

DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

EXECUTIVE SUMMARY

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

HARPER,
POSTON &
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Certified Public Accountants
Since 1977.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
EXECUTIVE SUMMARY
FISCAL YEAR ENDED JUNE 30, 2022**

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**DILLON COUNTY SCHOOL DISTRICT NO. 3
OVERVIEW OF FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022**

Dillon County School District No. 3 basic financial statements for the year ended June 30, 2022 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.

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, 2022 are as follows:

ASSETS, LIABILITIES, AND NET POSITION

	2022
Assets	
Cash and Investments	\$ 1,948,300
Receivables	1,443,198
Capital Assets, Net of Depreciation	7,536,795
Food Inventories	19,790
Total Assets	\$ 10,948,083
Liabilities	
Accounts Payable and Other Liabilities	\$ 376,331
Accrued Payroll Liabilities	84,634
Unearned Grant Revenues	42,253
Compensated Absences Payable	106,972
Notes Payable	334,062
Debt Guarantee for Latta Schools Educational Foundation, Inc.	185,416
Net Pension Liability	16,274,787
Net OPEB Liability	15,026,449
Total Liabilities	\$ 32,430,904
Net Position	
Net Investment in Capital Assets	\$ 7,202,733
Unrestricted - Governmental Activities	(29,253,539)
Unrestricted - Food Service	567,985
Total Net Position	\$ (21,482,821)

**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, 2022 is as follows:

REVENUES, EXPENSES, AND CHANGE IN NET POSITION

	2022
General Revenues	
Property Taxes	\$ 2,469,827
Unrestricted State Aid	1,187,012
Interest	1,384
Total General Revenues	\$ 3,658,223
Program Revenues	
Charges for Services	\$ 621,027
Operating Grants and Contributions	13,330,489
Capital Grants and Contributions	1,163,670
Total Program Revenues	\$ 15,115,186
Expenses	
Governmental Activities	\$ 16,874,319
Food Service	1,131,709
Total Expenses	\$ 18,006,028
Change in Net Position	\$ 767,381
Net Position - Beginning of Year (As Restated)	(22,250,202)
Net Position - End of Year	\$ (21,482,821)

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

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 four governmental funds, one of which is the District's General Fund. Total revenues and expenditures for the combined governmental fund types are presented below:

REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

	2022
Revenues	
Local	\$ 3,132,569
State	9,319,460
Federal	4,346,259
Intergovernmental	484,869
Total Governmental Funds Revenues	\$ 17,283,157
Expenditures	
Instruction	\$ 9,077,438
Supporting Services	6,309,435
Community Services	490
Intergovernmental	78,122
Debt Service	50,629
Capital Outlay	1,131,253
Debt Service & Construction Payments for LSEF, Inc.	246,335
Total Governmental Funds Expenditures	\$ 16,893,702
Transfer From Food Service Fund	\$ 18,539
Net Change in Fund Balances	\$ 407,994
Fund Balances - Beginning of Year, as Restated	1,848,291
Fund Balances - End of Year	\$ 2,256,285

**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, 2022:

FOOD SERVICE FUND OPERATIONS

	2022
Revenues	
Proceeds from Sales of Meals	\$ 14,687
USDA Reimbursements	1,449,440
Other Miscellaneous Revenue	4,441
Total Proprietary Fund Revenues	\$ 1,468,568
Expenses	
Food Costs	\$ 679,083
Salaries and Employee Benefits	340,779
Utilities	2,293
Depreciation	13,824
Supplies and Materials	68,304
Other Operating Costs	27,426
Total Proprietary Fund Expenses	\$ 1,131,709
Transfers to General Fund	\$ (18,539)
Net Change in Net Position	\$ 318,320
Net Position - Beginning of Year	368,355
Net Position - End of Year	\$ 686,675

**DILLON COUNTY SCHOOL DISTRICT NO. 3
FUND BALANCE AND FISCAL STABILITY**

The State Department of Education has adopted a statewide program for evaluating fiscal practices and budgetary conditions of local school districts to ensure fiscal integrity. Under state guidelines, a local school district must maintain an unrestricted fund balance in the General Fund of at least one month of General Fund operating expenditures.

The District met state requirements for the year ended June 30, 2022 as follows:

	<u>2022</u>
Total General Fund Expenditures	\$ 10,974,695
Less Expenditures for:	
Capital Outlay	(7,582)
Debt Service	(50,629)
Intergovernmental Expenditures	<u>(281,817)</u>
Total Operating Expenditures	\$ 10,634,667
SDE Multiplier	<u>8.33%</u>
One Month's Operating Expenditures	<u>\$ 885,868</u>
General Fund Unrestricted Fund Balance	<u>\$ 2,126,125</u>

**ANALYSIS OF GENERAL FUND BALANCE
(Five Year Comparison)**

