

**WEST SIOUX
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2014**

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2014
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WEST SIOUX COMMUNITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS

Board of Education (Before September 2013 Election)

Susan Sharpe	President	2013
Gary Witt	Vice President	2013
Jeff Eilts	Board Member	2013
Dawn Hummel	Board Member	2015
Tim McKenney	Board Member	2015

Board of Education (After September 2013 Election)

Gary Witt	President	2017
Jeff Eilts	Vice President	2017
Ken Kock	Board Member	2017
Dawn Hummel	Board Member	2015
Tim McKenney	Board Member	2015

School Officials

Randy Collins	Superintendent	2014
Dani Gradert	Treasurer and Business Manager	2014
Tami Degen	District Secretary	2014
Stephen Avery	Attorney	2014



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
West Sioux Community School District
Hawarden, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School 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 as 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 opinions 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 District'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 District'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan on pages 4 through 12 and 37 through 39 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 basic financial statements. The financial statements for the two years ended June 30, 2006, (none of which are presented herein) were audited by other auditors in accordance with standards referred to in the third paragraph of this report and they expressed unqualified opinions on them. The financial statements for the seven years ended June 30, 2013 (not presented) were audited by us in accordance with the standards referred to in the third paragraph of this report and we expressed unqualified/unmodified opinions on them. The other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have issued a report dated February 16, 2015, on our consideration of the West Sioux Community School District's internal control over financial reporting and on 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* in considering the West Sioux Community School District's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 16, 2015

Management Discussion and Analysis

West Sioux 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

- General Fund revenues increased and expenditures increased from fiscal year 2013 to fiscal year 2014. General Fund revenues increased from \$7,737,426 to \$8,061,962, and General Fund expenditures increased from \$7,459,533 to \$8,066,208. The District's General Fund balance increased from \$1,864,125 in fiscal year 2013 to \$1,877,423 in fiscal year 2014, a 1% increase.
- Property taxes in general fund increased by over \$31,000, due to a slight increase in property tax levy. State Aid increased by over \$447,000, while federal revenues increased by over \$34,000. Revenue from other local sources increased by over \$60,000. A large portion of increased expenditures was due primarily to negotiated salary and benefit increases as well as a significant increase in student enrollment. The General Fund balance will be carefully monitored during the year keeping in mind the fluctuation in revenues caused by legislative action and student enrollments.

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 Position and a Statement of Activities. These provide information about the activities of West Sioux 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 Sioux Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
- 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.
- Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

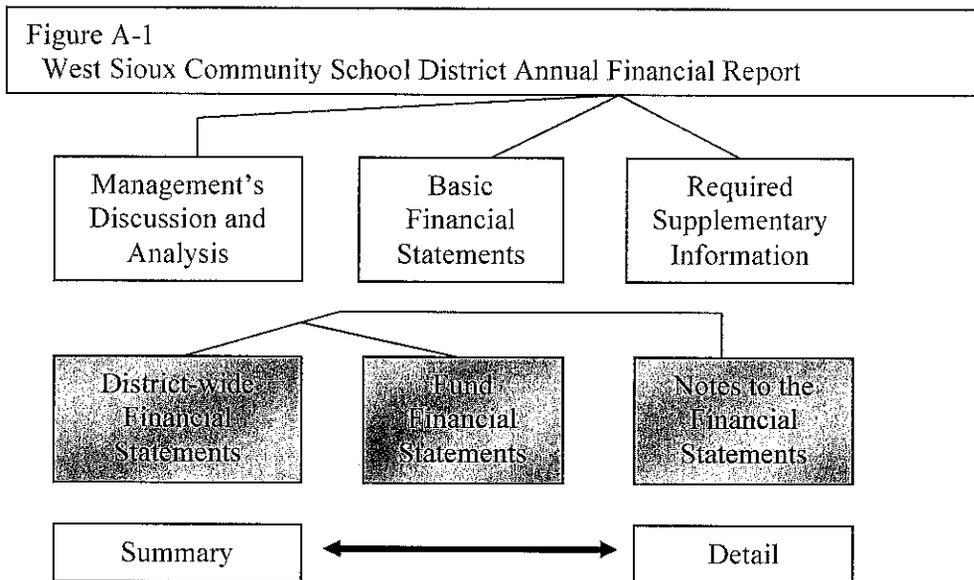


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	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 is included here
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenditures, and changes in fund net position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, and short-term and long-term
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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position 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 position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities.

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 taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's Food Service and Before and After School/Daycare Programs would be 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 by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to repay its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two 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 funds statements provide a detailed short-term view that helps the reader 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 balance.

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 two Enterprise Funds; the School Nutrition Fund and the Before and After School Fund/Daycare Fund.

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

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District		Change June 30
	June 30		June 30		June 30		
	2013	2014	2013	2014	2013	2014	2013/2014
Current and Other Assets	\$7,297,451	\$7,881,512	\$(22,706)	\$ 45,636	\$7,274,745	\$7,927,148	8.97%
Capital Assets	9,320,461	9,485,936	433,131	420,545	9,753,592	9,906,481	1.57%
Total Assets	16,617,912	17,367,448	410,425	466,181	17,028,337	17,833,629	4.73%
Current Liabilities	1,963,611	1,888,559	58,837	48,540	2,022,448	1,937,099	(4.22)%
Long-Term Liabilities	5,611,592	5,324,556	-	-	5,611,592	5,324,556	(5.12)%
Total Liabilities	7,575,203	7,213,115	58,837	48,540	7,634,040	7,261,655	(4.88)%
Deferred Inflows of Resources							
Unavailable Revenue –							
Subsequent Year Property Tax	2,990,222	3,189,797	-	-	2,990,222	3,189,797	6.67%
Total Deferred Inflows of Resources	2,990,222	3,189,797	-	-	2,990,222	3,189,797	6.67%
Net Investment in Capital Assets	3,315,628	3,756,273	433,131	420,545	3,748,759	4,176,818	11.42%
Restricted	1,043,995	1,406,830	-	-	1,043,995	1,406,830	34.75%
Unrestricted	1,692,864	1,801,433	(81,543)	(2,904)	1,611,321	1,798,529	11.62%
Total Net Position	\$6,052,487	\$6,964,536	\$351,588	\$417,641	\$6,404,075	\$7,382,177	15.27%

The District's combined net position increased by 15.27% or approximately \$978,000 over the prior year. The largest portion of the District's net position is the net investment in capital assets which is total capital assets less the related debt. The debt related to the net investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$363,000, or 34.75%, from the prior year. The increase was primarily a result of new categorical funding for the successful progression for early readers and teacher leadership grants as well as an increase in net position for other special revenue purposes.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements – increased approximately \$187,000 or 11.62%.

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

Figure A-4 Changes in Net Position from Operations

	Governmental Activities		Business-Type Activities		Total District		Change
	June 30		June 30		June 30		June 30
	2013	2014	2013	2014	2013	2014	2013/2014
Revenue:							
Program revenue							
Charges for services	\$ 549,720	\$ 593,874	\$ 305,748	\$315,330	\$ 855,468	\$ 909,204	80.50%
Operating grants & contributions	814,345	1,519,842	318,800	349,559	1,133,145	1,869,401	8.95%
General Revenues:							
Property tax	2,924,580	2,991,243	-	-	2,924,580	2,991,243	2.28%
Instruction support tax	202,978	261,796	-	-	202,978	261,796	28.98%
Local option sales tax	582,176	639,511	-	-	582,176	639,511	9.85%
Unrestricted state grants	4,083,609	4,109,865	-	-	4,083,609	4,109,865	0.64%
Unrestricted investment earnings	68,774	70,441	1,387	3,256	70,161	73,697	5.04%
Gain on disposal of assets	638	17,544	-	-	638	17,544	2649.84%
Other	23,889	68,127	4,691	9,762	28,580	77,889	172.53%
Total Revenue	9,250,709	10,272,243	630,626	677,907	9,881,335	10,950,150	10.82%
Program expenses:							
Instruction	5,789,674	6,521,842	-	-	5,789,674	6,521,842	12.65%
Support service	2,246,842	2,282,855	-	-	2,246,842	2,282,855	1.60%
Non-instructional programs	6,283	11,150	617,783	611,854	624,066	623,004	(0.17)%
Other expenses	588,066	544,347	-	-	588,066	544,347	(7.43)%
Total expenses	8,630,865	9,360,194	617,783	611,854	9,248,648	9,972,048	7.82%
Change in net position	\$ 619,844	\$ 912,049	\$ 12,843	\$ 66,053	\$ 632,687	\$ 978,102	2.99%

In fiscal year 2014, property tax, local option sales tax, and unrestricted state grants account for 75.36% of the total revenue from governmental activities while charges for services and operating grants and contributions account for 98.08% of the revenue from business-type activities. The District's expenses primarily relate to instruction and support services, which account for 88.29% of the total expenses for governmental activities.

The District's total revenues were \$10,950,150 of which \$10,272,243 was for governmental activities and \$677,907 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 10.82% increase in revenues and a 7.82% increase in expenses.

Charges for services in the business-type activities, which include the school nutrition and daycare programs, increased.

During fiscal year 2014, operating grants and contributions increased due to new grant funding through an innovative at-risk K-3 grant, successful progression for early readers and a teacher leadership grant. These grants account for approximately \$125,000 of this increase while the remaining is attributed to the allocation of other teacher compensation and quality development funding previously included as "unrestricted state grants". Unrestricted state grants remained similar to fiscal year 2013 as state foundation aid increased by over \$480,000.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional, and other. The table also shows each activity's net cost (total cost less fees generated by activities and intergovernmental aid provided for specific programs.) The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Total and Net Cost of Government Activities

	Total Cost of Services			Net Cost of Services		
	June 30		Change	June 30		Change
	2013	2014	2013/2014	2013	2014	2013/2014
Instruction	\$5,789,674	\$6,521,842	12.65%	\$4,857,645	\$4,896,433	0.80%
Support services	2,246,842	2,282,855	1.60%	2,089,134	2,104,516	0.74%
Non-Instructional	6,283	11,150	77.46%	6,283	11,150	77.46%
Other	588,066	544,347	(7.43)%	313,738	234,379	(25.29)%
Total	\$8,630,865	\$9,360,194	8.45%	\$7,266,800	\$7,246,478	0.28%

- The cost financed by users of the District's programs was \$1,228,747.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$884,969.
- The net cost of governmental activities was financed with \$3,892,550 in property and other taxes and \$4,109,865 in unrestricted state grants.

Business-Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$677,907, representing a 7.50% increase over the prior year, while expenses were \$611,854, a 0.96% decrease over the prior year. The District's business-type activities include the School Nutrition Fund and the Before and After School/Daycare Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Sioux 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 \$3,292,430, a difference of \$347,726 from last year's ending fund balances of \$2,944,704. The primary reason for the increase in combined fund balance in fiscal 2014 is due to increased enrollment over the past few years and continued sharing agreements with Akron-Westfield.

Governmental Fund Highlights

The District's General Fund financial position is the result of increased enrollment, continued sharing agreements, and keeping expenditures in-line.

- The General Fund balance increased from \$1,864,125 to \$1,877,423, due largely to an increase in enrollment.

Proprietary Fund Highlights

The Before and After School/Daycare fund net position decreased from \$213,659 at June 30, 2013 to \$206,727 at June 30, 2014. Charges for services increased from \$126,533 in fiscal year 2013 to \$133,274 in fiscal year 2014, while expenses decreased from \$142,960 in 2013 to \$141,468 in 2014. The net operating loss in 2014 was \$6,932, compared to \$13,541 in 2013.

The school nutrition fund net position increased from \$137,929 in 2013 to \$210,914 in 2014. This is a result of increased revenue from the continuation of an improved ala carte program.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. During 2014, there were no amendments made to the original budget. The District's budget is prepared on the accrual basis. During the year, expenditures in total exceeded the total published budget amounts for instruction and support services. Details can be found in the required supplementary information section of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested nearly \$15.6 million in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents an increase of 1.57% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$320,567.

Figure A-6 Capital Assets

	Capital Assets							
	Governmental Activities		Business-Type Activities		Total School District		Total Change	
	June 30		June 30		June 30		June 30	
	2013	2014	2013	2014	2013	2014	2013/2014	
Land	\$ 51,375	\$ 51,375	\$ -	\$ -	\$ 51,375	\$ 51,375	0.00%	
Buildings & Improvements (net)	8,925,963	8,756,539	363,932	356,020	9,289,895	9,112,559	(1.91)%	
Furniture & Equipment (net)	343,123	678,022	69,199	64,525	412,322	742,547	80.09%	
Total	\$9,320,461	\$9,485,936	\$ 433,131	\$ 420,545	\$9,753,592	\$9,906,481	1.57%	

Long-Term Debt

At June 30, 2014, the District had \$1,865,000 in general obligation bonds outstanding, \$3,595,000 in sales tax revenue bonds, \$269,663 in capital lease obligations, \$124,913 in early retirement obligations, \$114,566 in net OPEB obligations and \$33,240 in accrued compensated absences. The total long term debt decreased by \$376,172 due primarily to continued bond repayment. Reductions were made to the general obligation and sales tax revenue bonds. The District's long term debt is presented in Note 6 of the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the district will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment has increased in fiscal year 2014 by 17.0 students based on certified enrollment. During the 2013-2014 school year, West Sioux students who open enrolled out to other districts decreased by 1 student, from 54 to 53. Because West Sioux is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation. The enrollment for the 2014-2015 school year increased, which will have a very positive bearing on the 2014-2015 budget.
- Allowable growth was set at four percent for the 2014-2015 school year.
- The district annually negotiates a one-year contract with the West Sioux Education Teacher Association (WSETA). Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the district's general fund budget and related fund balance.
- During the 2013-2014 fiscal year, the district spent approximately \$36,000 of Safe and Supportive grant funding which allowed the district to pay for staff. This grant will be minimal for the 2014-2015 school year and will affect future budgets.
- Operational sharing with the Akron-Westfield district continued in the 2013-2014 school year for superintendent, transportation, operations, and food service. State funding will continue to increase revenues for the 2014-2015 budget year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Randy Collins, Superintendent at the West Sioux Community School District, 1300 Falcon Drive, Hawarden, IA 51023 or 712-551-1461.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	West Sioux Educational Foundation
ASSETS				
Cash and Cash Equivalents	\$ 3,460,871	\$ 140,460	\$ 3,601,331	\$ 11,619
Investments	-	-	-	544,795
Receivables:				
Property Tax	48,933	-	48,933	-
Succeeding Year Property Tax	3,189,797	-	3,189,797	-
Income Surtax	218,103	-	218,103	-
Accounts	5,085	1,834	6,919	-
Internal Balances	170,344	(170,344)	-	-
Due from Other Governments	255,095	63,388	318,483	-
Restricted Assets:				
Cash and Cash Equivalents	533,284	-	533,284	-
Inventories	-	10,298	10,298	-
Land	51,375	-	51,375	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	9,434,561	420,545	9,855,106	-
Total Assets	<u>17,367,448</u>	<u>466,181</u>	<u>17,833,629</u>	<u>556,414</u>
LIABILITIES				
Accounts Payable	384,502	20,915	405,417	-
Salaries and Benefits Payable	741,459	24,145	765,604	-
Accrued Interest Payable	64,418	-	64,418	-
Unearned Revenue	20,354	3,480	23,834	-
Noncurrent Liabilities:				
Due Within One Year:				
Bonds Payable	615,000	-	615,000	-
Lease Obligations Payable	32,623	-	32,623	-
Accrued Compensated Absences	6,648	-	6,648	-
Early Retirement Payable	30,203	-	30,203	-
Due in More Than One Year:				
Lease Obligations Payable	237,040	-	237,040	-
Accrued Compensated Absences	26,592	-	26,592	-
Early Retirement Payable	94,710	-	94,710	-
Bonds Payable	4,845,000	-	4,845,000	-
Net OPEB Liability	114,566	-	114,566	-
Total Liabilities	<u>7,213,115</u>	<u>48,540</u>	<u>7,261,655</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -				
Subsequent Year Property Taxes	3,189,797	-	3,189,797	-
Total Deferred Inflows of Resources	<u>3,189,797</u>	<u>-</u>	<u>3,189,797</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	3,756,273	420,545	4,176,818	-
Restricted for:				
Categorical Funding	150,111	-	150,111	-
Debt Service	249,661	-	249,661	-
Management Levy	102,749	-	102,749	-
Physical Plant and Equipment Levy	207,562	-	207,562	-
School Infrastructure	644,034	-	644,034	-
Other Special Revenue Purposes	52,713	-	52,713	-
Unrestricted	1,801,433	(2,904)	1,798,529	556,414
Total Net Position	<u>\$ 6,964,536</u>	<u>\$ 417,641</u>	<u>\$ 7,382,177</u>	<u>\$ 556,414</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 4,173,923	\$ 82,091	\$ 623,449	\$ -
Special Instruction	1,541,252	7,360	506,844	-
Other Instruction	806,667	376,395	29,270	-
Support Services:				
Student Services	144,826	11,964	7,798	-
Instructional Staff Services	198,622	-	481	-
Administration Services	894,468	115,664	-	-
Operation and Maintenance	345,231	400	-	-
Transportation Services	699,708	-	42,032	-
Non-instructional Programs	11,150	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction Services	38,677	-	-	-
Long-term Debt Interest	195,702	-	-	-
AEA Flowthrough	309,968	-	309,968	-
Total governmental activities	<u>9,360,194</u>	<u>593,874</u>	<u>1,519,842</u>	<u>-</u>
Business Type Activities:				
Non-instructional Programs				
Before and After School Program	141,468	133,274	-	-
Food Service Operations	470,386	182,056	349,559	-
Total Business Type Activities	<u>611,854</u>	<u>315,330</u>	<u>349,559</u>	<u>-</u>
Total Primary Government	<u>9,972,048</u>	<u>909,204</u>	<u>1,869,401</u>	<u>-</u>
Component Unit:				
School Education Foundation	<u>\$ 18,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,979</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Management Levy				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Gain on Disposal of Capital Assets				
Gain on Disposal of Non-Capital Assets				
Other				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit West Sioux Educational Foundation
\$ (3,468,383)		\$ (3,468,383)	
(1,027,048)		(1,027,048)	
(401,002)		(401,002)	
(125,064)		(125,064)	
(198,141)		(198,141)	
(778,804)		(778,804)	
(344,831)		(344,831)	
(657,676)		(657,676)	
(11,150)		(11,150)	
(38,677)		(38,677)	
(195,702)		(195,702)	
-		-	
<u>(7,246,478)</u>		<u>(7,246,478)</u>	
	\$ (8,194)	(8,194)	
	61,229	61,229	
	<u>53,035</u>	<u>53,035</u>	
<u>(7,246,478)</u>	<u>53,035</u>	<u>(7,193,443)</u>	
			\$ <u>55,440</u>
1,881,838	-	1,881,838	-
502,715	-	502,715	-
300,381	-	300,381	-
306,309	-	306,309	-
261,796	-	261,796	-
639,511	-	639,511	-
4,109,865	-	4,109,865	-
70,441	3,256	73,697	-
14,765	-	14,765	-
2,779	-	2,779	-
68,127	9,762	77,889	-
<u>8,158,527</u>	<u>13,018</u>	<u>8,171,545</u>	-
912,049	66,053	978,102	55,440
<u>6,052,487</u>	<u>351,588</u>	<u>6,404,075</u>	<u>500,974</u>
<u>\$ 6,964,536</u>	<u>\$ 417,641</u>	<u>\$ 7,382,177</u>	<u>\$ 556,414</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Debt Service
ASSETS		
Cash and Cash Equivalents	\$ 2,646,211	\$ 71,880
Receivables:		
Property Tax	32,087	7,980
Succeeding Year Property Tax	2,056,933	505,292
Income Surtax	218,103	-
Accounts	3,847	-
Due from Other Funds	177,338	-
Due from Other Governments	153,234	-
Restricted Assets:		
Cash and Cash Equivalents	-	234,219
Total Assets	<u>5,287,753</u>	<u>819,371</u>
LIABILITIES		
Accounts Payable	369,657	-
Due to Other Funds	-	-
Salaries and Benefits Payable	741,459	-
Early Retirement Payable	-	-
Unearned Revenue	20,354	-
Total Liabilities	<u>1,131,470</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue -		
Delinquent Property Tax	3,824	840
Income Surtax	218,103	-
Subsequent Year Property Tax	2,056,933	505,292
Total Deferred Inflows of Resources	<u>2,278,860</u>	<u>506,132</u>
FUND BALANCES		
Restricted for:		
Categorical Funding	150,111	-
Debt Service	-	313,239
Management Levy Purposes	-	-
Physical Plant and Equipment	-	-
School Infrastructure	-	-
Student Activities	-	-
Unassigned	1,727,312	-
Total Fund Balances	<u>1,877,423</u>	<u>313,239</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,287,753</u>	<u>\$ 819,371</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
\$ 742,780	\$ 3,460,871
8,866	48,933
627,572	3,189,797
-	218,103
1,238	5,085
-	177,338
101,861	255,095
299,065	533,284
<u>1,781,382</u>	<u>7,888,506</u>
14,845	384,502
6,994	6,994
-	741,459
30,203	30,203
-	20,354
<u>52,042</u>	<u>1,183,512</u>
-	4,664
-	218,103
627,572	3,189,797
<u>627,572</u>	<u>3,412,564</u>
-	150,111
-	313,239
197,459	197,459
207,562	207,562
644,034	644,034
52,713	52,713
-	1,727,312
<u>1,101,768</u>	<u>3,292,430</u>
\$ 1,781,382	\$ 7,888,506

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Amounts reported for Governmental Activities in the Statement of Net Position is different because:

Total Fund Balance - Governmental Funds (page 17)		\$ 3,292,430
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		9,485,936
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.		222,767
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.		(64,418)
Long-term liabilities, including bonds payable, lease obligations payable, early retirement payable, other post employment benefits payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	\$ (5,460,000)	
Lease Obligation	(269,663)	
Early Retirement Payable	(94,710)	
Net OPEB Obligation	(114,566)	
Accrued Compensated Absences	(33,240)	
	(5,972,179)	
Total Net Position - Governmental Activities (page 13)		\$ 6,964,536

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Debt Service
REVENUE:		
Local Sources:		
Local Tax	\$ 2,109,295	\$ 502,715
Tuition	62,518	-
Other	266,074	5,117
State Sources	5,114,815	-
Federal Sources	509,260	-
Total Revenue	<u>8,061,962</u>	<u>507,832</u>
EXPENDITURES:		
Current:		
Instruction:		
Regular Instruction	3,835,031	-
Special Instruction	1,532,157	-
Other Instruction	386,444	-
Support Services:		
Student Services	143,590	-
Instructional Staff Services	196,986	-
Administration Services	777,869	1,900
Operation and Maintenance	584,811	-
Transportation Services	299,352	-
Non-instructional Programs	-	-
Other Expenditures:		
Facilities Acquisition and Construction Services	-	-
Long-term Debt:		
Principal	-	761,565
Interest and Fiscal Charges	-	198,594
AEA Flowthrough	309,968	-
Total Expenditures	<u>8,066,208</u>	<u>962,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,246)</u>	<u>(454,227)</u>
Other Financing Sources (Uses):		
Transfers In	-	461,704
Transfers Out	-	-
Sale of Capital Assets	14,765	-
Sale of Non-Capital Assets	2,779	-
Issuance of Capital Lease	-	-
Total Other Financing Sources (Uses)	<u>17,544</u>	<u>461,704</u>
Net Change in Fund Balances	13,298	7,477
Fund Balances - Beginning of Year	<u>1,864,125</u>	<u>305,762</u>
Fund Balances - End of Year	<u>\$ 1,877,423</u>	<u>\$ 313,239</u>

See Accompanying Notes to Financial Statements

<u>Other</u>		<u>Total</u>	
<u>Governmental</u>		<u>Governmental</u>	
<u>Funds</u>		<u>Funds</u>	
\$	1,246,201	\$	3,858,211
	-		62,518
	405,429		676,620
	-		5,114,815
	-		509,260
	<u>1,651,630</u>		<u>10,221,424</u>
	72,668		3,907,699
	-		1,532,157
	369,373		755,817
	519		144,109
	954		197,940
	110,648		890,417
	107,835		692,646
	347,863		647,215
	11,150		11,150
	149,925		149,925
	-		761,565
	-		198,594
	-		309,968
	<u>1,170,935</u>		<u>10,199,202</u>
	480,695		22,222
	-		461,704
	(461,704)		(461,704)
	-		14,765
	-		2,779
	307,960		307,960
	<u>(153,744)</u>		<u>325,504</u>
	326,951		347,726
	774,817		2,944,704
\$	<u>1,101,768</u>	\$	<u>3,292,430</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

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

Net change in fund balances - total governmental funds (page 20) \$ 347,726

Governmental funds report capital outlays, including infrastructure, as expenditures. However, the statement of activities, the cost of those assets is allocated over their estimated useful lives reported as depreciation expense. Capital outlays exceeded depreciation in the current year as follows:

Expenditures for capital assets	\$ 466,404	
Depreciation expense	<u>(300,929)</u>	165,475

Accrued interest expense that does not require current financial resources. 2,892

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues. 33,275

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 governmental funds, as follows:

Long term portion of early retirement liability		(30,839)
Accrued Compensation		(22,215)
Other post employment benefits		(37,870)

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt was as follows:

Capital Lease		(307,960)
---------------	--	-----------

The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The principal paid on long-term debt during the current year was as follows:

Bonds payable	595,000	
Lease obligations payable	<u>166,565</u>	<u>761,565</u>

Change in net position of governmental activities (page 15) \$ 912,049

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	Before & After School Fund	School Nutrition Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,550	\$ 134,910	\$ 140,460
Accounts Receivable	1,834	-	1,834
Due from Other Governments	-	63,388	63,388
Inventories	-	10,298	10,298
Total Current Assets	<u>7,384</u>	<u>208,596</u>	<u>215,980</u>
Noncurrent Assets:			
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	381,886	38,659	420,545
Total Noncurrent Assets	<u>381,886</u>	<u>38,659</u>	<u>420,545</u>
Total Assets	<u>389,270</u>	<u>247,255</u>	<u>636,525</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	20,915	20,915
Due To Other Funds	170,344	-	170,344
Salaries and Benefits Payable	12,199	11,946	24,145
Unearned Revenue	-	3,480	3,480
Total Current Liabilities	<u>182,543</u>	<u>36,341</u>	<u>218,884</u>
Total Liabilities	<u>182,543</u>	<u>36,341</u>	<u>218,884</u>
NET POSITION			
Net Investment in Capital Assets	381,886	38,659	420,545
Unrestricted	(175,159)	172,255	(2,904)
Total Net Position	<u>\$ 206,727</u>	<u>\$ 210,914</u>	<u>\$ 417,641</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Before & After School Fund	School Nutrition Fund	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 133,274	\$ 182,056	\$ 315,330
Miscellaneous	1,262	8,500	9,762
Total Operating Revenue	134,536	190,556	325,092
Operating Expenses:			
Non-Instructional Programs:			
Salaries	98,485	113,798	212,283
Benefits	27,968	51,223	79,191
Purchased Services	225	32,439	32,664
Supplies	4,797	260,989	265,786
Depreciation	9,599	10,039	19,638
Other	394	1,898	2,292
Total Operating Expenses	141,468	470,386	611,854
Operating (Loss)	(6,932)	(279,830)	(286,762)
Non-Operating Revenues :			
Interest Income	-	3,256	3,256
State Lunch Reimbursements	-	4,061	4,061
National School Lunch Program	-	318,582	318,582
Federal Food Commodities Received	-	26,916	26,916
Total Non-Operating Revenues	-	352,815	352,815
Change in net position	(6,932)	72,985	66,053
Net Position - beginning	213,659	137,929	351,588
Net Position - ending	\$ 206,727	\$ 210,914	\$ 417,641

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Before & After School Fund	School Nutrition Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 131,441	\$ 181,668	\$ 313,109
Cash received from miscellaneous operating activities	1,262	8,500	9,762
Cash paid to employees for services	(6,892)	(171,098)	(177,990)
Cash paid to suppliers for goods or services	(124,195)	(270,166)	(394,361)
Total cash provided (used) by operating activities	<u>1,616</u>	<u>(251,096)</u>	<u>(249,480)</u>
Cash flows from noncapital financing activities:			
State grants received	-	4,061	4,061
Federal grants received	-	265,402	265,402
Total cash provided by noncapital financing activities	<u>-</u>	<u>269,463</u>	<u>269,463</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(7,691)	(7,691)
Cash flows from investing activities:			
Interest on investments	-	3,256	3,256
Net increase in cash and cash equivalents	1,616	13,932	15,548
Cash and cash equivalents - beginning of year	3,934	120,978	124,912
Cash and cash equivalents - end of year	<u>5,550</u>	<u>134,910</u>	<u>140,460</u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:			
Operating (loss)	(6,932)	(279,830)	(286,762)
Adjustments to reconcile net operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	9,599	10,039	19,638
Commodities used	-	26,916	26,916
Loss on disposal of capital assets	-	639	639
(Increase) decrease in assets and increase (decrease) in liabilities:			
Accounts Receivable	(1,834)	-	(1,834)
Inventory	-	(4,522)	(4,522)
Accounts Payable	(1,475)	2,127	652
Salaries and benefits payable	2,258	(6,077)	(3,819)
Unearned Revenue	-	(388)	(388)
Net cash provided (used) in operating activities	<u>1,616</u>	<u>(251,096)</u>	<u>(249,480)</u>
Non-cash investing, capital and financing activities:			
Federal food commodities received	\$ -	\$ 26,916	\$ 26,916

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Sioux Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hawarden and Ireton, Iowa, and predominately agricultural territory in Sioux and Plymouth Counties in Iowa. 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Sioux Community School District 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. There is one discretely presented component unit included with this financial report.

Discretely Presented Component Unit

West Sioux Education Foundation - In December of 1988, the District established the West Sioux Educational Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The Foundation devotes itself exclusively to the improvement, aid, and promotion of public programs and projects within the District. The Foundation's financial data as of and for the year ended December 31, 2013 is reported in a separate column to emphasize that it is legally separate from the District. The West Sioux Educational Foundation does not issue separate financial statements.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux County Assessor's Conference Board.

B. Basis of Presentation

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

The Statement of Net Position presents the District's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often have 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 are 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 function. 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

C. Basis of Accounting/Measurement Focus

The government-wide and proprietary 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, with the exception of expenditure driven grants for which a one-year availability period is used.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and compensated absences 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 position 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 fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances. Management's policy is to first spend restricted net position then to spend from unrestricted net position.

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 Enterprise Funds 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.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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, have a 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 deferred in both government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

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

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 Position. 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 \$5,000 for governmental capital assets and \$500 for school nutrition capital assets.

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

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

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.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category which is unavailable revenue. The governmental activities in the government-wide statements and the

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

governmental funds report unavailable revenues from subsequent year property taxes. The governmental funds also report unavailable revenues from delinquent property taxes and the income surtax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 Position.

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

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classification.

Restricted Net Position – In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures in the instruction and support services functions exceeded the amounts budgeted.

NOTE 2 – CASH AND POOLED INVESTMENTS

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 there will be no loss of public funds.

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.

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 2 – CASH AND POOLED INVESTMENTS (CONTINUED)

At December 31, 2013, the discretely presented component unit had the following investments:

	Fair Value	Credit Risk
Mutual Fund – Mainstay Investments	\$ 14,430	***
Mutual Fund – AmeriTrade Investments	283,130	***
	<u>\$ 297,560</u>	

These credit ratings were obtained from Morningstar.

	Par Value	Credit Risk
U.S. Treasury Note	<u>\$ 15,000</u>	Not Rated

The discretely presented component unit also held \$232,235 in certificates of deposits with the latest maturity extending to January, 2016.

NOTE 3 – INTERFUND TRANSFERS

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

Transfer To	Transfer From	Amount
Debt Service Fund	Non-Major Governmental Fund	\$ 461,704

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 4 – DUE FROM AND DUE TO OTHER FUNDS

The detail of short-term interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Before and After School	\$ 170,344
General Fund	Physical Plant and Equipment Levy	6,994

The Before and After School Fund is repaying the General Fund for payroll that was paid out of the General Fund.

The Physical Plant and Equipment Fund is repaying the General Fund for payroll that was paid out of the General Fund.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 5 – CAPITAL ASSETS

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 51,375	\$ -	\$ -	\$ 51,375
Total capital assets not being depreciated	51,375	-	-	51,375
Capital assets being depreciated:				
Buildings	13,092,881	61,619	-	13,154,500
Improvements other than buildings	618,631	-	-	618,631
Furniture and equipment	950,129	412,600	192,813	1,169,916
Total capital assets being depreciated	14,661,641	474,219	192,813	14,943,047
Less: Accumulated Depreciation for:				
Buildings & Improvements	4,785,549	231,043	-	5,016,592
Furniture and equipment	607,006	69,886	184,998	491,894
Total Accumulated Depreciation	5,392,555	300,929	184,998	5,508,486
Total capital assets being depreciated, net	9,269,086	173,290	7,815	9,434,561
Governmental activities capital assets, net	\$ 9,320,461	\$ 173,290	\$ 7,815	\$ 9,485,936
Business-type Activities:				
Capital assets being depreciated:				
Buildings	\$ 395,579	\$ -	\$ -	\$ 395,579
Furniture and equipment	211,074	7,691	12,214	206,551
Total capital assets being depreciated	606,653	7,691	12,214	602,130
Less: Accumulated Depreciation				
Buildings	31,647	7,912	-	39,559
Furniture and Equipment	141,875	11,726	11,575	142,026
Total Accumulated Depreciation	173,522	19,638	11,575	181,585
Total capital assets being depreciated, net	433,131	(11,947)	639	420,545
Business-type activity capital assets, net	\$ 433,131	\$ (11,947)	\$ 639	\$ 420,545

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 193,728
Other Instruction	48,830
Transportation Services	51,629
Operations & Maintenance	6,184
Administration Services	558
Total depreciation expense – governmental activities	\$ 300,929
Business-type Activities:	
Food Service Operations	\$ 10,039
Before and After School Daycare	9,599
Total depreciation expense – business-type activities	\$ 19,638

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 5 – CAPITAL ASSETS (CONTINUED)

The discretely presented component unit had no capital assets as of December 31, 2013.

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 51,375	\$ -
Capital Assets (net of accumulated depreciation)	9,434,561	420,545
Less: Bonds Payable	(5,460,000)	-
Less: Lease Obligations	(269,663)	-
	\$ 3,756,273	\$ 420,545
Net Investment in Capital Assets	\$ 3,756,273	\$ 420,545

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 was as follows

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Revenue Bonds	\$ 3,765,000	\$ -	\$ 170,000	\$ 3,595,000	\$ 175,000
General Obligation Bonds	2,290,000	-	425,000	1,865,000	440,000
Capital Lease Obligation	128,268	307,960	166,565	269,663	32,623
Early Retirement	107,565	61,042	43,694	124,913	30,203
Net OPEB Obligation	76,696	37,870	-	114,566	-
Accrued Compensated Absences	11,025	22,215	-	33,240	6,648
	\$ 6,378,554	\$ 429,087	\$ 805,259	\$ 6,002,382	\$ 684,474
Governmental Activities Long-Term Liabilities	\$ 6,378,554	\$ 429,087	\$ 805,259	\$ 6,002,382	\$ 684,474

Revenue Bonds

The District has pledged future statewide sales, services, and use tax revenues to repay the revenue bonds issued in fiscal year 2012. The statewide sales, services, and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require the majority of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the note is \$4,889,709. For the current year, \$118,437 of interest was paid on the bonds and total statewide sales, services, and use tax revenues were \$639,511.

The resolution providing for the issuance of the statewide sales, services, and use tax revenue bonds includes the following provisions:

1. \$299,065 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

2. All proceeds from the statewide sales, services, and use tax shall be placed in a Revenue Account.
3. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements each month of the fiscal year. The Sinking Account is shown as a restricted asset in the Debt Service Fund.
4. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District was in compliance with all of the provisions during the year ended June 30, 2014.

Revenue bonds as of June 30, 2014 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Statewide Sales, Services, and Use Tax Revenue Bonds	2.0-4.25%	\$ <u>3,595,000</u>

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds as of June 30, 2014 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 2009 Series - Refunding	2.8-3.8%	\$ <u>1,865,000</u>

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 615,000	\$ 181,480
2016	630,000	164,340
2017	655,000	145,548
2018	680,000	124,566
2019	190,000	101,300
2020-2024	810,000	449,095
2025-2029	1,180,000	263,330
2030-2034	700,000	35,715
Total	<u>\$ 5,460,000</u>	<u>\$ 1,465,374</u>

Capital Leases

In March 2014, the District entered into a four year lease agreement as lessee for financing the acquisition of four new buses. This lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of its minimum lease payments as of the inception date. The cost of the buses was \$307,960 which had no accumulated depreciation as of June 30, 2014 as the District received these assets at June 27, 2014.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule of future lease payments under capital lease, together with the net present value of minimum payments as of June 30, 2014.

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ -	\$ -
2016	32,622	6,283	38,905
2017	33,383	5,522	38,905
2018	203,658	4,342	208,000
Minimum Lease Payments			285,810
Less: Amounts Representing Interest			(16,147)
Present Value of Minimum Lease Payments			<u>\$ 269,663</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified employees, which was discontinued as of June 30, 2014. Teachers and administrators who were at least 55 years of age and who had 15 years of continuous service with the District were eligible for Board approved early retirement compensation. Employees making application for early retirement were allowed to remain on the group's health insurance plan at a rate of \$455 - \$525 per month based on year of retirement for individual coverage paid for by the District to end when the employee is Medicare eligible. Early retirement benefits paid, during the year ended June 30, 2014, totaled \$43,694 for the eight current recipients. The cost of early retirement payments liquidated within the next accounting cycle is recorded as a liability of the Special Revenue, Management Levy Fund, in the fund financial statements. The non-current portion of the early retirement liability is recorded in the government-wide financial statements.

NOTE 7 – 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 that 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% 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 \$418,983, \$381,515 and \$332,772 respectively, equal to the required contributions for each year.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. Participants must be age 55 or older at retirement.

Funding Policy. 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 other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB 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 over a period not to exceed thirty years.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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	\$ 126,167
Interest on net OPEB obligation	1,747
Adjustment to annual required contribution	<u>(1,549)</u>
Annual OPEB cost (Expense)	126,365
Contributions made	<u>(88,495)</u>
Increase in net OPEB obligation	37,870
Net OPEB obligation – beginning of year	<u>76,696</u>
Net OPEB obligation – end of year	<u>\$ 114,566</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 126,365	70.00%	\$ 114,566
June 30, 2013	\$ 126,365	70.00%	\$ 76,696
June 30, 2012	\$ 14,079	8.08%	\$ 38,826
June 30, 2011	\$ 14,079	8.08%	\$ 25,884
June 30, 2010	\$ 14,079	8.08%	\$ 12,942

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,375,230, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,375,230. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,524,531 and the ratio of the UAAL to covered payroll was 39.0%.

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 healthcare 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 as required supplementary information in the section following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting 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 that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% interest discount rate based on the District's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

reduced 1% each year until reaching the 5% ultimate trend rate. Mortality rates are from the RP-2000 Combined Health Generational Mortality Table for Males and Females using Projection Scale AA. Assumptions include a 3.5% growth in payroll per annum. The participation assumed is 70% for actives electing coverage. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9 – RISK MANAGEMENT

West Sioux Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors 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 10 – 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 \$309,968 for the year ended June 30, 2014 and is recorded in the General Fund.

NOTE 11 – CATEGORICAL FUNDING

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Four-year-old Preschool State Aid	\$ 17,111
Professional Development for Model Core Curriculum	1,083
Property Tax and State Aid Financed Gifted and Talented Programs and Required Local Match	71,778
Early Literacy Implementation	16,594
Teacher Leadership	5,123
Teacher Salary Supplement	15,645
Property Tax and State Aid Financed Home School Assistance Program (HSAP) and SBRC Supplemental Amount for HSAP	7,087
Early Elementary Innovative Grant	12,082
Teacher Quality for Core Curriculum	3,608
	<u>\$ 150,111</u>

NOTE 12 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

WEST SIOUX COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN BALANCES
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Governmental	Proprietary	Total	Final to
	Original	Final	Funds Actual	Funds Actual		
REVENUE:						
Local Sources:						
Local Tax	\$ 3,182,413	\$ 3,182,413	\$ 3,858,211	\$ -	\$ 3,858,211	\$ 675,798
Tuition	81,383	81,383	62,518	-	62,518	(18,865)
Other	1,444,439	1,444,439	676,620	328,348	1,004,968	(439,471)
State Sources	4,989,236	4,989,236	5,114,815	4,061	5,118,876	129,640
Federal Sources	688,658	688,658	509,260	345,498	854,758	166,100
Total Revenue	10,386,129	10,386,129	10,221,424	677,907	10,899,331	513,202
EXPENDITURES/EXPENSES:						
Current:						
Instruction	6,080,669	6,080,669	6,195,673	-	6,195,673	(115,004)
Support Services	2,526,834	2,526,834	2,572,327	-	2,572,327	(45,493)
Non-instructional Programs	831,516	831,516	11,150	611,854	623,004	208,512
Other Expenditures	1,544,695	1,544,695	1,420,052	-	1,420,052	124,643
Total Expenditures/Expenses	10,983,714	10,983,714	10,199,202	611,854	10,811,056	172,658
Excess (Deficiency) of Revenues Over Expenditures/Expenses	(597,585)	(597,585)	22,222	66,053	88,275	685,860
Other Financing Sources (Uses):						
Transfers In	424,361	424,361	461,704	-	461,704	37,343
Transfers Out	(424,361)	(424,361)	(461,704)	-	(461,704)	(37,343)
Sale of Capital Assets	-	-	14,765	-	14,765	14,765
Sale of Non-Capital Assets	-	-	2,779	-	2,779	2,779
Issuance of Capital Lease	-	-	307,960	-	307,960	307,960
Total Other Financing Sources	-	-	325,504	-	325,504	325,504
Net Change in Fund Balances	(597,585)	(597,585)	347,726	66,053	413,779	1,011,364
Fund Balances - Beginning of Year	3,296,292	3,296,292	2,944,704	351,588	3,296,292	-
Fund Balances - End of Year	\$ 2,698,707	\$ 2,698,707	\$ 3,292,430	\$ 417,641	\$ 3,710,071	\$ 1,011,364

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards 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. 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 functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budget totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. No amendments were made to the budget for the year ended June 30, 2014.

During the year ended June 30, 2014, expenditures in the instruction and support services functions exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,053,005	2.0%
2011	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 3,740,801	2.2%
2012	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,005,186	2.0%
2013	July 1, 2012	-	\$ 1,375,230	\$ 1,375,230	0.00%	\$ 3,524,531	39.0%
2014	July 1, 2012	-	\$ 1,375,230	\$ 1,375,230	0.00%	\$ 4,767,226	28.8%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$ 1,847,748
Mobile Home Tax	1,295
Utility Tax Replacement Excise Tax	34,305
Instructional Support Levy	225,947
	2,109,295

Other Local Sources:

Interest on Investments	54,000
Tuition from Individuals	55,368
Tuition from Other Districts	7,150
Sharing Agreements with Other Districts	115,664
Rent	400
Miscellaneous	96,010
	328,592
	2,437,887

State Sources:

State Foundation Aid	4,619,346
Beginning Teacher Mentoring Program	9,100
Non-Public Transportation Aid	42,032
Non-Public Textbook and Technology Aid	874
Vocational Education Aid	7,038
Successful Progression for Early Readers Grants	17,760
At Risk K-3 Grants	99,895
Teacher Leadership Grants	7,738
Revenue in lieu of taxes - military credit	1,064
AEA Flow-Through	309,968
	5,114,815

Federal Sources:

Title I Grants to Local Educational Agencies	158,219
English Language Acquisition Grants	13,818
Safe and Drug-Free Schools and Communities	36,803
Career and Technical Education Grants	7,141
Special Education Pass-Through - IDEA Grant	39,890
Improving Teacher Quality State Grants	25,042
Grants for State Assessments and Related Activities	3,801
Medicaid	224,461
Other	85
	509,260
Total Revenue	\$ 8,061,962

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1 (Continued)

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$	2,558,168
Benefits		726,552
Services		295,464
Supplies		243,113
Property		93
Other		11,641
		3,835,031

Special Education Instruction:

Salaries		849,541
Benefits		286,668
Services		369,953
Supplies		18,938
Property		3,172
Other		3,885
		1,532,157

Vocational Instruction:

Salaries		136,401
Benefits		41,083
Services		13,537
Supplies		21,600
Other		20
		212,641

Co-curricular Instruction:

Salaries		138,200
Benefits		31,759
Supplies		2,970
		172,929

Nonpublic Instruction:

Supplies		874
		874

Total Instruction

5,753,632

Support Services:

Student Services:

Guidance Services:

Salaries		70,792
Benefits		18,297
Services		1,879
Supplies		828
		\$ 91,796

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1 (Continued)

Support Services (Continued):

Student Services (Continued):

Health Services:

Salaries	\$	34,081
Benefits		6,759
Supplies		10,954
		51,794

Total Student Services		143,590
-------------------------------	--	---------

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Salaries		6,075
Benefits		1,126
Services		2,599
		9,800

Educational Media Services:

Salaries		83,712
Benefits		26,248
Services		7,319
Supplies		61,552
Property		8,090
Other		265
		187,186

Total Instructional Staff Services		196,986
---	--	---------

Support Services:

Administration Services:

Executive Administration:

Salaries		131,870
Benefits		43,596
Services		6,709
Supplies		1,305
Other		3,366
		186,846

School Administration:

Salaries		245,784
Benefits		103,146
Services		2,746
Supplies		8
Other		1,474
		\$ 353,158

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1 (Continued)

Support Services (Continued):

Administration Services (Continued):

Business Administration:

Salaries	\$ 80,723
Benefits	39,282
Services	63,356
Supplies	848
Other	564
	184,773

Board of Education:

Services	45,819
Supplies	2,114
Other	5,159
	53,092

Total Administration Services: 777,869

Support Services:

Plant Operation and Maintenance:

Salaries	204,398
Benefits	69,487
Services	41,212
Supplies	268,804
Property	800
Other	110
	584,811

Total Plant Operation and Maintenance: 584,811

Support Services:

Student Transportation:

Salaries	113,226
Benefits	26,186
Services	92,462
Supplies	64,848
Other	2,630
	299,352

Total Student Transportation: 299,352

Total Support Services \$ 2,002,608

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1 (Continued)

Other Expenditures:	
AEA Flow-Through	\$ 309,968
Total Expenditures	8,066,208
Excess of Revenues Over Expenditures	(4,246)
Other Financing Sources:	
Proceeds from Sale of Capital Assets	14,765
Proceeds from Sale of Non-Capital Assets	2,779
Total Other Financing Sources	17,544
Excess of Revenues Over Expenditures and Other Financing Uses	13,298
Fund Balance - Beginning of Year	1,864,125
Fund Balance - End of Year	\$ 1,877,423

WEST SIOUX COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue Funds	
	Student Activity	Management Levy
ASSETS		
Cash and Cash Equivalents	\$ 60,461	\$ 223,323
Receivables:		
Property Tax	-	4,517
Succeeding Year Property Tax	-	300,001
Accounts	1,238	-
Due from Other Governments	-	-
Restricted Assets:		
Cash and Cash Equivalents	-	-
Total Assets	<u>61,699</u>	<u>527,841</u>
LIABILITIES		
Accounts Payable	8,986	178
Due to Other Funds	-	-
Early Retirement Payable	-	30,203
Total Liabilities	<u>8,986</u>	<u>30,381</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue -		
Subsequent Year Property Taxes	-	300,001
Total Deferred Inflows of Resources	<u>-</u>	<u>300,001</u>
FUND BALANCES		
Restricted for:		
Management Levy Purposes	-	197,459
Physical Plant and Equipment	-	-
School Infrastructure	-	-
Student Activities	52,713	-
Total Fund Balances	<u>52,713</u>	<u>197,459</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 61,699</u>	<u>\$ 527,841</u>

Schedule 2

<u>Capital Projects Funds</u>			
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total	
\$ 243,108	\$ 215,888	\$	742,780
-	4,349		8,866
-	327,571		627,572
-	-		1,238
101,861			101,861
299,065	-		299,065
<u>644,034</u>	<u>547,808</u>		<u>1,781,382</u>
-	5,681		14,845
-	6,994		6,994
-	-		30,203
<u>-</u>	<u>12,675</u>		<u>52,042</u>
-	327,571		627,572
<u>-</u>	<u>327,571</u>		<u>627,572</u>
-	-		197,459
-	207,562		207,562
644,034	-		644,034
-	-		52,713
<u>644,034</u>	<u>207,562</u>		<u>1,101,768</u>
<u>\$ 644,034</u>	<u>\$ 547,808</u>	<u>\$</u>	<u>1,781,382</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds	
	Student Activity	Management Levy
REVENUE:		
Local Sources:		
Local Tax	\$ -	\$ 300,381
Other	373,014	7,975
Total Revenue	<u>373,014</u>	<u>308,356</u>
EXPENDITURES:		
Current:		
Instruction:		
Regular Instruction	-	47,467
Other Instruction	369,373	-
Support Services:		
Student Services	-	519
Instructional Staff Services	-	954
Administration Services	-	95,500
Operation and Maintenance	-	46,449
Transportation Services	-	18,413
Non-instructional Programs	-	11,150
Other Expenditures:		
Facilities Acquisition and Construction	-	-
Total Expenditures	<u>369,373</u>	<u>220,452</u>
Excess of Revenues Over Expenditures	<u>3,641</u>	<u>87,904</u>
Other Financing Sources (Uses):		
Transfers Out	-	-
Issuance of Capital Lease	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,641	87,904
Fund Balances - Beginning of Year	<u>49,072</u>	<u>109,555</u>
Fund Balances - End of Year	<u>\$ 52,713</u>	<u>\$ 197,459</u>

Schedule 3

Capital Projects Funds			
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy		Total
\$ 639,511	\$ 306,309	\$	1,246,201
4,785	19,655		405,429
644,296	325,964		1,651,630
15,160	10,041		72,668
-	-		369,373
-	-		519
-	-		954
-	15,148		110,648
-	61,386		107,835
307,960	21,490		347,863
-	-		11,150
9,587	140,338		149,925
332,707	248,403		1,170,935
311,589	77,561		480,695
(461,704)	-		(461,704)
307,960	-		307,960
(153,744)	-		(153,744)
157,845	77,561		326,951
486,189	130,001		774,817
\$ 644,034	\$ 207,562	\$	1,101,768

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

					Schedule 4
	Balance June 30, 2013	Revenues	Expenditures	Operating Transfers	Balance June 30, 2014
HIGH SCHOOL					
Revolving Account	\$ -	\$ 30,831	\$ 31,269	\$ 1,034	\$ 596
Annual	2,830	2,418	1,911	-	3,337
Newspaper-Falcon Banner	386	1,304	584	-	1,106
Drama Club	2,796	-	441	(1,407)	948
Dance Team	2,719	2,055	1,316	(3,116)	342
Athletic Pop/Materials for Resale	531	2,063	3,001	407	-
Vocal Music Group	-	1,205	2,725	1,520	-
Band	-	1,396	1,893	502	5
High School Athletics	1,388	80,166	87,432	7,580	1,702
Concession Supplies	-	44,202	32,721	(11,481)	-
Future Famers of America	830	11,986	14,314	1,555	57
Library Club	119	-	-	-	119
Student Council	129	2,835	4,475	1,511	-
Cheerleaders	250	9,443	9,892	199	-
Class of 2012	14	-	-	-	14
Class of 2013	679	8	22	844	1,509
Class of 2014	1,245	661	805	-	1,101
Class of 2015	1,043	1,205	462	-	1,786
Class of 2016	698	1,001	396	(1,033)	270
Class of 2017	-	742	345	(257)	140
High School Art Club	55	-	-	-	55
National Honor Society	115	1,444	1,397	-	162
Volleyball Fundraiser	1,310	6,973	7,194	(862)	227
Softball Fundraiser	3,639	9,108	5,358	(7,389)	-
Boys Basketball Fundraiser	634	7,504	9,919	1,781	-
High School Miscellaneous Accounts	-	-	(1,342)	-	1,342
Football Fundraiser	-	17,198	12,819	(4,047)	332
Boys Baseball Fundraiser	-	7,994	6,534	(514)	946
Girls Basketball Fundraiser	1,502	5,055	4,044	414	2,927
Cross Country Fundraiser	2,369	180	316	-	2,233
Bowling Fundraiser	587	-	-	-	587
Wrestling Fundraiser	1,685	10,739	8,856	(2,397)	1,171
Track Fundraiser	99	801	208	-	692

(Continued)

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Schedule 4 (Continued)				
	Balance June 30, 2013	Revenues	Expenditures	Operating Transfers	Balance June 30, 2014
HIGH SCHOOL - (Continued)					
Prom Fund	\$ 3,238	\$ 6,296	\$ 5,704	\$ (2,173)	\$ 1,657
Falcon Joe's Coffee Shop	1,245	105	2,721	2,234	863
Band Trip Fundraiser	-	-	(178)	-	178
FCA	-	860	364	-	496
Speech	-	1,369	2,228	859	-
Quiz Bowl	150	407	378	178	357
Interest	-	3,140	1,977	357	1,520
Golf	402	1,352	1,417	-	337
Soccer	922	3,034	3,845	1,483	1,594
Girls Soccer Fundraiser	-	2,516	1,433	(194)	889
TAG Fundraiser	2,261	6,348	6,110	(407)	2,092
Lakeside Lab	463	5,954	5,727	(376)	314
PBS	954	2,000	-	(1,713)	1,241
Battle of the Books	384	-	-	-	384
Daycare Fundraiser	478	-	-	-	478
Motorheads (Race Car)	-	-	2,814	2,814	-
FACS Club	1,124	7,027	6,035	-	2,116
Washington, D.C. Trips	3,590	42,004	40,572	(3,347)	1,675
High School Total	<u>42,863</u>	<u>342,929</u>	<u>330,454</u>	<u>(15,441)</u>	<u>39,897</u>
MIDDLE SCHOOL					
General	-	14,144	24,220	10,076	-
Yearbook	-	251	200	-	51
Middle School Total	<u>-</u>	<u>14,395</u>	<u>24,420</u>	<u>10,076</u>	<u>51</u>
IRETON ELEMENTARY					
	-	1,319	19	-	1,300
HAWARDEN ELEMENTARY					
Revolving Account	1,096	11,046	10,908	-	1,234
Box Tops/ Wagon Wheels	997	2,919	1,756	4,590	6,750
Computer camp	3,910	-	429	-	3,481
PBS	206	406	1,387	775	-
Hawarden Elementary Total	<u>6,209</u>	<u>14,371</u>	<u>14,480</u>	<u>5,365</u>	<u>11,465</u>
Grand Totals	<u>\$ 49,072</u>	<u>\$ 373,014</u>	<u>\$ 369,373</u>	<u>\$ -</u>	<u>\$ 52,713</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE TEN YEARS ENDED JUNE 30, 2014

	Modified Accrual				
	2014	2013	2012	2011	2010
Revenues:					
Local Sources:					
Local Tax	\$ 3,858,211	\$ 3,691,265	\$ 3,566,957	\$ 3,569,734	\$ 4,159,796
Tuition	62,518	81,800	91,673	99,238	120,241
Other	676,620	570,993	501,543	508,423	544,366
State Sources	5,114,815	4,408,039	4,494,893	4,239,377	3,793,844
Federal Sources	509,260	480,191	591,487	525,676	969,824
Total	10,221,424	9,232,288	9,246,553	8,942,448	9,588,071
Expenditures:					
Instruction:					
Regular	3,907,699	3,616,146	3,329,714	3,438,314	2,388,666
Special	1,532,157	1,352,566	1,347,795	1,293,539	2,056,316
Other	755,817	696,759	815,047	686,568	721,290
Support Services:					
Student	144,109	146,297	128,687	300,609	183,494
Instructional Staff	197,940	207,194	248,387	294,278	194,050
Administration	890,417	850,128	671,013	613,769	719,222
Operation and Maintenance	692,646	724,893	601,686	545,524	606,683
Transportation	647,215	364,763	342,177	272,162	268,700
Non-instructional programs	11,150	6,283	7,959	8,120	2,936
Other Expenditures:					
Facilities Acquisition	149,925	663,797	3,661,191	529,761	218,950
Long-term debt:					
Principal	761,565	712,124	530,038	522,915	359,058
Interest and other charges	198,594	213,111	238,632	118,654	139,394
AEA Flowthrough	309,968	274,328	273,872	307,914	302,706
Total	\$ 10,199,202	\$ 9,828,389	\$12,196,198	\$ 8,932,127	\$ 8,161,465

Schedule 5

Modified Accrual				
2009	2008	2007	2006	2005
\$ 3,120,235	\$ 2,740,024	\$ 2,677,428	\$ 2,539,452	\$ 3,230,943
113,643	100,411	148,739	159,940	144,066
608,704	616,836	627,245	828,216	753,478
4,134,225	3,986,607	3,753,054	3,507,196	3,111,365
555,167	386,145	380,096	467,033	437,105
<u>8,531,974</u>	<u>7,830,023</u>	<u>7,586,562</u>	<u>7,501,837</u>	<u>7,676,957</u>
2,547,867	2,518,803	2,510,548	2,329,155	2,422,967
2,056,196	1,796,036	1,492,013	1,404,660	855,679
775,771	793,791	740,657	695,246	766,328
169,484	162,001	199,534	172,959	140,337
222,968	486,620	374,433	261,151	245,256
730,676	796,236	727,603	666,787	554,151
605,069	682,145	681,095	615,744	652,862
245,731	276,545	302,274	242,222	209,482
1,194	2,642	1,561	308,456	298,995
426,086	23,388	11,090	263,963	111,095
335,127	405,889	388,792	-	-
217,260	198,633	215,618	231,007	246,101
271,270	260,963	242,252	234,214	224,482
<u>\$ 8,604,699</u>	<u>\$ 8,403,692</u>	<u>\$ 7,887,470</u>	<u>\$ 7,425,564</u>	<u>\$ 6,727,735</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 6

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY14	\$ 66,535
National School Lunch Program	10.555	FY14	231,261 **
Summer Food Service Program for Children	10.559	FY14	47,701
			<u>345,497 *</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY14	158,219
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY14	36,803
Improving Teacher Quality State Grants	84.367	FY14	25,042
Grants for State Assessments & Related Activities	84.369	FY14	3,801
Cooperative Agreement to Support Comprehensive School Health Programs to Prevent the Spread of HIV & Other Important Health Problems	93.938	FY14	85
Northwest Area Education Agency:			
Special Education (IDEA)- Grants to States	84.027	FY14	39,890
Carl Perkins Grant	84.048A	FY14	7,141
English Language Acquisition Grants	84.365	FY14	13,818
			<u>\$ 630,296</u>
Total			

* Total expenditures from this program exceeds 50% of the total Federal Awards and is considered a major program.

**Includes \$26,916 of non-cash awards.

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Sioux Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Schedule 7

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.559 – Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Sioux Community School District did not qualify as a low-risk auditee.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Schedule 7

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

MATERIAL WEAKNESSES:

II-A-14 Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

II-B-14 Financial Reporting – National School Lunch Cluster

Observation – During our audit, we noted numerous instances of noncompliance during our testing of the National School Lunch Cluster.

Recommendation – The District should review all requirements of the grant to ensure the District is in compliance with all requirements. Also, the District should implement a review system to double check all applications are properly handled.

Response – The District will review all state and federal grant requirements as well as implement a second review of all applications.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Schedule 7

Part II: Findings Related to the Financial Statements (Continued):

II-C-14 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program
Federal Award Year: 2014
U.S. Department of Agriculture

III-A-14
(2014-001)

Observation – During the audit of the National School Lunch Program, we noted an instance in which a student was automatically awarded free meals under the program. No application was submitted by the applicant and, therefore, the District did not review household income for eligibility requirements. According to the Iowa Department of Education, the awarding of free meals should only be done if the family caring for the student has been previously approved for a food assistance program or proper review of household income requirements have been completed for eligibility.

Recommendation – The District should complete proper review of approval for all individuals being considered for free or reduced meals.

Response – The District will review all State and Federal regulations as set forth by the grant requirements.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards (Continued):

III-B-14 (2014-002) Grant Administration – School Nutrition Cluster Program

Observation – During our audit of the School Nutrition Cluster, we noted an instance of noncompliance in which an applicant was incorrectly awarded reduced meals. During the verification process, the applicant disclosed disability income which was not previously included on the initial application. This disability income was improperly excluded from the calculation to verify eligibility during the verification process. Consequently, the applicant was awarded reduced meals throughout the school year instead of paying for meals at full price as they did not meet eligibility requirements for free/reduced meals.

Recommendation – The District should review all requirements as set forth by the U.S. Department of Agriculture for income eligibility requirements under the School Nutrition Cluster Program.

Response – The District will review all federal requirements for the grant to ensure free or reduced meals are awarded properly based on income eligibility requirements.

Conclusion – Response accepted.

MATERIAL WEAKNESSES:

III-C-14 (2014-003) Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards (Continued):

III-D-14 **Financial Reporting/SEFA Administration**
(2014-004)

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The District understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables, capital asset transactions, or adjustments to the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted.

III-E-14 **Grant Administration – School Nutrition Cluster Program**
(2014-005)

Observation – During our audit of the School Nutrition Cluster, we identified multiple instances in both the National School Lunch Program and Summer Food Service Program in which the number of claims submitted was incorrect. During review of the National School Lunch Program, we noted claims of approximately \$7,470 were improperly omitted from the monthly reimbursement request. Additionally, under the Summer Food Service Program, it was noted that the District claimed approximately \$110 in additional revenue as a result of incorrect claim counts submitted for reimbursement.

Recommendation – The District should implement a second review of the breakfast and lunch claim forms submitted for reimbursement. The District should contact the Iowa Department of Education for a one-time corrected claims reimbursement to collect the additional funding.

Response – The District will implement a review process for claim reimbursement under this program. The District has contacted the Iowa Department of Education for the reimbursement of the under claimed meals. The Iowa Department of Education has accepted the request and consequently, a receivable of \$7,470 has been recorded in the school lunch fund as of June 30, 2014.

Conclusion – Response accepted.

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Schedule 7

Part IV: Other Findings Related to Statutory Reporting:

IV-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 exceeded the amounts budgeted in the instruction and support services functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

IV-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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 – Business transactions between the District and District officials are detailed as follow:

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest as the transactions were competitively bid.

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Scott Vreeman, Employee Spouse Owner of Siouxland Propane	Supplies/Repairs	\$ 10,901
Karen and Brian Engleman, District Employees Owners of Sportman's Lanes	Physical Education Fees	\$ 2,254
James Pickner, Employee Spouse Owner of Pickner Law Office	Legal Services	\$ 150

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Jim Pickner do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Scott Vreeman and Karen and Brian Engleman may represent a conflict of interest and the District should seek legal counsel regarding these transactions.

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 insure that the coverage is adequate for current operations.

IV-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Schedule 7

Part IV: Other Findings Related to Statutory Reporting - (Continued):

- IV-G-14** Certified Enrollment – A variance of (2.00) was identified in basic enrollment data certified to the Iowa Department of Education in October, 2013. This variance was discovered by the Department of Education and the District agrees with the variance.

- IV-H-14** Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- IV-I-14** Deposits and Investments – 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 were noted.

- IV-J-14** Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.

- IV-K-14** Categorical funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

- IV-L-14** Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning Balance		\$	486,189
Revenues			
Sales tax revenues	\$	639,511	
Proceeds From Capital Lease		307,960	
Other		4,785	952,256
Ending Balance			1,438,445
Expenditures			
School Infrastructure & Construction	\$	9,587	
Equipment		323,120	
Transfers to other funds:			
Debt Service Fund		461,704	794,411
Ending Balance			\$ 644,034

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014

Schedule 8

Part V: Findings – Year Ended June 30, 2013

SIGNIFICANT DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2013
U.S. Department of Agriculture

III-A-13 Grant Administration – National School Lunch Program

Observation – The District has internal controls in place to review the approval of reduced/free lunches requiring signatures from two individuals upon review of each application. However, during our testing of the School Nutrition Cluster Programs, we noted multiple instances of the control improperly functioning. Of the 40 applications tested, fifteen of the applications were not signed by two individuals denoting proper approval of the application.

Recommendation – The District should ensure all applications are properly reviewed twice as noted by each individual's signature.

Current Status – This finding was corrected for the year under audit.

MATERIAL WEAKNESSES:

III-B-13 Financial Accounting – Segregation of Duties

Condition – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Current Status – This finding still exists at June 30, 2014 (See Comment III-C-14 2014-003).

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014**

Schedule 8

Part V: Findings – Year Ended June 30, 2013 (Continued):

III-C-13 Financial Reporting/SEFA Administration

Condition – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Current Status – This finding still exists at June 30, 2014 (See Comment III-D-14 2014-004).



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
West Sioux Community School District

We have audited, in accordance with U.S. generally accepted auditing standards 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the WEST SIOUX COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the West Sioux Community School District's basic financial statements, and have issued our report thereon dated February 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the West Sioux Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Sioux Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Sioux Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items II-A-14, II-B-14 and II-C-14 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Sioux Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III and Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Sioux Community School District's Response to Findings

The West Sioux Community School District's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Sioux Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Sioux Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 16, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education of the
West Sioux Community School District:

Report on Compliance for Each Major Federal Program

We have audited the WEST SIOUX COMMUNITY SCHOOL DISTRICT's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. West Sioux Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the West Sioux Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the West Sioux Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item III-A-14 (2014-001) and III-B-14 (2014-002) to be instances of noncompliance. Our opinion on each major federal program is not modified with respect to these matters.

West Sioux Community School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of the West Sioux Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Sioux Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the West Sioux Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-C-14 (2014-003), III-D-14 (2014-004) and III-E-14 (2014-005) to be material weaknesses.

West Sioux Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Sioux Community School District's responses and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Williams & Company, P. C.
Certified Public Accountants

Le Mars, Iowa
February 16, 2015



Community School District

Schedule of Findings and Questioned Costs
Corrective Action Plan
June 30, 2014

Department of Education:

West Sioux Community School District, respectfully submits the following corrective action plan for the year ended June 30, 2014.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2014.

The findings from the June 30, 2014 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

INSTANCES OF NON-COMPLIANCE:

- CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program
Federal Award Year: 2014
U.S. Department of Agriculture

III-A-14 Grant Administration – School Nutrition Cluster Program (2014-001)

Observation – During our audit of the National School Lunch Program, we noted an instance in which a student was automatically awarded free meals under the program. No application was submitted by the applicant and, therefore, the District did not review household income for eligibility requirements.

Recommendation – The District should complete proper review of approval for all individuals being considered for free or reduced meals.

Response – The District will review all State and Federal regulations as set forth by the grant requirements.

Conclusion – Response accepted.

Ireton Elementary
Carrie Thonstad, Principal
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712-278-2383 (fax)

Hawarden Elementary
Carrie Thonstad, Principal
806 13th Street
Hawarden, IA 51023
712-551-1454
712-551-2829 (fax)

High School
Middle School
Ryan Kramer, Principal
Laura Hensley,
At-Risk Coordinator
1300 Falcon Drive
Hawarden, IA 51023
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712-551-1514 (fax)

Administration Office
Randy Collins
Superintendent
1300 Falcon Drive
Hawarden, IA 51023
712-551-1461
712-551-1367 (fax)

Business Manager
Jake Vanderham
Board Secretary
Tami Degen
Activities Director
Ryan Kramer

III-B-14 Grant Administration – School Nutrition Cluster Program
(2014-002)

Observation – During our audit of the National School Lunch Program, we noted an instance of noncompliance in which an applicant was incorrectly awarded reduced lunches during the verification process. During this verification processes, disability income was identified by the applicant which was not previously included on the initial application. This disability income was improperly excluded from the calculation to verify eligibility. Consequently, the applicant was awarded reduced meals throughout the school year instead of paying the full cost.

Recommendation – The District should review all requirements as set forth by the U.S. Department of Agriculture for income eligibility requirements under the National School Lunch Program.

Response – The District will review all federal requirements for the grant to ensure free or reduced meals are awarded properly based on income eligibility requirements.

Conclusion – Response accepted.

MATERIAL WEAKNESSES:

III-C-14 Financial Accounting – Segregation of Duties
(2014-003)

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District feels that additional personnel would not be cost effective. However, management will continue to monitor all transactions on a regular basis.

III-D-14 Financial Reporting – SEFA Administration
(2014-004)

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – With limited personnel it is difficult to ensure that all items are captured and reported properly. At this time the Districts feels that additional personnel would not be cost effective, however, management will continue to monitor and double check these areas in the future.

III-E-14 Grant Administration – School Nutrition Cluster Program
(2014-005)

Observation – During our audit of the School Nutrition Cluster, we identified multiple instances in both the National School Lunch Program and Summer Food Service Program in which the number of claims submitted was incorrect. During review of the National School Lunch Program, we noted claims of approximately \$7,470 were improperly omitted from the monthly reimbursement request. Additionally, under the Summer Food Service Program, it was noted that the District claimed approximately \$110 in additional revenue as a result of incorrect claim counts submitted for reimbursement.

Recommendation – The District should implement a second review of the breakfast and lunch claim forms submitted for reimbursement. The District should contact the Iowa Department of Education for a one-time corrected claims reimbursement to collect the additional funding.

Response – The District will implement a review process for claim reimbursement under this program. The District has contacted the Iowa Department of Education for the reimbursement of the under claimed meals. The Iowa Department of Education has accepted the request and consequently, a receivable of \$7,470 has been recorded in the school lunch fund as of June 30, 2014.

Conclusion – Response accepted.

If the Department of Education has questions regarding this plan, please call Randy Collins at 712-551-1461.

Sincerely yours,

WEST SIOUX COMMUNITY SCHOOL DISTRICT

A handwritten signature in black ink, appearing to read "Randy Collins", with a long horizontal flourish extending to the right.

Randy Collins, Superintendent