



Financial Statements  
June 30, 2014

**West Lyon Community  
School District 60**

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Name	Title	Term Expires
<b>Board of Education</b>		
Rick Moser	President	September 2015
Scott Lee	Vice President	September 2017
Kyle Knobloch	Board Member	September 2017
Gib Van Hill	Board Member	September 2015
Troy Bauder	Board Member	September 2017
<b>School Officials</b>		
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, 2014, 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, 2014, 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.

## **Adoption of New Accounting Standard**

As described in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The District has updated the current period reporting for this item as no retroactive restatement was necessary. Our opinions are not modified with respect to this matter.

## **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 October 14, 2014 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.

The image shows a handwritten signature in black ink that reads "Eide Sallee LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota  
October 14, 2014

## 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2014 FINANCIAL HIGHLIGHTS

- The District received non-competitive gaming grant funding from the Lyon County Riverboat Foundation in FY14. The amount received for the fiscal year totaled \$177,641. Similar amounts are expected to be received in future fiscal years. The District also received \$18,861 in a competitive grant from the LCRF in FY14.
- The District saw income surtaxes paid increase by 20.08% from \$418,048 in FY13 to \$501,974 in FY14. This appears to indicate a continued resurgence in the local economy led by a strong agricultural base.
- The District's FY14 tax levy was the 15<sup>th</sup> lowest of 357 schools in the State of Iowa. The total levy rate was \$9.63388 per \$1000 valuation.
- Meals prices were increased 5.71% for students and 1.54% for adults to comply with federal guidelines. Higher food costs were offset by the reduction in man hours as the number of meals served has been lower since the inception of the Healthy, Hunger Free Kids Act. The result was a small increase in Net Position of 8.59% for the year-end 2014.
- The District experienced an increase in enrollment of 29 students in FY14. This marks the sixth consecutive year with an enrollment increase. Enrollment at the District has increased by 138 students (18.42%) since FY09. Indications are that this trend should continue for the foreseeable future.
- General Fund revenues increased from \$7,439,115 in FY13 to \$8,060,664 in FY14. General Fund expenditures increased from \$7,221,370 in FY13 to \$7,955,570 in FY14. The District's General Fund year-end balance increased \$108,445 or 6.23% in FY14. The increase in year-end balance was mostly the result of reserves for LCRF 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 FY14, 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.

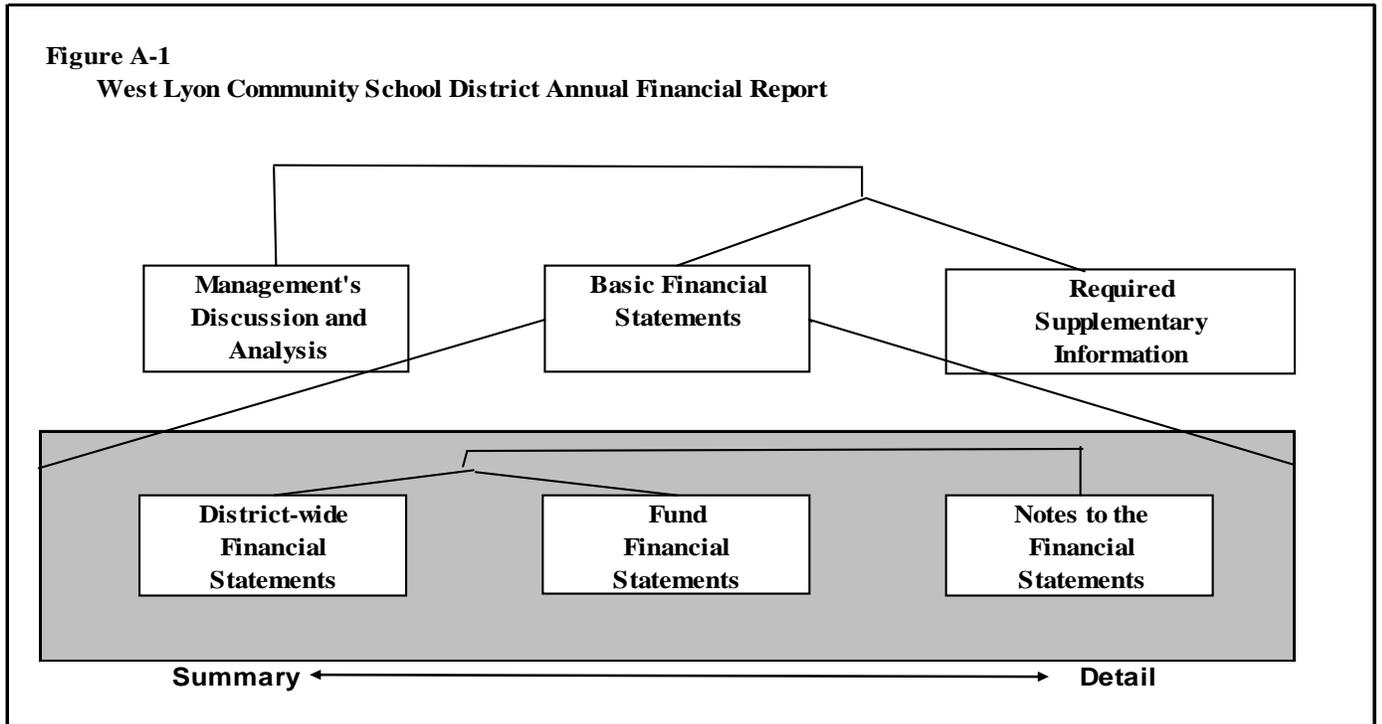


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

**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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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.

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 a 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.

2. *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, 2014 compared to June 30, 2013.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$8,197,419	\$7,318,776	107,098	\$ 97,333	\$8,304,517	\$7,416,109	11.98%
Capital assets	5,524,750	5,425,802	34,870	33,839	5,559,620	5,459,641	1.83%
Total assets	13,722,169	12,744,578	141,968	131,172	13,864,137	12,875,750	7.68%
Long-term liabilities	3,030,785	3,162,279	-	-	3,030,785	3,162,279	-4.16%
Other liabilities	4,724,347	4,321,295	11,186	10,730	4,735,533	4,332,025	9.31%
Total liabilities	7,755,132	7,483,574	11,186	10,730	7,766,318	7,494,304	3.63%
Net assets:							
Invested in capital assets, net of related debt	3,402,888	2,625,975	31,728	26,557	3,434,616	3,117,714	10.16%
Restricted	2,193,004	1,511,385	99,054	116,662	2,292,058	1,899,477	20.67%
Unrestricted	371,145	558,973	-	-	371,145	364,255	1.90%
Total net assets	\$5,967,037	\$4,696,333	\$130,782	\$143,219	\$6,097,819	\$5,381,446	13.31%

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 FY14.

Figure A-4 shows the change in net assets for the year ended June 30, 2014 compared to June 30, 2013.

**Figure A-4**  
**Changes in Net Assets**

	Government		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for services	\$ 352,079	\$ 316,873	\$ 199,949	\$ 193,667	\$ 552,028	\$ 510,540	8.13%
Operating grants, contributions and restricted interest	1,540,910	1,374,633	158,813	136,965	1,699,723	1,511,598	12.45%
General Revenues:							
Property tax	3,071,698	2,842,623	-	-	3,071,698	2,842,623	8.06%
Local option sales and income surtaxes	1,268,706	1,107,612	-	-	1,268,706	1,107,612	14.54%
Unrestricted state grants	3,159,017	3,021,274	-	-	3,159,017	3,021,274	4.56%
Unrestricted investment earnings	7,999	7,579	60	63	8,059	7,642	5.46%
Other	142,390	95,848	-	-	142,390	95,848	48.56%
<b>Total revenues</b>	<b>9,542,799</b>	<b>8,766,442</b>	<b>358,822</b>	<b>330,695</b>	<b>9,901,621</b>	<b>9,097,137</b>	<b>8.84%</b>
Program expenses:							
Government activities:							
Instruction	6,239,572	5,717,768	-	-	6,239,572	5,717,768	9.13%
Support services	2,057,360	1,898,346	-	-	2,057,360	1,898,346	8.38%
Non-instructional programs	-	-	348,481	353,472	348,481	353,472	-1.41%
Other expenses	539,835	585,657	-	-	539,835	585,657	-7.82%
<b>Total expenses</b>	<b>8,836,767</b>	<b>8,201,771</b>	<b>348,481</b>	<b>353,472</b>	<b>9,185,248</b>	<b>8,555,243</b>	<b>7.82%</b>
<b>Change in net assets</b>	<b>\$ 706,032</b>	<b>\$ 564,671</b>	<b>\$ 10,341</b>	<b>\$ -22,777</b>	<b>\$ 716,373</b>	<b>\$ 541,894</b>	<b>32.20%</b>

Property taxes, sales taxes and unrestricted state grants account for approximately 78.5% of total revenue for West Lyon CSD. The District's expenses primarily relate to instruction and support services, which account for more than 93.9% 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, 2014.

Figure A-5

**Total and Net Cost of Governmental Activities**

	Total Cost of Services			Net Cost of Services		
			Change			Change
	2014	2013	2012-2013	2014	2013	2013-2014
Instruction	\$ 6,239,572	\$ 5,717,768	9.13%	\$ 4,763,778	\$ 4,401,739	8.22%
Support Services	2,057,360	1,898,346	8.38%	1,986,079	1,839,538	7.97%
Other Expenses	539,835	585,657	-7.82%	193,921	268,988	-27.91%
<b>Totals</b>	<b>\$ 8,836,767</b>	<b>\$ 8,201,771</b>	<b>7.74%</b>	<b>\$ 6,943,778</b>	<b>\$ 6,510,265</b>	<b>6.65%</b>

- The cost financed by users of the District's programs was \$352,079, up 11.11% from FY13.
- Federal and state grants subsidized certain programs with grants and contributions totaling \$1,540,910, up 12.10% from FY13.
- The net cost of government activities was financed with \$4,340,404 in property and other local taxes (up 9.88% from FY13) and \$3,159,017 in unrestricted state grants (up 4.56% from FY13).

## Business Type Activities

Revenues for business type activities were \$358,822 and expenses were \$348,481. 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 FY14, the District made a slight increase in meal prices for students and for adults. Meal participation decreased by 85 students per day, since the start of the Healthy, Hunger-Free Kids Act of 2010. To offset this and increased costs for food under the Act, the District reduced man hours and closely watched food costs. As a result, this allowed the District to experience a small increase in net assets for business type activities of \$10,341.

## **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 \$3,474,394, which is up from last year's ending fund balance of \$2,999,408. The primary reason for the increase in combined fund balances in FY14 is due to an increase in fund balance in the Capital Projects Fund. The Capital Projects ending balance increased by \$315,108 (35.94%) in FY14.

### **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 FY14.
- The Nonmajor Special Revenue fund balance increased by \$81,791 in FY14.
- The Capital Projects Fund balance decreased by \$315,108 during the FY14 school year, due in large part to reduced expenditures and increased SAVE revenue. The fund ended the year with a balance of \$1,191,753 consisting of unexpended sales tax revenues reserved for debt service and capital projects.

### **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$120,442 on June 30, 2013 to \$130,782 on June 30, 2014, representing an increase of 8.59%. State and Federal reimbursement increased for the year due to a 6 cent per meal increase in federal reimbursement per meal and 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 2014. 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 the State's one-time 2% additional state aid funding.

Expenditures were less than budgeted. The District chose to estimate expenses at a high level to ensure that it did not exceed its authorized budget. 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 2014.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the District had invested \$5,556,478, 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 \$296,153.

The original cost of the District's equipment was \$11,648,660. Governmental funds accounted for \$11,551,461 of that amount and \$97,199 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,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$39,494	\$39,494	\$-	\$-	\$39,494	\$39,494	0.00%
Buildings	4,642,134	4,705,472	-	-	4,642,134	4,705,472	-1.35%
Improvements other than buildings	159,443	176,204	-	-	159,443	176,204	-9.51%
Furniture and equipment	683,679	504,632	33,839	33,839	715,407	538,471	32.86%
Totals	<u>\$5,524,750</u>	<u>\$5,425,802</u>	<u>\$33,839</u>	<u>\$33,839</u>	<u>\$5,556,478</u>	<u>\$5,459,641</u>	<u>1.77%</u>

### Long-term Debt

On June 30, 2014, the District had \$3,030,785 in general obligation and other long-term debt outstanding. This represents a decrease from last year when the District had a total of \$3,162,279 in long-term debt. Most of the decrease in debt was related to payments made on the 2012 GOB Refinance. The District decreased its obligations under its early retirement policy by \$55,494 in FY14.

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 \$302,785 at the end of fiscal year 2014.

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

	Total District		Total Change
	June 30,		June 30,
	2013	2013	2011-2012
GOB and Revenue Bonds	\$2,120,000	\$2,340,000	-9.40%
Early Retirement and OPEB	910,785	822,279	10.76%
<b>Totals</b>	<b>\$3,030,785</b>	<b>\$3,162,279</b>	<b>-4.16%</b>

## **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 six 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 substantially in the past few years. Valuations have increased because of this. The District has also seen increased valuations of nearly \$65,000,000 due to the addition of the Grand Falls Casino on the tax rolls. This increase has been 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 has had little effect on the overall revenues to the District. But the Casino also funds the Lyon County Riverboat Foundation that provides competitive and non-competitive grants and donations to Lyon County schools. As stated previously, the District received \$196,502 from the LCRF in FY14.

## **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, 2014

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,963,481	\$ 107,098	\$ 4,070,579
Receivables			
Property tax:			
Delinquent	21,235	-	21,235
Succeeding year	3,369,100	-	3,369,100
Income surtax	417,933	-	417,933
Other	1,550	-	1,550
Accrued interest	206	-	206
Due from other governments	423,914	-	423,914
Inventories	-	3,142	3,142
Capital assets, non depreciable	39,494	-	39,494
Capital assets, net of accumulated depreciation	5,485,256	31,728	5,516,984
Total assets	\$ 13,722,169	\$ 141,968	\$ 13,864,137
<b>Liabilities</b>			
Accounts payable	\$ 109,463	\$ 39	\$ 109,502
Salaries and benefits payable	796,429	5,066	801,495
Due to other governments	29,560	-	29,560
Accrued interest payable	1,862	-	1,862
Unearned revenue	-	6,081	6,081
Long-term liabilities			
Due within one year	266,176	-	266,176
Due in more than one year	2,764,609	-	2,764,609
Total liabilities	3,968,099	11,186	3,979,285
<b>Deferred Inflows of Resources</b>			
Unavailable revenues:			
Succeeding year property tax	3,369,100	-	3,369,100
Income surtax	417,933	-	417,933
Total deferred inflows of resources	3,787,033	-	3,787,033
<b>Net Position</b>			
Net investment in capital assets	3,402,888	31,728	3,434,616
Restricted for:			
Debt service	256,637	-	256,637
Other purposes	567,355	-	567,355
School nutrition	-	99,054	99,054
Management levy purposes	66,259	-	66,259
Student activities	93,146	-	93,146
School infrastructure	944,403	-	944,403
Physical plant and equipment	265,204	-	265,204
Unrestricted	371,145	-	371,145
Total net position	\$ 5,967,037	\$ 130,782	\$ 6,097,819

See Notes to Financial Statements

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>			
<b>Instruction:</b>			
Regular instruction	\$ 4,306,128	\$ 230,819	\$ 975,023
Special instruction	987,483	-	103,037
Other instruction	945,961	120,110	46,805
	<u>6,239,572</u>	<u>350,929</u>	<u>1,124,865</u>
<b>Support services:</b>			
Student	169,024	-	24,850
Instructional staff	123,560	-	9,100
Administration	585,988	-	-
Operation and maintenance of plant	597,423	1,150	-
Transportation	581,365	-	36,181
	<u>2,057,360</u>	<u>1,150</u>	<u>70,131</u>
<b>Other expenditures:</b>			
Long-term debt interest and bond issuance costs	23,055	-	-
AEA flowthrough	345,914	-	345,914
Depreciation (unallocated)*	170,866	-	-
	<u>539,835</u>	<u>-</u>	<u>345,914</u>
<b>Total governmental activities</b>	<b>8,836,767</b>	<b>352,079</b>	<b>1,540,910</b>
<b>Business type activities:</b>			
<b>Non-instructional programs:</b>			
Food service operations	348,481	199,949	158,813
<b>Total</b>	<b>\$ 9,185,248</b>	<b>\$ 552,028</b>	<b>\$ 1,699,723</b>
<b>General revenues:</b>			
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			
<b>Total general revenues</b>			
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, 2014

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (3,100,286)	\$ -	\$ (3,100,286)
(884,446)	-	(884,446)
(779,046)	-	(779,046)
(4,763,778)	-	(4,763,778)
(144,174)	-	(144,174)
(114,460)	-	(114,460)
(585,988)	-	(585,988)
(596,273)	-	(596,273)
(545,184)	-	(545,184)
(1,986,079)	-	(1,986,079)
(23,055)	-	(23,055)
-	-	-
(170,866)	-	(170,866)
(193,921)	-	(193,921)
(6,943,778)	-	(6,943,778)
	10,281	10,281
\$ (6,943,778)	\$ 10,281	\$ (6,933,497)
\$ 2,698,605	\$ -	\$ 2,698,605
3,673	-	3,673
369,420	-	369,420
766,732	-	766,732
501,974	-	501,974
3,159,017	-	3,159,017
7,999	60	8,059
142,390	-	142,390
7,649,810	60	7,649,870
706,032	10,341	716,373
5,261,005	120,441	5,381,446
\$ 5,967,037	\$ 130,782	\$ 6,097,819

West Lyon Community School District 60

Exhibit C

Balance Sheet – Governmental Funds

June 30, 2014

	General	Debt Service	Statewide Sales, Services, and Use Tax	Nonmajor	Total
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 2,588,904	\$ 9,265	\$ 894,397	\$ 470,915	\$ 3,963,481
Receivables:					
Property tax:					
Delinquent	18,722	22	-	2,491	21,235
Succeeding year	3,011,608	7,899	-	349,593	3,369,100
Income surtax receivable	417,933	-	-	-	417,933
Other	-	-	-	1,550	1,550
Accrued interest	-	-	206	-	206
Due from other governments	126,764	-	297,150	-	423,914
Total assets	<u>\$ 6,163,931</u>	<u>\$ 17,186</u>	<u>\$ 1,191,753</u>	<u>\$ 824,549</u>	<u>\$ 8,197,419</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 59,116	\$ -	\$ -	\$ 50,347	\$ 109,463
Salaries and benefits payable	796,429	-	-	-	796,429
Due to other governments	29,560	-	-	-	29,560
Total liabilities	<u>885,105</u>	<u>-</u>	<u>-</u>	<u>50,347</u>	<u>935,452</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenues:					
Succeeding year property tax	3,011,608	7,899	-	349,593	3,369,100
Income surtax	417,933	-	-	-	417,933
Total deferred inflows of resources	<u>3,429,541</u>	<u>7,899</u>	<u>-</u>	<u>349,593</u>	<u>3,787,033</u>
<b>Fund Balances:</b>					
Restricted for:					
Debt service	-	9,287	247,350	-	256,637
Early literacy	18,775	-	-	-	18,775
Professional development	35,860	-	-	-	35,860
Salary improvement	284,244	-	-	-	284,244
Gaming grants	175,056	-	-	-	175,056
Core curriculum	53,420	-	-	-	53,420
Management levy purposes	-	-	-	66,259	66,259
Student activities	-	-	-	93,146	93,146
School infrastructure	-	-	944,403	-	944,403
Physical plant and equipment	-	-	-	265,204	265,204
Unassigned	1,281,930	-	-	-	1,281,930
Total fund balances	<u>1,849,285</u>	<u>9,287</u>	<u>1,191,753</u>	<u>424,609</u>	<u>3,474,934</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,163,931</u>	<u>\$ 17,186</u>	<u>\$ 1,191,753</u>	<u>\$ 824,549</u>	<u>\$ 8,197,419</u>

West Lyon Community School District 60

Exhibit D

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

June 30, 2014

Total fund balances of governmental funds	\$	3,474,934
 <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.		5,524,750
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.		(1,862)
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>(3,030,785)</u>
Net positions of governmental activities	\$	<u><u>5,967,037</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, 2014

	General	Debt Service	Statewide Sales, Services, and Use Tax	Nonmajor	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 3,200,579	\$ 3,679	\$ 754,271	\$ 369,420	\$ 4,327,949
Other	338,962	-	-	351,780	690,742
State sources	4,363,629	1	-	132	4,363,762
Federal sources	157,494	-	-	-	157,494
Total revenues	<u>8,060,664</u>	<u>3,680</u>	<u>754,271</u>	<u>721,332</u>	<u>9,539,947</u>
<b>Expenditures:</b>					
Instruction:					
Regular	4,133,479	-	-	172,548	4,306,027
Special	996,082	-	-	-	996,082
Other	612,181	-	-	336,779	948,960
	<u>5,741,742</u>	<u>-</u>	<u>-</u>	<u>509,327</u>	<u>6,251,069</u>
Support services:					
Student	169,253	-	-	-	169,253
Instructional staff	80,751	-	-	-	80,751
Administration	565,444	-	-	2,075	567,519
Operation and maintenance of plant	545,048	-	41,877	46,190	633,115
Transportation	507,418	-	157,288	111,827	776,533
	<u>1,867,914</u>	<u>-</u>	<u>199,165</u>	<u>160,092</u>	<u>2,227,171</u>
Other expenditures:					
Facilities acquisition	-	-	-	-	-
AEA flowthrough	345,914	-	-	-	345,914
Long-term debt:					
Principal	-	220,000	-	-	220,000
Interest and fiscal charges	-	23,620	-	-	23,620
	<u>345,914</u>	<u>243,620</u>	<u>-</u>	<u>-</u>	<u>589,534</u>
Total expenditures	<u>7,955,570</u>	<u>243,620</u>	<u>199,165</u>	<u>669,419</u>	<u>9,067,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,094</u>	<u>(239,940)</u>	<u>555,106</u>	<u>51,913</u>	<u>472,173</u>
Other financing sources (uses):					
Sale of equipment	3,351	-	-	-	3,351
Transfer in	-	240,000	-	-	240,000
Transfer out	-	-	(240,000)	-	(240,000)
Total other financing sources (uses)	<u>3,351</u>	<u>240,000</u>	<u>(240,000)</u>	<u>-</u>	<u>3,351</u>
Net change in fund balances	108,445	60	315,106	51,913	475,524
Fund balances beginning of year	<u>1,740,840</u>	<u>9,227</u>	<u>876,647</u>	<u>372,696</u>	<u>2,999,410</u>
Fund balances end of year	<u>\$ 1,849,285</u>	<u>\$ 9,287</u>	<u>\$ 1,191,753</u>	<u>\$ 424,609</u>	<u>\$ 3,474,934</u>

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, 2014

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Net change in fund balances - total governmental funds \$ 475,524

*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	\$ 390,754	
Depreciation expense	<u>(291,806)</u>	98,948

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.

Repaid		220,000
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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.

66

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	55,494	
Other postemployment benefits	<u>(144,000)</u>	<u>(88,506)</u>

Change in net position of governmental activities \$ 706,032

West Lyon Community School District 60

Exhibit G

Statement of Net Position

Proprietary Fund

June 30, 2014

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 107,098
Accounts receivable	-
Inventories	3,142
Capital assets, net of accumulated depreciation	31,728
Total assets	<u>141,968</u>
Liabilities	
Accounts payable	39
Salaries and benefits payable	5,066
Unearned revenue	6,081
Total liabilities	<u>11,186</u>
Net Position	
Invested in capital assets	31,728
Restricted for school nutrition	<u>99,054</u>
Total net position	<u>\$ 130,782</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, 2014

	School Nutrition
Operating revenues:	
Local sources:	
Sale of lunches	\$ 199,172
Miscellaneous	777
Total operating revenues	199,949
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	135,844
Supplies	184,725
Other	2,454
Depreciation	4,347
Federal food commodities used	21,111
Total operating expenses	348,481
Operating loss	(148,532)
Non-operating revenues:	
State sources	3,716
Federal sources	155,097
Interest income	60
Total non-operating revenues	158,873
Change in net position	10,341
Net position beginning of year	120,441
Net position end of year	\$ 130,782

West Lyon Community School District 60

Exhibit I

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 199,678
Cash received from miscellaneous operating activities	785
Cash paid to employees for services	(135,587)
Cash paid to suppliers for goods or services	(187,016)
Net cash used by operating activities	<u>(122,140)</u>
Cash flows from non-capital financing activities:	
State grants received	3,716
Federal grants received	133,986
Net cash provided by non-capital financing activities	<u>137,702</u>
Cash flows from capital and related financing activity	
Purchase of property and equipment	<u>(2,236)</u>
Cash flows from investing activity	
Interest on investments	<u>60</u>
Net decrease in cash and cash equivalents	<u>13,386</u>
Cash and cash equivalents at beginning of year	<u>93,712</u>
Cash and cash equivalents at end of year	<u><u>\$ 107,098</u></u>
Reconciliation of operating loss to net cash used by	
Operating activities:	
Operating loss	\$ (148,532)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	4,347
Commodities used	21,111
Change in accounts receivable	8
Change in inventories	471
Change in accounts payable	(308)
Change in salaries and benefits payable	257
Change in deferred revenue	506
Net cash used by operating activities	<u><u>\$ (122,140)</u></u>

## **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 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 assets, liabilities and deferred inflows of resources, 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. Other Significant Accounting Policies**

##### **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, 2013, through June 30, 2014, and reflects tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

**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.

As of June 30, 2014, the due from other governments consisted of the following:

Due from	Amount
State	\$ 384,734
Federal	39,180
	\$ 423,914

**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.

<u>Asset Class</u>	<u>Amount</u>
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:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
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.

**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.

### **Deferred Inflows of Resources**

For the year ended June 30, 2014, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. As a result of implementing this statement, the District changed the classification of certain liabilities to deferred inflows. As of June 30, 2014, deferred inflows of resources consist of property tax receivable and income surtax receivables not collected within sixty days after year end.

### **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, 2014, 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, 2014, 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.

The following is considered the most significant risk associated with deposits:

- Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

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

Cash deposits and petty cash	\$ 3,803,747
Certificates of deposit	250,000
	4,053,747
Cash and cash equivalents	4,053,747
Investment in ISJIT	16,832
	\$ 4,070,579

**Note 3 - Interfund Transfer**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services, and Use Tax	<u>\$ 240,000</u>

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

**Note 4 - Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

Governmental Activities:	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Capital assets not being depreciated:				
Land	\$ 39,494	\$ -	\$ -	\$ 39,494
Capital assets being depreciated:				
Buildings	7,237,716	85,420	-	7,323,136
Improvements other than buildings	568,831	2,160	-	570,991
Machinery and equipment	3,476,859	303,174	122,699	3,657,334
Total capital assets being depreciated	<u>11,283,406</u>	<u>390,754</u>	<u>122,699</u>	<u>11,551,461</u>
Less accumulated depreciation for:				
Buildings	2,532,244	148,758	-	2,681,002
Improvements other than buildings	392,627	18,921	-	411,548
Machinery and equipment	2,972,227	124,127	122,699	2,973,655
Total accumulated depreciation	<u>5,897,098</u>	<u>291,806</u>	<u>122,699</u>	<u>6,066,205</u>
Total capital assets being depreciated, net	<u>5,386,308</u>	<u>98,948</u>	<u>-</u>	<u>5,485,256</u>
Governmental activities capital assets, net	<u>\$ 5,425,802</u>	<u>\$ 98,948</u>	<u>\$ -</u>	<u>\$ 5,524,750</u>
Business Type Activities:	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Furniture and equipment	\$ 94,963	\$ 2,236	\$ -	\$ 97,199
Less accumulated depreciation	<u>61,124</u>	<u>4,347</u>	<u>-</u>	<u>65,471</u>
Business type activities capital assets, net	<u>\$ 33,839</u>	<u>\$ 6,583</u>	<u>\$ -</u>	<u>\$ 31,728</u>

Depreciation expense for the year ended June 30, 2014 was charged to the following functions/programs:

Governmental activities:		
Instruction:	\$	-
Support services:		
Instructional staff		42,809
Administration		20,589
Operation and maintenance of plant		3,732
Transportation		53,810
		120,940
Unallocated		170,866
Total depreciation expense - governmental	\$	291,806
Business type activities:		
Food service operations	\$	4,347

#### **Note 5 - Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance 07/01/13	Additions	Reductions	Balance 06/30/14	Due in One Year
General obligation bonds	\$ 2,340,000	\$ -	\$ 220,000	\$ 2,120,000	\$ 225,000
Early retirement	358,279	64,590	120,084	302,785	41,176
Net OPEB liability	464,000	200,000	56,000	608,000	-
	\$ 3,162,279	\$ 264,590	\$ 396,084	\$ 3,030,785	\$ 266,176

#### **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, 2014, the District has obligations to 10 participants with a total liability of \$302,785. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$120,084.

**General Obligation Bonds**

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 4, 2012		
	Interest Rates	Principal	Interest
2015	0.35%	\$ 225,000	\$ 22,350
2016	0.45%	225,000	21,337
2017	0.55%	230,000	20,100
2018	0.70%	230,000	18,490
2019	0.85%	235,000	16,535
2020-2023	1.00-1.70%	975,000	37,925
		<u>\$ 2,120,000</u>	<u>\$ 136,738</u>

The only general obligation bond outstanding was issued on December 4, 2012 the District issued \$2,560,000 in General Obligation Bonds to refund \$2,505,000 of outstanding 2004 Series Bond. The bond matures on June 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The bonds final maturity is June 2023, but the District reserves the rights to call and redeem part or all of the bonds maturing after June 1, 2018.

**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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012, were \$402,828, \$365,965, and \$329,362 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	200,000
Contributions made	<u>(56,000)</u>
Change in net OPEB obligation	144,000
Net OPEB obligation, beginning of year	<u>464,000</u>
Net OPEB obligation, end of year	<u><u>\$ 608,000</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, 2014 and the two preceding years are summarized as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net Ending OPEB Obligation</u>
06/30/12	\$ 180,000	\$ 88,020	49%	\$ 320,365
06/30/13	198,000	56,000	28%	464,000
06/30/14	198,000	56,000	28%	608,000

**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 \$3,235,925 and the ratio of the UAAL to the covered payroll was 51 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 multiple year 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 \$345,914 for the year ended June 30, 2014, and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements

**Note 10 - Issued but Non-effective Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the District.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements related to pension for governments whose employees are provided with pension through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determine pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. GASB 68 is effective for periods beginning after June 15, 2014. Management has not yet determined the effect these statements will have on the entity's financial statements.



Required Supplementary Information  
June 30, 2014

**West Lyon Community  
School District 60**

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	Governmental Funds Actual	Proprietary Fund Actual
	<u>          </u>	<u>          </u>
Revenues:		
Local sources	\$ 5,018,691	\$ 200,009
State sources	4,363,762	3,716
Federal sources	157,494	155,097
Total	<u>9,539,947</u>	<u>358,822</u>
Expenditures:		
Instruction	6,251,069	-
Support services	2,227,171	2,454
Non-Instructional programs	-	346,027
Other expenditures	589,534	-
Total	<u>9,067,774</u>	<u>348,481</u>
Excess (deficiency) of revenue over (under) expenditures	472,173	10,341
Other financing sources (uses):		
Interfold transfer in	240,000	-
Interfold transfer out	(240,000)	-
Discount on bonds issued	-	-
Refunding bonds issued	-	-
Other	3,351	-
Total other financing sources	<u>3,351</u>	<u>-</u>
Net change in fund equity	475,524	10,341
Balances beginning of year	<u>2,999,410</u>	<u>120,441</u>
Balances end of year	<u>\$ 3,474,934</u>	<u>\$ 130,782</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, 2014

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Total Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
\$ 5,218,700	\$ 5,341,828	\$ 5,341,828	\$ (123,128)
4,367,478	4,230,435	4,230,435	137,043
312,591	303,262	303,262	9,329
<u>9,898,769</u>	<u>9,875,525</u>	<u>9,875,525</u>	<u>23,244</u>
6,251,069	6,279,793	6,541,268	290,199
2,229,625	2,335,960	2,458,805	229,180
346,027	390,400	390,400	44,373
589,534	622,799	615,391	25,857
<u>9,416,255</u>	<u>9,628,952</u>	<u>10,005,864</u>	<u>589,609</u>
482,514	246,573	(130,339)	612,853
240,000	240,000	240,000	-
(240,000)	(240,000)	(240,000)	-
-	-	-	-
-	-	-	-
3,351	500	300	3,051
<u>3,351</u>	<u>500</u>	<u>300</u>	<u>3,051</u>
485,865	247,073	(130,039)	615,904
<u>3,119,851</u>	<u>3,119,851</u>	<u>3,119,851</u>	<u>-</u>
<u>\$ 3,605,716</u>	<u>\$ 3,366,924</u>	<u>\$ 2,989,812</u>	<u>\$ 615,904</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, 2014 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, 2014

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%	\$ 3,235,925	51%

**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, 2012, the following actuarial assumptions have been changed:

- None.

Since the last actuarial valuation as of July 1, 2012, the following provisions have changed:

- None



Other Supplementary Information  
June 30, 2014

**West Lyon Community School  
District 60**

West Lyon Community School District 60

Schedule 1

Combining Balance Sheet

Nonmajor Funds

June 30, 2014

	Special Revenue		Capital Projects	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy	
Assets				
Cash, cash equivalents and pooled investments	\$ 100,767	\$ 105,681	\$ 264,467	\$ 470,915
Receivables:				
Property tax:				
Delinquent	-	1,754	737	2,491
Succeeding year	-	226,641	122,952	349,593
<b>Total assets</b>	<b>\$ 102,317</b>	<b>\$ 334,076</b>	<b>\$ 388,156</b>	<b>\$ 824,549</b>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 9,171	\$ 41,176	\$ -	\$ 50,347
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	226,641	122,952	349,593
Fund balances				
Restricted for:				
Student activities	93,146	-	-	93,146
Management levy purposes	-	66,259	-	66,259
Physical plant and equipment	-	-	265,204	265,204
<b>Total fund balances</b>	<b>93,146</b>	<b>66,259</b>	<b>265,204</b>	<b>424,609</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 102,317</b>	<b>\$ 334,076</b>	<b>\$ 388,156</b>	<b>\$ 824,549</b>

West Lyon Community School District 60

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Funds

Year Ended June 30, 2014

	Special Revenue		Capital Projects	
	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 252,858	\$ 116,562	\$ 369,420
Other	346,814	4,845	121	351,780
State sources	-	93	39	132
Total revenues	346,814	257,796	116,722	721,332
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	172,548	-	172,548
Other instruction	336,779	-	-	336,779
Support services:				
Administration	-	2,075	-	2,075
Operation and maintenance of plant	-	45,508	682	46,190
Transportation	-	20,137	91,690	111,827
Total expenditures	336,779	240,268	92,372	669,419
Excess (deficiency) of revenues over (under) expenditures	10,035	17,528	24,350	51,913
Fund balances beginning of year	83,111	48,731	240,854	372,696
Fund balances end of year	\$ 93,146	\$ 66,259	\$ 265,204	\$ 424,609

West Lyon Community School District 60  
 Schedule 3  
 Schedule of Changes in Student Activity Accounts  
 Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
System Wide Athletics	\$ 18,794	\$ 25,890	\$ 26,615	\$ 18,069
Baseball	-	5,746	5,746	-
Softball	-	893	893	-
Golf	-	20	20	-
Track	-	3,367	3,367	-
Volleyball	-	4,841	4,841	-
Football	163	54,167	54,330	-
Basketball	-	35,306	35,306	-
Wrestling	82	6,065	6,096	51
Cross Country	275	566	544	297
Vocal Music	1,590	3,063	3,053	1,600
Student Council	2,908	2,720	1,027	4,601
FFA	31,692	135,215	124,758	42,149
Annual	659	8,828	9,487	-
Class of 2012	-	24	-	24
Class of 2013	2,189	-	-	2,189
Class of 2014	1,653	4,230	5,770	113
Class of 2015	190	9,145	7,670	1,665
Class of 2016	1,656	2,122	1,105	2,673
Class of 2017	2,443	45	-	2,488
Class of 2018	937	25	-	962
Speech	3,794	4,713	6,007	2,500
Library Fund	1,806	314	293	1,827
National Honor Society	1,794	218	180	1,832
Band	1,685	4,247	4,232	1,700
FLA	1,179	17,052	15,777	2,454
Elementary Annual	7,622	17,992	19,662	5,952
	<u>\$ 83,111</u>	<u>\$ 346,814</u>	<u>\$ 336,779</u>	<u>\$ 93,146</u>

West Lyon Community School District 60

Schedule 4

Schedule of Revenues by Source and Expenditures, by Function – Governmental Funds  
Years Ended June 30, 2014, 2013, 2012, and 2011

	2014	2013	2012	2011
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 4,327,949	\$ 3,947,884	\$ 3,634,555	\$ 3,689,809
Other	690,742	593,555	571,870	384,450
State sources	4,363,762	4,062,737	3,882,773	3,506,039
Federal sources	157,494	162,690	200,905	406,079
<b>Total</b>	<b>\$ 9,539,947</b>	<b>\$ 8,766,866</b>	<b>\$ 8,290,103</b>	<b>\$ 7,986,377</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	\$ 4,306,027	\$ 3,837,879	\$ 3,617,579	\$ 3,364,599
Special instruction	996,082	924,681	881,041	826,024
Other instruction	948,960	826,344	851,959	837,184
Support services:				
Student services	169,253	155,551	149,286	145,197
Instructional staff services	80,751	122,717	68,600	90,644
Administration services	567,519	534,162	511,560	489,180
Operation and maintenance of plant services	633,115	644,703	590,787	534,252
Transportation services	776,533	546,459	535,187	446,482
Other expenditures:				
Facilities acquisition	-	122,451	-	261,351
Management fund	-	-	-	-
Long-term debt:				
Principal	220,000	2,950,000	395,000	375,000
Interest and fiscal charges	23,620	69,403	113,469	126,706
Bond issuance costs	-	30,105	-	-
AEA flowthrough	345,914	316,669	294,837	313,350
<b>Total</b>	<b>\$ 9,067,774</b>	<b>\$ 11,081,124</b>	<b>\$ 8,009,305</b>	<b>\$ 7,809,969</b>

**Independent Auditor's 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, 2014, 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 October 14, 2014.

**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 2014-A and Finding 2014-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.

The image shows a handwritten signature in cursive script that reads "Eide Saelly LLP".

Sioux Falls, South Dakota  
October 14, 2014

**Part I: Findings Related to the Financial Statements**

**Significant Deficiencies**

**Finding 2014-A            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.

**Criteria:**            A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping, and reconciliation functions.

**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 2014-B            Preparation of Financial Statements**

**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.

**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.

**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-14 Certified Budget**

Disbursements for the year ended June 30, 2014 did not exceed the amount budgeted.

### **IV-B-14 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-14 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-14 Business Transactions**

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

### **IV-E-14 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-14 Board Minutes**

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

<b>IV-G-14</b>	<b>Certified Enrollment</b>	No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
<b>IV-H-13</b>	<b>Supplementary Weighting</b>	No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
<b>IV-I-13</b>	<b>Deposits and Investments</b>	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.
<b>IV-J-13</b>	<b>Certified Annual Report</b>	The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
<b>IV-K-13</b>	<b>Categorical Funding</b>	We noted no instances of categorical funding being used to supplant rather than supplement other funds.
<b>IV-L-13</b>	<b>Student Activity Fund</b>	The Student Activity Funds had no deficit balances at June 30, 2014.
<b>IV-M-13</b>	<b>Statewide Sales, Services and Use Tax</b>	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.