTLEY ELEMENTARY SCHOOL

1. During our testing of disbursements, we found an instance where the check disbursement was filled out and approved after the check was written. We recommend that the check disbursement request be approved prior to the check being written.

### MARGARET SCOTT ELEMENTARY SCHOOL

1. During our testing of receipts, we found instances of where receipts were not written at the time checks or cash were received by the office. We recommend that a receipt copy be given out every time cash or checks are received by the office.

### REYNOLDS LEARNING ACADEMY:

1. During our testing of receipts, we found two instances of money being received and deposited more than a week after a receipt copy was written. We recommend that funds received be receipted, entered into the accounting system, and deposited in the bank in a timely fashion.
2. During our testing of disbursements, we found an instance where a disbursement was missing backup documentation of \$33 for the total check written of \$550. We recommend that all of the documentation received support the full amount of the check written.

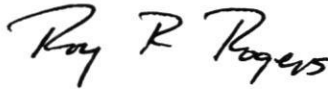
### REYNOLDS MIDDLE SCHOOL:

1. During our testing of receipts, we found that an entire amount of receipt #32142 was put into yearbook fund when it should have been broken down into Yearbook, PE, In & Out, and General Fund, respectively (\$932, \$806, \$126, \$1,054). We recommend recording the receipts to the proper accounts.

2. During our testing of receipts, we noted some receipt copies had been used out of sequence. We recommend issuing the receipt copies the same day the money is received and to issue copies in order.
3. During our testing of disbursements, we found two instances where check numbers 10803 and 10817 did not have the appropriate approvals. We recommend that checks be approved prior to disbursement.

WOODLAND ELEMENTARY SCHOOL

1. During our testing of disbursements, we found a check that was written to Reynolds School District to close out the Auto Dialer Category per the instructions from the District Office. The amount of the check was from the prior year and was erroneously recorded to the Auto Dialer category instead of the ASB Library and Media category (less a fee on a returned check received from a parent). It appears this amount should have been transferred to the ASB Library & Media category rather than disbursed from ASB funds to the District.



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

**This Page Intentionally Left Blank**



PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 22, 2017

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

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying special-purpose cash basis combined balance sheet and combined statement of receipts, disbursements and cash balances of the Student Activity Funds of the Reynolds School District as of June 30, 2017 and the related notes to the financial statements, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the special-purpose financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these special-purpose financial statements.

As discussed in Note 3, the special-purpose financial statements of the Reynolds School District Activity Funds are intended to present the financial position and the changes in financial position of only the student activity funds and do not purport to, and do not, present fairly the financial position of the Reynolds School District as of June 30, 2017, 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.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.



**This Page Intentionally Left Blank**

## FINANCIAL STATEMENTS AND SCHEDULES

**This Page Intentionally Left Blank**

**REYNOLDS SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET (CASH BASIS)**  
**At June 30, 2017**

---

ASSETS

Cash on Deposit:

Reynolds High School	\$ 202,163
Checking	6,920
Savings	50
Cash on Hand	<u>50</u>
Total Reynolds High School	209,133
Alder Elementary School	2,670
Davis Elementary School	14,607
Glenfair Elementary School	3,536
Wilkes Elementary School	2,820
HB Lee Middle School	9,506
Hartley Elementary School	12,086
Margaret Scott Elementary School	1,155
Reynolds Learning Academy	8,357
Woodland Elementary School	4,204
Salish Ponds Elementary School	10,278
Sweetbriar Elementary School	10,455
Fairview Elementary School	1,039
Walt Morey Middle School	24,238
Reynolds Middle School	22,741
Troutdale Elementary School	<u>773</u>
Total Assets	<u><u>\$ 337,596</u></u>

FUND BALANCES

Fund Balance:

Reynolds High School	\$ 209,133
Alder Elementary School	2,670
Davis Elementary School	14,607
Glenfair Elementary School	3,536
Wilkes Elementary School	2,820
HB Lee Middle School	9,506
Hartley Elementary School	12,086
Margaret Scott Elementary School	1,155
Reynolds Learning Academy	8,357
Woodland Elementary School	4,204
Salish Ponds Elementary School	10,278
Sweetbriar Elementary School	10,455
Fairview Elementary School	1,039
Walt Morey Middle School	24,238
Reynolds Middle School	22,741
Troutdale Elementary School	<u>773</u>
Total Fund Balance	<u><u>\$ 337,596</u></u>

See Accompanying Notes and Independent Accountants' Compilation Report

**REYNOLDS SCHOOL DISTRICT**

**COMBINED STATEMENT OF RECEIPTS,  
DISBURSEMENTS AND CASH BALANCES  
For the Year Ended June 30, 2017**

	<u>Balance 7/01/16</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 6/30/17</u>
Reynolds High School	\$ 201,220	\$ 377,343	\$ 369,430	\$ 209,133
HB Lee Middle School	9,341	24,998	24,833	9,506
Reynolds Middle School	24,964	30,326	32,549	22,741
Walt Morey Middle School	21,996	27,241	25,000	24,238
Alder Elementary School	841	3,766	1,936	2,670
Davis Elementary School	12,777	6,000	4,171	14,607
Fairview Elementary School	1,930	10	901	1,039
Glenfair Elementary School	3,351	3,380	3,194	3,536
Hartley Elementary School	9,711	6,537	4,162	12,086
Margaret Scott Elementary School	3,036	1,160	3,041	1,155
Reynolds Learning Academy	5,256	4,721	1,620	8,357
Salish Ponds Elementary School	9,974	15,313	15,009	10,278
Sweetbriar Elementary School	9,819	5,407	4,771	10,455
Troutdale Elementary School	310	5,355	4,892	773
Wilkes Elementary School	1,305	11,276	9,761	2,820
Woodland Elementary School	2,322	3,754	1,872	4,204
	<u>\$ 318,153</u>	<u>\$ 526,586</u>	<u>\$ 507,143</u>	<u>\$ 337,596</u>

See Accompanying Notes and Independent Accountants' Compilation Report

## NOTES TO FINANCIAL STATEMENTS

**This Page Intentionally Left Blank**

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
STUDENT ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENT

---

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 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

Activities in 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.

3. RELATED PARTY TRANSACTIONS

Reynolds School District (the District) is a municipal corporation governed by an elected 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 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 accounting principles generally accepted in the United States of America. The student activity funds are included as an agency fund in the Reynolds School District basic financial statements, which include all operations of the District and can be found in a separately issued report.



MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
STUDENT ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENT

---

4. CASH

Cash held in the bank for the Student Activity Funds includes \$365,842 held in demand deposits and \$6,921 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>
06/30/17	\$ 6,921
<b>TOTAL</b>	<b>\$ 6,921</b>

5. SUPPLY INVENTORIES

Inventories of supplies on hand at June 30, 2017 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, 2017.

6. SUBSEQUENT EVENTS

Events have been evaluated for the year ended June 30, 2017 through November 22, 2017, the issuance date of the financial statements. No subsequent events were identified by management that required note disclosure.