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Independent Accountants' Report on Applying Agreed-Upon Procedures

August 15, 2023

To the Board of Education
Belleville-Henderson Central School District

We have performed the procedures described in the following pages, which were agreed to by the Belleville-Henderson Central School District ("District"), on the Capital Reserve Account established in 2008 and the budget transfers occurring between the general fund's unassigned fund balance and the Capital Reserve Account.

The District's management is responsible for administering this function.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the District's Capital Reserve function. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



Crowley & Halloran, CPAs, P.C.

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**Independent Accountants' Report on Applying Agreed-Upon Procedures
(Continued)**

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than the specified parties.

Crowley & Halloran CPAs P.C.

Watertown, NY

August 15, 2023

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Reserve funds are mechanisms for accumulating cash for future capital outlays and other allowable purposes. The practice of planning ahead and systematically saving for capital acquisitions and other contingencies is considered prudent management. The Capital Reserve fund permits the District to accumulate cash for future equipment purchases and capital improvements. This reserve is allowed under New York State Education law section 3651 to pay the cost of any object or purpose for which bonds may be issued. When funding reserves, multiyear formal plans are essential for informing the public and other interested parties that the District has identified a future need for the funds. The creation of the capital reserve fund requires authorization by a majority of voters establishing the purpose of the reserve, the ultimate amounts, its probable term and the source of the funds. An expenditure may be made from the reserve only for a specified purpose further authorized by the voters. Reserves defunct after terms expire, except to spend remaining funds with voter approval.

The intended purpose of the engagement was to determine if transfers into the Capital Reserve Account balances and the subsequent return of excess reserves were properly executed during the periods specified by board resolution. We designed the procedures enumerated below in relation to the activity of the Capital Reserve Account established in 2008 and the budget transfers occurring between the general fund's unassigned fund balance and the Capital Reserve Account:

- Examine documentation surrounding the funding of Capital Reserve Account established in 2008 and subsequent activity, including board resolutions.
- Trace actual deposits and budget transfers into the Capital Reserve Account from the unassigned fund balance and agree to general ledger activity for the appropriate accounts.
- Trace actual withdrawals and transfers from the Capital Reserve Account.
- Understand and test the discrepancy identified pertaining to Board approved transfers and actual transfers to the 2008 Capital Reserve Account.
- Examine and test whether or not the total of \$200,000 was accurately represented in the general fund unassigned fund balance or Capital Reserve Account during periods identified in accordance with the resolution.

We focused our procedures on the period the Capital Reserve Account was established by the voters of the District held on May 20, 2008 through the ten year term limit of the Reserve.

We requested all Board of Education Resolutions related to voter approval for capital reserve funding from fiscal year July 1, 2007 - June 30, 2008 (FY2008) through July 1, 2017 - June 30, 2018 (FY2018).

We requested all Board Resolutions related to the approval of Capital Reserve Fund spending from June 30, 2008 through June 30, 2018.

We requested all bank statements from the Capital Reserve Fund from June 30, 2008 through June 30, 2018 and all bank statements from the General Fund operating account from June 30, 2008 through June 30, 2018 that contained Capital Reserve Account activity.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

We requested general ledger detail from FY2008 through FY2018 for the Capital Reserve Fund account (A230), the Capital Reserve Fund balance account (A878), and the General Fund Operating account (A200).

We requested and examined all the Annual Financial Report for New York State's Public Schools ("ST-3") the District filed with the New York State Department of Education as well as all the District's annual audited financial statements from FY2008 through FY2018.

Our procedures and findings are as follows:

FY2008:

Capital Reserve Fund Established

We were provided with the minutes referencing the Board of Education Resolutions establishing the Capital Reserve Fund. At the Annual Election and Vote of the qualified voters of the Belleville Henderson Central School District ("District"), held on May 20, 2008, a proposition was duly adopted authorizing the Board of Education ("Board") to establish a capital reserve fund not to exceed \$2,000,000 and further authorizing to annually pay into the fund such amount as determined by the Board not to exceed \$500,000 per year.

Activity Traced

We traced \$500,000 into the District's A230 Cash, Special Reserves – Capital general ledger activity and A878 Capital Fund Reserve general ledger activity. Since we were not provided the bank statements for the Capital Reserve Account or the General Fund prior to the period with a statement date of October 10, 2014, we were unable to trace the actual movement of funds. We note the District did attempt to obtain the bank statements prior to this date as we requested, but they were outside of the financial institution's document retention period.

Agreed to Audited Financial Statements and ST-3

The audited financial statements at June 30, 2008 reported the reserve for Capital in the amount of \$500,000. The Annual Financial Report for New York State's Public Schools ("ST-3") also reported the reserve for Capital at \$500,000. Below is a summary for 2007-2008:

	2008
Fund Established	\$ 2,000,000
	<hr/>
Additions to Reserve	500,000
	<hr/>
Capital Reserve Fund Balance (A878) at End of Year	\$ 500,000
	<hr/>
Capital Reserve Cash Account Balance (A230)	500,093
Audited Financial Statements	500,000
Annual Financial Report	500,000

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

FY2009:

Authorization of Funding Capital Fund Reserve

Authorization to pay \$300,000 into the Capital Reserve fund was made by resolution in a special meeting of the Board held on June 30, 2009 to be accounted in General Fund A878 and was effective immediately.

Authorized Expenditures from Capital Fund Reserve

We reviewed the minutes of the special District Board of Education meeting held on February 27, 2009, in which qualified voters voted and adopted a proposition authorizing a project consisting of construction of an approximately 8,300 square foot classroom addition to the District's PreK-12 school building and renovations and improvements to the PreK-12 school building, playgrounds and athletic fields, and expend a total sum not to exceed \$8,165,000, of which a transfer \$185,000 from the Capital Fund Reserve to the Capital Fund was authorized to pay for the costs of the project.

Activity Traced

We traced \$300,000 into A878 Capital Fund Reserve general ledger activity prior to June 30, 2009 and into the A230 Cash, Special Reserves – Capital general ledger activity on July 10, 2009. We traced the transfer to the Capital fund in the amount of \$185,000 from A230 and A878 in June 2009. Since we were not provided the bank statements for the Capital Reserve Account or the General Fund, we were unable to trace the actual movement of funds.

Agreed to Audited Financial Statements and ST-3

The audited financial statements and the ST-3 for the year ended June 30, 2009 reported the Capital Reserve at \$619,954, which included interest earned on the account.

Below is a summary for 2008-2009:

	2009
Capital Reserve Fund Balance Beginning of the Year	\$ 500,000
Additions to Reserve	300,000
Interest Earned (Rounded)	4,954
Transfers to Capital Fund	(185,000)
Capital Reserve Fund Balance (A878) at End of Year	<u>\$ 619,954</u>
Authorized Capital Reserve Fund Spending	(185,000)
Capital Reserve Cash Account Balance (A230)	320,762
Audited Financial Statements	619,954
Annual Financial Report	619,954

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Variance

The variance between the Capital Reserve Cash Account Balance (A230) and Capital Reserve Fund Balance (A878) in the amount of \$299,192 at June 30, 2009, was because the actual transfer of cash in the amount of \$300,000 to the Capital Reserve Cash Account Balance (A230) was made after year end and there was an adjustment for interest in the amount of \$808 to the Capital Reserve Fund Balance (A878) that was completed in FY2010.

FY2010:

Authorization of Funding Capital Fund Reserve

Our review of the Board of Education meeting minutes for the April 14, 2010 referenced the resolution authorizing \$150,000 to transfer to the reserve and the A230 Cash, Special Reserves - Capital general ledger activity reflected a \$150,000 deposit. Our review of the October 4, 2010 Board of Education minutes indicated authorization to pay \$118,000 into the Reserve fund as of June 30, 2010, however the review of the minutes of the meeting held on October 25, 2010 amended the amount authorized to \$119,000 as of June 30, 2010.

Authorized Expenditures from Capital Fund Reserve

The March 1, 2010 Board of Education meeting minutes authorized expenditure for the purchase of a school bus not to exceed \$119,000.

Activity Traced

We traced \$268,000 into A878 Capital Fund Reserve and into the A230 Cash, Special Reserves – Capital general ledger activity in July 2009. We traced the transfer to the Capital fund in the amount of \$119,000 from A230 and \$118,000 from A878 in June 2010. We noted an adjustment of \$1,000 from A878 in July 2010. Since we were not provided the bank statements for the Capital Reserve Account or the General Fund prior to the period with a statement date of October 10, 2014, we were unable to trace the actual movement of funds.

Agreed to Audited Financial Statements and ST-3

The ST-3 and audited financial statements reported the Capital Reserve at \$771,245, which included interest earnings.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Below is a summary for 2009-2010:

	2010
Capital Reserve Fund Balance Beginning of the Year	\$ 619,954
Additions to Reserve	268,000
Interest Earned (Rounded)	1,483
Reclass of Previous Year Interest	808
Transfers to Capital Fund	(119,000)
Capital Reserve Fund Balance (A878) at End of Year	<u>\$ 771,245</u>
Authorized Capital Reserve Fund Spending	(119,000)
Capital Reserve Cash Account Balance (A230)	772,245
Audited Financial Statements	771,245
Annual Financial Report	771,245

Variance

The variance between the Capital Reserve Cash Account Balance (A230) and Capital Reserve Fund Balance (A878) in the amount of \$1,000, was due to the actual transfer of cash in the amount of \$119,000 to the Capital Reserve Cash Account Balance (A230) was made after year end and was understated by \$1,000 to the Capital Reserve Fund Balance (A878) which was corrected in FY2011.

FY2011:

Authorization of Funding and Expenditure from the Capital Fund Reserve

We noted no authorized transfers to or from the reserves during FY2011.

Activity Traced

Our review of the A230 Cash, Special Reserves – Capital and A878 general ledger activity noted a deposit from the Capital Fund of \$7,996 and account interest earnings less fees of \$702. Since we were not provided the bank statements for the Capital Reserve Account or the General Fund, we were unable to trace the actual movement of funds.

Agreed to Audited Financial Statements and ST-3

The ST-3 and audited financial statements reflected the balance of the Capital Reserve Fund at \$780,943.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Below is a summary for 2010-2011:

	2011
Capital Reserve Fund Balance Beginning of the Year	\$ 771,245
Additions to Reserve	-
Interest Earned (Rounded)	773
Bank Fees	(71)
Correction of Error	1,000
Transfers from Capital Fund	7,996
Capital Reserve Fund Balance (A878) at End of Year	<u>\$ 780,943</u>
Authorized Capital Reserve Fund Spending	-
Capital Reserve Cash Account Balance (A230)	780,943
Audited Financial Statements	780,943
Annual Financial Report	780,943

FY2012:

Authorization of Funding Capital Fund Reserve

Our review of the June 25, 2012 minutes indicated authorization to pay into the fund at an amount not to exceed \$500,000, however our review of the general ledger activity reflected an adjustment to reserve cash of only \$425,000.

Activity Traced

We traced \$425,000 into A878 Capital Reserve Fund Balance and A230 Cash, Special Reserves – Capital general ledger activity in June 2012. Since we were not provided the bank statements for the Capital Reserve Account or the General Fund, we were unable to trace the actual movement of funds.

Agreed to Audited Financial Statements and ST-3

The ST-3 and audited financial statements reported the Capital Reserve Fund at \$1,206,796, which included interest earnings and reimbursed bank fees of \$853.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Below is a summary of activity for 2011-2012:

	2012
Capital Reserve Fund Balance Beginning of the Year	\$ 780,943
Additions to Reserve	425,000
Interest Earned (Rounded)	782
Reimbursed Bank Fees	71
Capital Reserve Fund Balance (A878) at End of Year	<u>\$ 1,206,796</u>
Authorized Capital Reserve Fund Spending	-
Capital Reserve Cash Account Balance (A230)	1,206,796
Audited Financial Statements	1,206,796
Annual Financial Report	1,206,796

FY2013:

Authorization of Funding Capital Fund Reserve

Our review of the June 24, 2013 Board of Education meeting minutes indicated authorization to pay into the reserves in the amount not to exceed \$100,000.

Authorized Expenditures from Capital Fund Reserve

Our review of the Board of Education minutes held on April 15, 2013 amended the resolution from March 25, 2013 meeting referring the proposition to be presented to the voters on May 21, 2013, authorization from the capital reserve for a 66 passenger bus not to exceed \$124,000, a 16 passenger bus not to exceed \$52,000, and a tractor not to exceed \$64,000, removing the 66 passenger bus not to exceed \$124,000.

Activity Traced

Our review of the A230 Cash, Special Reserves – Capital and A878 Capital Reserve Fund general ledger activity reflected the transfer of \$100,000 and total transfers to the Capital Fund in the amount \$116,000. Since we were not provided the bank statements for the Capital Reserve Account or the General Fund we were unable to trace the actual movement of funds.

Agreed to Audited Financial Statements and ST-3

The ST-3 and audited financial statements reported the Capital Reserve Fund balance at \$1,191,908 and a transfer to the Capital Fund in the amount of \$116,000. The account earned \$1,112 of interest.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Below is a summary for 2012-2013:

	2013
Capital Reserve Fund Balance Beginning of the Year	\$ 1,206,796
Additions to Reserve	100,000
Interest Earned (Rounded)	1,112
Transfers to Capital Fund	(116,000)
Capital Reserve Fund Balance (A878) at End of Year	<u>\$ 1,191,908</u>
Authorized Capital Reserve Fund Spending	(116,000)
Capital Reserve Cash Account Balance (A230)	1,191,908
Audited Financial Statements	1,191,908
Annual Financial Report	1,191,908

FY2014:

Authorization of Funding Capital Fund Reserve

Our review of the Board of Education June 23, 2014 meeting minutes authorized \$100,000 transfer to the reserves and the meeting held on October 6, 2014 authorized an amount not to exceed \$25,000 reference to as an additional resolution.

Authorized Expenditures from Capital Fund Reserve

Our review of a Special Meeting held on May 20, 2014 approved and certified the Capital Reserve Fund in the amount not to exceed \$38,000 for the purchase of replacement truck to be used for snow and ice control and \$22,000 for the purchase of one minivan to be used for transportation for the 2014-2015 school year.

Activity Traced

Our review of the A230 Cash, Special Reserves – Capital reflected a transfer in of \$125,000 at June 30, 2014. A878 Capital Reserve Fund general ledger activity indicated \$125,000 was transferred on October 6, 2014. We noted no expenditures during FY2014.

Agreed to Audited Financial Statements and ST-3

The ST-3 and audited financial statements reported the Capital Reserve Fund balance at \$1,332,381 and BANs redeemed from appropriations of \$14,722 transferred from the Capital Fund. We noted interest earned \$751 and a transfer from the capital fund \$14,722.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Below is a summary for 2013-2014:

	2014
Capital Reserve Fund Balance Beginning of the Year	\$ 1,191,908
Additions to Reserve	125,000
Interest Earned (Rounded)	751
Transfers from Capital Fund	<u>14,722</u>
Capital Reserve Fund Balance (A878) at End of Year	<u><u>\$ 1,332,381</u></u>
Authorized Capital Reserve Fund Spending	-
Capital Reserve Cash Account Balance (A230)	1,207,381
Audited Financial Statements	1,332,381
Annual Financial Report	1,332,381

Variance

The variance between the Capital Reserve Account Balance (A230) and Capital Reserve Fund Balance (A878) in the amount of \$125,000, was due to the actual transfer of cash in the amount of \$125,000 was made after year end.

FY2015:

Authorization of Funding Capital Fund Reserve

Our review of the June 29, 2015 Board of Education meeting minutes authorized transfers to the Capital Reserve fund in the amount not to exceed \$100,000.

Authorized Expenditures from Capital Fund Reserve

Our review of the Board of Education minutes for the meeting held on February 23, 2015, referenced the Bond Resolution, authorizing capital improvement projects at a cost not to exceed \$3,045,123, the expenditure of \$650,000 of Capital Reserve Fund monies to pay a portion of the costs thereof and the issuance and sale of serial bonds or notes in anticipation of such bonds in the aggregate principal amount of \$2,395,123. Our review of a Special Meeting held on May 20, 2014 approved and certified the Capital Reserve Fund in the amount not to exceed \$38,000 for the purchase of replacement truck to be used for snow and ice control and \$22,000 for the purchase of one minivan to be used for transportation for the 2014-2015 school year.

Activity Traced

As noted above, our review of the (A230) Cash, Special Reserves – Capital general ledger activity reflected \$119,000 deposited and \$198 of interest on August 31, 2015 with expenditures of \$727,111. In (A878) we noted \$100,000 of transfers from general fund and the withdrawal of \$650,000 on February 28, 2015, a transfer out of the reserve of \$19,098 on December 2, 2014, transfers of \$36,371 and \$19,098 on December 29, 2014.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Our review of the Capital Reserve Bank account agreed to the Capital Reserve Fund (A878) balance of \$727,131 after a deposit of \$119,098 on August 25, 2015.

Audited Financial Statements and ST-3

The ST-3 and audited financial statements reflected a Capital Reserve Fund balance of \$727,111 and a transfer to the capital fund of \$705,468.

Below is a summary for 2014-2015:

	2015
Capital Reserve Fund Balance Beginning of the Year	\$ 1,332,381
Additions to Reserve	100,000
Interest Earned (Rounded)	198
Transfers to Capital Fund	<u>(705,468)</u>
Capital Reserve Fund Balance (A878) at End of Year	<u><u>\$ 727,111</u></u>
Authorized Capital Reserve Fund Spending	(710,000)
Capital Reserve Cash Account Balance (A230)	608,111
Audited Financial Statements	727,111
Annual Financial Report	727,111

Variance

The variance between the Capital Reserve Cash Account Balance (A230) and Capital Reserve Fund Balance (A878) in the amount of \$119,000, was due to the actual transfer of cash was made after year end.

FY2016:

Authorization of Funding Capital Fund Reserve

At the meeting held on August 15, 2016, the Board of Education approved the transfer of \$300,000 from unassigned fund balance to the Capital Reserve Fund as of June 30, 2016. This authorization was subsequently revised, as referenced in the April 25, 2017 meeting minutes, to \$107,000, when after a review of District records, it was determined that the District had authorized transfers of \$2,393,000 which exceeded the authorized amount not to exceed \$2,000,000 at the establishment of the Capital Reserve Fund.

Activity Traced

Our review of the Cash, Special Reserves – Capital general ledger activity reflected \$300,000 transferred from the general fund on August 16, 2016 and interest earnings of \$214.43.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

On April 28, 2017 the Cash, Special Reserves – Capital general ledger activity reported a transfer to the general fund of \$193,000, the amount of the overfunding of the Capital Reserve for the \$300,000 amended to \$107,000. We traced this withdrawal to the Capital Reserve bank account and the corresponding deposit of \$193,000 to the Public Fund Money Management General Fund bank account also made on April 28, 2017.

Our review of the bank account activity for the Capital Reserve Fund reflected a deposit from the general fund of \$300,000 on August 16, 2016. The review of the general fund operating account reflected the withdrawal of \$300,000 also on August 16, 2016.

Audited Financial Statements and ST-3

The ST-3 and audited financial statements reflected a Capital Reserve Fund Balance of \$1,027,253.

Below is a summary for 2015-2016:

	2016
Capital Reserve Fund Balance Beginning of the Year	\$ 727,111
Additions to Reserve	300,000
Interest Earned (Rounded)	<u>142</u>
Capital Reserve Fund Balance (A878) at End of Year	<u><u>\$ 1,027,253</u></u>
Authorized Capital Reserve Fund Spending	-
Capital Reserve Cash Account Balance (A230)	1,027,253
Audited Financial Statements	1,027,253
Annual Financial Report	1,027,253

FY2017:

Authorization/Correction of Funding Capital Fund Reserve

At the Board of Education meeting held on November 22, 2016, authorization was made to transfer \$200,000, referenced to Resolution No. 4 for the fiscal year ended June 30, 2017. The meeting held on April 2, 2017 noted correction and rescission of this resolution.

Activity Traced

Our review of the (A230) Cash, Special Reserves – Capital general ledger activity reflected that \$200,000 was transferred from the general fund on November 30, 2016. However the A878 Capital Reserve Fund did not reflect an increase of \$200,000.

The Capital Reserve general ledger account activity reported a withdrawal of \$193,000 on April 28, 2017 and transfer to the General Fund. As noted above we traced this withdrawal to the Capital Reserve bank account and the corresponding deposit to the Public Fund Money Management General Fund bank account also made on April 28, 2017.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

On November 13, 2017, the Cash, Special Reserves – Capital general ledger activity reported a transfer to the general fund of \$200,000, the amount of the overfunding of the Capital Reserve. We traced this withdrawal to the Capital Reserve bank account and the corresponding deposit of \$200,000 to the Public Fund Money Management General Fund bank account also made on November 13, 2017.

Audited Financial Statements and ST-3

The ST-3 and audited financial statements reported the Capital Reserve Fund balance at \$1,034,467 at June 30, 2017.

Below is a summary for 2016-2017:

	2017
Capital Reserve Fund Balance Beginning of the Year	\$ 1,027,253
Additions to Reserve	-
Interest Earned (Rounded)	-
Transfers from Capital Fund	7,214
Capital Reserve Fund Balance (A878) at End of Year	<u><u>\$ 1,034,467</u></u>
Authorized Capital Reserve Fund Spending	-
Capital Reserve Cash Account Balance (A230)	1,034,467
Audited Financial Statements	1,034,467
Annual Financial Report	1,034,467

FY2018:

Authorized Expenditures from Capital Fund Reserve

Our review of the Budget Vote/Board Member Election on May 16, 2017, we noted the passing of Proposition #2 to withdraw a sum not to exceed \$47,000 from the Capital Reserve Fund for the purchase of one replacement truck to be used for snow and ice control at a maximum estimated cost not to exceed \$47,000 for the year ended June 30, 2018.

Our review of the minutes Board of Education meeting held on December 11, 2017 referenced the Bond Resolution, authorizing capital improvement projects at a cost not to exceed \$2,750,000, the expenditure of \$950,000 of Capital Reserve Fund monies to pay a portion of the costs thereof and the issuance and sale of serial bonds or notes in anticipation of such bonds in the aggregate principal amount of \$1,800,000.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Activity Traced

The general ledger activity reported a withdrawal of \$34,485 on August 31, 2017 and \$800,065 on December 8, 2017. As noted above, our review of the Cash, Special Reserves – Capital general ledger activity reflected the return of \$200,000 to the general fund on November 13, 2017. We traced this withdrawal to the Capital Reserve bank account and the corresponding deposit of \$200,000 to the Public Fund Money Management General Fund bank account also made on November 13, 2017.

We traced the withdrawals of \$34,485 made on August 30, 2017, \$750,000 on December 11, 2017, and \$50,065 on December 12, 2017.

Audited Financial Statements and ST-3

The ST-3 and audited financial statements reported the Capital Reserve Fund balance at \$-0- at June 30, 2018 and transfers to the capital fund totaling \$1,034,836.

Below is a summary for 2017-2018:

	2018
Capital Reserve Fund Balance Beginning of the Year	\$ 1,034,467
Additions to Reserve	-
Adjustments to Reserve Balance	(1,034,467)
Capital Reserve Fund Balance (A878) at End of Year	<u>\$ -</u>
Authorized Capital Reserve Fund Spending	-
Capital Reserve Cash Account Balance (A230)	-
Audited Financial Statements	-
Annual Financial Report	-

Overall Summary:

The April 25, 2017 Board of Education minutes reflected the resolution to correct the Capital Reserve Account for authorizations made in excess of \$2,000,000 over the life of the reserve. The District determined, after reviewing the records that transfers authorized by the Board totaled \$2,393,000, an excess of \$393,000. The transfer of \$200,000 that the District determined to not have been transferred and included as part of the Capital Reserve Account, and that after review of District records the actual budget transfers and deposits into the Capital Reserve Account since the establishment of the Capital Reserve Account totaled \$2,193,000. To correct this, the Board revised the August 15, 2016 minutes to reduce the authorized transfer from \$300,000 to \$107,000 and instructed \$193,000 to be transferred to the general fund.

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

However, our review indicated Board Resolutions authorized transfers totaling \$2,394,000 before the corrections were made. We noted the authorization of \$118,000 on October 4, 2010 was revised in the October 25, 2010 minutes to \$119,000 and the initial calculation the District of \$2,393,000 used to determine the excess authorized amount was understated by this \$1,000 difference.

Our procedures also indicated the transfer of \$200,000 from the Capital Reserve Fund bank account to the General Fund checking account was actually made on November 13, 2017.

We did note the return of \$193,000 was made on April 28, 2017 and the return of \$200,000 was made on November 13, 2017. The total of \$393,000 was returned to the general fund, however, \$394,000 should have been returned.

Below is a summary of authorized transfers into the Capital Reserve Fund and amounts actually recorded in (A230) Cash, Special Reserves – Capital general ledger activity:

	Board Resolutions	Actually Recorded
FY2008	\$ 500,000	\$ 500,000
FY2009	300,000	300,000
FY2010	150,000	150,000
FY2010	119,000	119,000
FY2012	500,000	425,000
FY2013	100,000	100,000
FY2014	100,000	100,000
FY2014	25,000	25,000
FY2015	100,000	119,000
FY2016	300,000	300,000
FY2017	200,000	200,000
FY2018	-	-
	<hr/> \$ 2,394,000	<hr/> \$ 2,338,000
Returned 4/28/17	(193,000)	(193,000)
Returned 11/13/17	(200,000)	(200,000)
	<hr/> <hr/> \$ 2,001,000	<hr/> <hr/> \$ 1,945,000

**BELLEVILLE-HENDERSON CENTRAL SCHOOL DISTRICT
REPORT ON AGREED-UPON PROCEDURES**

Below is a summary of the Capital Reserve Fund Activity Reported from FY2008-FY2018:

Summary of Capital Reserve Fund	
Additions to Reserves	\$ 2,119,000
Interest Earned	11,003
Transfers to Capital Fund/Adjustments	(2,159,935)
Transfers from Capital	29,932
Total	<u>\$ -</u>

Our results were subject to certain limitations as noted throughout the report.

We were unable to verify certain transfers of expenditures to voter approval as we were not provided all minutes referencing propositions and resolutions supporting the specific expenditures.

We were unable to trace the movement of funds because we were not provided bank statements for the Capital Reserve Account or the General Fund prior to the period with a statement date of October 10, 2014.