



CPAs &
ADVISORS

HILL CITY SCHOOL DISTRICT NO. 51-2

PRESENTATION OF AUDIT
REPORTS AND SUMMARY OF
AUDIT PROCEDURES AND
FINDINGS

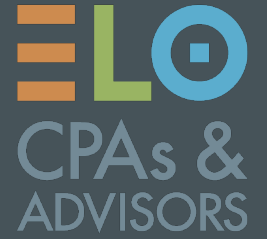
Bob Rauenhorst, CFE

AGENDA



- **Statement of Net Position – Government Wide**
- **Statement of Activities – Government Wide**
- **Balance Sheet – Governmental Funds**
 - **Reconciliation**
- **Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund**
 - **Reconciliation**
- **Statement of Net Position – Proprietary Funds**
- **Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds**
- **Statement of Cash Flows Proprietary Funds**

AGENDA (CONT.)



- **Statement of Net Position – Fiduciary Funds**
- **Statement of Changes in Fiduciary Net Position – Fiduciary Funds**
- **Budgetary Comparison Schedule – General Fund**
- **Budgetary Comparison Schedule – Capital Outlay Fund**
- **Budgetary Comparison Schedule – Special Education Fund**
- **Findings**
- **Financial Analysis**

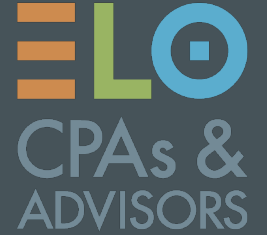
STATEMENT OF NET POSITION – GOVERNMENT WIDE

JUNE 30, 2018

	<i>Primary Government</i>		<i>Total</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	
ASSETS:			
Cash and cash equivalents	\$ 4,124,967	\$ 23,871	\$ 4,148,838
Taxes receivable	2,759,790	–	2,759,790
Inventories	–	3,024	3,024
Other assets	65,085	7,784	72,869
Net Pension Asset	14,300	387	14,687
Capital assets:			
Land	388,891	–	388,891
Other capital assets, net of depreciation	9,925,213	7,490	9,932,703
TOTAL ASSETS	17,278,246	42,556	17,320,802
DEFERRED OUTFLOWS OF RESOURCES:			
Pension-related deferred outflows	1,555,411	41,994	1,597,405
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,555,411	41,994	1,597,405
LIABILITIES:			
Accounts payable	21,981	340	22,321
Other current liabilities	545,612	179	545,791
Unearned revenue	–	6,156	6,156
Noncurrent liabilities:			
Due within one year	764,709	–	764,709
Due in more than one year	3,096,844	993	3,097,837
TOTAL LIABILITIES	4,429,146	7,668	4,436,814
DEFERRED INFLOWS OF RESOURCES:			
Property taxes levied for future periods	2,515,011	–	2,515,011
Pension related deferred inflows	274,942	7,423	282,365
TOTAL DEFERRED INFLOWS OF RESOURCES	2,789,953	7,423	2,797,376
NET POSITION:			
Net investment in capital assets	6,421,815	7,490	6,429,305
Restricted for:			
Capital outlay	1,109,756	–	1,109,756
Special education	261,587	–	261,587
SDRS pension purposes	1,294,769	34,958	1,329,727
Unrestricted	2,526,631	27,011	2,553,642
TOTAL NET POSITION	\$ 11,614,558	\$ 69,459	\$ 11,684,017

STATEMENT OF ACTIVITIES – GOVERNMENT WIDE

JUNE 30, 2018



<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		<u>Total</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<i>Governmental Activities:</i>							
Instruction	\$ 2,882,951	\$ --	\$ 343,461	\$ --	\$ (2,539,490)	\$ --	\$ (2,539,490)
Support Services	2,500,413	--	--	--	(2,500,413)	--	(2,500,413)
Community Services	1,708	--	--	--	(1,708)	--	(1,708)
Nonprogrammed Charges	75	--	--	--	(75)	--	(75)
*Interest on Long-term Debt	66,652	--	--	--	(66,652)	--	(66,652)
Cocurricular Activities	346,428	20,070	--	--	(326,358)	--	(326,358)
Total Governmental Activities	5,798,227	20,070	343,461	--	(5,434,696)	--	(5,434,696)
<i>Business-Type Activities</i>							
Food Service	234,739	93,572	118,389	6,116	--	(16,662)	(16,662)
Fitness Center	1,906	16,736	--	--	--	14,830	14,830
Total Business-Type Activities	236,645	110,308	118,389	6,116	--	(1,832)	(1,832)
Total Primary Government	\$ 6,034,872	\$ 130,378	\$ 461,850	\$ 6,116	(5,434,696)	(1,832)	(5,436,528)
<i>General Revenues:</i>							
<i>Taxes:</i>							
					5,169,349	--	5,169,349
					116,788	--	116,788
<i>Revenue from State Sources:</i>							
					92,405	--	92,405
					--	--	--
<i>Revenue from Federal Sources</i>							
					610,579	--	610,579
<i>Revenue from Intermediate Sources</i>							
					24,726	--	24,726
<i>Unrestricted Investment Earnings</i>							
					9,828	--	9,828
<i>Other General Revenues</i>							
					81,865	--	81,865
					(41,670)	41,670	--
<i>Transfers</i>							
Total General Revenues and Gain					6,063,870	41,670	6,105,540
Change in Net Position					629,174	39,838	669,012
<i>NET POSITION - Beginning</i>					10,985,384	29,621	11,015,005
<i>NET POSITION - Ending</i>					\$ 11,614,558	\$ 69,459	\$ 11,684,017

* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2018



	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 2,649,222	\$ 1,139,838	\$ 335,907	\$ 4,124,967
Taxes receivable, current	1,457,276	712,815	359,732	2,529,823
Taxes receivable, delinquent	158,848	44,335	26,784	229,967
Due from other governments	65,060	--	25	65,085
TOTAL ASSETS	\$ 4,330,406	\$ 1,896,988	\$ 722,448	\$ 6,949,842
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 16,376	\$ --	\$ 5,605	\$ 21,981
Contracts payable	362,432	--	44,357	406,789
Payroll liabilities	94,359	--	9,204	103,563
Total Liabilities	473,167	--	59,166	532,333
Deferred Inflows of Resources:				
Property taxes levied for future periods	1,457,276	712,815	359,732	2,529,823
Unavailable revenue - property taxes	98,775	74,417	41,963	215,155
Total Deferred Inflows of Resources	1,556,051	787,232	401,695	2,744,978
Fund Balances:				
Restricted:				
For capital outlay	--	1,109,756	--	1,109,756
For special education	--	--	261,587	261,587
Unassigned	2,301,188	--	--	2,301,188
Total Fund Balances	2,301,188	1,109,756	261,587	3,672,531
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,330,406	\$ 1,896,988	\$ 722,448	\$ 6,949,842

Total Fund Balances - Governmental Funds \$ 3,672,531

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 10,314,104

Net pension asset reported in governmental activities is not an available financial resource and, therefore, is not reported in the funds. 14,300

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds 1,555,411

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General Obligation Debt	(3,780,000)
Compensated Absences	(30,736)
Capital Lease	(75,279)

Assets, including property taxes receivable, grants receivable, and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds. Assets at year end consist of:

Delinquent Property Taxes Receivable	229,967
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Accrued interest is not due and payable in the current period and, therefore are not reported in the funds (35,260)

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds (274,942)

Unamortized discounts are immediately recognized as expenditures and other financing sources in the governmental funds. 24,462

Net Position - Governmental Activities \$ 11,614,558

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2018

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

JUNE 30, 2018

	<i>General</i>	<i>Capital Outlay</i>	<i>Special Education</i>	<i>Total Governmental Funds</i>
<i>REVENUES</i>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 2,912,608	\$ 1,438,818	\$ 844,687	\$ 5,196,113
Prior years ad valorem taxes	53,327	18,013	9,667	81,007
Gross receipts tax	116,788	–	–	116,788
Penalties and interest on taxes	11,343	4,596	1,766	17,705
<i>Earnings on investments and deposits</i>	9,828	–	–	9,828
<i>Cocurricular Activities:</i>				
Admissions	20,070	–	–	20,070
Other student activity income	21,847	–	–	21,847
<i>Other local revenue:</i>				
Rentals	2,660	–	–	2,660
Contributions and donations	1,438	39,134	–	40,572
Charges for services	5,778	–	773	6,551
Other	4,523	–	20	4,543
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources</i>				
County apportionment	24,726	–	–	24,726
<i>Revenue in Lieu of Taxes</i>	977	367	198	1,542
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid:</i>				
Unrestricted grants-in-aid	92,405	–	–	92,405
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Unrestricted grants-in-aid	610,579	–	–	610,579
Restricted grants-in-aid	208,807	–	114,771	323,578
<i>Other Federal Revenue</i>	19,883	–	–	19,883
<i>TOTAL REVENUES</i>	4,117,587	1,500,928	971,882	6,590,397

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

JUNE 30, 2018 (CONT.)

	General	Capital Outlay	Special Education	Total Governmental Funds
EXPENDITURES				
<i>Instructional Services:</i>				
<i>Regular Programs:</i>				
Elementary	\$ 836,421	\$ 8,924	\$ --	\$ 845,345
Middle/junior high	425,208	1,340	--	426,548
High school	856,299	10,561	--	866,860
Other	--	30,297	--	30,297
<i>Special Programs:</i>				
Educationally deprived	194,648	--	--	194,648
Programs for special education	--	3,388	617,191	620,579
<i>Support Services:</i>				
<i>Pupils:</i>				
Attendance and social work	34	--	--	34
Guidance	132,707	--	--	132,707
Health	1,548	--	41,748	43,296
Psychological	--	--	17,101	17,101
Speech pathology	--	--	63,137	63,137
Student therapy services	--	--	59,073	59,073
Special education	--	--	82,012	82,012
<i>Instructional Staff:</i>				
Improvement of instruction	36,233	--	--	36,233
Educational media	177,264	14,966	--	192,230
<i>General Administration:</i>				
Board of education	75,285	--	--	75,285
Executive administration	163,855	--	--	163,855
<i>School Administration:</i>				
Office of the principal	341,753	--	--	341,753
Title I program administration	--	--	--	--
<i>Business:</i>				
Fiscal services	212,943	9,500	--	222,443
Operation and maintenance of plant	740,615	49,770	--	790,385
Pupil transportation	161,770	--	--	161,770
Internal services	45,180	--	--	45,180
Food services	--	28,137	--	28,137
<i>Central:</i>				
Staff services	--	--	--	--
<i>Nonprogrammed Charges:</i>				
Early retirement payments	75	--	--	75
<i>Debt services:</i>				
	--	796,971	--	796,971
<i>Cocurricular Activities:</i>				
Male activities	97,820	17,962	--	115,782
Female activities	68,343	7,430	--	75,773
Combined activities	65,374	--	--	65,374
Transportation	30,163	--	--	30,163
<i>Capital Outlays:</i>				
	4,019	146,361	--	150,380
TOTAL EXPENDITURES	4,667,557	1,125,607	880,262	6,673,426
<i>Excess of Revenue Over (Under) Expenditures</i>	(549,970)	375,321	91,620	(83,029)
OTHER FINANCING SOURCES:				
Interfund transfers in	322,500	--	--	322,500
Interfund transfers (out)	(41,670)	(322,500)	--	(364,170)
Sale of surplus property	--	4,150	--	4,150
TOTAL OTHER FINANCING SOURCES	280,830	(318,350)	--	(37,520)
<i>Net Change in Fund Balances</i>	(269,140)	56,971	91,620	(120,549)
<i>FUND BALANCE, Beginning</i>	2,570,328	1,052,785	169,967	3,793,080
FUND BALANCE, Ending	\$ 2,301,188	\$ 1,109,756	\$ 261,587	\$ 3,672,531

Net Change in Fund Balances - Total Governmental Funds \$ (120,549)

Amounts reported for governmental activities in the statement of activities are different because:

This amount represents capital asset purchases which are reported as expenditures on the fund financials statements but increase assets on the government wide statements. 150,380

This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials statements because it does not require the use of current financial resources. (501,617)

In the statement of activities, gains and losses (\$5,972) on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$4,150 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (10,122)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position . 738,314

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated earned by employees are not recognized in the funds. 7,758

In both the government-wide and fund financial statement, revenues from property tax levies are applied to finance a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in the fund financial statements require the amounts to be "available". The amount reflects the application of both the application period and "availability criteria". (125,476)

Unamortized discounts associated with general obligation debt are recorded as expenditures or other financing sources in the governmental funds. However, these items are amortized over the life of the debt in the governmental activities. This is the amount by which the deferrals exceed amortization of unamortized discounts for the current period. (3,500)

Accrued interest expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds. (4,495)

Pension revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 498,481

Change in net position of governmental activities \$ 629,174

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2018

	<i>Food Service Fund</i>	<i>Other Enterprise Fund</i>	<i>Totals</i>
ASSETS:			
<i>Current Assets:</i>			
Cash and cash equivalents	\$ 9,041	\$ 14,830	\$ 23,871
Accounts receivable	348	-	348
Due from other governments	7,436	-	7,436
Inventory-materials and supplies	1,017	-	1,017
Inventory-purchased food	1,557	-	1,557
Inventory of donated food	450	-	450
<i>Total Current Assets</i>	<u>19,849</u>	<u>14,830</u>	<u>34,679</u>
<i>Noncurrent Assets:</i>			
Machinery and equipment - local funds	140,943	-	140,943
Less accumulated depreciation	(133,453)	-	(133,453)
<i>Total Noncurrent Assets</i>	<u>7,490</u>	<u>-</u>	<u>7,490</u>
<i>Restricted Assets:</i>			
Net pension asset	387	-	387
TOTAL ASSETS	<u>\$ 27,726</u>	<u>\$ 14,830</u>	<u>\$ 42,556</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension-related deferred outflows of resources	41,994	-	41,994
LIABILITIES:			
<i>Current Liabilities:</i>			
Accounts payable	340	-	340
Contracts and benefits payable	179	-	179
Unearned Revenue	6,156	-	6,156
<i>Total Current Liabilities</i>	<u>6,675</u>	<u>-</u>	<u>6,675</u>
<i>Noncurrent Liabilities:</i>			
Accrued leave payable, net of current portion	993	-	993
TOTAL LIABILITIES	<u>7,668</u>	<u>-</u>	<u>7,668</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension-related deferred inflows of resources	7,423	-	7,423
NET POSITION:			
Net investment in capital assets	7,490	-	7,490
Restricted for net pension liability	34,958	-	34,958
Unrestricted	12,181	14,830	27,011
<i>Total Net Position</i>	<u>\$ 54,629</u>	<u>\$ 14,830</u>	<u>\$ 69,459</u>

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2018

	<i>Food Service Fund</i>	<i>Other Enterprise Fund</i>	<i>Totals</i>
OPERATING REVENUE:			
Sales to Pupils	\$ 79,093	\$ —	\$ 79,093
Sales to Adults	4,291	—	4,291
Other	10,188	16,736	26,924
<i>Total Operating Revenue</i>	<u>93,572</u>	<u>16,736</u>	<u>110,308</u>
OPERATING EXPENSES:			
Personnel	122,296	—	122,296
Depreciation	1,452	—	1,452
Cost of sales - purchased food	81,272	—	81,272
Cost of sales - donated food	15,605	—	15,605
Miscellaneous	3,136	648	3,784
Supplies	10,978	1,258	12,236
<i>Total Operating Expenses</i>	<u>234,739</u>	<u>1,906</u>	<u>236,645</u>
<i>Operating (Loss)</i>	(141,167)	14,830	(126,337)
NONOPERATING REVENUES:			
<i>State Sources:</i>			
Cash reimbursements	715	—	715
<i>Federal Sources:</i>			
Cash reimbursements	103,920	—	103,920
Donated food	13,754	—	13,754
<i>Total Nonoperating Revenue</i>	<u>118,389</u>	<u>—</u>	<u>118,389</u>
<i>Income Before Contributions and Transfers</i>	(22,778)	14,830	(7,948)
Capital Contributions	6,116	—	6,116
Transfers In	41,670	—	41,670
<i>Change in Net Position</i>	25,008	14,830	39,838
<i>NET POSITION - Beginning</i>	29,621	—	29,621
<i>NET POSITION - Ending</i>	<u>\$ 54,629</u>	<u>\$ 14,830</u>	<u>\$ 69,459</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2018

	<i>Food Service Fund</i>	<i>Other Enterprise Fund</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 91,502	\$ 16,736	\$ 108,238
Payments to Employees	(135,846)	-	(135,846)
Payments to Suppliers	(93,972)	(1,906)	(95,878)
<i>Net Cash (Used) by Operating Activities</i>	(138,316)	14,830	(123,486)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Subsidies	104,635	-	104,635
Transfers from other funds	41,670	-	41,670
<i>Net Cash Provided by Noncapital Financing Activities</i>	146,305	-	146,305
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,989	14,830	22,819
<i>CASH AND CASH EQUIVALENTS, Beginning of Year</i>	1,052	-	1,052
<i>CASH AND CASH EQUIVALENTS, End of Year</i>	<u>\$ 9,041</u>	<u>\$ 14,830</u>	<u>\$ 23,871</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
<i>Operating (Loss)</i>	\$ (141,167)	\$ 14,830	\$ (126,337)
<i>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</i>			
Depreciation Expense	1,452	-	1,452
Cost of Sales - Donated Food	15,605	-	15,605
Net Pension Expense	(13,461)	-	(13,461)
Change in Assets and Liabilities:			
Receivables	(2,108)	-	(2,108)
Inventory	1,074	-	1,074
Accounts payable	340	-	340
Deferred revenue	38	-	38
Other current liabilities	127	-	127
Accrued wages payable	(216)	-	(216)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (138,316)</u>	<u>\$ 14,830</u>	<u>\$ (123,486)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Value of commodities received	\$ 13,754	\$ -	\$ 13,754
Equipment Purchased by Capital Outlay Fund	\$ 6,116	\$ -	\$ 6,116

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

JUNE 30, 2018

	<i>Private- Purpose Trust Funds</i>	<i>Agency Funds</i>
ASSETS		
Cash and cash equivalents	\$ 18,071	\$ 60,866
TOTAL ASSETS	\$ 18,071	\$ 60,866
LIABILITIES		
Amounts held for others	\$ 19,601	\$ 60,866
NET POSITION		
Restricted for Scholarships:		
Non-expendable	5,000	--
Expendable	13,071	--
TOTAL NET POSITION	\$ 18,071	\$ --

STATEMENT OF NET POSITION – FIDUCIARY FUNDS

JUNE 30, 2018

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

JUNE 30, 2018

	<i>Private- Purpose Trust Funds</i>
<i>ADDITIONS</i>	
Private Donations	\$ 485
Interest	60
TOTAL ADDITIONS	545
<i>DEDUCTIONS</i>	
Scholarships Awarded	2,075
<i>CHANGE IN NET POSITION</i>	(1,530)
<i>NET POSITION - Beginning</i>	19,601
<i>NET POSITION - Ending</i>	\$ 18,071

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

BUDGETARY BASIS

JUNE 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<i>REVENUES</i>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	✓ \$ 2,844,850	✓ \$ 2,835,100	✓ \$ 2,912,608	✓ \$ 77,508
Prior years ad valorem taxes	30,000	68,000	53,327	(14,673)
Utility taxes	85,000	✓ 84,000	✓ 116,788	✓ 32,788
Penalties and interest on taxes	20,000	✓ 13,900	✓ 11,343	✓ (2,557)
Earnings on investments and deposits	120	--	✓ 9,828	✓ 9,828
<i>Cocurricular Activities:</i>				
Admissions	15,000	17,000	✓ 20,070	✓ 3,070
Other student activity income	2,500	1,800	✓ 21,847	✓ 20,047
<i>Other local revenue:</i>				
Rentals	1,400	1,800	✓ 2,660	✓ 860
Contributions and donations	--	--	✓ 1,438	✓ 1,438
Charges for services	--	--	5,778	5,778
Other	✓ 21,350	✓ 7,900	✓ 4,523	✓ (3,377)
<i>Revenue from Intermediate Sources:</i>				
County Sources	28,000	29,000	✓ 24,726	✓ (4,274)
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid:</i>				
Unrestricted grants-in-aid	✓ 153,200	✓ 152,669	✓ 92,405	✓ (60,264)
Restricted grants-in-aid	4,800	--	--	--
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Unrestricted grants-in-aid	441,000	--	✓ 610,579	✓ 610,579
Restricted grants-in-aid	186,000	236,871	208,807	(28,064)
Revenue in Lue of Taxes	--	--	977	977
Other Federal Revenue	--	--	✓ 19,883	✓ 19,883
TOTAL REVENUES	✓ 3,833,220	✓ 3,448,040	✓ 4,117,587	✓ 669,547

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

BUDGETARY BASIS

JUNE 30, 2018 (CONT.)

	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<i>EXPENDITURES</i>				
<i>Instructional Services:</i>				
<i>Regular Programs:</i>				
Elementary	\$ 815,500	\$ 894,482	\$ 836,421	\$ 58,061
Middle/junior high	460,000	443,317	425,208	18,109
High school	1,115,300	925,219	856,299	68,920
<i>Special Programs:</i>				
Educationally deprived	222,100	191,747	194,648	(2,901)
<i>Support Services:</i>				
<i>Pupils:</i>				
Attendance and social work	–	–	34	(34)
Guidance	132,100	133,935	132,707	1,228
Health	1,100	1,200	1,548	(348)
<i>Instructional Staff:</i>				
Improvement of instruction	14,500	44,955	36,233	8,722
Educational media	182,737	186,202	181,283	4,919
<i>General Administration:</i>				
Board of education	65,500	66,250	75,285	(9,035)
Executive administration	163,450	163,605	163,855	(250)
<i>School Administration:</i>				
Office of the principal	340,100	340,605	341,753	(1,148)
<i>Business:</i>				
Fiscal services	210,600	247,950	212,943	35,007
Operation and maintenance of plant	812,600	822,338	740,615	81,723
Pupil transportation	210,500	161,700	161,770	(70)
Internal services	47,100	47,100	45,180	1,920
<i>Nonprogrammed Charges:</i>				
Early retirement payments	–	–	75	(75)
<i>Cocurricular Activities:</i>				
Male activities	93,870	97,458	97,820	(362)
Female activities	66,894	66,894	68,343	(1,449)
Combined activities	64,736	64,736	65,374	(638)
Transportation	47,200	47,200	30,163	17,037
TOTAL EXPENDITURES	5,065,887	4,946,893	4,667,557	279,336
<i>Excess of Revenue Over (Under) Expenditures</i>	<i>(1,232,667)</i>	<i>(1,498,853)</i>	<i>(549,970)</i>	<i>948,883</i>
<i>OTHER FINANCING SOURCES (USES):</i>				
Transfers in	1,354,593	1,620,779	322,500	(1,298,279)
Transfers (Out)	(121,926)	(121,926)	(41,670)	80,256
Total Other Financing Sources (Uses):	1,232,667	1,498,853	280,830	(1,218,023)
<i>Net Change in Fund Balances</i>	<i>–</i>	<i>–</i>	<i>(269,140)</i>	<i>(269,140)</i>
FUND BALANCE, Beginning	2,570,328	2,570,328	2,570,328	–
FUND BALANCE, Ending	\$ 2,570,328	\$ 2,570,328	\$ 2,301,188	\$ (269,140)

BUDGETARY COMPARISON SCHEDULE – CAPITAL OUTLAY FUND

BUDGETARY BASIS

JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 1,370,704	\$ 1,369,404	\$ 1,438,818	\$ 69,414
Prior year ad valorem taxes	18,000	19,000	18,013	(987)
Penalties and interest on taxes	6,000	4,500	4,596	96
<i>Revenue from Local Sources:</i>				
Contributions and donations	–	–	39,134	39,134
Revenue in Lieu of taxes:	–	1,400	367	(1,033)
TOTAL REVENUES	1,394,704	1,394,304	1,500,928	106,624
EXPENDITURES				
<i>Instructional Services:</i>				
Elementary	15,000	15,000	8,924	6,076
Middle school	10,000	10,000	1,340	8,660
High school	20,000	20,000	17,008	2,992
Other	25,000	25,000	30,297	(5,297)
<i>Special Programs:</i>				
Educationally deprived	–	10,000	3,388	6,612
<i>Support Services:</i>				
<i>Instructional staff:</i>				
Educational media	104,000	94,000	14,966	79,034
School administration	–	–	–	–
Business	5,000	9,500	9,500	–
Operation and maintenance of plant	240,800	190,800	189,684	1,116
Food service	–	55,000	28,137	26,863
Debt services:	719,675	719,675	796,971	(77,296)
<i>Cocurricular Activities:</i>				
Male activities	20,000	20,000	17,962	2,038
Female activities	10,000	10,000	7,430	2,570
TOTAL EXPENDITURES	1,169,475	1,178,975	1,125,607	53,368
<i>Excess of Revenue Over (Under)</i>				
Expenditures	225,229	215,329	375,321	159,992
OTHER FINANCING SOURCES (USES):				
Transfer in	–	107,171	–	(107,171)
Transfer (out)	(322,500)	(322,500)	(322,500)	–
Sale of surplus property	–	–	4,150	4,150
TOTAL OTHER FINANCING SOURCES (USES)	(322,500)	(215,329)	(318,350)	(103,021)
<i>Net Change in Fund Balances</i>	(97,271)	–	56,971	56,971
FUND BALANCE, Beginning	1,052,785	1,052,785	1,052,785	–
FUND BALANCE, Ending	\$ 955,514	\$ 1,052,785	\$ 1,109,756	\$ 56,971

BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND

BUDGETARY BASIS

JUNE 30, 2018

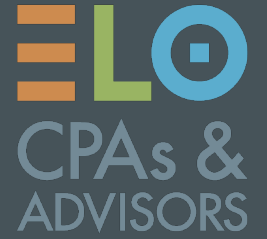
	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 731,661	\$ 707,508	\$ 844,687	\$ 137,179
Prior years' ad valorem taxes	10,000	11,500	9,667	(1,833)
Penalties and interest on taxes	2,500	2,500	1,766	(734)
Charges for services	2,000	700	773	73
Other	--	--	20	20
<i>Revenue in Lieu of Taxes</i>	--	800	198	(602)
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid	113,652	114,771	114,771	--
TOTAL REVENUES	859,813	837,779	971,882	134,103
<u>EXPENDITURES</u>				
<i>Instructional Services:</i>				
Programs for special education	724,800	702,271	617,191	85,080
<i>Support Services:</i>				
Health	50,000	50,000	41,748	8,252
Psychological	17,000	9,500	17,101	(7,601)
Speech pathology	84,594	56,160	63,137	(6,977)
Student therapy services	73,215	73,215	59,073	14,142
Special Education	82,500	82,600	82,012	588
Transportation costs	600	6,500	--	6,500
TOTAL EXPENDITURES	1,032,709	980,246	880,262	99,984
<i>Excess of Revenues Over (Under) Expenditures</i>	(172,896)	(142,467)	91,620	34,119
<i>OTHER FINANCING SOURCES (USES):</i>				
Transfer in	172,896	142,467	--	(142,467)
<i>Net Change in Fund Balance</i>	--	--	91,620	(108,348)
<i>FUND BALANCE, Beginning</i>	169,967	169,967	169,967	--
<i>FUND BALANCE, Ending</i>	<u>\$ 169,967</u>	<u>\$ 169,967</u>	<u>\$ 261,587</u>	<u>\$ (108,348)</u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON COMPLIANCE AND OTHER MATTERS – GAO STANDARDS



- ***INTERNAL CONTROL OVER FINANCIAL REPORTING –***
 - Purpose of consideration is to determine audit procedures for the purpose of expressing our opinions on financial statements
 - Not for purpose of expressing an opinion on the effectiveness of internal control over financial reporting
 - Weaknesses identified
- ***COMPLIANCE AND OTHER MATTERS –***
 - Tests of compliance that have a direct and material effect on financial statements
 - Weaknesses identified

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE – UNIFORM GUIDANCE



- ***MAJOR PROGRAMS –***
 - **Impact Aid**
- ***COMPLIANCE –***
 - **Unmodified Opinion – School District has complied in all material respects with types of compliance requirements that could have a direct and material effect on each of its major programs**
- ***INTERNAL CONTROL OVER COMPLIANCE -***
 - **Purpose is to determine our auditing procedures for the purpose of expressing our opinion on compliance**
 - **Not for purpose of expressing an opinion on the effectiveness of internal control over compliance**

REPORT ON THE FINANCIAL STATEMENTS



- **Unmodified opinion on financial statements**
- **No opinion on Required Supplementary Information**

SUMMARY OF INTERNAL CONTROL FINDINGS

- ***CONTROL DEFICIENCY*** –
 - Design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis
- ***MATERIAL WEAKNESS*** –
 - A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement will not be prevented, or detected and corrected on a timely basis
- ***SIGNIFICANT DEFICIENCIES*** –
 - A control deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, but warrants the attention of the governing board
- ***AUDIT FINDINGS***
 - ***MATERIAL WEAKNESSES (2)*** –
 - Internal Control over Financial Reporting
 - Compliance with Other Matters

FINANCIAL ANALYSIS

AS OF JUNE 30

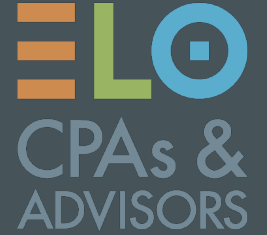


Table A-1
Hill City School District No. 51-2
Statement of Net Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Percentage</i>
	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>Change</i>
							<i>2017-2018</i>
Current and Other Assets	\$ 7,053,523	\$ 6,964,142	\$ 12,677	\$ 35,066	\$ 7,066,200	\$ 6,999,208	-0.95%
Capital Assets (Net of Depreciation)	10,675,463	10,314,104	2,826	7,490	10,678,289	10,321,594	-3.34%
Total Assets	17,728,986	17,278,246	15,503	42,556	17,744,489	17,320,802	-2.39%
Pension Related Deferred Outflows	1,336,394	1,555,411	36,081	41,994	1,372,475	1,597,405	16.39%
Total Deferred Outflows of Resources	1,336,394	1,555,411	36,081	41,994	1,372,475	1,597,405	16.39%
Long-Term Liabilities Outstanding	5,144,231	3,861,553	15,843	993	5,160,074	3,862,546	-25.15%
Other Liabilities	514,001	567,593	6,118	6,675	520,119	574,268	10.41%
Total Liabilities	5,658,232	4,429,146	21,961	7,668	5,680,193	4,436,814	-21.89%
Taxes Levied for Future Period	2,421,764	2,515,011	—	—	2,421,764	2,515,011	3.85%
Pension and OPEB Related Deferred Inflows	—	274,942	—	—	—	274,942	100.00%
Total Deferred Inflows of Resources	2,421,764	2,789,953	—	—	2,421,764	2,789,953	15.20%
Net Position							
Net Investment in Capital Assets	6,109,833	6,421,815	2,826	7,490	6,112,659	6,429,305	5.18%
Restricted	2,115,201	2,666,112	21,499	34,958	2,136,700	2,701,070	26.41%
Unrestricted	2,760,350	2,526,631	5,296	27,011	2,765,646	2,553,642	-7.67%
Total Net Position	10,985,384	11,614,558	29,621	69,459	11,015,005	11,684,017	6.07%
Beginning Net Position	11,539,131	10,985,384	28,370	29,621	11,567,501	11,015,005	-4.78%
Increase (Decrease) in Net Position	\$ (553,747)	\$ 629,174	\$ 1,251	\$ 39,838	\$ (552,496)	\$ 669,012	
Percentage of Increase (Decrease) in Net Position	-4.80%	5.73%	4.41%	134.49%	-4.78%	6.07%	

FINANCIAL ANALYSIS

AS OF JUNE 30 (CONT.)

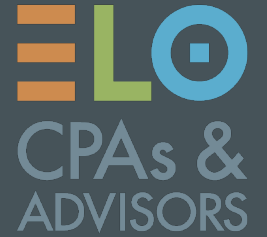


Table A-4
Hill City School District 48-3
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total</u>
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>Change</u>
							<u>2017-2018</u>
<i>Revenues</i>							
Program Revenues:							
Charges for services	\$ 19,701	\$ 20,070	\$ 81,223	\$ 110,308	\$ 100,924	\$ 130,378	29.18%
Operating grants and contributions	316,668	343,461	126,405	124,505	443,073	467,966	5.62%
General Revenues:							
Taxes	4,958,884	5,286,137	--	--	4,958,884	5,286,137	6.60%
Revenue state sources	88,731	92,405	--	--	88,731	92,405	4.14%
Federal state sources	560,605	610,579	--	--	560,605	610,579	8.91%
Revenue Intermediate Sources	24,408	24,726	--	--	24,408	24,726	1.30%
Unrestricted investment earnings	7,410	9,828	161	--	7,571	9,828	29.81%
Other general revenues	37,536	81,865	--	--	37,536	81,865	118.10%
<i>Total Revenues</i>	<u>6,013,943</u>	<u>6,469,071</u>	<u>207,789</u>	<u>234,813</u>	<u>6,221,732</u>	<u>6,703,884</u>	7.75%
<i>Expenses</i>							
Instruction	3,668,197	2,882,951	--	--	3,668,197	2,882,951	-21.41%
Support services	2,444,411	2,500,413	--	--	2,444,411	2,500,413	2.29%
Community services	3,390	1,708	--	--	3,390	1,708	-49.62%
Nonprogrammed	--	75	--	--	--	75	100.00%
Cocurricular activities	344,254	346,428	--	--	344,254	346,428	0.63%
Interest on long-term debt	81,107	66,652	--	--	81,107	66,652	-17.82%
Food service	--	--	232,869	234,739	232,869	234,739	0.80%
Other enterprise activity	--	--	--	1,906	--	1,906	100.00%
<i>Total Expenses</i>	<u>6,541,359</u>	<u>5,798,227</u>	<u>232,869</u>	<u>236,645</u>	<u>6,774,228</u>	<u>6,034,872</u>	-10.91%
Transfers	(26,331)	(41,670)	26,331	41,670	--	--	0.00%
<i>Increase (Decrease) in Net Position</i>	(553,747)	629,174	1,251	39,838	(552,496)	669,012	-221.09%
<i>Beginning Net Position Restated</i>	<u>11,539,131</u>	<u>10,985,384</u>	<u>28,370</u>	<u>29,621</u>	<u>11,567,501</u>	<u>11,015,005</u>	-4.78%
<i>Ending Net Position</i>	<u>\$ 10,985,384</u>	<u>\$ 11,614,558</u>	<u>\$ 29,621</u>	<u>\$ 69,459</u>	<u>\$ 11,015,005</u>	<u>\$ 11,684,017</u>	6.07%



CPAs &
ADVISORS

THANK YOU

QUESTIONS?

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