



Financial Statements
June 30, 2013

**West Lyon Community
School District 60**

	<u>Page</u>
School District Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements	
Statement of Net Positions	A 19
Statement of Activities	B 20
Government Fund Financial Statements	
Balance Sheet	C 21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Positions	D 22
Statement of Revenues, Expenditures and Changes in Fund Balances	E 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 24
Proprietary Fund Financial Statements	
Statement of Net Positions	G 25
Statement of Revenues, Expenditures and Changes in Net Positions	H 26
Statement of Cash Flows	I 27
Notes to Financial Statements	28
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	41
Notes to Budgetary Comparison Schedule	42
Schedule of Funding Progress as Required by Statement No. 45 of the Governmental Accounting Standards Board	43
Other Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 45
Schedule of Changes in Student Activity Accounts	3 46
Schedule of Revenues by Source and Expenditures by Function – Governmental Funds	4 47
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48
Schedule of Findings and Responses	50
Corrective Action Plans	53

Name	Title	Term Expires
Board of Education		
Gib VanHill	President	September 2015
Rick Moser	Vice President	September 2015
Kyle Knobloch	Board Member	September 2013
Scott Lee	Board Member	September 2013
Troy Bauder	Board Member	September 2013
School Officials		
Jim Hargens	Superintendent	
Robert Tracy	Secretary/Business Manager	
Lyle Impehoven	Treasurer	
Tom Whorley	Attorney	



Independent Auditor's Report

To the School Board
West Lyon Community School District 60
Inwood, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the West Lyon Community School District 60, Inwood, Iowa (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position, and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The school district officials, combining and individual fund schedules, changes in student activity accounts, schedule of revenues by source and expenditures by function are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund schedules, changes in student activity accounts, schedule of revenues by source and expenditures by function are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules, changes in student activity accounts, schedule of revenues by source and expenditures by function are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of school district officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2013 on our consideration of West Lyon Community School District 60's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the District's internal control over financial reporting and compliance.

Eide Sallee LLP

Sioux Falls, South Dakota
November 12, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Lyon Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- The District received non-competitive gaming grant funding from the Lyon County Riverboat Foundation in FY13. The amount received for the fiscal year totaled \$172,056. Similar amounts are expected to be received in future fiscal years.
- The District saw income surtaxes paid increase by 16.6% from \$358,494 in FY12 to \$418,048 in FY13. This appears to indicate resurgence in the local economy led by a strong agricultural base.
- The District's FY13 tax levy was the 12th lowest of 364 schools in the State of Iowa. The total levy rate was \$10.14239 per \$1000 valuation.
- Changes under the Healthy, Hunger Free Kids Act of 2010 had a dramatic effect on the Nutrition Fund. Meals prices were increased 6.45% for students and 30% for adults to comply with federal guidelines. But changes to meal patterns under the Act meant substantially lower participation and substantially higher food costs. The result was a decrease in Retained Earnings of 25.77% and a decrease in Net Position of 15.90% for the year-end 2013.
- The District experienced an increase in enrollment of 43.5 students in FY13. This marks the fifth consecutive year with an enrollment increase. Enrollment at the District has 109 students (14.55%) since FY09. Indications are that this trend should continue for the foreseeable future.
- General Fund revenues increased from \$7,098,037 in FY12 to \$7,439,115 in FY13. General Fund expenditures increased from \$6,880,356 in FY12 to \$7,221,370 in FY13. The District's General Fund year-end balance increased \$218,045 or 14.32 percent in FY13. The increase in year-end balance was mostly the result of reserves from Riverboat grants and the Preschool program. The increase in expenditures was due primarily to additions to the instructional staff and the increases in wages and benefits.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Lyon Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Lyon Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Lyon Community School District acts solely as an agent or custodian for the benefit of others.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District. Because the District did not have Federal Awards of more than \$500,000 in FY13, this schedule is not included in this audit report.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

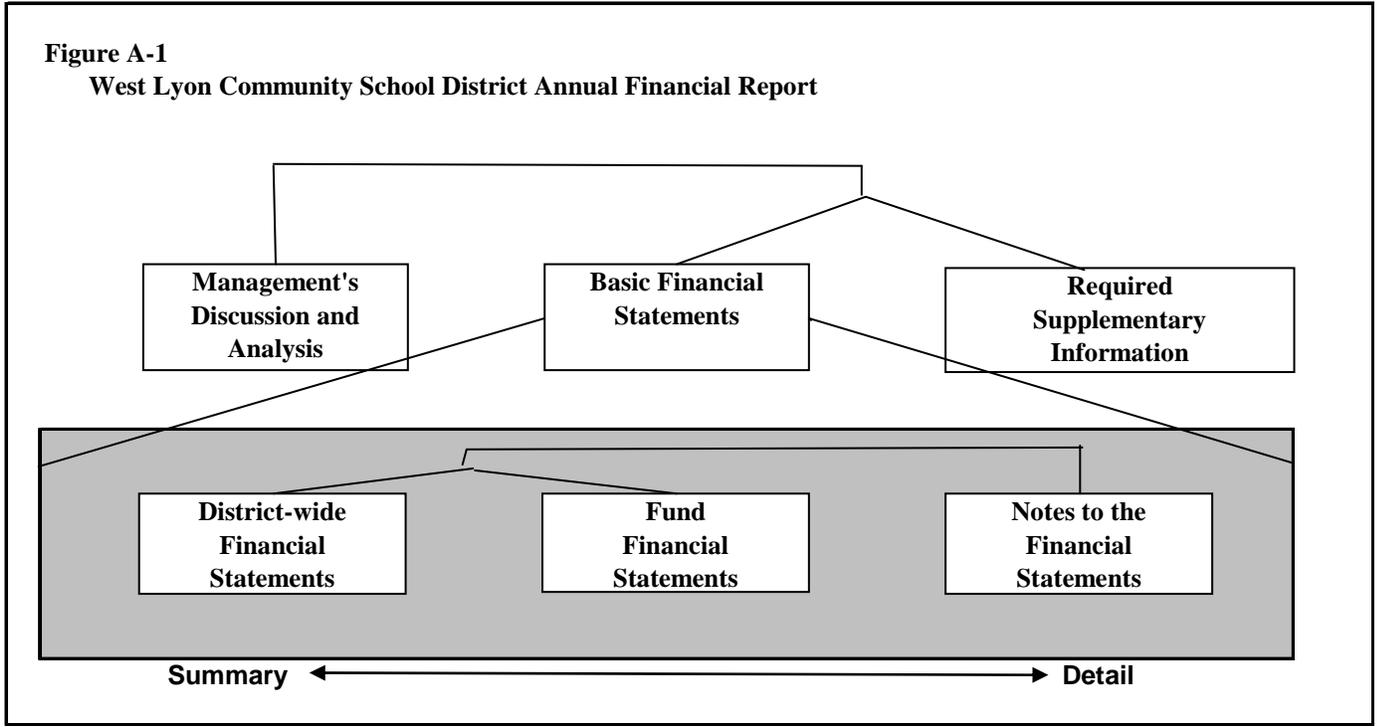


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements Government Funds	Fund Statements Proprietary Funds	Fund Statements Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statements of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements Government Funds	Fund Statements Proprietary Funds	Fund Statements Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial Statements	<ul style="list-style-type: none"> • Statement of net positions • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statements of net positions • Statement of revenues, expenses and changes in fund net positions • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net positions • Statement of changes in fiduciary net positions
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Positions includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets-the difference between the District's assets and liabilities-are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds-not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

1. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Funds.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2013 compared to June 30, 2012.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total Change June 30, 2012- 2013
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$7,318,776	\$6,770,593	\$ 97,333	\$125,883	\$7,416,109	\$6,896,476	7.53%
Capital assets	5,425,802	5,364,153	33,839	26,557	5,459,641	5,390,710	1.28%
Total assets	<u>12,744,578</u>	<u>12,134,746</u>	<u>131,172</u>	<u>152,440</u>	<u>12,875,750</u>	<u>12,287,186</u>	4.79%
Long-term liabilities	3,162,279	3,428,752	-	-	3,162,279	3,428,752	-7.77%
Other liabilities	4,321,295	4,009,661	10,730	9,221	4,332,025	4,018,882	7.79%
Total liabilities	<u>7,483,574</u>	<u>7,438,413</u>	<u>10,730</u>	<u>9,221</u>	<u>7,494,304</u>	<u>7,447,634</u>	.63%
Net assets:							
Invested in capital assets,							
net of related debt	3,083,875	2,625,975	33,839	26,557	3,117,714	2,652,532	17.54%
Restricted	1,812,874	1,511,385	86,603	116,662	1,899,477	1,628,047	16.67%
Unrestricted	364,255	558,973	-	-	364,255	558,973	-34.8%
Total net assets	<u>\$5,261,004</u>	<u>\$4,696,333</u>	<u>\$120,442</u>	<u>\$143,219</u>	<u>\$5,381,446</u>	<u>\$4,839,552</u>	11.20%

This section explains the differences between the current and prior year's assets, liabilities, and changes in net assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets represent the part of net assets that can be used to finance day-to-day operations without constraints established on how they can be used. As noted earlier, the District was forced to use cash reserve local property taxes to fund part of its operations in FY13.

Figure A-4 shows the change in net assets for the year ended June 30, 2013 compared to June 30, 2012.

Figure A-4
Changes in Net Assets

	Government		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program revenues:							
Charges for services	\$ 316,873	\$ 296,082	\$ 193,667	\$ 197,844	\$ 510,540	\$ 493,926	3.36%
Operating grants, contributions and restricted interest	1,374,633	1,305,492	136,965	139,363	1,511,598	1,444,855	4.62%
General Revenues:							
Property tax	2,842,623	2,688,354	-	-	2,842,623	2,688,354	5.74%
Local option sales and income surtaxes	1,107,612	956,634	-	-	1,107,612	956,634	15.78%
Unrestricted state grants	3,021,274	2,934,061	-	-	3,021,274	2,934,061	2.97%
Unrestricted investment earnings	7,579	6,728	63	153	7,642	6,881	11.06%
Other	95,848	104,152	-	-	95,848	104,152	-7.97%
Total revenues	<u>8,766,442</u>	<u>8,291,503</u>	<u>330,695</u>	<u>337,360</u>	<u>9,097,137</u>	<u>8,628,863</u>	<u>5.45%</u>
Program expenses:							
Government activities:							
Instruction	5,717,768	5,328,559	-	-	5,717,768	5,328,559	7.30%
Support services	1,898,346	1,813,264	-	-	1,898,346	1,813,264	4.69%
Non-instructional programs	-	-	353,472	316,054	353,472	316,054	11.84%
Other expenses	585,657	562,681	-	-	585,657	562,681	4.08%
Total expenses	<u>8,201,771</u>	<u>7,704,504</u>	<u>353,472</u>	<u>316,054</u>	<u>8,555,243</u>	<u>8,020,558</u>	<u>6.67%</u>
Change in net assets	<u>\$ 564,671</u>	<u>\$ 586,999</u>	<u>\$ (22,777)</u>	<u>\$ 21,306</u>	<u>\$ 541,894</u>	<u>\$ 608,305</u>	<u>-10.92%</u>

Property taxes, sales taxes and unrestricted state grants account for approximately 79.5% of total revenue for West Lyon CSD. The District's expenses primarily relate to instruction and support services, which account for more than 92.9% of the total expenses.

Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2013.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-2013	2013	2012	Change 2012-2013
Instruction	\$ 5,717,768	\$ 5,328,559	7.30%	\$ 4,401,739	\$ 4,081,435	7.85%
Support Services	1,898,346	1,813,264	4.69%	1,839,538	1,753,651	4.90%
Other Expenses	585,657	562,681	4.08%	268,988	267,844	.43%
Totals	\$ 8,201,771	\$ 7,704,504	6.45%	\$ 6,510,265	\$ 6,102,930	6.67%

- The cost financed by users of the District's programs was \$316,873, up 7.02% from FY12.
- Federal and state grants subsidized certain programs with grants and contributions totaling \$1,374,633, up 5.30% from FY12.
- The net cost of government activities was financed with \$3,950,235 in property and other local taxes (up 8.37% from FY12) and \$3,021,274 in unrestricted state grants (up 2.97% from FY12).

Business Type Activities

Revenues for business type activities were \$330,632 and expenses were \$353,472. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

During FY13, the District made a slight increase in meal prices for students and major increase in prices for adults. Meal participation decreased by 82 students per day, due mainly to student and parent aversion to the meals served under guidelines of the Health, Hunger-Free Kids Act of 2010. These events, coupled with increased costs for food under the Act, caused the District to experience a decrease in net assets for business type activities of (\$22,777).

INDIVIDUAL FUND ANALYSIS

As previously noted, West Lyon Community School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,999,408, which is up from last year's ending fund balance of \$2,769,110. The primary reason for the increase in combined fund balances in FY13 is due to an increase in fund balance in the General Fund. The General Fund ending balance increased by \$218,045 in FY13.

Governmental Fund Highlights

- The District's General Fund financial position became a little stronger due to the efforts of its Board of Education. As noted above, the combination of increased enrollment and Lyon County Riverboat grants has allowed the District to see its ending Fund Balance increase in FY13.
- The Nonmajor Special Revenue fund balance increased by \$58,368 in FY13.
- The Capital Projects Fund balance decreased by \$51,401 during the FY13 school year, due in large part to the funding major facility improvements. The fund ended the year with a balance of \$876,645 consisting of unexpended local option sales tax revenues reserved for debt service and capital projects.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$143,219 on June 30, 2012 to \$120,442 on June 30, 2013, representing a decrease of 15.90%. State and Federal reimbursement increased for the year due to an increase in the free/reduced price meal population.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Lyon Community School District amended its budget one time, in May of 2013. The District did so to reflect additional revenues and expenditures associated with the daily operation of the school, as well as the revenue and expenditures related to Riverboat Foundation grants and deferred revenue from the Ed Jobs grant.

Expenditures were less than budgeted. The District chose to estimate expenses at a high level to ensure that it did not exceed its spending authority. The District, again in May, chose to amend the budget in an amount that would prevent it from exceeding its authorized budget. The certified budget was not exceeded in any functional area for fiscal year 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$5,459,641, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, A-V equipment, and transportation equipment. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year is \$265,873.

The original cost of the District's equipment was \$11,378,369. Governmental funds accounted for \$11,283,406 of that amount and \$94,963 is accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$39,494	\$39,494	\$-	\$-	\$39,494	\$39,494	0.00%
Buildings	4,705,472	4,799,376	-	-	4,705,472	4,799,376	-1.96%
Improvements other than buildings	176,204	69,558	-	-	176,204	69,558	153.3%
Furniture and equipment	504,632	455,725	33,839	26,557	538,471	482,282	11.65%
Totals	<u>\$5,425,802</u>	<u>\$5,364,153</u>	<u>\$33,839</u>	<u>\$26,557</u>	<u>\$5,459,641</u>	<u>\$5,390,710</u>	<u>1.28%</u>

Long-term Debt

On June 30, 2013, the District had \$3,162,279 in general obligation and other long-term debt outstanding. This represents a decrease from last year when the District had a total of \$3,428,752 in long-term debt. Most of the decrease in debt was related to payments made on the 2004 GOBs, 2012 GOB Refinance, and the 2010 revenue bonds. The District decreased its obligations under its early retirement policy by \$20,108 in FY13.

In December 2003, the District's voters authorized the issuance of \$3,800,000 in general obligation bonds to pay for construction of a new gymnasium, locker rooms, band rooms, student commons, restrooms, and the remodeling of a study hall, library, and current gymnasium. In 2012, the District re-financed those bonds in order to save on interest owed/paid. This change will save the District, on average, \$30,000 in interest paid per year. The debt associated with the bond issue represents the majority of the District's long-term debt.

The District also has a long-term obligation for early retirement compensation of \$358,279 at the end of fiscal year 2013.

**Figure A-7
Outstanding Long-Term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2013	2012	2011-2012
GOB and Revenue Bonds	\$2,340,000	\$2,730,000	-14.29%
Early Retirement and OPEB	822,279	698,752	17.68%
Totals	\$3,162,279	\$3,428,752	-7.77%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could affect its financial health in the future:

- The District's enrollment has increased in the past five years. Though the high school enrollment is the smallest on record, the elementary enrollment is the largest since the early 1990s.
- The District negotiates salary and benefits with the West Lyon Education Association (WLEA) on an annual basis. Total package settlements with the WLEA have been at state average.
- The District has a generous Early Retirement incentive. Older staff members have indicated they will take advantage of the District's Early Retirement Policy. This will allow the school to reduce some employee related salary and benefit expenses in the General Fund.
- The District struggles with teacher master contract language that requires the school to pay full family health insurance premiums for instructors who are .80 FTE or greater. This has created a burden on the District and makes its salary schedule somewhat unattractive to new teachers.
- The District continues to look for ways to reduce expenditures. Given local and legislative pressure, the District currently employs a half time Superintendent.
- The productivity on land within the district has gone up dramatically in the past few years. Valuations, which are based on land productivity rather than value, have increased because of this. The District will also see increased valuations of nearly \$65,000,000 over a three-year period due to the addition of the Grand Falls Casino on the tax rolls. This increase will be tempered by a Lyon County TIF of 40% on that value to be used for County repair of infrastructure.

- Grand Falls Casino began operations in FY12 and this has had a positive effect on valuations in the District. That said, revenues for the District are student driven and this increase in valuations will have little effect on the overall revenues to the District. But more than 500 jobs are expected to be created, and the District may benefit from increased enrollment. The Casino also funds the Lyon County Riverboat Foundation that will provide competitive and non-competitive grants and donations to Lyon County schools. As stated previously, the District received \$172,056 from the Foundation in FY13.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Tracy, District Secretary and Business Manager, West Lyon Community School District, 1787 IA 182 Ave., Inwood, IA 51240.

West Lyon Community School District 60

Exhibit A

Statement of Net Positions

June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash, cash equivalents and pooled investments	\$ 3,572,105	\$ 93,712	\$ 3,665,817
Receivables			
Property tax:			
Delinquent	24,211	-	24,211
Succeeding year	3,068,127	-	3,068,127
Income surtax	358,876	-	358,876
Other	1,238	8	1,246
Accrued interest	176	-	176
Due from other governments	294,043	-	294,043
Inventories	-	3,613	3,613
Capital assets, non depreciable	39,494	-	39,494
Capital assets, net of accumulated depreciation	5,386,308	33,839	5,420,147
Total assets	\$ 12,744,578	\$ 131,172	\$ 12,875,750
Liabilities			
Accounts payable	\$ 299,974	\$ 347	\$ 300,321
Salaries and benefits payable	592,391	4,808	597,199
Unearned revenue-succeeding year			
property tax	3,068,127	-	3,068,127
Unearned revenue-income surtax	358,876	-	358,876
Unearned revenue-other	-	5,575	5,575
Due to other governments	-	-	-
Accrued interest payable	1,927	-	1,927
Long-term liabilities:			
Due within one year	277,324	-	277,324
Due in more than one year	2,884,955	-	2,884,955
Total liabilities	7,483,574	10,730	7,494,304
Net Position			
Net investment in capital assets	3,083,875	33,839	3,117,714
Restricted for:			
Debt service	252,346	-	252,346
Other purposes	554,308	-	554,308
School nutrition	-	86,603	86,603
Management levy purposes	48,732	-	48,732
Student activities	83,111	-	83,111
School infrastructure	633,525	-	633,525
Physical plant and equipment	240,852	-	240,852
Unrestricted	364,255	-	364,255
Total net position	\$ 5,261,004	\$ 120,442	\$ 5,381,446

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	\$ 3,975,170	\$ 199,292	\$ 832,077
Special instruction	919,287	-	109,173
Other instruction	823,311	116,656	58,831
	<u>5,717,768</u>	<u>315,948</u>	<u>1,000,081</u>
Support services:			
Student	155,551	-	23,522
Instructional staff	115,504	-	6,542
Administration	553,557	-	-
Operation and maintenance of plant	559,616	925	-
Transportation	514,118	-	27,819
	<u>1,898,346</u>	<u>925</u>	<u>57,883</u>
Other expenditures:			
Long-term debt interest and bond issuance costs	108,275	-	-
AEA flowthrough	316,669	-	316,669
Depreciation (unallocated)*	160,713	-	-
	<u>585,657</u>	<u>-</u>	<u>316,669</u>
Total governmental activities	8,201,771	316,873	1,374,633
Business type activities:			
Non-instructional programs:			
Food service operations	353,472	193,667	136,965
Total	<u>\$ 8,555,243</u>	<u>\$ 510,540</u>	<u>\$ 1,511,598</u>
General revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Income surtaxes			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net position			
Net position beginning of year			
Net position end of year			

*This amount excludes the depreciation included in the direct expenses of the various programs

West Lyon Community School District 60

Exhibit B

Statement of Activities
Year Ended June 30, 2013

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,943,801)	\$ -	\$ (2,943,801)
(810,114)	-	(810,114)
(647,824)	-	(647,824)
<u>(4,401,739)</u>	<u>-</u>	<u>(4,401,739)</u>
(132,029)	-	(132,029)
(108,962)	-	(108,962)
(553,557)	-	(553,557)
(558,691)	-	(558,691)
(486,299)	-	(486,299)
<u>(1,839,538)</u>	<u>-</u>	<u>(1,839,538)</u>
(108,275)	-	(108,275)
-	-	-
(160,713)	-	(160,713)
<u>(268,988)</u>	<u>-</u>	<u>(268,988)</u>
(6,510,265)	-	(6,510,265)
	<u>(22,840)</u>	<u>(22,840)</u>
<u>\$ (6,510,265)</u>	<u>\$ (22,840)</u>	<u>\$ (6,533,105)</u>
\$ 2,494,586	\$ -	\$ 2,494,586
997	-	997
347,040	-	347,040
689,564	-	689,564
418,048	-	418,048
3,021,274	-	3,021,274
7,579	63	7,642
95,848	-	95,848
<u>7,074,936</u>	<u>63</u>	<u>7,074,999</u>
564,671	(22,777)	541,894
<u>4,696,333</u>	<u>143,219</u>	<u>4,839,552</u>
<u>\$ 5,261,004</u>	<u>\$ 120,442</u>	<u>\$ 5,381,446</u>

West Lyon Community School District 60

Exhibit C

Balance Sheet – Governmental Funds

June 30, 2013

	General	Debt Service	Statewide Sales, Services, and Use Tax	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 2,440,022	\$ 9,219	\$ 666,919	\$ 455,945	\$ 3,572,105
Receivables:					
Property tax:					
Delinquent	21,264	7	-	2,940	24,211
Succeeding year	2,695,407	3,670	-	369,050	3,068,127
Income surtax receivable	358,876	-	-	-	358,876
Other	1,238	-	-	-	1,238
Accrued interest	-	-	176	-	176
Due from other governments	84,493	-	209,550	-	294,043
Total assets	\$ 5,601,300	\$ 12,896	\$ 876,645	\$ 827,935	\$ 7,318,776
Liabilities and fund balances					
Liabilities:					
Accounts payable	213,784	\$ -	\$ -	\$ 86,190	\$ 299,974
Salaries and benefits payable	592,391	-	-	-	592,391
Unearned revenue:					
Succeeding year property tax	2,695,407	3,670	-	369,050	3,068,127
Income surtax	358,876	-	-	-	358,876
Total liabilities	3,860,458	3,670	-	455,240	4,319,368
Fund Balances:					
Restricted for:					
Debt service	-	9,226	243,120	-	252,346
Market factor	-	-	-	-	-
Professional development	28,758	-	-	-	28,758
Salary improvement	232,971	-	-	-	232,971
Gaming grants	174,367	-	-	-	174,367
At-risk	74,060	-	-	-	74,060
Core curriculum	44,152	-	-	-	44,152
Management levy purposes	-	-	-	48,732	48,732
Student activities	-	-	-	83,111	83,111
School infrastructure	-	-	633,525	-	633,525
Physical plant and equipment	-	-	-	240,852	240,852
Unassigned	1,186,534	-	-	-	1,186,534
Total fund balances	1,740,842	9,226	876,645	372,695	2,999,408
Total liabilities and fund balances	\$ 5,601,300	\$ 12,896	\$ 876,645	\$ 827,935	\$ 7,318,776

West Lyon Community School District 60

Exhibit D

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position

June 30, 2013

Total fund balances of governmental funds	\$ 2,999,408
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,425,802
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,927)
Long-term liabilities, including bonds, early retirement and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,162,279)</u>
Net positions of governmental activities	<u><u>\$ 5,261,004</u></u>

West Lyon Community School District 60

Exhibit E

Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds Year Ended June 30, 2013

	General	Debt Service	Statewide Sales, Services, and Use Tax	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,912,634	\$ 1,032	\$ 687,178	\$ 347,040	\$ 3,947,884
Other	301,193	-	-	292,362	593,555
State sources	4,062,598	-	-	139	4,062,737
Federal sources	162,690	-	-	-	162,690
Total revenues	7,439,115	1,032	687,178	639,541	8,766,866
Expenditures:					
Instruction:					
Regular	3,651,544	-	-	186,335	3,837,879
Special	924,681	-	-	-	924,681
Other	544,016	-	-	282,328	826,344
	5,120,241	-	-	468,663	5,588,904
Support services:					
Student	155,551	-	-	-	155,551
Instructional staff	122,717	-	-	-	122,717
Administration	532,087	-	-	2,075	534,162
Operation and maintenance of plant	520,088	-	80,122	44,493	644,703
Transportation	454,017	-	26,500	65,942	546,459
	1,784,460	-	106,622	112,510	2,003,592
Other expenditures:					
Facilities acquisition	-	-	122,451	-	122,451
AEA flowthrough	316,669	-	-	-	316,669
Long-term debt:					
Principal	-	2,950,000	-	-	2,950,000
Interest and fiscal charges	-	69,403	-	-	69,403
Bond issuance costs	-	30,105	-	-	30,105
	316,669	3,049,508	122,451	-	3,488,628
Total expenditures	7,221,370	3,049,508	229,073	581,173	11,081,124
Excess (deficiency) of revenues over (under) expenditures	217,745	(3,048,476)	458,105	58,368	(2,314,258)
Other financing sources (uses):					
Sale of equipment	300	-	-	-	300
Transfer in	-	509,506	-	-	509,506
Transfer out	-	-	(509,506)	-	(509,506)
Discount on bonds issued	-	(15,744)	-	-	(15,744)
Refunding bonds issued	-	2,560,000	-	-	2,560,000
Total other financing sources (uses)	300	3,053,762	(509,506)	-	2,544,556
Net change in fund balances	218,045	5,286	(51,401)	58,368	230,298
Fund balances beginning of year	1,522,797	3,940	928,046	314,327	2,769,110
Fund balances end of year	\$ 1,740,842	\$ 9,226	\$ 876,645	\$ 372,695	\$ 2,999,408

West Lyon Community School District 60

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 230,298

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 323,361	
Depreciation expense	<u>(261,712)</u>	61,649

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Positions. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Positions.

Issued		(2,560,000)
Repaid		2,950,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

6,251

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds, as follows:

Early retirement	20,108	
Other postemployment benefits	<u>(143,635)</u>	<u>(123,527)</u>

Change in net position of governmental activities \$ 564,671

West Lyon Community School District 60

Exhibit G

Statement of Net Position

Proprietary Fund

June 30, 2013

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 93,712
Accounts receivable	8
Inventories	3,613
Capital assets, net of accumulated depreciation	33,839
Total assets	<u>131,172</u>
Liabilities	
Accounts payable	347
Salaries and benefits payable	4,808
Unearned revenue	5,575
Total liabilities	<u>10,730</u>
Net Position	
Invested in capital assets	33,839
Restricted for school nutrition	<u>86,603</u>
Total net position	<u>\$ 120,442</u>

West Lyon Community School District 60
 Exhibit H
 Statement of Revenues, Expenses and Changes in Fund Net Positions
 Proprietary Fund
 Year Ended June 30, 2013

	School Nutrition
Operating revenues:	
Local sources:	
Sale of lunches	\$ 190,670
Miscellaneous	2,997
Total operating revenues	193,667
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	135,819
Supplies	186,901
Other	4,976
Depreciation	4,160
Federal food commodities used	21,616
Total operating expenses	353,472
Operating loss	(159,805)
Non-operating revenues:	
State sources	3,567
Federal sources	133,398
Interest income	63
Total non-operating revenues	137,028
Change in net position	(22,777)
Net position beginning of year	143,219
Net position end of year	\$ 120,442

West Lyon Community School District 60

Exhibit I

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2013

	Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 191,488
Cash received from miscellaneous operating activities	2,998
Cash paid to employees for services	(135,438)
Cash paid to suppliers for goods or services	(191,020)
Net cash used by operating activities	(131,972)
Cash flows from non-capital financing activities:	
State grants received	3,567
Federal grants received	111,782
Net cash provided by non-capital financing activities	115,349
Cash flows from capital and related financing activity	
Purchase of property and equipment	(11,442)
Cash flows from investing activity	
Interest on investments	63
Net decrease in cash and cash equivalents	(28,002)
Cash and cash equivalents at beginning of year	121,714
Cash and cash equivalents at end of year	\$ 93,712
Reconciliation of operating loss to net cash used by	
Operating activities:	
Operating loss	\$ (159,805)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	4,160
Commodities used	21,616
Change in accounts receivable	1
Change in inventories	547
Change in accounts payable	310
Change in salaries and benefits payable	381
Change in deferred revenue	818
Net cash used by operating activities	\$ (131,972)

Noncash investing, capital and financing activities:

During the year ended June 30, 2013, the District received and consumed \$21,616 of federal commodities

Note 1 - Summary of Significant Accounting Policies

The West Lyon Community School District 60 (District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Inwood, Larchwood, Lester and Alford, Iowa and the predominate agricultural territory surrounding such in Lyon County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Lyon Community School District 60 has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The West Lyon Community School District 60 has no component units that meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities report information on all the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net positions. Net positions are reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The restricted for other, as stated in the balance sheet of the governmental funds statement, are to be used for professional development, salary improvement, the District's at-risk program and core curriculum program.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All financial resources and expenditures that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. All general operating expenditures including instructional, support, and other costs are paid from the general fund.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Statewide Sales, Services and Use Tax is a capital projects fund used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted net position and then unrestricted.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments:

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase and have an original maturity date no longer than three months.

Property Tax Receivable:

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unearned in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2012, through June 30, 2013, and reflects tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

Income Surtax:

Income surtax in governmental funds is accounted for using the modified accrual basis of accounting. Income surtax is levied as part of the instructional support program (ISP). The District's surtax rate is 10% which is applied to income taxes residing in the District. The income surtax receivable represents income taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the receivable has been recorded, the related revenue is unearned in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Due from Other Governments:

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories:

Inventories are valued at the lower of market or cost using the first-in, first-out method for purchased items and government commodities. Inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets:

Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Positions. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

Salaries and Benefits Payable:

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue:

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unearned revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unearned revenue consists of property tax and income surtax receivables and other receivables not collected within sixty days after year end.

Unearned revenue in the Statement of Net Position consists primarily of succeeding year property tax and income surtax receivables that will not be recognized as revenue until the year for which they are levied.

Long-Term Liabilities:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Positions.

Fund Balance:

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is the school board, through an ordinance or resolution. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same action it employed to commit those amounts.
- Assigned fund balance represents amounts constrained by the government's intent to be used for specific purposes, but neither restricted nor committed. The school board has the authority to assign a fund balance.
- Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

The District did not approve a specific amount to maintain as a minimum unassigned general fund balance. If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Note 2 - Cash, Cash Equivalents and Pooled Investments

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$16,830. The ISJIT is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pools shares.

The District’s deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

Custodial Credit Risk–Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the District’s bank balances were exposed to custodial credit risk.

The following is a reconciliation of cash and investments as shown on the financial statements:

Cash deposits and petty cash	\$ 1,898,985
Certificates of deposit	1,750,000
	3,648,985
Cash and cash equivalents	3,648,985
Investment in ISJIT	16,832
	\$ 3,665,817

Note 3 - Interfund Transfer

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services, and Use Tax	\$ 509,506

Transfers to the Debt Service Fund are for the principal and interest payments of the general obligation bond and revenue bond.

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

Governmental Activities:	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
Capital assets not being depreciated:				
Land	\$ 39,494	\$ -	\$ -	\$ 39,494
Capital assets being depreciated:				
Buildings	7,185,901	51,815	-	7,237,716
Improvements other than buildings	446,380	122,451	-	568,831
Machinery and equipment	3,339,567	149,095	11,803	3,476,859
Total capital assets being depreciated	<u>10,971,848</u>	<u>323,361</u>	<u>11,803</u>	<u>11,283,406</u>
Less accumulated depreciation for:				
Buildings	2,386,525	145,719	-	2,532,244
Improvements other than buildings	376,822	15,805	-	392,627
Machinery and equipment	2,883,842	100,188	11,803	2,972,227
Total accumulated depreciation	<u>5,647,189</u>	<u>261,712</u>	<u>11,803</u>	<u>5,897,098</u>
Total capital assets being depreciated, net	<u>5,324,659</u>	<u>61,649</u>	<u>-</u>	<u>5,386,308</u>
Governmental activities capital assets, net	<u>\$ 5,364,153</u>	<u>\$ 61,649</u>	<u>\$ -</u>	<u>\$ 5,425,802</u>
Business Type Activities:	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
Furniture and equipment	\$ 83,521	\$ 11,442	\$ -	\$ 94,963
Less accumulated depreciation	<u>56,964</u>	<u>4,160</u>	<u>-</u>	<u>61,124</u>
Business type activities capital assets, net	<u>\$ 26,557</u>	<u>\$ 15,602</u>	<u>\$ -</u>	<u>\$ 33,839</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following functions/programs:

Governmental activities:		
Instruction:	\$	-
Support services:		
Instructional staff		34,477
Administration		20,290
Operation and maintenance of plant		3,504
Transportation		42,729
		101,000
Unallocated		160,713
		261,712
Total depreciation expense - governmental		\$ 261,712
Business type activities:		
Food service operations	\$	4,160
		4,160

Note 5 - Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance 07/01/12	Additions	Reductions	Balance 06/30/13	Due in One Year
General obligation bonds	\$ 2,505,000	\$ 2,560,000	\$ 2,725,000	\$ 2,340,000	\$ 220,000
Revenue bonds	225,000	-	225,000	-	-
Early retirement	378,387	129,180	149,288	358,279	57,324
Net OPEB liability	320,365	199,635	56,000	464,000	-
	\$ 3,428,752	\$ 2,888,815	\$ 3,155,288	\$ 3,162,279	\$ 277,324

Early Retirement Payable

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education and no more than five employees per year will be granted benefits under the policy. At June 30, 2013, the District has obligations to 12 participants with a total liability of \$358,279. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$149,288.

General Obligation Bonds

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 4, 2012		
	Interest Rates	Principal	Interest
2014	0.30%	\$ 220,000	\$ 23,120
2015	0.35%	225,000	22,350
2016	0.45%	225,000	21,338
2017	0.55%	230,000	20,100
2018	0.70%	230,000	18,490
2019-2023	.85-1.70%	1,210,000	54,460
		<u>\$ 2,340,000</u>	<u>\$ 159,859</u>

The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds mature on June 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The bonds were issued on February 1, 2004 in the amount of \$3,800,000 by the District for the purpose of paying costs in connection with the constructing, furnishing and equipping a new gymnasium, lockers and band room, and remodeling the existing facility. The District reserves the rights to call and redeem part or all of the bonds maturing in each of the years 2013 and 2023. The bonds mature on June 1, 2023.

On December 4, 2012, the District issued \$2,560,000 in General Obligation Bonds to refund \$2,505,000 of outstanding 2004 Series Bond. As a result, the 2004 Series bonds are retired and the liability for those bonds has been removed from the government-wide statement of net position. The bonds mature on June 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The District reserves the rights to call and redeem part or all of the bonds maturing after June 1, 2018.

The refunding was done in order to reduce interest costs. The refunding increased the District's total principal debt service payments by approximately \$55,000. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$275,000.

Revenue Bonds

Detail of the District's June 30, 2013 school infrastructure, sales, services, and use tax revenue bonded indebtedness are as follows:

The bonds are payable solely from the proceeds of future statewide sales, services and use tax revenues received by the District. The bonds mature on January 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The bonds were issued on April 1, 2010 in the amount of \$640,000 by the District for the purpose of paying costs of school infrastructure projects. The District reserves the right to have the bonds callable at any time with 30-days notice.

Note 6 - Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$365,965, \$329,362, and \$281,627 respectively, equal to the required contributions for each year.

Note 7 - Other Postemployment Benefits (OPEB)

Plan Description – All employees are allowed upon meeting the eligibility requirements under Chapter 509A.13 Group Insurance for Public Employee of the Code of Iowa, to participate in the District's health insurance plan after retirement. This plan covers active and retired employees who have reached age 55. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an OPEB liability. The retiree health plan does not issue a publicly available financial report.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 198,000
Interest on net OPEB obligation	14,000
Adjustment to annual required contribution	<u>(12,000)</u>
Annual OPEB cost	199,635
Contributions made	<u>(56,000)</u>
Change in net OPEB obligation	143,635
Net OPEB obligation, beginning of year	<u>320,365</u>
Net OPEB obligation, end of year	<u><u>\$ 464,000</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2013 and the two preceding years are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Annual OPEB Cost Contributed	Net Ending OPEB Obligation
06/30/11	\$ 180,000	\$ (68,977)	38%	\$ 228,385
06/30/12	180,000	(88,020)	49%	320,365
06/30/13	198,000	(56,000)	28%	464,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was \$1.663 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.663 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3,057,502 and the ratio of the UAAL to the covered payroll was 54 percent.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the notes to the financial statements, presents a single year's information, as the standard was implemented in fiscal year 2010, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

Projections of benefits for financial purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years. Both rates included inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

Note 8 - Risk Management

West Lyon Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9 - Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$316,669 for the year ended June 30, 2013, and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.



Required Supplementary Information
June 30, 2013

**West Lyon Community
School District 60**

(This page left blank intentionally.)

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 4,541,439	\$ 193,730
State sources	4,062,737	3,567
Federal sources	162,690	133,398
Total	<u>8,766,866</u>	<u>330,695</u>
Expenditures:		
Instruction	5,588,904	-
Support services	2,003,592	4,976
Non-Instructional programs	-	348,496
Other expenditures	3,488,628	-
Total	<u>11,081,124</u>	<u>353,472</u>
Excess (deficiency) of revenue over (under) expenditures	(2,314,258)	(22,777)
Other financing sources (uses):		
Interfund transfer in	509,506	-
Interfund transfer out	(509,506)	-
Discount on bonds issued	(15,744)	-
Refunding bonds issued	2,560,000	-
Other	300	-
Total other financing sources	<u>2,544,556</u>	<u>-</u>
Net change in fund equity	230,298	(22,777)
Balances beginning of year	<u>2,769,110</u>	<u>143,219</u>
Balances end of year	<u>\$ 2,999,408</u>	<u>\$ 120,442</u>

West Lyon Community School District 60

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual – All
Governmental Funds and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2013

Total Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
\$ 4,735,169	\$ 4,644,882	\$ 4,644,882	\$ 90,287
4,066,304	4,133,299	4,133,299	(66,995)
296,088	296,263	296,263	(175)
<u>9,097,561</u>	<u>9,074,444</u>	<u>9,074,444</u>	<u>23,117</u>
5,588,904	5,815,879	6,170,258	581,354
2,008,568	1,968,986	2,106,935	98,367
348,496	371,770	396,770	48,274
3,488,628	976,436	3,546,636	58,008
<u>11,434,596</u>	<u>9,133,071</u>	<u>12,220,599</u>	<u>786,003</u>
(2,337,035)	(58,627)	(3,146,155)	809,120
509,506	507,442	507,442	2,064
(509,506)	(507,442)	(507,442)	(2,064)
(15,744)	-	-	(15,744)
2,560,000	-	2,560,000	-
300	500	300	-
<u>2,544,556</u>	<u>500</u>	<u>2,560,300</u>	<u>(15,744)</u>
207,521	(58,127)	(585,855)	793,376
<u>2,912,329</u>	<u>2,912,332</u>	<u>2,912,332</u>	<u>(3)</u>
<u>\$ 3,119,850</u>	<u>\$ 2,854,205</u>	<u>\$ 2,326,477</u>	<u>\$ 793,373</u>

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standard Board* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2013 none of the functions exceeded the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

West Lyon Community School District 60

Schedule of Funding Progress as Required by Statement No. 45 of the Governmental Accounting Standards Board
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/09	\$ -	\$ 2,363,000	\$ 2,363,000	0%	\$ 2,916,040	81%
07/01/12	\$ -	\$ 1,663,000	\$ 1,663,000	0%	\$ 3,057,502	54%

Note to the Schedule of Funding Progress

The standard requires a schedule of funding progress for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported. The District implemented the standard as of July 1, 2009 and there have been two valuations performed.

Since the last actuarial valuation as of July 1, 2009, the following actuarial assumptions have been changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.

Since the last actuarial valuation as of July 1, 2009, the following provisions have changed:

- None



Other Supplementary Information
June 30, 2013

**West Lyon Community School
District 60**

West Lyon Community School District 60

Schedule 1

Combining Balance Sheet

Nonmajor Funds

June 30, 2013

	Special Revenue		Capital Projects	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy	
Assets				
Cash, cash equivalents and pooled investments	\$ 111,977	\$ 103,956	\$ 240,012	\$ 455,945
Receivables:				
Property tax:				
Delinquent	-	2,100	840	2,940
Succeeding year	-	252,557	116,493	369,050
Total assets	\$ 111,977	\$ 358,613	\$ 357,345	\$ 827,935
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 28,866	\$ 57,324	\$ -	\$ 86,190
Unearned revenue:				
Succeeding year property tax	-	252,557	116,493	369,050
Total liabilities	28,866	309,881	116,493	455,240
Fund balances				
Restricted for:				
Student activities	83,111	-	-	83,111
Management levy purposes	-	48,732	-	48,732
Physical plant and equipment	-	-	240,852	240,852
Total fund balances	83,111	48,732	240,852	372,695
Total liabilities and fund balances	\$ 111,977	\$ 358,613	\$ 357,345	\$ 827,935

West Lyon Community School District 60

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Funds

Year Ended June 30, 2013

	Special Revenue		Capital Projects	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	\$ 246,306	\$ 100,734	\$ 347,040
Other	288,617	3,652	93	292,362
State sources	-	100	39	139
Total revenues	<u>288,617</u>	<u>250,058</u>	<u>100,866</u>	<u>639,541</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	186,335	-	186,335
Other instruction	282,328	-	-	282,328
Support services:				
Administration	-	2,075	-	2,075
Operation and maintenance of plant	-	40,274	4,219	44,493
Transportation	-	17,372	48,570	65,942
Total expenditures	<u>282,328</u>	<u>246,056</u>	<u>52,789</u>	<u>581,173</u>
Excess (deficiency) of revenues over (under) expenditures	6,289	4,002	48,077	58,368
Fund balances beginning of year	<u>76,822</u>	<u>44,730</u>	<u>192,775</u>	<u>314,327</u>
Fund balances end of year	<u>\$ 83,111</u>	<u>\$ 48,732</u>	<u>\$ 240,852</u>	<u>\$ 372,695</u>

West Lyon Community School District 60
 Schedule 3
 Schedule of Changes in Student Activity Accounts
 Year Ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
System Wide Athletics	\$ 16,158	\$ 16,084	\$ 13,448	\$ 18,794
Baseball	-	6,284.60	6,284.60	-
Softball	-	630.00	630.00	-
Golf	-	586.50	586.50	-
Track	80.00	822.72	902.72	-
Volleyball	136.20	2,861.50	2,997.70	-
Football	-	36,844.80	36,681.34	163.46
Basketball	630.56	25,096.20	25,726.76	-
Wrestling	-	2,779.25	2,697.43	81.82
Cross Country	-	714.70	440.00	274.70
Vocal Music	1,227.19	1,829.50	1,467.01	1,589.68
Student Council	1,880.89	2,559.88	1,532.70	2,908.07
FFA	18,626.55	143,510.93	130,445.89	31,691.59
Annual	2,286.50	6,539.25	8,167.05	658.70
Class of 2018	912.84	24.26	-	937.10
Class of 2015	142.40	47.54	-	189.94
Class of 2016	1,621.56	34.04	-	1,655.60
Class of 2017	2,422.44	21.13	-	2,443.57
Class of 2012	-	-	-	-
Class of 2013	1,704.47	4,728.03	4,243.69	2,188.81
Class of 2014	130.69	10,234.63	8,712.24	1,653.08
Spanish club	-	763.80	763.80	-
Speech	2,049.26	4,612.00	2,867.36	3,793.90
Library Fund	1,375.88	447.92	18.00	1,805.80
National Honor Society	1,658.04	722.59	586.17	1,794.46
Band	1,473.50	4,116.66	3,905.01	1,685.15
FLA	1,628.60	1,083.68	1,533.60	1,178.68
Elementary Annual	20,676.27	14,637.31	27,691.07	7,622.51
	<u>\$ 76,822</u>	<u>\$ 288,617</u>	<u>\$ 282,328</u>	<u>\$ 83,111</u>

West Lyon Community School District 60

Schedule 4

Schedule of Revenues by Source and Expenditures, by Function – Governmental Funds
Years Ended June 30, 2013, 2012, 2011, and 2010

	2013	2012	2011	2010
Revenues:				
Local sources:				
Local tax	\$ 3,947,884	\$ 3,634,555	\$ 3,689,809	\$ 3,291,495
Other	593,555	571,870	384,450	391,711
State sources	4,062,737	3,882,773	3,506,039	2,995,869
Federal sources	162,690	200,905	406,079	623,953
Total	\$ 8,766,866	\$ 8,290,103	\$ 7,986,377	\$ 7,303,028
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,837,879	\$ 3,617,579	\$ 3,364,599	\$ 3,231,816
Special instruction	924,681	881,041	826,024	803,427
Other instruction	826,344	851,959	837,184	791,933
Support services:				
Student services	155,551	149,286	145,197	142,901
Instructional staff services	122,717	68,600	90,644	73,189
Administration services	534,162	511,560	489,180	486,147
Operation and maintenance of plant services	644,703	590,787	534,252	517,944
Transportation services	546,459	535,187	446,482	454,692
Other expenditures:				
Facilities acquisition	122,451	-	261,351	479,008
Management fund	-	-	-	-
Long-term debt:				
Principal	2,950,000	395,000	375,000	165,000
Interest and fiscal charges	69,403	113,469	126,706	116,565
Bond issuance costs	30,105	-	-	-
AEA flowthrough	316,669	294,837	313,350	305,564
Total	\$ 11,081,124	\$ 8,009,305	\$ 7,809,969	\$ 7,568,186



Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the School Board
West Lyon Community School District 60
Inwood, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of West Lyon Community School District 60 (District), Inwood, Iowa as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Lyon Community School District 60's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the 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. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, Finding 2013-A and Finding 2013-B.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Lyon Community School District 60's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Response to Findings

West Lyon Community School District 60's response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit West Lyon Community School District 60's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Sioux Falls, South Dakota
November 12, 2013

Part I: Findings Related to the Financial Statements

Significant Deficiencies

Finding 2013-A Segregation of Duties

Criteria: Proper controls over financial reporting include adequate segregation of duties.

Condition: The District has a limited number of officer personnel and, accordingly, does not have adequate segregation of duties in certain areas due to this condition.

Cause: There is a limited amount of office employees involved in the internal control process.

Effect: This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response: We will continue to review our procedures and implement additional controls where possible.

Finding 2013-B Preparation of Financial Statements

Criteria: Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Condition: The District's internal control system is designed to provide monthly financial statements; however, it does not allow for the preparation of the annual financial statements including notes and disclosures as required by generally accepted accounting policies. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Effect: Inadequate controls over financial reporting of the District result in the likelihood that the District would not be able to draft the financial statement and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendation: While we recognize that this condition is not unusual in an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the District and changes in reporting requirements.

Response: Management and the Board of Education will review and approve for propriety the draft financial statements, footnotes and schedule of expenditures of federal awards prepared by the auditor. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations.

Part II: Other Findings Related to Required Statutory Reporting

IV-A-13 Certified Budget

Disbursements for the year ended June 30, 2013 did not exceed the amount budgeted.

IV-B-13 Questionable Disbursements

We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-13 Travel Expense

No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-13 Business Transactions

No business transactions between the District and District officials or employees were noted.

IV-E-13 Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-13 Board Minutes

We noted no transactions, requiring Board approval, which had not been approved by the Board.

IV-G-13

Certified Enrollment

1. The number of resident public students attending another school district reported to the Iowa Department of Education was overstated. The District's certified enrollment count included three students who moved into another district before the 2012 - 13 school year. West Lyon was not aware of this until the District was invoiced and the three students were not listed on the invoice provided by the District these students had attended in the past.
2. The District did not meet the October 15, 2012 deadline for certifying the Certified Enrollment, under the Iowa Code 257.6. The District certified the enrollment on October 16, 2012.

Recommendation: The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response: We will contact the Iowa Department of Education and the Department of Management.

IV-H-13

Supplementary Weighting

No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13

Deposits and Investments

We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-13

Certified Annual Report

The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

IV-K-13

Categorical Funding

We noted no instances of categorical funding being used to supplant rather than supplement other funds.

IV-L-13

Student Activity Fund

The Student Activity Funds had no deficit balances at June 30, 2013.

IV-M-13

Statewide Sales, Services and Use Tax

No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

West Lyon Community School District 60 respectfully submits the following corrective action plan for its audit finding for the year ended June 30, 2013.

Independent Public Accounting Firm: Eide Bailly LLP
200 East 10th St Suite 500
Sioux Falls, SD 57104

Audit Period: July 1, 2011 – June 30, 2012

The finding from the June 30, 2012 Schedule of Findings and Questioned Costs is discussed below.

Corrective Action Plans – Findings Related to the Financial Statements

Finding 2013-A Segregation of Duties

Actions Planned in Response to the Finding: Since it is not cost-effective to have an office staff large enough to assure optimal internal control, we have chosen to accept the risk associated with this deficiency. We will continue to employ safeguards of supervision and review as a means of preventing and detecting potential misstatements. The District will continue to look for further opportunities to segregate duties.

Explanation of Disagreement: There is no disagreement with the audit finding.

Official Responsible for Ensuring Corrective Action: Jim Hargens

Planned Completion Date for the Corrective Action: Ongoing analysis

Plan to Monitor Completion of Corrective Action: Jim Hargens

Finding 2013-B Preparation of Financial Statements

Actions Planned in Response to the Finding: Management and the Board of Education will review for propriety the draft financial statements, footnotes, and schedule of expenditures of federal awards prepared by the auditor. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations. The cost of any further controls would outweigh the related benefits.

Explanation of Disagreement: There is no disagreement with the audit finding.

Official Responsible for Ensuring Corrective Action: Jim Hargens

Planned Completion Date for the Corrective Action: Ongoing analysis

Plan to Monitor Completion of Corrective Action: Jim Hargens