

UNATEGO CENTRAL
SCHOOL DISTRICT

AGREED UPON
PROCEDURES REPORT

December 15, 2016

UNATEGO CENTRAL SCHOOL DISTRICT

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Education
Unatego Central School District

We have performed the procedures requested by the Unatego Central School District related to the sufficiency and accuracy of the accounting records related to the Capital Project Fund from May, 2007 to the date of this report. Unatego Central School District's management is responsible for its accounting records. 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 the specified parties of the report. 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 Pages 2 through 3 of this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

D'Arcangelo + Co., LLP

December 15, 2016

Syracuse, New York

**UNATEGO CENTRAL SCHOOL DISTRICT
AGREED-UPON PROCEDURES**

15.8M Capital Project Revenue

Review revenue recorded related to the capital project funding sources

Procedures Performed:

We reviewed all cash receipts and general journal entries recorded for all project funding sources on the 15.8M Capital Project from the period May 2007 through the date of this report.

Findings:

Although all cash receipts appeared to be recorded properly, a general journal entry posted for the DASNY bond premium in the amount of \$970,000 was found to be in error. GJE #277 incorrectly reclassified the DASNY bond premium per GJE #252 into the Debt Service Fund, thus reducing the revenue needed to fund the project. The amounts in the Debt Service fund were subsequently transferred to the General Fund. This error resulted in a funding deficit for the capital project. No internal controls were in place for a secondary review and authorization of general journal entries prior to posting.

Recommendation:

The District should develop procedures to ensure that all general journal entries are reviewed and authorized by another individual within the District that has sufficient accounting knowledge.

Capital Project Summary- Project Fund Balance Deficits

Review the Capital Project fund balance deficits to determine proper allocation of revenue to the appropriate projects, including the 15.8 M Capital Project.

Procedures Performed:

We reviewed the District's financial statements from the year ending June 30, 2007 through June 30, 2016 to determine the accuracy of the fund balance deficits that exist for the individual capital projects and bus purchases.

Findings:

We noted instances where revenue was allocated to the incorrect project which resulted in overstating the deficit in the 15.8M project and understating the deficit in the other projects. This misallocation is misleading when evaluating the funding status of an individual project. The District did not maintain subsidiary records to track individual project fund balances outside the required supplementary schedule in the financial statements.

Recommendation:

The District needs to develop proper procedures to track individual capital project fund balances. This is crucial to determine that that revenue is being recorded in accordance with the funding plan and so unforeseen deficits do not occur. The District should evaluate these deficits and ensure that all building aid on eligible expenditures is being received and all available bond funding has been exhausted.

**UNATEGO CENTRAL SCHOOL DISTRICT
AGREED-UPON PROCEDURES**

Capital Project- Interfund Loans (Due to/from)

Review interfund loans for appropriateness

Procedures Performed:

We reviewed interfund loans between the Capital, Debt Service, and General Fund to determine if the loans are appropriate and of a short term duration and a plan is in place for repayment.

Findings:

We noted that as of June 30, 2016 there is a significant interfund loan due to the General Fund and Debt Service Fund in the amount of \$1,556,808. Based on review of anticipated funding in the Capital Fund, there is no future funding available to fund this loan. The Capital Fund has a current cash book balance as of November 30, 2016 of \$107,414. The General Fund local share to eliminate the interfund loan is estimated at \$1,483,915 (This takes into account anticipate future expenditures of approximately \$34,521 for the current 2017 local project).

Recommendation:

The District needs to develop procedures to track interfund loans more closely and make appropriate funding decisions to eliminate the interfund loans in a short term manner. The District will need to make a decision on the elimination of the interfund loans which will have a significant impact on the General Fund-Fund Balance.