

**OTSELIC VALLEY  
CENTRAL SCHOOL DISTRICT**

**EXECUTIVE SUMMARY**

**JUNE 30, 2017**



# *OTSELIC VALLEY CENTRAL SCHOOL DISTRICT*

## **EXECUTIVE SUMMARY OF 2017 AUDIT REPORT AND FINDINGS**

### **Basic Financial Statements**

Independent Auditor's Report on Basic Financial Statements.

Independent Auditor's Report on Supplementary Financial Information.

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*.

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

Independent Auditor's Report on Extraclassroom Activity Funds.

Management Comment Letter

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

**Unmodified opinion** on Otselic Valley Central School District's (the School District) basic financial statements for the year ended June 30, 2017.

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

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 weakness in internal control** at the financial statement level. However, a separate letter dated September 23, 2017, which has been issued, discusses certain accounting issues and enhancements regarding financial reporting.

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

**Unmodified opinion** on the School District's Extraclassroom Activity Fund Cash Basis financial statements for the year ended June 30, 2017.

Letter of comments dated September 23, 2017 discusses several issues.

# OTSELIC VALLEY CENTRAL SCHOOL DISTRICT

## 5 YEAR FINANCIAL STATEMENT ANALYSIS

	<b>JUNE 30, 2017</b>	<b>JUNE 30, 2016</b>	<b>JUNE 30, 2015</b>	<b>JUNE 30, 2014</b>	<b>JUNE 30, 2013</b>
<b>ASSETS</b>					
Cash	\$ 4,117,155	\$ 3,622,010	\$ 3,431,957	\$ 3,027,470	\$ 2,623,124
Receivables	<b>603,609</b>	627,938	799,533	853,331	776,363
<b>Total Assets</b>	<b>\$ 4,720,764</b>	<b>\$ 4,249,948</b>	<b>\$ 4,231,490</b>	<b>\$ 3,880,801</b>	<b>\$ 3,399,487</b>
<b>LIABILITIES</b>					
Accounts payable and accruals	\$ 329,744	\$ 334,588	\$ 679,871	\$ 615,546	\$ 385,027
Due to retirement systems and others	<b>362,993</b>	405,502	526,607	484,128	376,808
<b>Total Liabilities</b>	<b>692,737</b>	740,090	1,206,478	1,099,674	761,835
<b>FUND BALANCE</b>					
Restricted (Reserved)	2,684,671	2,183,780	1,683,449	1,690,664	1,405,620
Assigned (Appropriated and Encumbrances)	380,000	380,400	381,681	605,645	573,980
Unassigned (Unreserved)	<b>963,356</b>	945,678	959,882	484,818	658,052
<b>Total Fund Balances</b>	<b>4,028,027</b>	3,509,858	3,025,012	2,781,127	2,637,652
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,720,764</b>	<b>\$ 4,249,948</b>	<b>\$ 4,231,490</b>	<b>\$ 3,880,801</b>	<b>\$ 3,399,487</b>
<b>REVENUES</b>					
Real property taxes (including STAR)	\$ 3,157,354	\$ 3,053,829	\$ 3,124,399	\$ 3,079,666	\$ 3,015,080
State aid	6,247,800	6,384,658	6,485,627	5,692,939	5,379,690
Other	<b>853,655</b>	889,705	363,496	504,304	120,164
<b>Total Revenues</b>	<b>10,258,809</b>	10,328,192	9,973,522	9,276,909	8,514,934
<b>EXPENDITURES</b>					
General support	1,802,100	1,904,442	1,856,337	1,702,133	1,628,056
Instruction	3,930,269	3,648,737	3,663,240	3,615,326	3,707,809
Transportation	592,304	637,192	465,610	521,287	621,735
Culture and recreation	2,973	2,848	1,869	2,000	2,000
Employee benefits	2,008,542	1,957,234	2,334,908	2,168,641	1,999,709
Debt service	1,154,246	1,032,359	1,232,673	938,565	307,500
Interfund transfers and other	<b>250,206</b>	660,534	175,000	185,482	519,000
<b>Total Expenditures</b>	<b>9,740,640</b>	9,843,346	9,729,637	9,133,434	8,785,809
Excess (Deficit) of Revenues	<b>518,169</b>	484,846	243,885	143,475	(270,875)
Capital Outlay	<b>\$ 475,850</b>	<b>\$ 637,901</b>	<b>\$ 1,136,796</b>	<b>\$ 10,529,237</b>	<b>\$ 4,636,746</b>
Special Aid Revenues/Expenditures	<b>\$ 607,165</b>	<b>\$ 471,970</b>	<b>\$ 513,725</b>	<b>\$ 297,457</b>	<b>\$ 317,899</b>
School Lunch: Revenues	<b>\$ 271,644</b>	<b>\$ 283,768</b>	<b>\$ 277,461</b>	<b>\$ 273,790</b>	<b>\$ 302,757</b>
School Lunch: Expenditures	<b>\$ 272,273</b>	<b>\$ 273,832</b>	<b>\$ 273,846</b>	<b>\$ 274,299</b>	<b>\$ 307,460</b>

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

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

## **EXECUTIVE SUMMARY OF 2017 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