School District Five of Lexington and Richland Counties
For the Year Ended June 30, 2019

Report to Board of Trustees
December 9, 2019

BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
Securing Your Financial Future
An Independent Member of the BDO Seidman Alliance

School District Five of Lexington and Richland Counties

Agenda

- Introduction
- Required Auditor Communications
- Summary of Financial Statements
- Questions and Comments

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School District Five of Lexington and Richland Counties

- Our team
- Larry D. Montague, Jr. CPA
  - Audit Partner
- Matthew Hodges, CPA
  - Audit Manager
- Zach Buchanan, CPA
  - Audit Staff

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- Our thanks and appreciation to

- Len Richardson, Chief Finance & Operations Officer
- Bruce Shealy, Director of Finance
- Connie Frick, CPA, Senior Accountant
- Leann London, CPA, Accountant
- The employees of Finance office and the District

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Required Auditor Communications

- No disagreements with management
- No consultations with other independent accountants
- No issues discussed prior to retention of independent auditors
- No significant difficulties encountered in performing the audit
- Full cooperation from all personnel

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Required Auditor Communications

- One change in accounting policy:
  - Food Service Fund converted from Enterprise Fund to Special Revenue Fund
  - Increased Food Service beginning fund balance by $7 million
- FY 2020 change in accounting standards for pupil activity funds
  - Anticipated conversion from fiduciary to special revenue funds

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Our Audit of Your Financial Statements

We **tested** transactions based upon our knowledge of District activities.

We used our **professional judgment** to determine how large our samples were we tested.

We designed for **reasonable** but not absolute assurance.

We noted no instances of noncompliance with District policies.

School District Five of Lexington and Richland Counties

Required Auditor Communications

We have issued four **"CLEAN"** opinions

- 1. An **unmodified opinion** rendered on financial statements
- 2. **No deficiencies in internal controls** over financial reporting that were considered material to financial statements
- 3. An **unmodified opinion** rendered on **compliance** for **major federal awards**
- 4. An **unmodified opinion** rendered on **compliance** with District's **procurement policies and procedures**

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Financial Stability

The District continues to be in excellent financial position due to the foresight and leadership of its Board, Superintendent, and leadership:

- Standard & Poor's AA Bond rating reaffirmed
- Moody's Investor Service Aa1 rating reaffirmed
- Sound financial management practices
- Certificates of Excellence in Financial Reporting
  - ASBO – 16th consecutive year receiving this award
  - GFOA – 16th consecutive year receiving this award

Financial Stability

Growth of District Five

- Student population increase of 175 students
  - FY 2019: 16,899 students
  - FY 2018: 16,724 students

- Property value growth
  - $10,272,513,493 at June 2019
  - $10,019,079,042 at June 2018
  - 2.5% increase

School District Five of Lexington and Richland Counties

- General fund balance increased $3.8 million in FY 2019
  - General fund revenues increased $5.2 million
    - $2 million additional local property taxes
    - $1.7 million state fringe benefits revenues
    - $1.5 million additional revenues in lieu of taxes and State EFA
  - General fund expenditures increased $6 million
    - Salary increases to employees
    - Increases in insurance and retirement premiums
    - $896 thousand additional capital outlays

School District Five of Lexington and Richland Counties

- General fund balance was $40.5 million at June 30, 2019
  - Prepaid items were $1 million
  - Unassigned was $39.5 million
- Unassigned general fund balance at June 30, 2019 represents 20.2 percent of FY 2020 general fund budget
  - Exceeds District policy requiring approximately 15-18 percent of general fund budget to be held in fund balance
- Total governmental fund balances were $63.5 million at June 30, 2019

Questions and Comments

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