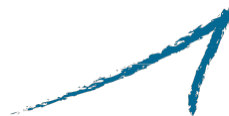


# OTSELIC VALLEY CENTRAL SCHOOL DISTRICT

## EXECUTIVE SUMMARY

JUNE 30, 2016



**insero&co**

Certified Public Accountants | Business Advisors

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# ***OTSELIC VALLEY CENTRAL SCHOOL DISTRICT***

## **EXECUTIVE SUMMARY OF 2016 AUDIT REPORT AND FINDINGS**

### **Basic Financial Statements**

### **Description of Report and Findings**

Independent Auditor's Report on Basic Financial Statements.

**Unmodified opinion** on Otselic Valley Central School District's (the School District) basic financial statements for the year ended June 30, 2016.

Independent Auditor's Report on Supplemental Financial Information.

**Unmodified report** on supplemental financial information in relation to primary audit report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Report on the School District's compliance with laws and regulations that may have a direct and material effect on the basic financial statements, and on the School District's internal control structure, policies and procedures based on the auditor's understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified one **material instance of noncompliance and no material internal control weaknesses** at the financial statement level. However, a separate letter dated August 29, 2016, which has been issued, discusses certain accounting issues and enhancements regarding financial reporting.

Communication with Those Charged with Governance at the Conclusion of the Audit.

A letter specifically addressing certain required communications to the Board of Education in accordance with professional standards - there were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings and Issues
- Other Matters

Independent Auditor's Report on Extraclassroom Activity Funds.

**Unmodified opinion** on the School District's Extraclassroom Activity Fund Cash Basis financial statements for the year ended June 30, 2016.

Management Comment Letter

Letter of comments dated August 29, 2016 discusses several issues.

# OTSELIC VALLEY CENTRAL SCHOOL DISTRICT

## 5 YEAR FINANCIAL STATEMENT ANALYSIS

	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014	JUNE 30, 2013	JUNE 30, 2012
<b>ASSETS</b>					
Cash	\$ 3,622,010	\$ 3,431,957	\$ 3,027,470	\$ 2,623,124	\$ 3,566,018
Receivables	627,938	799,533	853,331	776,363	1,097,503
Total Assets	<b>\$ 4,249,948</b>	<b>\$ 4,231,490</b>	<b>\$ 3,880,801</b>	<b>\$ 3,399,487</b>	<b>\$ 4,663,521</b>
<b>LIABILITIES</b>					
Accounts payable and accruals	\$ 334,588	\$ 679,871	\$ 615,546	\$ 385,027	\$ 1,433,839
Due to retirement systems and others	405,502	526,607	484,128	376,808	321,155
Total Liabilities	740,090	1,206,478	1,099,674	761,835	1,754,994
<b>FUND BALANCE</b>					
Restricted (Reserved)	2,183,780	1,683,449	1,690,664	1,405,620	1,285,959
Assigned (Appropriated and Encumbrances)	380,400	381,681	605,645	573,980	1,098,272
Unassigned (Unreserved)	945,678	959,882	484,818	658,052	524,296
Total Fund Balances	3,509,858	3,025,012	2,781,127	2,637,652	2,908,527
Total Liabilities and Fund Balances	<b>\$ 4,249,948</b>	<b>\$ 4,231,490</b>	<b>\$ 3,880,801</b>	<b>\$ 3,399,487</b>	<b>\$ 4,663,521</b>
<b>REVENUES</b>					
Real property taxes (including STAR)	\$ 3,053,829	\$ 3,124,399	\$ 3,079,666	\$ 3,015,080	\$ 2,963,158
State aid	6,384,658	6,485,627	5,692,939	5,379,690	5,409,335
Other	889,705	363,496	504,304	120,164	446,189
Total Revenues	10,328,192	9,973,522	9,276,909	8,514,934	8,818,682
<b>EXPENDITURES</b>					
General support	1,904,442	1,856,337	1,702,133	1,628,056	1,675,773
Instruction	3,648,737	3,663,240	3,615,326	3,707,809	3,427,267
Transportation	637,192	465,610	521,287	621,735	524,264
Culture and recreation	2,848	1,869	2,000	2,000	2,000
Employee benefits	1,957,234	2,334,908	2,168,641	1,999,709	2,043,113
Debt service	1,032,359	1,232,673	938,565	307,500	336,680
Interfund transfers and other	660,534	175,000	185,482	519,000	1,634,038
Total Expenditures	9,843,346	9,729,637	9,133,434	8,785,809	9,643,135
Excess (Deficit) of Revenues	484,846	243,885	143,475	(270,875)	(824,453)
Capital Outlay	<b>\$ 637,901</b>	<b>\$ 1,136,796</b>	<b>\$ 10,529,237</b>	<b>\$ 4,636,746</b>	<b>\$ 836,612</b>
Special Aid Revenues/Expenditures	<b>\$ 471,970</b>	<b>\$ 513,725</b>	<b>\$ 297,457</b>	<b>\$ 317,899</b>	<b>\$ 442,455</b>
School Lunch: Revenues	<b>\$ 283,768</b>	<b>\$ 277,461</b>	<b>\$ 273,790</b>	<b>\$ 302,757</b>	<b>\$ 313,378</b>
Expenditures	<b>\$ 273,832</b>	<b>\$ 273,846</b>	<b>\$ 274,299</b>	<b>\$ 307,460</b>	<b>\$ 311,317</b>

Note: Abstracted from audited financials - See audit reports for complete information

# ***OTSELIC VALLEY CENTRAL SCHOOL DISTRICT***

## **EXECUTIVE SUMMARY OF 2016 AUDIT**

### **AUDIT FOCUS - REPORTING OBJECTIVES**

#### Basic Financial Statements

- \*Management's Discussion and Analysis
- \*District-wide Financial Statements
  - \*Statement of Net Position
  - \*Statement of Activities
- \*Governmental Fund Financial Statements
- \*Notes to Financial Statements
- \*Supplemental Financial Information

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

### **AUDIT APPROACH**

- \*Preliminary Planning
- \*Consideration of Internal Control Over Financial Reporting
- \*Tests of Controls
- \*Tests of Compliance with Laws and Regulations
- \*Substantive Testing of Financial Information (Includes Analytical Review)
- \*Consideration of Internal Control Over Compliance Requirements

### **UNDERSTANDING THE SCHOOL DISTRICT'S OPERATIONS**

- \*Services Provided
- \*Assessment of Accounting and Reporting System
- \*Nature of Activities
- \*Special Reporting Requirements
- \*Nature of Compliance Requirements
- \*Assessment of Management

### **FACTORS AFFECTING THE SCOPE OF THE AUDIT**

- \*Effectiveness of Overall Financial Controls
- \*Qualifications of Key Personnel
- \*Appropriate Segregation of Duties
- \*Ability to Demonstrate Compliance with Laws and Regulations
- \*Effectiveness of Budget Process Administration
- \*Accuracy and Comprehensiveness of Internal Reporting
- \*Existence of Adequate Policies and Procedures
- \*Ability to Issue Timely and Accurate Financial Reports