

**School District Five of  
Lexington and Richland Counties  
For the Year Ended  
June 30, 2020**

**Report to Board of Trustees  
December 14, 2020**



# School District Five of Lexington and Richland Counties

## Agenda

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

# 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

# School District Five of Lexington and Richland Counties

- ▶ 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

# School District Five of Lexington and Richland Counties

## Required Auditor Communications

- ▶ The CAFR is currently in draft status
- ▶ Awaiting OMB Compliance Supplement Addendum for COVID-19 funding
- ▶ Anticipated release in mid-December 2020
- ▶ No known changes to draft CAFR

# School District Five of Lexington and Richland Counties

## 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

# School District Five of Lexington and Richland Counties

## Required Auditor Communications

- ▶ There were no changes in accounting policy for FY 2020
- ▶ FY 2021 change in accounting standards for pupil activity funds
  - Anticipated conversion from fiduciary to special revenue funds

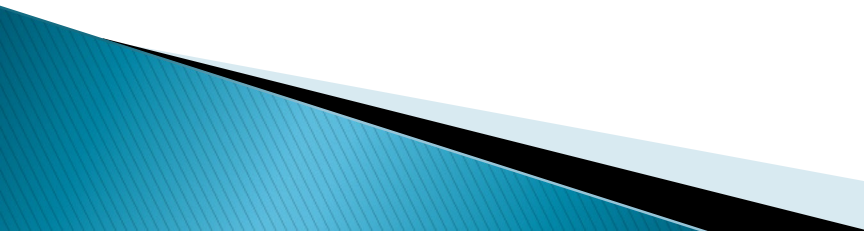
# Our Audit of Your Financial Statements

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 anticipate issuing 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**

# 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 – 17<sup>th</sup> consecutive year receiving this award
  - GFOA – 17<sup>th</sup> consecutive year receiving this award

# Financial Stability

## Growth of District Five

- Student population increase of 77 students
  - FY 2020: 16,976 students
  - FY 2019: 16,899 students
  - FY 2018: 16,724 students
- Property value growth
  - \$10,802,242,324 at June 2020
  - \$10,272,513,493 at June 2019
  - 5.2% increase

# School District Five of Lexington and Richland Counties

- ▶ General fund balance increased \$6 million in FY 2020
  - General fund revenues increased \$8.3 million
    - \$1.8 million additional local property taxes
    - \$4.1 million state aid for teacher salary increases
    - \$1.0 million state fringe benefits revenues
  - General fund expenditures increased \$3.3 million
    - \$5 million instructional salary increases
    - Increases in insurance and retirement premiums
    - \$1.9 million less in capital outlays funded by general fund

# School District Five of Lexington and Richland Counties

- ▶ General fund balance was \$46.5 million at June 30, 2020
  - Prepaid items were \$1.2 million, assigned was \$2.0 million
  - Unassigned was \$43.3 million
- ▶ Unassigned general fund balance at June 30, 2020 represents 22 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 \$89.1 million at June 30, 2020

# Questions and Comments

BURKETT  
BURKETT & BURKETT

Certified Public Accountants, P.A.

***Securing Your Financial Future***

*An Independent Member of the BDO Seidman Alliance*