

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
*LATTA, SOUTH CAROLINA*

**EXECUTIVE SUMMARY**

**FISCAL YEAR ENDED JUNE 30, 2015**

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**EXECUTIVE SUMMARY**  
**FISCAL YEAR ENDED JUNE 30, 2015**

Dillon County School District No. 3 basic financial statements for the year ended June 30, 2015 are prepared in accordance with generally accepted accounting principles as applicable to governmental entities. Based upon our audit, we have concluded that the District's financial statements are fairly presented in conformity with these generally accepted accounting principles and have rendered an unmodified opinion on its basic financial statements.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used, and evaluating the overall financial statement presentation.

The financial presentation for the District meets the requirement of Governmental Accounting Standards Board (GASB) Statement No. 34 and related pronouncements. This financial statement presentation provides a comprehensive, entity-wide presentation of the District's net position, revenues, expenses, and changes in net position that replaces the fund perspective previously required.

During the current year, the District was required to adopt new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. These standards require employers participating in cost-sharing defined benefit pension plans, such as the S.C. Retirement System, to recognize their proportionate share of the plan's collective net pension liability. The proportionate share is a ratio of the District's required employer contributions paid into the system to the total required contributions of all participating employers and entities. The net pension liability is a significant liability for most governments and significantly impacts net position of the District at the government-wide level of financial reporting. Fund financial statements and fund balances are not affected by implementation of these statements.

Enclosed is selected financial information which is presented to provide a summary of the District's operations for the current fiscal year. This financial information reflects a summary of financial activity and encompasses significant transactions of the District.

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
STATEMENT OF NET POSITION**

The Statement of Net Position provides information on all of the District's assets and liabilities, at a government-wide level, with the difference between the two reported as net position.

The District's assets consist primarily of cash and investments; amounts receivable from other governments; and capital assets. Liabilities mainly represent accounts payable, unearned grant revenues, outstanding debt, and net pension liability. Net position, within accounting usage, is the difference between total assets and total liabilities. Theoretically, it represents the amount of cash left on hand in an entity if all assets were liquidated and converted to cash and all liabilities were paid in full.

Total assets, liabilities, and net position as of June 30, 2015 are as follows:

**ASSETS, LIABILITIES, AND NET POSITION**

		2015
<b>Assets</b>		
Cash and Investments	\$	2,649,730
Receivables		1,250,049
Capital Assets, Net of Depreciation		5,336,964
Food Inventories		5,643
<b>Total Assets</b>	<b>\$</b>	<b>9,242,386</b>
<b>Liabilities</b>		
Accounts Payable and Other Liabilities	\$	212,628
Accrued Payroll Liabilities		65,743
Unearned Grant Revenues		312,731
Compensated Absences Payable		85,535
Bonds and Capital Leases Payable		1,159,952
Net Pension Liability		13,560,640
<b>Total Liabilities</b>	<b>\$</b>	<b>15,397,229</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$	4,999,137
Unrestricted - Governmental Activities		(11,497,584)
Unrestricted - Food Service		343,604
<b>Total Net Position</b>	<b>\$</b>	<b>(6,154,843)</b>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
STATEMENT OF ACTIVITIES**

The Statement of Activities provides information on the change in the District's net position during the current fiscal year. Revenues, expenditures, and expenses, where appropriate, are categorized into general revenues, program revenues, and direct expenses.

The total change in net position for the year ended June 30, 2015 is as follows:

**REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

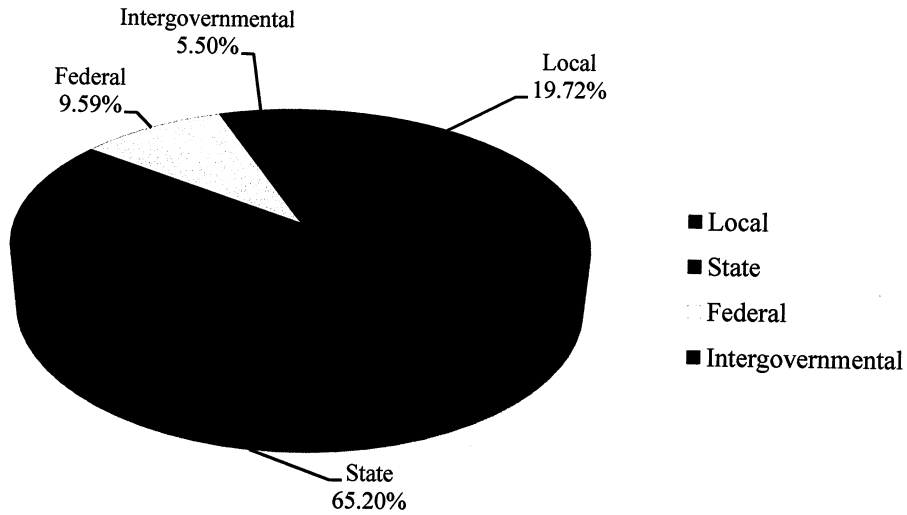
		2015
General Revenues		
Property Taxes	\$	2,049,232
Unrestricted State Aid		832,366
Interest		851
Miscellaneous		6,913
Total General Revenues	\$	2,889,362
Program Revenues		
Charges for Services	\$	333,523
Operating Grants and Contributions		9,445,288
Capital Grants and Contributions		94,847
Total Program Revenues	\$	9,873,658
Expenses		
Governmental Activities	\$	12,623,686
Food Service		886,251
Total Expenses	\$	13,509,937
Special Items		
Reimbursements from Latta Schools Foundation	\$	191,826
Net Special Items	\$	191,826
Change in Net Position	\$	(555,091)
Net Position - Beginning of Year		7,772,917
Adjustment to Record Beginning Net Pension Liability		(13,372,669)
Net Position - End of Year	\$	(6,154,843)

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
GOVERNMENTAL FUND TYPE REVENUES**

The District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and demonstrate legal compliance. Governmental fund types focus on near-term inflows and outflows of spendable resources. The District utilizes five governmental funds, one of which is the District's General Fund. Total revenues for the combined governmental fund types are presented below:

**REVENUES**

	<u>2015</u>
Local	\$ 2,398,807
State	7,933,136
Federal	1,166,449
Intergovernmental	<u>668,835</u>
Total Governmental Funds Revenues	\$ <u><u>12,167,227</u></u>



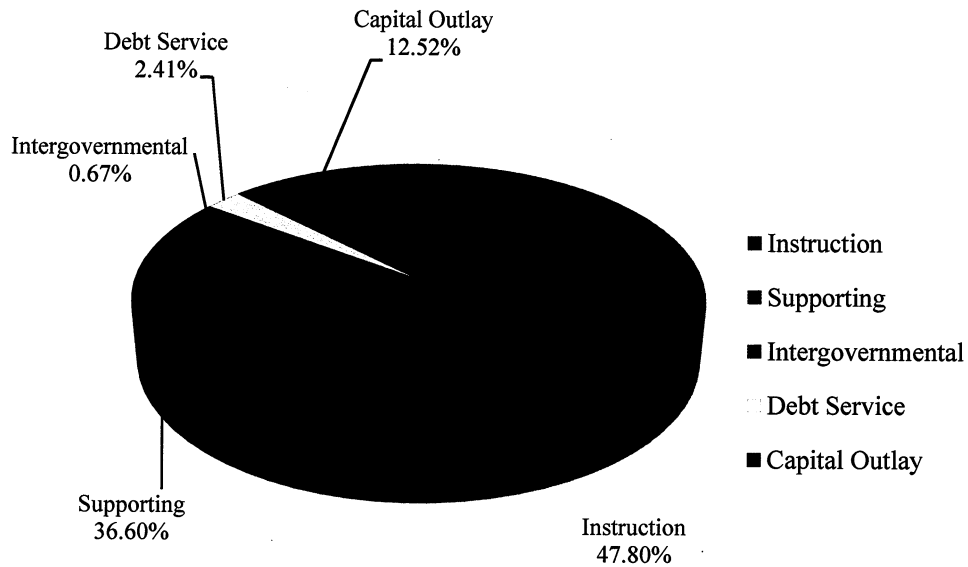
**DILLON COUNTY SCHOOL DISTRICT NO. 3  
GOVERNMENTAL FUND TYPE EXPENDITURES**

The District maintains the following governmental fund types: General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. Special Revenue Funds are further segregated into the following two funds: 1) Special Projects Fund, and 2) Education Improvement Act Fund.

The General Fund is the general operating fund of the District and is used to account for all operating expenditures that are not required to be paid or financed by another fund. Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Total departmental expenditures of the combined governmental fund types are presented below:

**EXPENDITURES**

	<u>2015</u>
Instruction	\$ 6,494,709
Supporting Services	4,973,165
Intergovernmental	91,560
Debt Service	327,479
Capital Outlay	<u>1,701,645</u>
Total Governmental Funds Expenditures	\$ <u><u>13,588,558</u></u>



**DILLON COUNTY SCHOOL DISTRICT NO. 3  
PROPRIETARY FUNDS**

The Proprietary Fund, or Food Service Fund, accounts for operations of the District's breakfast and lunch programs which provide balanced nutritional meals to the District's students, some of which are free and reduced meals funded by the United States Department of Agriculture. The intent is that the costs of providing goods or services are recovered through sales or reimbursements to external users. Following is an analysis of operations for the year ended June 30, 2015:

**PROPRIETARY FUND OPERATIONS**

		<u>2015</u>
Revenues and Other Items		
Sale of Meals	\$	80,792
USDA		791,215
Other Miscellaneous Revenues		<u>2,763</u>
Total Revenues and Other Items	\$	<u>874,770</u>
 Expenses and Other Items		
Food Costs	\$	408,972
Salaries and Benefits		302,352
Other Operating Expenses		153,691
Depreciation		18,086
Transfers to General Fund		<u>40,208</u>
Total Expenses and Other Items	\$	<u>923,309</u>
Net Income (Loss)	\$	<u><u>(48,539)</u></u>