

DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

EXECUTIVE SUMMARY

FISCAL YEAR ENDED JUNE 30, 2018

**DILLON COUNTY SCHOOL DISTRICT NO. 3
EXECUTIVE SUMMARY
FISCAL YEAR ENDED JUNE 30, 2018**

Dillon County School District No. 3 basic financial statements for the year ended June 30, 2018 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires employers participating in cost-sharing postemployment benefit plans, such as those of the S.C. Public Employment Benefit Authority (PEBA), Insurance Benefits, to recognize their proportionate share of the plans' collective net OPEB liability. The proportionate share is a ratio of the District's required employer contributions paid into the plans to the total required contributions of all participating employers and entities. The net OPEB 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 the 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, net pension liability, and net OPEB 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, 2018 are as follows:

ASSETS, LIABILITIES, AND NET POSITION

		2018
Assets		
Cash and Investments	\$	2,606,994
Receivables		1,521,940
Capital Assets, Net of Depreciation		5,392,435
Food Inventories		10,691
Total Assets	\$	9,532,060
Liabilities		
Accounts Payable and Other Liabilities	\$	106,071
Accrued Payroll Liabilities		73,935
Unearned Grant Revenues		1,406,357
Compensated Absences Payable		91,640
Bonds, Notes, and Capital Leases Payable		784,294
Debt Guarantee for Latta Schools Educational Foundation, Inc.		841,289
Net Pension Liability		14,536,492
Net OPEB Liability		13,030,467
Total Liabilities	\$	30,870,545
Net Position		
Net Investment in Capital Assets	\$	4,829,293
Unrestricted - Governmental Activities		(26,499,768)
Unrestricted - Food Service		331,990
Total Net Position	\$	(21,338,485)

**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, 2018 is as follows:

REVENUES, EXPENSES, AND CHANGE IN NET POSITION

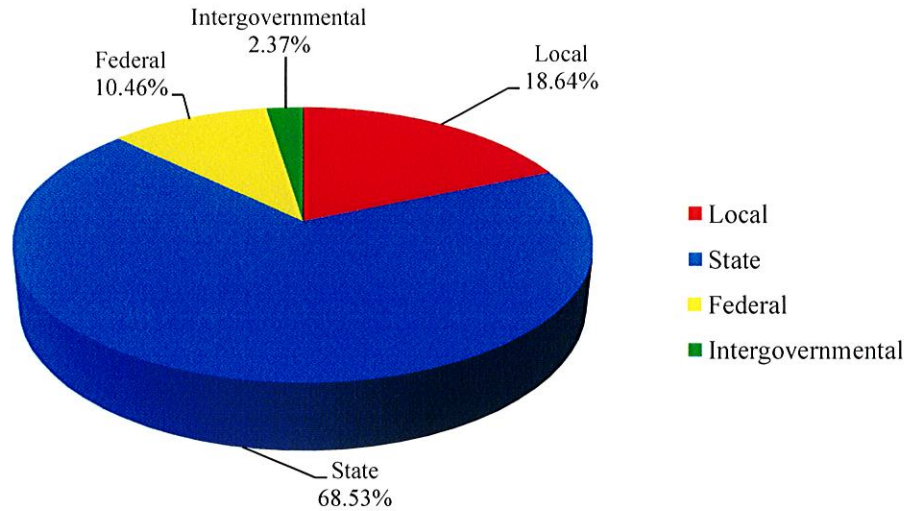
		<u>2018</u>
General Revenues		
Property Taxes	\$	2,174,508
Unrestricted State Aid		926,469
Insurance Proceeds		41,284
Interest		<u>6,461</u>
Total General Revenues	\$	<u>3,148,722</u>
 Program Revenues		
Charges for Services	\$	437,971
Operating Grants and Contributions		11,567,010
Capital Grants and Contributions		<u>283,285</u>
Total Program Revenues	\$	<u>12,288,266</u>
 Expenses		
Governmental Activities	\$	14,818,375
Food Service		<u>919,879</u>
Total Expenses	\$	<u>15,738,254</u>
 Change in Net Position	\$	(301,266)
 Net Position - Beginning of Year		(8,241,929)
Adjustment to Record Beginning Net OPEB Liability		<u>(12,795,290)</u>
Net Position - End of Year	\$	<u><u>(21,338,485)</u></u>

**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

	2018
Local	\$ 2,717,884
State	9,988,864
Federal	1,525,369
Intergovernmental	345,211
Total Governmental Funds Revenues	\$ 14,577,328



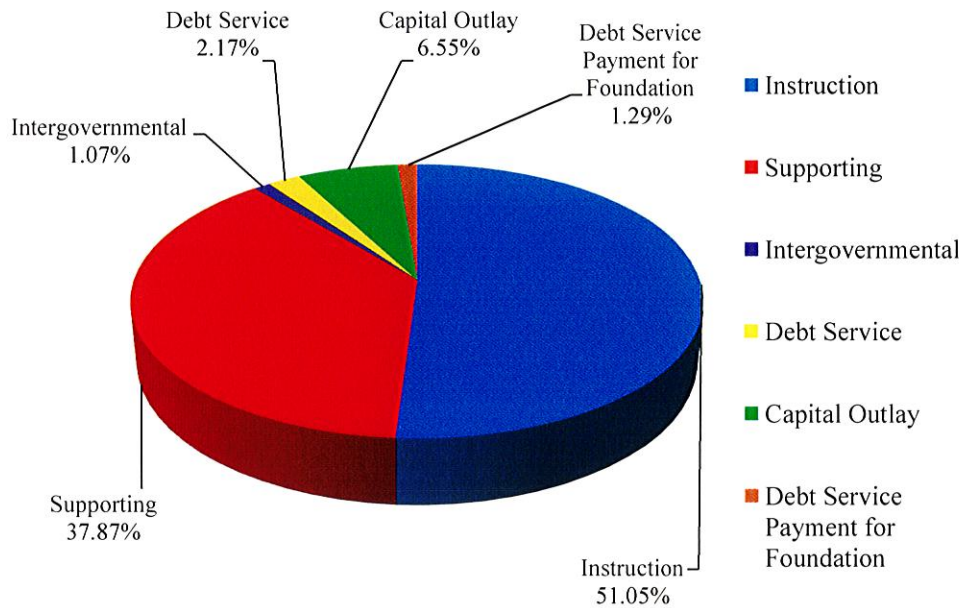
**DILLON COUNTY SCHOOL DISTRICT NO. 3
GOVERNMENTAL FUND TYPE EXPENDITURES**

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>2018</u>
Instruction	\$ 7,713,188
Supporting Services	5,723,173
Intergovernmental	162,407
Debt Service	327,479
Capital Outlay	989,644
Debt Service Payment for Latta Schools Educational Foundation, Inc.	<u>194,285</u>
Total Governmental Funds Expenditures	\$ <u><u>15,110,176</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, 2018:

PROPRIETARY FUND OPERATIONS

	<u>2018</u>
Revenues and Other Items	
Sale of Meals	\$ 121,598
USDA	847,603
Other Miscellaneous Revenues	<u>7,694</u>
Total Revenues and Other Items	\$ <u>976,895</u>
Expenses and Other Items	
Food Costs	\$ 431,396
Salaries and Benefits	320,227
Other Operating Expenses	151,072
Depreciation	17,184
Transfers to General Fund	<u>20,586</u>
Total Expenses and Other Items	\$ <u>940,465</u>
Net Income (Loss)	\$ <u><u>36,430</u></u>