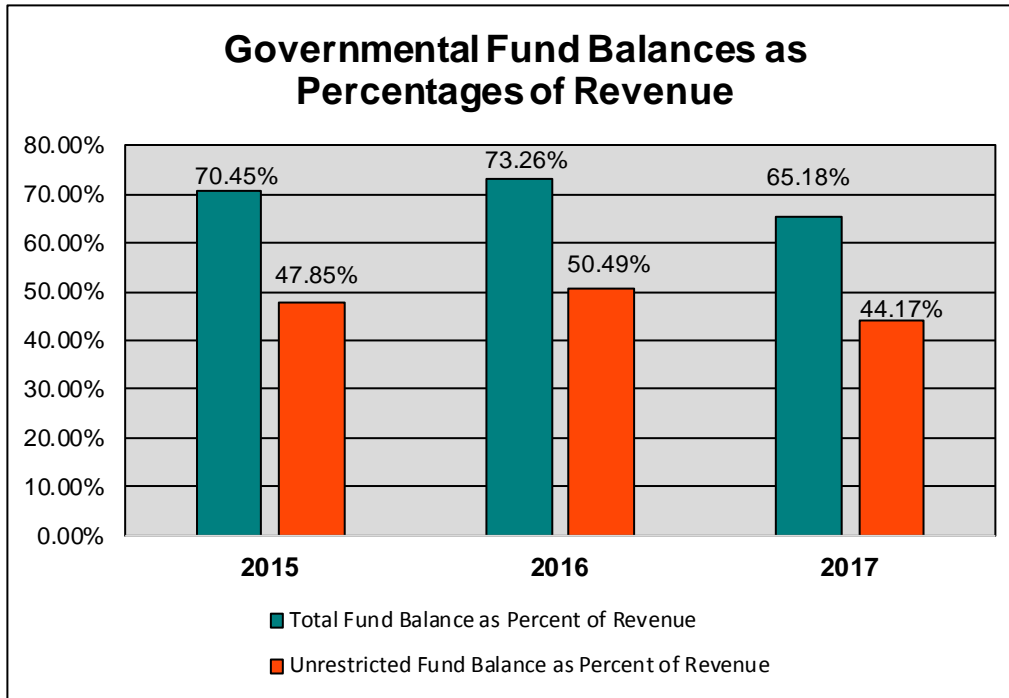


Hill City School District No. 51-2

Financial Performance Measures June 30, 2017

Total Governmental Fund Balances

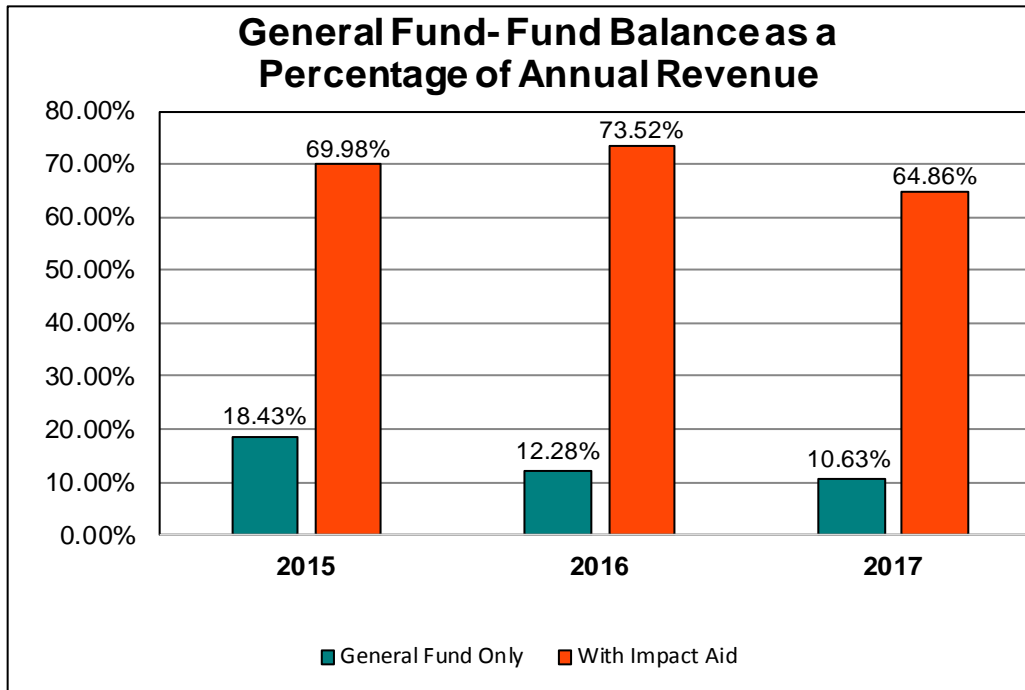


For the year ended June 30, 2017, the District's total governmental fund balances were \$3,793,080 (which is a decrease of \$900,028 from 2016). Of this amount, \$1,222,752 was restricted by funding source (capital outlay, special education, and pension). The amount of unrestricted net position has decreased in the current year by \$664,339. Forest Service and Impact Aid payments in 2017 were \$560,605.

	2015	2016	2017
Total Fund Balance as Percent of Revenue	70.45%	73.26%	65.18%
Unrestricted Fund Balance as Percent of Revenue	47.85%	50.49%	44.17%

General Fund - Fund Balance

How does our budgetary carryover position look?



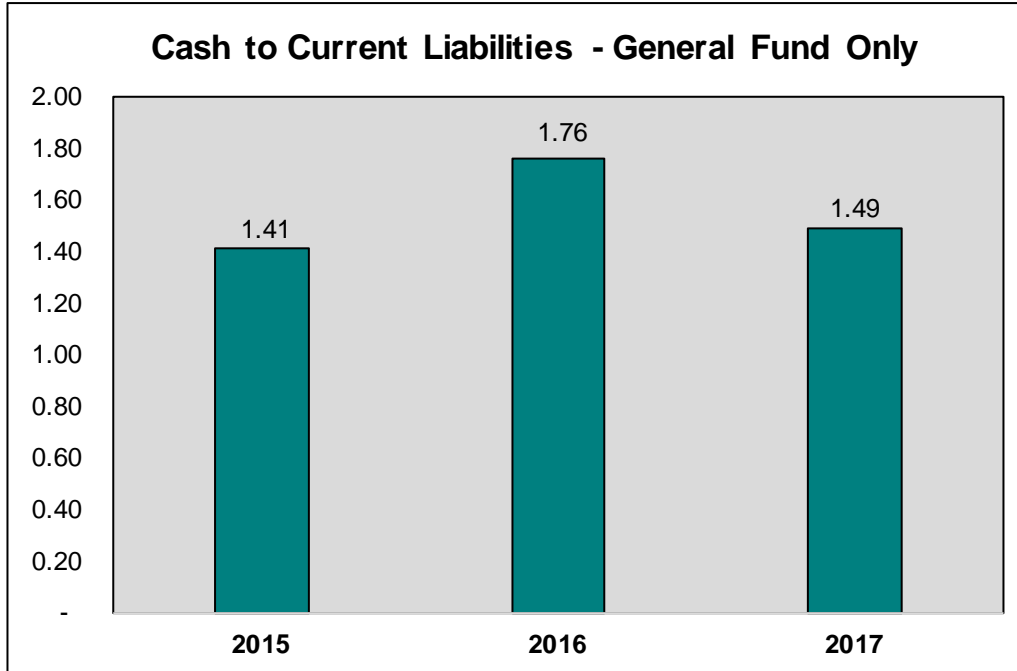
	2015	2016	2017
General Fund Only	18.43%	12.28%	10.63%
With Impact Aid	69.98%	73.52%	64.86%

The level of budgetary unassigned fund balance is an indication of the amount of unexpended, unencumbered and available resources the District has at a point in time to carryover into the next fiscal year to fund budgetary emergencies or other unexpected needs. 10% is considered a minimum responsible level, while 15-20% is considered desirable.

For the year ended June 30, 2017, the District's unassigned fund balance in the General Fund was approximately \$373,649 or 10.63% of annual General Fund revenues. This represents a decrease from the prior period. It should be noted that when Impact Aid funds are included this ratio is at 64.86%. The District receives annual Impact Aid appropriations of \$441,000.

Quick Ratio

How is our short-term cash position?



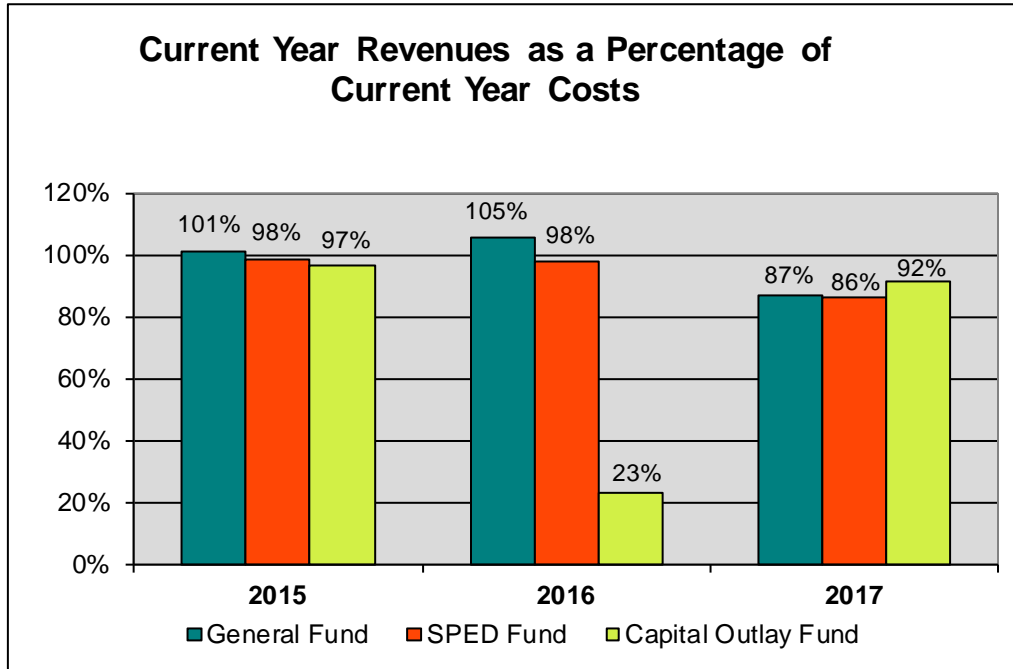
2015	2016	2017
1.41	1.76	1.49

The quick ratio is another, more conservative, measure of the District's ability to pay its short-term obligations. The quick ratio compares total cash to current liabilities. A quick ratio of 1.0 to 1 indicates adequate current liquidity and an ability to meet short-term obligations with cash.

As of June 30, 2017, the General Fund had a ratio of 1.49 to 1. This indicates that the District has sufficient cash to pay short-term liabilities. The District collects revenues mainly in May and November. Therefore, this cash is necessary to fund operations between tax payments.

Interperiod Equity

Who paid for the costs of current year services: current, past or future taxpayers?

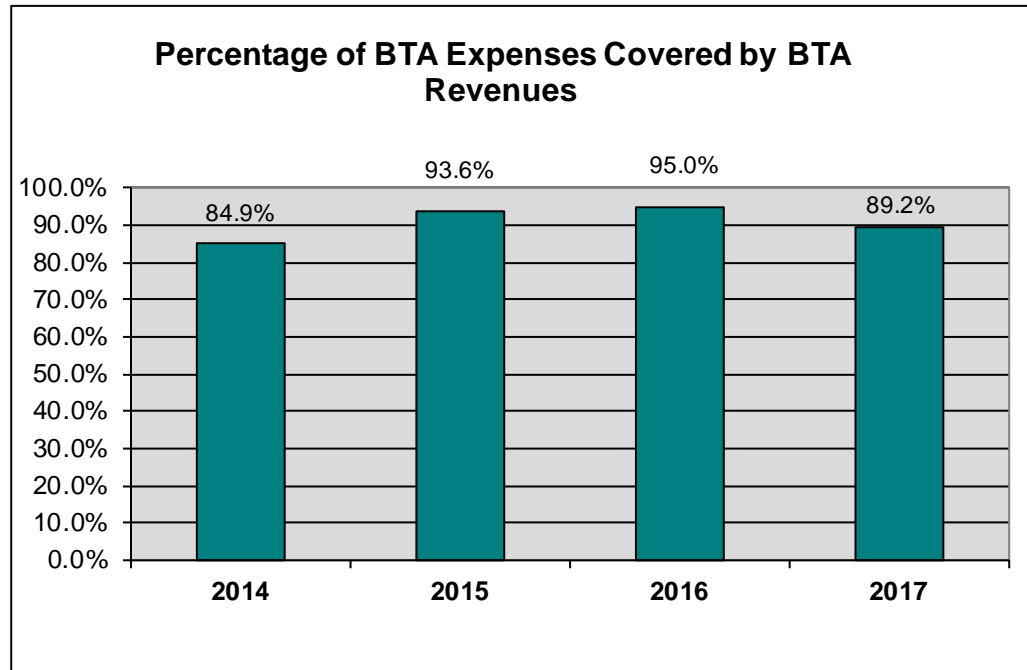


Interperiod equity is achieved when the cost of current services are paid by current year taxpayers. When current year costs are subsidized by prior year resources carried over or debt proceeds, it can be said that interperiod equity was not achieved, and either past or future taxpayers helped fund the cost of current year services.

For the year ended June 30, 2017, the District's funding percentages were 87% in the General Fund, 86% in Special Ed, and 92% in Capital Outlay. These ratios indicate the District is spending reserves.

Business-type Activities Self-sufficiency

Did current year business-type activities, food service pay for themselves?



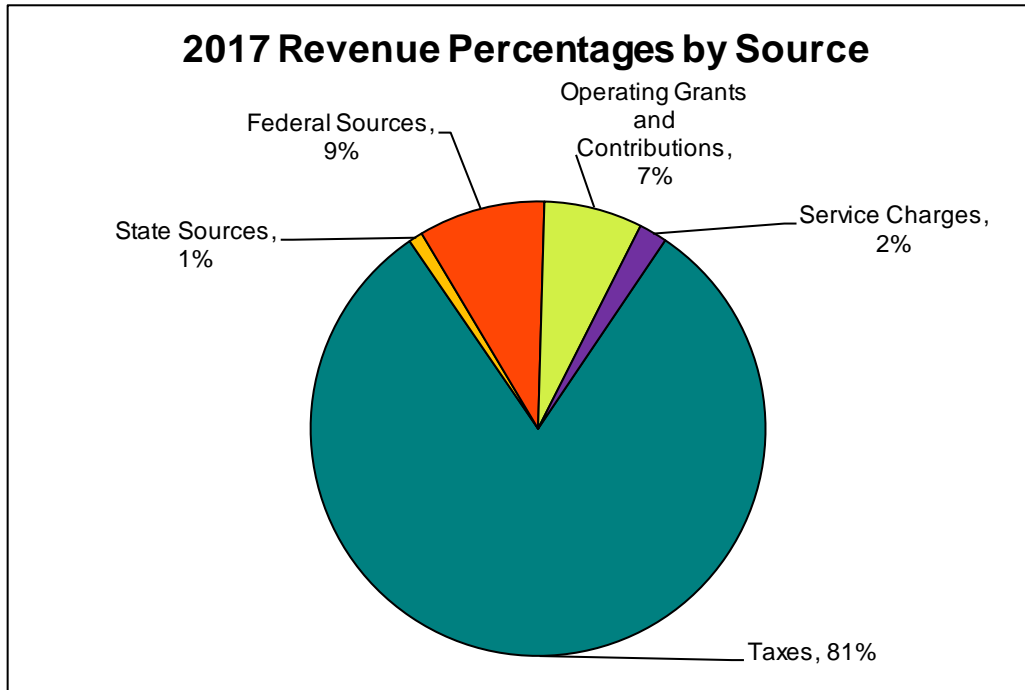
2014	2015	2016	2017
84.9%	93.6%	95.0%	89.2%

The self-sufficiency ratio indicates the level at which business-type activities (food service) covered their costs with current year revenues, without needing to rely on subsidies or reserves.

For the year ended June 30, 2017, the District's food service operations were not self-sufficient based on the 89.2%. This indicates that costs were not fully covered by revenues and reserves had to be used in the current year. In the current year, \$26,331 was transferred from the General Fund to subsidize food service operations.

Revenue Dispersion

How heavily are we relying on revenue sources beyond our direct control?



The percent dispersion of revenue by source indicates how dependent the District is on certain types of revenue. The more dependent the District is on revenue sources beyond its direct control, such as taxes requiring voter approval or revenues from other governments such as grants, the less favorable the dispersion.

For the year ended June 30, 2017, the District had direct control over 2% (service charges) of its revenue. This ratio indicates that the District has high exposure to financial difficulties due to reliance (98%) on taxes, grants, contributions, and other revenue.